

Legislative Assembly of Alberta

Title: **Monday, December 10, 1990 2:30 p.m.**

Date: 90/12/10

[Mr. Speaker in the Chair]

Prayers

MR. SPEAKER: Let us pray.

As Canadians and as Albertans we give thanks for the precious gifts of freedom and peace which we enjoy.

As Members of this Legislative Assembly we rededicate ourselves to the valued traditions of parliamentary democracy as a means of serving our province and our country.

Amen.

head: Reading and Receiving Petitions

MR. TAYLOR: Mr. Speaker, may I ask that the petition I submitted last week on going ahead with the Immaculata hospital be read?

CLERK:

We, the undersigned, residents of the town and district of Westlock hereby request the Legislative Assembly to urge the government of Alberta to move ahead with the construction of the new Immaculata hospital as swiftly as possible as the land for the project has already been purchased by the Sisters on the strength of government's approval to build the hospital.

head: Notices of Motions

MR. SPEAKER: The Leader of the Liberal Party.

MR. DECORE: Thank you, Mr. Speaker. I've given notice to the Speaker's office with respect to a Standing Order 40 motion I wish to seek unanimous consent from the House to debate:

Be it resolved that the Legislative Assembly acknowledge December 10, 1990, as being universal Human Rights Day, thus recognizing the basic rights all humans must have to freedom and equality, and also that time be set aside on December 10, 1990, for the reading and affirmation of the Universal Declaration of Human Rights in the Legislature.

By that I mean, Mr. Speaker, referring to the successes and failures, if there are any.

Thank you.

MS M. LAING: Mr. Speaker, I rise to give oral notice that under Standing Order 40 the Assembly do consider the following motion:

Be it resolved that the Legislative Assembly of Alberta today commemorate the 42nd anniversary of the signing of the United Nations Universal Declaration of Human Rights and that each member of the Assembly today make a personal commitment to promote human rights, tolerance, and equality in all areas of endeavour in her/his personal and public life.

head: Introduction of Bills

Bill 285

An Act to Amend the Amusements Act

MR. McINNIS: Mr. Speaker, I request leave to introduce An Act to Amend the Amusements Act.

The purpose of this Act is to restrict access for kids under the age of 18 to pornographic films and videotapes. It would make it an offence to rent films to people under 18 and to exhibit

them in a facility such as a peep show.

[Leave granted; Bill 285 read a first time]

head: Tabling Returns and Reports

MR. SPEAKER: The Member for Edmonton-Gold Bar.

MRS. HEWES: Thank you, Mr. Speaker. I beg leave to table a letter from Kerry Brinkert, the president of the University of Calgary students union. This letter is deploring the government's response in not allowing consideration of my motion regarding World AIDS Day.

MR. GOGO: Mr. Speaker, I'm pleased to table the annual report for 1987-88 of Athabasca University.

MR. SPEAKER: The Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. I have three separate documents which I would like to table. If you would bear with me, I'd like to make a short statement about each one separately. The first one is a paper prepared by Louisiana-Pacific Canada Ltd. in which it argues that the new zero-effluent pulp mill that it is building at Chetwynd, B.C., will create a pulp which, one, can replace bleached kraft hardwood presently being used on most paper machines; two, delivers at a high enough brightness to be interchangeable with chlorine compound bleached kraft pulps; and three, has superior brightness stability over chlorine compound bleached kraft pulps.

The second document I would like to table is a very visually appealing pamphlet that has been printed on chlorine-free paper made of clay-coated wood-containing pulp obtained from a Swedish manufacturer.

Thirdly, Mr. Speaker, I would like to present a technical paper which describes the zero-effluent pulp-making process that is currently being planned for a plant in Stewart, B.C.

Thank you, Mr. Speaker.

head: Introduction of Special Guests

MR. SPEAKER: The Member for Lesser Slave Lake.

MS CALAHASEN: Thank you, Mr. Speaker. It's with a great deal of pleasure that I stand to introduce to you and to the members of the Assembly 63 of 134 students in grade 8 from the Roland Michener junior high school. They're accompanied by their teacher Terry Mosher and their parents Dolly Twin, Jeff Foran, Connie Gullion, and Dave Warren. They're seated in the members' gallery. I'd ask that they rise and receive the warm welcome of the Assembly.

MR. SPEAKER: The Member for Wainwright.

MR. FISCHER: Thank you, Mr. Speaker. It is my pleasure to introduce to you and through you to the members of the Assembly a group from the Provost high school. They are here today to attend the awards presentation at the Human Rights Day ceremony at Grant MacEwan College this evening. They are representing all of the students of the Provost high school who have taken an active stand against hatred and racism in Alberta. Seated in the public gallery are students Jodi Boddy, Teresa Elliott, Colin Syverson. They are accompanied by their principal Wally Herle and his wife Lynn. I'd ask them to stand and receive the warm welcome of this Assembly.

MRS. HEWES: Mr. Speaker, I'm privileged today to introduce to you and to the members of the Assembly 46 students from the Holyrood school in Edmonton-Gold Bar. They're accompanied by their teachers Adele Wygera, who is in charge of grade 6 English, and Colleen Moore-Kilgannon, who is in charge of grade 6 French, and Michael Pilliczar, who is a former student of Adele Wygera's and is visiting us from Vienna. They're in the public gallery; I'd ask that they stand and receive the warm welcome of this Assembly.

head: Ministerial Statements

Human Rights Day

MS McCOY: Mr. Speaker, on December 10, 1948, the United Nations proclaimed the Universal Declaration of Human Rights, stating that all human beings are born free and equal in dignity and rights. Since then, people throughout the world, including Alberta, have made December 10 a day of celebration and reaffirmation of human rights principles. The vast majority of Albertans have always upheld the values embodied in the UN declaration and within our own Individual's Rights Protection Act. Our pioneers came here seeking fairness and freedom and the right to worship and to pursue a better standard of life without penalty for being different. Albertans fought and died in the Second World War so that women and men everywhere might live in liberty and justice.

2:40

In the past year we have witnessed many individual examples of human rights in action. We saw students and other individuals in Provost march to protest the Aryan Nations. We saw the B'nai Brith produce a unity pin. We saw women and men devote thousands of volunteer hours to agencies and organizations dedicated to helping immigrants, the disabled, women, seniors, and many others. This week and next we will see schools, municipalities, and organizations throughout the province hold special ceremonies to celebrate human rights.

Mr. Speaker, we are a people and province committed to the principle that all Albertans should be on a level playing field with rules that are fair to everybody. We believe deeply that no Albertans should be shut out or kept down because of what they look like, how they worship, or where they come from. Those of us in government, whether as elected officials or hired employees, must work especially hard to uphold these fundamental principles, because we set the standard and an example for the entire province.

Mr. Speaker, given our commitment to the principles of fairness and freedom for all, given the countless individual examples of commitment to these principles, given that it is always valuable to reaffirm our collective commitment to these principles, and given that December 10 is the anniversary of the signing of the UN Declaration of Human Rights, I hereby proclaim December 10, 1990, as Human Rights Day in Alberta.

I wish to table with the Assembly copies of the proclamation.

MR. MARTIN: Mr. Speaker, 42 years ago the United Nations proclaimed a Universal Declaration of Human Rights. I'd like to say that in 1990 this is still a very relevant document, especially relevant for the 1990s. Since that time in 1948 obviously some progress has been made, but I have to say that unfortunately – and I think we all agree with this – we have a lot of ground yet to cover; we have a lot of work to do here in Alberta, in Canada, and certainly in the world.

Now, while the declaration has more to do with an attitude rather than being specifically a legal document, we know there are things that can be done, Mr. Speaker. In the spirit of the ministerial announcement I would suggest that the minister take a look at the lack of funds for the Human Rights Commission. They say they've doubled their caseload in the last three years. They're running almost 40 percent higher in the first seven months of 1990, and they've had to cancel scheduled meetings for lack of funds. I think that the minister has to look at some decent funding for the Human Rights Commission to go with the high-flown rhetoric. Also, I think it's clear that we need the commission to be able to initiate their own investigations, not to just wait until they have complaints, because many people do not feel they can do anything about it because they feel intimidated. I think it would be a very good step if the minister would proceed on these grounds, and I think it would be flowing very much from the high-flown rhetoric if they could put those two things together.

Mr. Speaker, I would just conclude by saying that with the 42nd anniversary let us all reaffirm our support to the declaration of rights and work to make Alberta and Canada and hopefully the world a better place to live.

Thank you.

head: Oral Question Period

Education Printing Privatization

MR. MARTIN: Mr. Speaker, in this Assembly we've often seen how even the mere mention of the word "privatization" gets the people opposite shaking with excitement. We also know that this government has struck a committee to look into privatization. I guess I would say to the government that I wish they would be open and honest and lay out their privatization agenda instead of doing it behind closed doors with some secret studies. We have now one of those leaked studies that was prepared for the Department of Education that suggests that certain printing services of the Queen's Printer and the Alberta Correspondence School be privatized or contracted out. I'm quite prepared, if you so desire, Mr. Speaker, to file four copies. My question to the Minister of Education about another secret agenda here is this: will the minister confirm that his department is in fact intending to privatize or contract out at least some of these two services?

MR. DINNING: Mr. Speaker, it is the responsibility of this government and in fact all ministers of the Crown to ensure that taxpayers' dollars are spent wisely and carefully and most effectively. There's no hidden agenda here whatsoever. That is the intent of this government, and that is the intent of this minister.

MR. MARTIN: Mr. Speaker, if this wasn't a hidden agenda, why don't we know about it? Why do we always have to get leaked reports to find out about it? Now we find out after the fact, and we know that privatization has been very expensive so far.

In this report it specifically states that the private sector will be prepared to participate if it's "on a low risk cost recovered basis." Mr. Speaker, that corporate jargon means that the private sector expects the government to backstop its risk. That's what it's all about. My question to the minister. Given that he talked about the taxpayers' dollars, given the taxpayers' subsidization of the AGT privatization, will the minister tell us if he's prepared to privatize these services even if it means that

the taxpayers once again will have to guarantee the profits of private corporations?

MR. DINNING: Mr. Speaker, my original statement stands: this government is responsible for spending taxpayers' dollars wisely and effectively. If the hon. member had done his homework, he would listen to my dear colleague on my left, the MLA for Barrhead, who advises that this very subject was discussed in the Barrhead newspaper about eight, 12 months ago. As the hon. Treasurer has said, this matter, as well as any number of other matters, is under review, and you might hear something about it one of these days.

MR. MARTIN: Mr. Speaker, that's the whole point. We should be dealing with this rather than hearing about it after the fact and having to get reports from wherever.

Now, there's a lot in this particular report, Mr. Speaker . . .

AN HON. MEMBER: It was in the paper, Ray. Do your homework.

MR. SPEAKER: Order.

MR. MARTIN: I'm doing your homework. We have to bring it to the Legislature: I'm doing your homework.

Mr. Speaker, my question to the minister. It also explores the possibility of transferring work currently done by the Central Duplicating Plant here in Edmonton to Barrhead, where the Correspondence School is. I again want to ask him: rather than fluff and all the rhetoric, can he tell us very specifically if he has plans to take the work out of Edmonton and take it to Barrhead as the report suggests?

MR. DINNING: Mr. Speaker, the more we can do throughout this entire province in the way of government services, be it printing or distribution or whatever, the stronger those communities outside of Edmonton and Calgary will be, and that will be done at no expense to the taxpayers. It will be done at no expense to the people who enjoy a livelihood and good jobs in this city.

Advanced Education Funding

MR. MARTIN: We never give money to corporations at any expense to the taxpayers. Never in this government do they, Mr. Speaker.

My second question is to the Minister of Advanced Education. Frankly, this government's waste and mismanagement is causing absolute havoc in the people services. We've had discussions about what's happening with our hospital system, but I'd like to turn my attention to advanced education today. I have in front of me a letter that was sent by the president of the University of Alberta to the Planning and Priorities Committee of the dean's council. I just want to quote a couple of sentences. He says:

Through a 2% across-the-board budget cut, we removed \$5 million from our operating expenditures. These cuts damaged the quality of teaching and research at our institution, in part because they followed a decade of budget restraint: real expenditures per student have fallen nearly 20% since 1979-80.

He goes on to say that next year is probably going to be "even more difficult." He's talking about a doomsday scenario of massive cuts and perhaps shutting down departments and all sorts of other options. I know the minister's aware of this letter. My question to the minister is simply this: rather than telling us how great we have it in Alberta, isn't it time that the minister

brought in proper funding and restored it to our institutions so we can again have some decent advanced educational institutions in this province?

2:50

MR. GOGO: Well, Mr. Speaker, I think the appropriate response would have to be that we're now entering the budgetary process and we shall see what we shall see. However, it should be clearly understood that if hon. members want to use the basis of comparison Alberta versus other jurisdictions, I think in all fairness one would have to concede that although the funding may not be what everybody would like it to be, I do think that the funding in Alberta for our 28 institutions is probably as fair or more fair than other jurisdictions in Canada.

MR. MARTIN: Mr. Speaker, it's going down fast, and that is totally irrelevant. What we're talking about is proper educational funding here in this province. That's a cop-out and the minister knows it. Is he saying, then, by his answer that everything's going along well, that the president, Mr. Davenport, is wrong when he says that we've had budget restraint, that "real expenditures per student have fallen nearly 20% since 1979-80"? Is he saying he's wrong about that?

MR. GOGO: Mr. Speaker, I don't wish to pick a quarrel with the president of the University of Alberta or any other institution. I would point out to hon. members, particularly those on the other side of the House, that there are many more institutions in this province than the University of Alberta, as fine an institution as that is. As far as this minister is concerned, Medicine Hat College, Fairview College, and all the other 26 institutions in between are doing an excellent job. [interjections]

MR. SPEAKER: Order.

MR. GOGO: I'm sure I would be the first to agree that funding on a per student basis is lower than it was during the boom years. I think I would appreciate very much if hon. members in this House could suggest other ways that funding could be found, because in my view, Mr. Speaker, the ability of the taxpayer to pay more than the 90 percent they're now paying is simply not there.

MR. MARTIN: Well, Mr. Speaker, I will take the minister up on that.

How does he justify the fact that over \$250 million, through loans and loan guarantees, has been squandered by that government? Wouldn't that be much better put into advanced education instead of to the Pockingtons of the world? That's where he should get the money.

MR. GOGO: Mr. Speaker, if the hon. Leader of the Opposition is telling this minister that creating jobs in Alberta is not important, I have some difficulty with that. He reiterates exactly what the University of Alberta budget is, which is, you know, 25 percent of the total budget. I can only conclude my comment by saying that students at our postsecondary institutions are my priority; I'm the advocate for the postsecondary system. I continue to do whatever I can to see that the postsecondary system gets its fair share of the pie, and I'll continue to do what I'm able to do to achieve that.

MR. SPEAKER: The leader of the Liberal Party.

Women's Shelters

MR. DECORE: Thank you, Mr. Speaker. My questions are to the minister responsible for women's shelters. Violence in our society against women continues. Yesterday evening a woman in Edmonton was sexually assaulted. The assaults against women do not decline; they increase. One of the special needs of women and families that are the targets of violence are women's shelters, safe houses that can provide safety and support to those families. Unfortunately, last year in Alberta about 4,000 families were turned away because there was no room in the shelters in Alberta. In Edmonton alone . . .

MR. SPEAKER: The question, please, hon. member.

MR. DECORE: In Edmonton alone from April until September there was a threefold increase in the number of people turned away, and even though 8 percent was provided . . .

Speaker's Ruling
Brevity in Oral Question Period

MR. SPEAKER: Order, hon. member, order. You're now up to . . .

MR. DECORE: My question to the minister . . .

MR. SPEAKER: Order. I'm sorry. I'm sure you can do it much more succinctly, much more quickly. You're now up to, I believe, about sentence number six. Let's have the question.

MR. DECORE: Mr. Speaker, a point of order. I would hope that it would apply to . . .

MR. SPEAKER: Thank you, hon. member. The point of order is noted. It's not to be argued now. Please continue with the question.

Women's Shelters (continued)

MR. DECORE: My first question to the minister responsible is this: I wonder if the minister will agree that there is a matter of urgency insofar as women's shelters are concerned, insofar as women, families are being turned away by the thousands in Alberta.

MR. OLDRING: Mr. Speaker, I would again remind the leader of the Liberal Party that this government does recognize that it is a matter of urgency, that it's because of that that we put forward the commitment to women's shelters in this province that we have. I once again remind the member that last year we increased our funding by 9 percent; the year before that it was 24 percent; the year before that it was 10 percent; the year before that it was 30 percent. In the last five years we have increased our funding and our commitment to women's shelters by almost 300 percent. I hear what the member is telling me. We're concerned. I'm concerned about the acute situation that we're seeing, in particular in the city of Edmonton; it's not right across the province fortunately. And yes, we're going to be looking for remedies to be able to address that.

MR. DECORE: Mr. Speaker, I'm delighted that the minister is agreeing that it is a matter of urgency, but I think the record is clear that the assistance isn't adequate. Given that the government has provided \$10 million to upgrade motels, buy

fence posts, and buy Chembiomed shares, is the minister prepared to go and ask for a special warrant to look after the needs of Alberta women and their families?

MR. OLDRING: Well, Mr. Speaker, it's interesting, the other references the member is making, and I know that he perhaps knows a little more about motels than I do. But I'm here as the minister responsible for women's shelters, and I've already outlined very clearly our commitment. On top of that, again I remind the member that last year we were able to add six new satellite shelters across this province, six additional services that weren't there a year ago. On top of that, we're just in the process of opening a new shelter in Peace River. On top of that, we're the only province in Canada to establish an office for the prevention of family violence. On top of that, two years ago we announced new funding for community-based initiatives, and currently we are funding 36 educational projects across the province and another 14 demonstration projects.

Mr. Speaker, clearly, this government is concerned about family violence, and we're doing something about it. But again I remind the member opposite that we're not going to solve this problem alone and that we're turning to Albertans, we're turning to governments at all levels. We're asking people to work together to solve this.

MR. DECORE: Mr. Speaker, I do know a little bit about motels, and to be throwing money to businessmen to upgrade motels is the most ridiculous thing that you can do. When you compare it with the plight of women, it doesn't make sense.

MR. SPEAKER: Question.

MR. DECORE: My question is this: I want to know what the minister is prepared to say to women who are being turned away from these centres while he's funding rugs being replaced in motels in Alberta. What do you say to those women?

MR. OLDRING: Well, again, Mr. Speaker, the leader might want to refer his question as it relates to motels to the minister that's responsible. He might want to supplement my answers since the leader has raised the question.

But, again, I can only talk about our commitment to women's shelters, and I don't understand why the leader of the Liberal Party can't recognize the priority that we've made this in our government: clearly, substantive increases in funding that I've outlined already. I want to say again that yes, we recognize it. So do Albertans, and I want to point out to the member opposite, as I've said all along, that it's going to require a partnership. Only last week a law firm, Field & Field, announced \$75,000 to help battered women receive counseling and support. Mr. Speaker, for me that's extremely encouraging. I recognize that Albertans are prepared to help resolve these things, that they're prepared to be a partner in all of this: a clear example of what can happen in a community when the need is there, and I'm confident that together . . .

MR. SPEAKER: Thank you. I'm confident in the rest of the answer too.

Cypress-Redcliff, please.

General Agreement on Tariffs and Trade

MR. HYLAND: Thank you, Mr. Speaker. My question is to the Minister of Federal and Intergovernmental Affairs, and it's

related to the General Agreement on Tariffs and Trades he attended last week. With the failing of the initial negotiations, I wonder if there's information that the minister can share with this Assembly because of the very important effect that has on all industry in Alberta, especially the agriculture industry.

3:00

MR. HORSMAN: Mr. Speaker, I indeed did attend in Brussels with representatives from all the other provinces, except Prince Edward Island and the federal government, an extensive and intensive week of discussions which unfortunately resulted in a semicollapse if not total collapse. I note from *Hansard* on December 7 that the hon. Associate Minister of Agriculture responded to similar questions asked by the Member for Cypress-Redcliff. It is a matter of grave concern to this government and to all governments in Canada that the European community in particular saw fit to stonewall any efforts to really come to grips with this issue of enormous export subsidies in particular being paid to their producers. This is going to have dire consequences, particularly for the grains, oilseeds, and red meat export producers in western Canada.

At the same time, there is a small glimmer of hope that the adjourned proceedings to Geneva in January will result in some additional concessions being made by Europe, but I'm not overly optimistic. I just want to say that we will work very closely with the federal government and every other province to try and exert a Canadian pressure through the Cairns group and, as a result of our relationships with other nations around the world, to try and see success in January.

MR. SPEAKER: Cypress-Redcliff, followed by Edmonton-Avonmore.

MR. HYLAND: Thank you, Mr. Speaker. My supplementary question, then, to the minister is: what are we going to do now with the effect that export has on our grain industry and the amount of money that is there? What are we going to do to be ready?

MR. HORSMAN: Mr. Speaker, there are a number of things which will have to be done and will be the subject of intense discussion by governments. First of all, we're going to have to expand our markets in the United States for our red meats. Thank goodness we have the free trade agreement in place to provide . . .

MR. FOX: Tell that to the rural Canadians . . . What a bunch of nonsense.

MR. HORSMAN: . . . a secure opportunity for our red meat producers to obtain access into the United States market.

Now, the hon. Member for Vegreville thinks it's a funny matter. It isn't funny at all.

MR. FOX: Tell us how many countervailing duties hog producers . . .

MR. HORSMAN: There's nothing at all funny about this, and I find it quite disconcerting that the hon. Member for Vegreville constantly interrupts when I'm trying to give a serious answer to the question. The hon. Member for Vegreville demonstrates his lack of concern for the farm sector in this province by his laughter, and the laughter of the Member for Edmonton-Centre in particular I find very interesting.

But we are going to have to further . . . [interjections]

MR. SPEAKER: Order.

Edmonton-Avonmore.

Human Rights Commission

MS M. LAING: Thank you, Mr. Speaker. My questions are to the minister responsible for the Human Rights Commission. As we mark the 42nd anniversary of the United Nations Declaration of Human Rights, our Human Rights Commission reports that caseloads have doubled in the last three years and are running almost 40 percent higher in the first seven months of 1990, but the budget allocation for the commission this year is lower than that for the year 1986. Indeed, the commission has had to cancel scheduled meetings for lack of funds and has had to approach the government for emergency funds. Will the minister explain her government's lack of sufficient funding to the commission, and will she now commit to ensuring adequate funding for the 1991-92 fiscal year to ensure that the basic human rights for Albertans are protected and assured?

MS McCOY: Mr. Speaker, it is true that the caseload at the commission has doubled in the last two years and has in fact increased by 40 percent this year over last. It is true that they are playing a very significant role in Alberta today, particularly given the increasing diversity that we have in Alberta, and it is true that I welcome any advocacy to help persuade our Treasury Board to do just exactly what the member opposite is suggesting.

MS M. LAING: I hope the Treasurer heard that response, Mr. Speaker.

Mr. Speaker, the Human Rights Commission is presently prevented by legislation from initiating investigations into human rights violations on its own but indeed must wait for a complaint from an individual before it can act. This provision prevents many human rights abuses from being investigated and examined because complainants feel afraid to come forward. They report being intimidated and afraid. I would ask the minister if she will be looking into amending the code so that under the commission's powers it can initiate its own investigations.

MS McCOY: Mr. Speaker, there are a couple of provisions in the Individual's Rights Protection Act that do help in circumstances the member has described. One of them is that you do not have to be the person who is aggrieved to be the person who complains, so we can have third party complaints. For example, the member opposite could, on behalf of someone who has felt aggrieved, lay a complaint, and the commission could act thereafter.

We have also, as you probably recall in the spring session, increased the whistle blower protection provisions of the Individual's Rights Protection Act so that people are protected from repercussions, having come forward to uphold the principles of human rights in action. Those we have had in place now for a short time, but I think we are seeing already that it has had a positive effect on those who are interested in upholding these rights.

MR. SPEAKER: Calgary-McKnight.

Students Finance

MRS. GAGNON: Thank you, Mr. Speaker. Currently students' living allowances under the Students Finance Board are \$615 a

month for a single student living away from home. When inflation is taken into account, this is \$161 or 20.8 percent less than the amount in 1983-84. Married students and single parents have similarly had their living allowances slashed by this government. My question is to the Minister of Advanced Education. Does the minister actually believe that students today can live on less than they could in 1983?

MR. GOGO: Mr. Speaker, the hon. member is asking for an opinion, it seems to me. I would simply state that, as the member well knows, I have ordered a review of the tuition fee question, bearing in mind, as I've stated, the role of the Students Finance Board is to ensure any adult Albertan who wishes to attend a postsecondary institution shall not be prevented from doing so because of financial resources.

MRS. GAGNON: Thank you. Given the impact the GST will have on student living costs and on one of their largest expenditures, textbooks, will the minister immediately review the aid being provided? Waiting for the report won't help students this January.

MR. GOGO: Mr. Speaker, to my knowledge all students who apply get a fair hearing. Those who don't get the type of funding they require have the opportunity to appeal through an appeal committee to see that it's reviewed. To my knowledge that's not been a problem. I would simply come back and remind the hon. member that the role of the Students Finance Board is to help those who are in need of financial assistance, and that role will not change.

MR. SPEAKER: Calgary-Glenmore, followed by Vegreville.

Goods and Services Tax

MRS. MIROSH: Thank you, Mr. Speaker. Much to our chagrin the GST will be a reality in just a few short weeks, and yet there's still massive confusion with the public as to the province's responsibility to the services it provides, such as the motor vehicles branch and liquor stores and, more importantly, the land titles office. Could the Provincial Treasurer please clarify how the GST will affect these services?

MR. JOHNSTON: Well, Mr. Speaker, the member, of course, underscores one of the major problems which the province has identified for some time; that is, the administrative problems which will surround and emerge from the imposition of this wrong-headed tax, the GST, in January of '91. Although I'm not providing a legal opinion, the legislation is undergoing some careful review right now by members of Treasury, and Treasury has under consideration with the department of revenue some extensive analysis about how the province will operate and what we'll do in certain cases.

The federal legislation, however, is fairly specific in some areas, providing direction to people who acquire services from governments in that the legislation provides direction that certain services by the province are tax exempt. That is to say, there'll be no GST applied to those kinds of services. In particular, government supplies are spelled out as being information services. I can say that in the information services, such things as providing certificates or documents evidencing the vital statistics, the residency, the citizenship, the registration of a person for services provided for the government: those sorts

of permits are not going to be taxed, nor will a supply of services providing information with respect to a certificate or other document evidencing the title to or right to estate; that is, land titles information will not be taxable. The property registration system is also specifically noted as being exempt.

3:10

Now, where you get the problem, Mr. Speaker, is in the other area of services. In the case of my colleague the minister of forestry and wildlife, issuing a licence to harvest wood for your Christmas tree becomes a taxable supply on behalf of the province, and that is not reconciled with the fact that other natural resource sales by the province are nontaxable.

Those are some of the areas. I can't be more comprehensive because, of course, it's now part of the discussions that are taking place between the federal government and the province. More information will be provided to the departments as we go along.

MRS. MIROSH: Thank you, Mr. Speaker. Will the Provincial Treasurer outline whether or not this will in any way affect the court action that is under way?

MR. JOHNSTON: Well, that's particularly right. Mr. Speaker, the legislation, because of its uncertainty, has provided a need for the province to pursue not just the broad issue of the GST and the wrong nature of that legislation. As I pointed out when my colleague the Attorney General and I provided our outline of the GST legal challenge in October of 1990, we outlined at least one part of the concern which the member has raised, and that is where the GST attempts to tax provincial Crown property, contravening section 125 of the Constitution of Canada. That argument is quite an important argument, not in the context only of these issues that have been raised by the member but in other ways in which the federal government may use its own taxing power to intrude into section 125 issues, which clearly are wrong and which clearly in the Constitution were intended to protect the assets of one government from taxation by another government.

So that constitutional issue, without arguing the merits pro or con of the legal position, will be in fact one of the major parts of the legal issue that will be before the Court of Appeal here in Alberta sometime in March.

MR. SPEAKER: Thank you.
Vegreville.

Farm Fuel Distribution Allowance

MR. FOX: Thank you, Mr. Speaker. With grain prices being lower in real terms than any time since the 1930s and net farm incomes in Alberta dropping steadily, this government demonstrated its concern for the interests of farmers by raising the income requirements for the farm fuel distribution allowance program by 400 percent in August, done in true Conservative fashion with no consultation, no consideration for the impact on the people that were cut off: 10,000 farm families, I might add, many of them young farmers trying to get established in the industry. Now, in response to public meetings held by the Official Opposition and petitions circulated in backbenchers' ridings, they admitted at least partially that they made a mistake and relaxed the guidelines somewhat, leaving farmers faced with a confusing array of appeals and reconsiderations. I'd like to

challenge the minister to roll back these unfair changes that he made and agree right here and now not to make any changes now or in the future without full consultation with farm groups in the province of Alberta.

MR. JOHNSTON: Do you want me to answer?

MR. FOX: Well, you're in charge of the program. He doesn't even know he's in charge of the program.

MR. JOHNSTON: No, no. There was a vague reference, Mr. Speaker. The Member for Vegreville, in his usual sloppy fashion, failed to mention which minister it was he wanted to address the question to. This is a program that cuts across several departments.

Let me say that the farm fuel distribution allowance is one of the very significant parts of our comprehensive policy of providing major assistance to the farming community, the agricultural sector of this province. The province has stepped in to provide very comprehensive support systems in the cost of operation from the farm credit stabilization program, which has been debated here already, at 9 percent money for a 20-year duration, protecting the costs of financing from, say, 6 to 7 percent for the average farm family; a more recent announcement by the Minister of Agriculture, wherein farm fertilizer protection assistance has been extended to July 31, 1991, massive assistance to provide the cost of inputs protection to the farmer; and thirdly, as the member pointed out, a very comprehensive program intended to assist the farmer to provide protection for the costs of fuel, both gas and diesel, for on-farm operations.

This program was given recommendations to us from a variety and number of farm groups and members of the agricultural community, who suggested to us that there were abuses taking place within the system, and if you wanted to redirect the money to ensure that the program would not have to be comprehensively reduced, you could take some money from those low-income farmers, those farmers who are not really in the farming business, and ensure that the high-income farmer – that is, those people who are real farmers – had the protection. Mr. Speaker, what we did is simply say that if your farm income is less than \$10,000, the program does not apply. It's interesting that most people who are in that low-income farm category are the people who are abusing the purple fuel protection plan. So what it does, don't forget, is provide up to about 80 cents a gallon on subsidies for diesel fuel and something close to that for other fuel for on-farm purposes. That's the intention. It wasn't intended to drive to and from or to be abused by others; the intention was to ensure that farmers got the benefit. This is an important peg of our comprehensive . . .

MR. SPEAKER: Thank you. [interjections] Thank you. Vegreville.

MR. FOX: Mr. Speaker, it's no wonder we're \$10 billion in debt if he doesn't even know which programs his department funds.

I'd like to remind the Provincial Treasurer that this important farm program has been the favourite political football of the Getty government: up, down, up, down, take it away, give it back. I'd like to ask the Provincial Treasurer, to whom I will send the 2,300 names on this petition, what assurances he can give these 2,300 Albertans, their families and the communities

they support, that they'll stop playing games with this important farm program and engage in consultation before making any changes to it.

MR. JOHNSTON: Mr. Speaker, we had a wide consultation on this issue, and this was recommended to us by a large number of farming community members, who realized that if the abuse continued, other parts of the program would have to be modified. We thought this was the better option: to ensure that the benefits flowed through to the real farmer for on-farm costs and any abuses were eliminated. That's the normal process when a program is evaluated. Rather than cancel or modify the program in a dramatic sense, we refocused the dollars so that the best benefit went to those farmers who most legitimately deserved it. That's the way policy is carried on, unlike the shotgun approach from those people over there, who haven't even got on the playing field yet.

MR. SPEAKER: Edmonton-Belmont, followed by Edmonton-Gold Bar.

Maternal and Paternal Leave

MR. SIGURDSON: Thank you, Mr. Speaker. My questions are for the Minister of Labour. The recent unemployment insurance changes allow a woman to take up to 30 weeks of maternity leave. This progressive change recognizes the economic reality of today, that people need a two-income household in order to maintain their standard of living. Unfortunately, the Employment Standards Code requires employers to permit only 18 weeks of maternity leave. According to a spokesman for the Department of Labour there are no plans to bring the Alberta code up to the level of the new Unemployment Insurance Commission regulations. My question to the minister is simply this: why?

MS McCOY: Mr. Speaker, a colleague of mine on the front bench here has asked me to congratulate the member opposite on the tie he is wearing today, and I'm more than happy to convey those sentiments to him.

Secondly, regarding the Employment Standards Code, we have that under review. There is nothing in Alberta law that would prevent anybody from making arrangements with their own employer to take full advantage of the unemployment insurance that the federal government is offering. The Employment Standards Code is a minimum, and as you say, it's 18 weeks. In fact, for example, our own employees in the government of Alberta have 24 weeks in their collective agreement, that is six months. I think the UIC provisions actually allow for seven and a half months for one or other parent to take leave for that period of time. There are a number of different arrangements throughout Alberta, and we're reviewing all of those to see, in fact, how many people will be impacted adversely, if you like, by the new provisions.

In the meantime, as I say, I want to stress this: there is no law in Alberta that prevents anyone in Alberta from taking full advantage of the federal program.

MR. SIGURDSON: Well, just while we're on the point of reviewing the code, I'm wondering if the minister will commit to the Assembly to provide provision for paternal leave. Of course, the Unemployment Insurance Commission has allowed for

paternal leave of up to 10 weeks, and I would hope that the Employment Standards Code would reflect that change as well.

3:20

MS McCOY: Yes, Mr. Speaker. Again, many collective agreements – for example, the government of Alberta collective agreement with our union does in fact allow for both maternal and paternal leave. We have that provision also with regard to adoption in the Employment Standards Code. But there is that one gap in the code, which is to say we have made it a minimum for maternal leave. On the other hand, again I want to stress that the Employment Standards Code is minimum standards, and any employer in Alberta can make arrangements with an employee above and beyond that but not below the standard that is set.

Suicide Prevention

MRS. HEWES: Mr. Speaker, it's a sad fact that not only the winter months but the holiday season create a very difficult time to deal with for many Albertans. The tragic spate of suicides in our province continues to grow. Over the weekend we heard of three more deaths in Calgary. Two that we know of had been turned away from Calgary hospitals because of lack of space. People cannot get the help and prevention that's customarily available to them. We're in a critical situation in terms of mental health, and it's time for the minister to personally intervene with action, not just promises of review. My question to the minister is: what is the minister prepared to do to get more trained workers available in both public and private services immediately? Not next spring, but now.

MS BETKOWSKI: Mr. Speaker, as I've said before in this House, I will repeat that every suicide is a tragedy. I believe every member of this House regrets it very much.

In fact, what we are doing about the question the member asks about the training of professionals, readying our emergency units and others for picking up on whatever signs may present themselves, we are working very directly with our provincial suicidologist and as part of our program. I am happy to inform the member that to date over 9,000 professionals in this province have been specifically trained through this program, so I think we can all see that the efforts of the program under the suicidologist are far more pervasive than just the single community agencies which they impact upon.

MRS. HEWES: Well, thank you. I do know the numbers, but that doesn't guarantee anything, unfortunately.

My other question to the minister is: can the minister explain just why the suicide prevention office, the very office that's responsible for training care givers, has had its funding frozen since 1986 according to the department's evaluation of suicide prevention programs that was released last month?

MS BETKOWSKI: Mr. Speaker, in fact the total budget for mental health this year has risen by 6 percent, and how we spend the moneys within mental health is a consultative process, which I certainly work on with not only Department of Health people but certainly in planning towards the 1991-92 budget with the newly established Provincial Advisory Committee on Mental Health Issues, which is certainly going to be an important consultative group for us.

I acknowledge that there could be a far better match between

community and institutional support, particularly in the area of mental health, although I would say it's probably an issue which pervades all of health. However, I think it's interesting to note that the suicide rate in Alberta in 1989, which for a long time has been of concern to many of us, was at its lowest since 1973.

MR. SPEAKER: Lesser Slave Lake, followed by Edmonton-Centre.

Hospital Construction

MS CALAHASEN: Thank you, Mr. Speaker. My question is to the Minister of Health. Many of my constituents are still living in poverty and require vital essential services. Although our government is making major progress in many areas like social reform, we still have immediate problems. One of these problems is the state of health care facilities in northern Alberta and the need for building hospitals in rural Alberta despite what the opposition members say. There has been strong representation made by my constituents for the last two years regarding the Slave Lake hospital. Would the minister tell me whether or not the Slave Lake hospital is part of the budgeting process that we are in now?

MS BETKOWSKI: Mr. Speaker, I welcome the question by the hon. Member for Lesser Slave Lake and certainly want to assure her constituents that the government is fully committed to the reconstruction of the hospital and the construction of 30 new long-term beds on the site. But I also want to assure members of this House that in spite of some of the damages that occurred as a result of the flooding of Sawridge Creek in 1988, the hospital continues to provide safe services to Albertans living in the Slave Lake region.

The hospital as a project is certainly part of the budgeting review that is under way right now. As members will know, in order to maintain the \$135 million in capital, which is ongoing in 1990-91, the government made the decision to slow down and in fact freeze some of the projects which were in the committed stage. A review of how those projects should be scheduled out into the longer term is what is under way, but I certainly want to assure the residents of Slave Lake that their hospital is clearly a commitment and one which this government stands by and will see built.

MR. SPEAKER: Supplementary, briefly.

MS CALAHASEN: Thank you. Thank you, Ms. Minister. What time frame are we looking at for a decision to be made on this particular hospital and particularly other facilities?

MS BETKOWSKI: Well, Mr. Speaker, there are about 40 projects right now which are in a freeze situation. The hon. Member for Edmonton-Centre may snicker at that, but even though that is occurring, we are building at the level of \$135 million in the province. Certainly when I was speaking to hospital trustees, we were talking about how health, too, must be part of managing better fiscally in this province in order to meet the deficit situation which we are in. It was a very conscious decision made by this government to ensure that if we were to find resources in health, it would be on the capital side as opposed to the operating side. I stand by that recommendation to my cabinet colleagues because I truly believe that we

need to do everything we can to maintain a level of programming. The capital funding will come, but it will come on a systematic basis. For that reason, we have kept the level at \$135 million this year, which duplicates what we were spending on hospital capital last year. I think it's an appropriate way to move as we move through those projects.

We've also seen a good number of recommendations with respect to the Rainbow Report, which has looked at our need for capital, our need for new dollars into the health system. Certainly new dollars in the health system is something that even the Rainbow commission and members of both opposition parties, coincidentally, are saying is adequate, but perhaps we could get better value out of those dollars than the way we're getting them. That balance between community and institution is one that I think we're all working towards, and I look forward to further discussion in the Assembly.

Mental Health Services

REV. ROBERTS: Mr. Speaker, the further discussions that this government's conscious of: it was promising hospitals before the last election, then after the election, and then putting them all on freeze. That's what I was snickering about.

I think it's important to get back to the very important issue about suicides in this province, and I'd like to focus some concerns about suicides and the need to prevent suicides in northern Alberta. In fact, of the younger people in the province over 33 committed suicide last year – 33 people under the age of 20 – three of them in the Grande Prairie area just in the last two months. In Grande Prairie alone the mental health services put young people on a three- and four-month waiting list for services despite suicidal tendencies, and now, sadly, the three have died in the last two months. When will the Minister of Health, with her capital freeze, undertake to get those dollars and provide people with a continuity of care for mental health services, particularly the young people in this province?

3:30

MS BETKOWSKI: Mr. Speaker, we do have a new initiative under way this budget year in children's mental health which saw an addition of \$2 million put into children's mental health services. That has meant 27 new positions in the various mental health clinics around the province. I believe that when we look at services for children, we can't focus just on a single indicator but rather must look at the whole child, if you like, and the need for mental health services. That's certainly the way we're proceeding in this province, and I'm pleased with both the operating commitment of the \$2 million as well as the overall commitment on capital which we are giving to the province as a response to that initiative.

REV. ROBERTS: Well, Mr. Speaker, is the minister not aware that of that initiative no new positions are in the mental health services in Grande Prairie? Three were allocated; none have come through yet.

I'd like to tell the minister that in the community of Wembley, where the two boys did commit suicide in the last couple of weeks, the schools pulled together remarkably to meet the many grief needs of members in that community, but they're now asking desperately to be able to pull together to help prevent suicides, not to be there in the aftermath. Again I'd like to ask the minister: what new initiative is she going to ensure that provides for continuity of care for small communities like

Wembley, after the Northern Alberta Development Council has done their work, to ensure that these tragedies can be prevented, not just be there after they've occurred?

MS BETKOWSKI: Mr. Speaker, some very important work has been done by the Northern Alberta Development Council. I'm very grateful to them for doing it. I'm sure that we can all find examples, as the one cited by the hon. member, but I think it's important to look at our overall delivery of mental health services, to look at the fact that we have 53 community clinics, 45 traveling clinics, 54 funded agencies that are working throughout this province. That doesn't mean they're going to be everywhere at every time, but certainly when there's a tragic event that occurs within a community, the work that's done by the team in the Department of Health to go up and work with that community, to work with the kids in the schools, to work with families . . .

REV. ROBERTS: Beforehand.

MS BETKOWSKI: . . . before and after the tragic event occurs is something I think we can be very proud of in this province.

MR. SPEAKER: Might we revert briefly to the Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed. Carried. Thank you.
Lesser Slave Lake.

head: Introduction of Special Guests (reversion)

MS CALAHASEN: Thank you, Mr. Speaker. It is my pleasure to introduce to you and to the members of the Assembly 71 grade 8 students from the Roland Michener junior high school in Slave Lake, who have made their field trip here today to listen and watch democracy in progress. They are accompanied by their teacher Susan Giesbrecht and parents Karen Pearson, Edith Maddex, Anne Smith, Marie Lavoie, and Tom Renaud. I would ask that they rise, please, and receive the warm welcome of this Assembly.

Speaker's Ruling Brevity in Oral Question Period

MR. SPEAKER: Purported point of order. Edmonton-Glengarry.

MR. DECORE: Mr. Speaker, I cite *Beauchesne* 168 and 410(6). The point of order arises out of your taking me to task, bringing me to order with respect to some six sentences that I had in my preamble. It seems to me that when you compare our Legislature to the activity that occurs in the House of Commons, the latitude that's given members in the House of Commons is considerably greater than the latitude given here. Nobody's counting sentences, and nobody's counting the sentences in answers.

As a matter of interest, the Speaker has brought me to order for some six sentences in the preamble. I'm not begrudging the hon. Leader of the Opposition this latitude, but I noticed that on December 7 in his preamble there were eight sentences, in

his second question preamble there were 10 sentences, and in his preamble to his third supplementary there were seven questions. With respect to the hon. Member for Edmonton-Jasper Place on December 6, before his second supplementary there were some five sentences in his preamble. Now, I try as a matter of course and as a matter of process to have a very short preamble to the supplementary questions that I ask. [interjections]

MR. SPEAKER: Order, please, in the House.

MR. DECORE: But, Mr. Speaker, it seems to me that there should be equality, there should be impartiality, there should be fairness, and there should be fairness in the answers that are given and the times that are put into that. I'm particularly noting the answers that are given by the hon. Treasurer. Those go on indefinitely, and most of it is verbiage that has no application to the question that has been put. Therefore, I'm asking that there be impartiality and fairness insofar as I am concerned.

Thank you.

MR. DAY: Speaking to the point of order, Mr. Speaker, we want to assure the Chair and back up the Chair in supporting the present ruling, which certainly is nowhere near six sentences, and encourage the Chair to continue to demonstrate your impatience with members, including our own members, who regularly are motioned to, once we hit the two-sentence mark, to speed up their remarks. We encourage you to continue to do that to all members.

Thank you, Mr. Speaker.

MR. SPEAKER: Well, the Chair has listened very attentively and found the comments absolutely in order until the Member for Edmonton-Glengarry got around to being concerned about impartiality and fairness and directed it at the Chair, to which the Chair takes great offence.

MR. DECORE: A point of order.

MR. SPEAKER: No. Sorry, hon. member; you're seated.

Now, with respect to 168 in *Beauchesne* and to the reference 410(6) and comparison to the House of Commons, the Chair watches the federal House of Commons question period and members' statements almost daily, and I'm quite prepared to check the record at the House of Commons as to the number of sentences that seem to flow. I would also point out to all hon. members that far more members get into question period because by and large the preambles are much more succinct than they are in this House.

The matter of the number of sentences in preambles: the hon. member correctly points out that indeed the Leader of the Official Opposition does have a fair number of extra sentences in there, and I'm sure that the references made to the Member for Edmonton-Jasper Place are also quite accurate. With respect to the number of sentences that you, hon. member, had today, I interrupted you as you started on sentence eight. I think the concern is quite correct. I believe preambles to questions here are too long for all members, and I would hope that hon. members will take that into consideration starting with question period tomorrow. The Chair does not enjoy having to sit up here and pop up and down and back and forth trying to get hon. members to pay attention to their own rules of the House.

The Member for Edmonton-Glengarry has been good enough to point out *Beauchesne* 410(6) but perhaps should read on further to subsection 7, which says:

(7) Brevity both in questions and answers is of great importance.

Also:

(8) Preambles to questions should be brief and supplementary questions require no preambles. Supplementary questions should flow from the answers of Ministers.

So let us not be too selective in our quoting of parliamentary scripture.

The Chair regards it all as a complaint. It's not a point of order.

Now, is there an additional point of order, Edmonton-Glengarry? Let's have it, please.

MR. DECORE: No, sir, I've made my point. Thank you.

MR. SPEAKER: Thank you.

head: **Motions under Standing Order 40**

MR. SPEAKER: We have some requests under Standing Order 40. The first one, the leader of the Liberal Party, please.

Human Rights Day

Mr. Decore:

Be it resolved that the Legislative Assembly acknowledge December 10, 1990, as being universal Human Rights Day, thus recognizing the basic rights all humans must have to freedom and equality, and also that time be set aside on December 10, 1990, for the reading and affirmation of the Universal Declaration of Human Rights in the Legislature.

MR. DECORE: Mr. Speaker, the essence of the motion that has been distributed is to obtain unanimous consent of this Assembly so as to allow members to refer and talk about and show the positives and negatives that have come about as a result of the signing of this Universal Declaration of Human Rights insofar as Alberta is concerned. It is my view that Canada is a model amongst countries of the world, that when we look at issues like democratic rights, rights of assembly, rights of speech, rights of treatment before the courts, rights of being handled by persons in authority, we're second to none in the world and we are the models for other countries of the world. That comes as a result of a great foundation that we took from England in terms of English common law and evolved from that codes and legislation and particularly the 1982 Charter of Rights and Freedoms of our country.

3:40

Why is it important to make reference and to acknowledge and to speak out about a Declaration of Human Rights today? Well, because we are models, and there are some countries in the world that have not succeeded even with those things that I talked about earlier: democratic rights, rights of assembly, rights before the courts, before people in authority, and so on. We need to keep reminding our own citizens who travel the world that they need to talk to others and explain to them that there are situations in other parts of the world that are better than theirs and that they need to encourage their leaders to perfect their own positions.

But everything isn't perfect insofar as the Declaration of Human Rights is concerned vis-a-vis Alberta. I noted that the hon. minister when she spoke on this matter talked in positive

terms about pins that exist and how people marched against the Aryan Nations. The problem is that we still have people who believe in the Aryan Nations. We still have people who believe that there was no holocaust. We have teachers who taught that nonsense to our students for a number of years without anything happening. There is intolerance. There is imperfection in our achieving the goals and objectives of this universal declaration.

So it becomes important for us on this date to note that we haven't fulfilled and met the objectives of that declaration completely and thoroughly. Articles 1 and 2, articles 22, 23.2 . . .

Speaker's Ruling Relevance

MR. SPEAKER: Order please, hon. member. I'm sure you're about to conclude your cogent arguments on behalf of requesting unanimous consent. It's not the debate of the matter, it's not anything to do with how serious this matter is, but it's a matter of your request under Standing Order 40 so that the rest of the House will be able to proceed. Please continue.

Debate Continued

MR. DECORE: Mr. Speaker, the urgency of the matter is this. There are women who are the targets of violence. The Declaration of Human Rights talks about equality of social services. There are Albertans who are not getting equality of social services and equality of medical care and equality of clothing and food. It is those objectives that we must assess and keep reassessing and talking about in an Assembly like this so that we ensure that we meet those objectives. That's the urgency. That's why it's important for every member of this Assembly to talk about those objectives and state what needs to be done.

Thank you.

MR. SPEAKER: Those in favour of granting unanimous consent, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The matter fails.

The Chair now recognizes the Member for Edmonton-Avonmore.

Human Rights Day

Ms M. Laing:

Be it resolved that the Legislative Assembly of Alberta today commemorate the 42nd anniversary of the signing of the United Nations Universal Declaration of Human Rights and that each member of the Assembly today make a personal commitment to promote human rights, tolerance, and equality in all areas of endeavour in her/his personal and public life.

MS M. LAING: Thank you, Mr. Speaker. I also bring forward to the Assembly a motion to recognize today. My request is for consideration of making not only public but personal commitments to the protection and advancement of human rights, and I think this is the day to do that. It is a day that we mark our participation in a community of nations that has held high the value of protecting human rights.

I welcome the minister's words and her reference to the ceremonies being held. It is important, therefore, that we reaffirm our commitment to the principles enunciated in the Universal Declaration of Human Rights, but we need more than words, and we need more than ceremonies, and that's why this motion is a matter that is urgent. We need action both publicly and privately, for we in our private and in our public lives as legislators are models in this province. But more importantly, in how we treat our fellow human beings, we act as models and we educate society . . . [interjections]

MR. SPEAKER: Order in the whole House, both sides, please.

MS M. LAING: We serve as models and educate as to how we would create a world that recognizes and protects the human dignity of all persons. Our actions may be popular or unpopular. They may be easy or difficult. However, we must act.

Today is the day that we make a commitment to our personal action. We must challenge the actions that may deny or promote the denial of rights. That again is a reason for this motion. For example, we know that Milton Born with a Tooth remains in a jail for unstated reasons for almost three months; we know that the government has failed to stop the racist activities of the Aryan Nations.

We must ask the minister responsible to investigate statements attributed to the chairperson of the Human Rights Commission who, it is reported, said that in order for gay and lesbian people to have their human rights recognized, they must earn this protection by doing good work in the inner city with disadvantaged people. Surely the investigation of this kind of a statement is urgent. Mr. Speaker, it is urgent that on this day marking the signing of the declaration we examine our public and private words and actions and commit to eradicate the ignorance, intolerance, and prejudice that underlie the denial of basic human dignity. People do not earn the right to be recognized as human; that is a given. We must never deny basic human rights to any person.

Thank you.

MR. SPEAKER: Those in favour of the request for unanimous consent as requested by the Member for Edmonton-Avonmore, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: The matter fails.

Speaker's Ruling Members' Statements

MR. SPEAKER: The Chair would like to make this comment. For the past 18 months or more we have attempted to have discussions between the Chair and the House leaders with respect to members' statements, which is a feature of the House of Commons and other Legislatures in the country. As of yet we don't have this.

I just want to point out that the growing number of requests for Standing Order 30 and Standing Order 40 really represent a legitimate concern of individual members of the House to try to voice their comments on a number of issues, and none of them

are brought forward in a cavalier fashion. But what's happening here is that we have gone to this form of basically having members' statements in many aspects. That's just offered as a comment.

MR. SPEAKER: The Chair would like to recognize the Minister of Education for brief comments which are germane to his particular constituency.

MR. DINNING: Thank you, Mr. Speaker. I rise to inform members of the Assembly of the passing of Calgary-Shaw's namesake last Wednesday afternoon, Mr. Samuel William Shaw. He was a third-generation member of the pioneer Shaw family that settled Midnapore in the early 1880s. The constituency of Calgary-Shaw was named in his and his family's honour to commemorate their significant contributions in building Alberta over the last century.

Mr. Speaker, Bill Shaw was a great Albertan. He was a husband, a brother, a father, and a grandfather, who in his own special way cared deeply about his family. His friends, this one especially, held him in high regard.

Samuel William Shaw lived a substantial life, and he will be sorely missed.

Orders of the Day

head: Government Motions

Adjournment for Winter Recess

22. Moved by Mr. Gogo:

Be it resolved that when the Assembly adjourns for the winter recess, it shall stand adjourned until the time and date in 1991 determined by the Speaker after consultation with the Lieutenant Governor in Council.

[Motion carried]

3:50 head: Government Bills and Orders Second Reading

Bill 38

Loan and Trust Corporations Act

[Adjourned debate December 4: Mr. Day]

MR. DAY: Mr. Speaker, I was concluding my comments the other day on this Bill by observing that a number of points, questions, and comments had been raised by various members in the Assembly and that I was looking forward to the Provincial Treasurer's response to that. Also, we're looking forward to getting into the amendments, which are considerable, and given that, I would like to complete my remarks at this time. Hopefully other members will be drawing to a close on the second reading allowing us to get into committee reading in a fairly expeditious fashion, but we'll wait and see what happens there. I'll leave the Provincial Treasurer to respond to these comments.

Thank you.

MR. SPEAKER: Thank you.

The Member for Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. Bill 38 is quite a weight, and there's a lot of material in here. This is such an

important Bill that I'm not sure that the few members that seem to be prepared to speak on it at second reading are going to be able to do it justice. It'll make me very grateful for Committee of the Whole, where we'll be able to get into the details and keep going long enough to get a really good dialogue on a lot of the important issues that are raised by this Bill.

I would like to say to the Treasurer that I listened very carefully to his speech the other day when he introduced the Bill, and I even read it through again. While he did give us a lot of information and was very serious about this Bill and putting forward some of the main points in the Bill, I still found a number of things that I have questions about and things that need a lot more discussion than he was able to give in even a half-hour speech. One would wish that we could have two or three half-hour speeches back and forth across the floor on this Bill in principle before getting into committee.

The Bill is brought in as part of an attempt by the regulatory authorities of this country and particularly this province to try to start reregulating the so-called deregulated financial industries of this country, and I suppose one should say continent, because of course we're following the American example, as was pointed out by the Member for Calgary-Mountain View. Over the last 10 years we've seen the breakdown of the four pillars of the financial service industries in Canada and the United States.

Now, of course, the federal government is talking about reintroducing legislation in all those fields. They're talking of three or four pieces of legislation. They're about a year away from really concluding that, if they can conclude it that quickly. We know the Treasurer has been struggling for the last three or four years to bring in a trust companies Bill. In fact, he did release, I think accidentally, a previous paper on proposed trust company legislation back in February of '88.

This issue has been around for a long time, and of course we have seen what's happened in the United States and what's happened here in Alberta. There are very serious consequences to the deregulation of the financial industries as we used to know them. Almost two years ago, I guess, the Americans were thinking that the savings and loans fiasco in the United States might cost them as much as a hundred billion dollars. Now that figure has swelled to \$500 billion. What it really amounts to, Mr. Speaker, is that under Reagan all regulations were taken off and shysters were in fact allowed to take over savings and loan companies and rob people of their money in the most scandalous manner possible. Some of the stories that have come out have just been absolutely horrendous. The taxpayers of the United States are on the hook it would seem. It's a little hard to know the fairness of a government that deregulates to the point where shysters can fleece people of their money. Then the government, because they were embarrassed and didn't know quite how to handle the situation, didn't want to leave all the depositors to lose all of their money — they did have, of course, the insurance scheme that would cover the first \$100,000 of any deposits in a savings and loan company — so the federal government of the United States decided that they've got to cover all the losses, and the bill is now some \$500 billion for the American taxpayers to cover up for the mistakes of the Reagan era.

In Canada we didn't have \$100,000 per deposit, but we did have Canada Deposit Insurance Corporation coverage for trust companies and banks to the tune of \$60,000 per deposit. I might just say that the financial institutions that have collapsed in this country and particularly in Alberta have already cost Canada a fair amount of money also. The Treasurer himself mentioned the CCB and Northland, and other trust companies that have gone under have cost us a fair amount of money, North West

Trust being one of them: some \$278 million to cover that one up. The Principal affair: it's hard to put an exact figure on it, but it already has cost us over \$100 million. What the final number will be is hard to predict exactly.

So the background of what happened in the United States and the background of what happened in Alberta are very similar. We tend to just deregulate. There was, of course, an attempt on the part of the Treasurer and many people to say that the real problem was the crash of the real estate market in this province. That's true; it did put some pressures on a lot of financial institutions, not just the ones that we normally think of as private financial institutions but even Alberta Mortgage and Housing and others.

So the Alberta government has had a lot of sorting out to do, and we've seen the Alberta taxpayers pick up quite a lot of the bill. But we've also seen a lot of depositors just lose their money: Battleford, Tower, Dial, just to name a few. In the North West Trust and the Heritage Savings & Trust Company cases, the government took a different tack and decided that those companies must be rescued. It's still not clear at this stage just why that decision was made. One suspects that perhaps the number of interconnections between the government and the company were just too great to allow those companies to go down the tube and have the whole mess exposed to public scrutiny. In fact, I might note at this stage that the Heritage Savings & Trust Company was under a bankruptcy proceeding at the time the Treasurer decided to rescue it along with the North West Trust Company and set up the new North West Trust.

I might also add at this stage that Fidelity Trust seemed to be the one that kicked it off. It's interesting that it was regulatory problems that got us into some of these problems to start with. Alberta was the first jurisdiction in Canada to allow a reverse takeover of a company. A reverse takeover, by anybody looking at it rationally, does not make an awful lot of sense. So we allowed the first one, that was Fidelity, and that ended up costing the taxpayers some \$367 million. Our friend Peter Pocklington that the government has had so much commerce with in recent years: that great entrepreneur knows how to get government money better than anybody else.

The last reverse takeover that was allowed in Canada was in 1983 when Kipnes and Rollingher purchased the North West Trust Company. I think I've said this on the record before, but I would like to just put it on there one more time. The way they did it, they had a little real estate company called Chateau Developments. I'm not sure how much it was worth. In any case, they sold that to N.A. Properties, the real estate subsidiary of North West Trust Company, for some \$43 million and then turned around and purchased the whole of North West Trust Company, the whole portfolio and some 30-odd companies of North West Trust, for \$40 million. So having pocketed \$3 million for free, they then found themselves in control of the whole portfolio, a portfolio of some \$600 million in deposits.

4:00

[Mr. Deputy Speaker in the Chair]

The company didn't do well in the next couple of years. Of course they didn't do well; Carma would never have sold on that basis if they didn't want out. So clearly the company was in a lot of trouble, and the reason they would agree to that kind of a deal is because they could walk away with \$40 million and leave the troubles to somebody else to sort out. Now, Kipnes and Rollingher didn't seem to sort out the company very well over

the next two or three years. This is where the government regulators come in: they were allowed to borrow some half a billion dollars or more – maybe as much as \$650 million but certainly \$534 million – from the Treasury Branches. That sort of kept them going for '83, '84, '85, and '86. Finally, of course, the Treasurer had to do something about it and in February of '87 took over the companies.

Now, Mr. Speaker, I would maintain that a lot of our problems, then, in the companies in Alberta were not just due to real estate problems but also to management problems and to regulatory problems on the part of the Alberta government, and I think I've just made my case by citing a few examples.

The Treasurer in his introduction said that we have learned from those mistakes and things are going to change now, things are going to be different, things are going to be better. The government has of course put out a book called A Blueprint for Fairness, talking about how you're going to protect the consumers. Quite frankly, Mr. Speaker, it was a pretty watered-down version of saying that you've got to educate the public so that when the buyer beware rule kicks in, then the buyers will be able to beware. It doesn't seem to me that that's quite adequate.

They also brought in some changes to the Securities Commission Act, and I guess while I'm on that, I'd like to know: where is the Securities Commission on the NovAtel sale? I mean, a prospectus was put out that turned out to be incorrect, and another prospectus had to be put out. I would like to know where the Alberta Securities Commission is and what they are doing about investigating what happened there. If they were an independent regulatory body that was prepared to act in the way they were set up to act, they should be doing something.

Also, of course, we have a Credit Union Act, which is okay. It also, I might remind everybody, backstops depositors to 100 percent, so the taxpayers are the ones that are providing the insurance under the Credit Union Act, for the moment anyway. It will be interesting to see, as Capital City savings and the other big one in Calgary become more independent, if the government will be able to work out a method of seeing to it that an insurance scheme is set up for credit unions that is somewhat independent of the taxpayers and can function in a sound financial manner, as the Canada Deposit Insurance Corporation is supposed to do for banks and trust companies. Of course, it hasn't been able to keep up to the number of losses we've suffered over the last 10 years or so, and the taxpayers were on the hook for the Canadian Commercial Bank, Northland, and some of the other trust companies that have gone under, including North West Trust.

So, Mr. Speaker, I'm not sure that the minister has learned the lessons as well as he might have. I'm not sure that he's protecting the consumers as well as he might. The consumer protection legislation passed by the Minister of Consumer and Corporate Affairs last spring was fairly weak, really. We suggested some amendments, and while everybody told us how good they were and how much sense they made and the minister thanked me very much for the input, he didn't redot one i or cross one different t. So I don't think the government really has learned the lesson.

The Treasurer told us that a number of the players in the field had been consulted and that there was wide consultation. Yes, he consulted the chartered accountants and some of the corporations involved, but I didn't hear about any public meetings that the ordinary citizens of this province could go to to talk about this Bill, this proposed legislation. It would seem to me, Mr. Speaker, that with the environmental movement and

the northern pulp mills we should have learned our lesson now: all major pieces of legislation deserve to be put before all of the parties affected, not just the trust companies and the chartered accountants' associations but the people that really know and are really doing this thing. I mean, the Treasurer said that this legislation is to protect the consumers. Where were the consumers? I am a consumer of financial institutions' services. I never had a chance to have any input into this particular piece of legislation. There were no public hearings. No consumers were consulted that I know of. So the Treasurer has a pretty small and blinkered view of who should be consulted and who shouldn't in this area.

Mr. Speaker, the Treasurer also talked about harmonization with the other provinces. I want to say that I was down to Manitoba recently, and they were talking about the same thing. So there is some attempt to cross the country, for the provinces to try to harmonize their legislation. I appreciate that, but they should also be working hard at trying to harmonize with the federal government. It also has a lot of responsibility in this area.

The fundamental problem will be – and the Treasurer alluded to it himself – that if any one jurisdiction has weaker regulatory statutes to control the process of setting up and running a trust company, that's the jurisdiction that the companies will want to go to because then they will be allowed more freedom to do as they please. It'll be less regulated and easier for them to operate in the manner to which some of them have in the past. That will be particularly so, I suggest, in companies that are wholly owned by one person or one corporation. A company that may own a whole variety of commercial enterprises can now have its own trust company because of the kind of deregulation that has gone on in this country and in North America generally. If a company can be wholly owned by one person – obviously that's the kind of thing that happened with the Principal case – it's a perfect setup for self-dealing. So we can't afford to have some jurisdictions allowing self-dealing of that sort or allowing single ownership of trust companies.

The banks have made this case a number of times. No one person or no one corporate entity can control more than 10 percent of a bank. Trust companies are getting so that they operate more and more like banks all the time, so why are we not looking to limit the ownership of trust companies? The Treasurer has indicated that one-third of the directors of a trust company will have to be nonrelated parties to the principal owners of the company. But just because you have a few independent people on the board doesn't mean – they don't necessarily have anything economically at stake if they don't have any ownership in the company, so while the idea is a good one, nonetheless it doesn't get at the ownership problem. After the Principal affair, after the cover-up of the North West Trust mess that this government and the principals of North West Trust made, I don't see how the Treasurer can bring forth a Bill that has no provision in it for restricting the ownership of a company and insisting that at least some portion of that company be widely held.

The Treasurer tried to say that the federal legislation was sort of lagging behind the provinces' and they were thinking of coming on side so they don't get left out of having companies register under the federal Act, you know, and going off to some of the provinces like Alberta and registering there. At least the federal government has recognized that problem and has proposed legislation to do something about it. They're saying that at least one-third of the ownership of any trust company must be widely held. By the way, there's a five-year time span

for the companies to move to conform with that regulation, so they aren't expecting them to do it overnight or forcing a fire sale on anybody. It's quite a fair regulation.

4:10

Certainly I would go even further and say that a majority of the ownership of any trust company should be widely held. You could set a limit of 10 percent, like the banks do, or, at least as a position to move to over 10 years, move it from the one-third within five years that the feds are proposing to two-thirds within 10 years and maybe down to 10 percent after that. I realize that it would be a hardship to impose it suddenly, but the Treasurer should certainly deal with that problem, and he has not. This legislation does not deal with ownership in that way at all. You can set up one-third of the directors as independent, if you like, but you can't stop the self-dealing that goes on in the kind of situations that are set up like the Principal company was functioning under in the past years in this province.

Speaker's Ruling Parliamentary Language

MR. DEPUTY SPEAKER: Hon. member, the Chair thought it heard the hon. member refer to the government being involved in a cover-up with respect to North West Trust. The hon. member has read the earlier remarks. I'd refer the hon. member to *Beauchesne* 492. If that's in fact what the hon. member was alleging, he should not use that term.

MR. McEACHERN: Yes, Mr. Speaker. Perhaps it was an unfortunate choice of words, but I'm not quite sure what word I should use instead. What I was trying to contrast is the difference between the way the Principal thing was handled – a bankruptcy was declared and a hearing was held and all that had to come out in public – with the North West Trust situation, which was probably just as bad or maybe worse from the numbers and the background that we know of it. The government chose to rescue the company, let's put it that way then. They rescued Heritage Savings & Trust Company and North West Trust Company, amalgamated them into one company, and they are still a functioning entity now 100 percent controlled and owned by the government. Oh, I'm sorry, point 1 percent of the shares is owned by a private individual so they don't have to disclose exactly what they did or are going to do with that company. If you're a little sensitive about the word "cover-up," I apologize, if that bothered anybody.

MR. DEPUTY SPEAKER: The Chair is not sensitive about the word "cover-up," but the rules of Parliament are sensitive. It's a word that has been ruled unparliamentary.

MR. McEACHERN: I withdraw the word then, Mr. Speaker. I think I've explained the situation and what happened fairly well.

Debate Continued

MR. McEACHERN: Mr. Speaker, one of the ongoing problems that we've sort of skirted around in some of the other legislation and that I think is still not really adequately dealt with here is the problem of the responsibility and authority of auditors. Now, maybe there is enough there on the authority of auditors. There are some provisions about the rights of auditors to get to information in a company, so once a company names its auditors, those auditors can get to what they need to know to make sure that the annual statements they're going to put their

name to be reasonably accurate and that sort of thing. However, a problem that I don't think the Bill deals with adequately is the problem of responsibility of auditors. I know there's an audit committee, and that should help. I hope it does, and I commend the Treasurer for moving in that direction anyway. It may answer the question, and the Treasurer may be able to assure me that the legislation in fact does handle this adequately, but I did find that I was not completely satisfied with that section. It starts on section 142, and then there are a number of sections dealing with the auditors and their rights and their privileges and whether they can be sued or not sued or that sort of thing.

You'll see in part 9, Auditors and Financial Statements, that the Qualifications of Auditor is the first section. Section 150 in that part talks about the rights and liabilities of the auditor and former auditors. That lays out some basic ground rules. I won't try to get into a lot of detail on this right now but just would mention 151(1), for example, where it says:

An auditor or former auditor who in good faith makes an oral or written statement or report under this Act shall not be liable in any civil action arising from the statement or report.

Then section 156 does have some liabilities on the year-end annual statement. The auditor does have some responsibility for that.

I think the example of the CCB is one where it shows the difficulty of this problem. I'm not saying it's an easy one. I don't have a simple, easy solution for the Treasurer. In the CCB case I believe some of the auditors were sued subsequently by the CDIC trying to recover some of the money they spent in liquidating that company. Some of the liquidators also got in on the act. There was certainly some responsibility put upon the auditors for the mess that company was in and for not having raised the alarm bells sooner. I guess that's the point that we have to try to get at: you have to be fair to the auditors, yet at the same time they have to take their responsibilities really seriously. The generally accepted accounting principles are fine up to a point, but I don't think the people in the auditing profession have really come to grips with that question, and I don't think the Treasurer has in this Bill. It's something that's going to take some more time and effort on everybody's part.

There is another section in the Bill that I wanted to refer to, and it's the section about commercial loans. It's section 200(3), for anybody that wants to follow it.

Speaker's Ruling Second Reading Debate

MR. DEPUTY SPEAKER: Order please, hon. member. Order please. The Chair would like to remind the hon. member about extensive, clause-by-clause examination of this Bill, because that really is not the purpose of second reading. The Chair would like to refer the hon. member to *Beauchesne* 659. You should not really dwell extensively and in fine detail. This debate is to cover the broad principles of the legislation.

MR. McEACHERN: Yes, Mr. Speaker. I appreciate and understand that, and that's why I was rather careful in the section about the audit to just sort of name the sections without looking at it in a lot of detail.

Debate Continued

MR. McEACHERN: In the section on commercial loans I was just going to be fairly general. I wasn't going to make a lot of detailed comments but just raise a couple of points that I think are important and fundamental. There are some limits placed

on commercial loans. We've got a trust company that takes deposits from ordinary individuals, but also they can invest money into other commercial ventures and make commercial loans to other people. Of course, that's how they make their money to pay back the depositors.

You'll note that the Treasurer has included in the legislation that a trust company can make a commercial loan to one other entity of up to 5 percent of the whole loan portfolio. We on this side of the House find that to be a pretty high number, Mr. Speaker. I think it's a really serious commitment on the part of a trust company to put 5 percent into another individual company. We saw the problem I think with the Treasury Branches and North West Trust, for example, when they loaned them over half a billion dollars. That was actually something like 15 percent of their portfolio at that time, and the consequences to the Treasury Branches were major. For example, they had to get back \$153 million from the CDIC takeover of – I guess it was the Treasurer that took over North West Trust, but the CDIC put up the money for him to do that. So the Treasury Branches got back \$153 million, but even so we see that they've written off some \$250 million in bad loans in the last four or five years, and they carry about \$150 million on their books. Now, I wouldn't claim that all of that's attributed to the North West Trust situation, but probably a large portion of it is attributable to that.

No financial institution in their right mind would lend 15 percent of their portfolio to a company that they knew was in financial trouble. That's why I've said in this House before, and I'll repeat it: the Treasurer at the time and the cabinet and the Premier of this province – all in the Conservative Party – must have known what was going on and must have told the Treasury Branches to loan that money to North West Trust, or it would never have been done.

4:20

We on this side of the House think that it would be much more prudent to have a limit of something like 1 percent. A trust company should not be in the business of trying to support particular companies and see that they succeed. I mean, that's exactly where your self-dealing problem comes from. If you have a conglomerate that has a dozen companies or 50 companies and the trust company starts putting too much of its money into one of those companies to try to make sure it succeeds, then you're treading in a very dangerous situation. Now, I know there are some rules about related parties and having to declare those kinds of interests and making sure that it's fair market value and those sorts of things, but we would just feel a lot better on this side of the House if we reduced the 5 percent to 1 percent.

Section 198 refers to liquidity of the trust company, and it really doesn't say much. It doesn't set any liquidity ratios. That may be okay to a point. The Treasurer will say, "Well, we're going to put it in the regulations," but I think it belongs here, Mr. Speaker. Far too much in this document is left to the regulations, and far too much is left to the discretion of the minister.

I want to just relate some problems with the banks, for example. Banks used to be required to keep a deposit with the Bank of Canada as security against a run on the bank. The big commercial banks all had to keep a deposit with the Bank of Canada. Through the years they've eroded that amount to lower and lower amounts. In fact, the banks use the argument, "Trust companies don't have to do that, and they're now competing with us, so why should we have to do that?" So they've been

reducing that amount considerably, and they've been finding ways to get around keeping that security deposit with the Bank of Canada.

They've set up mortgage subsidiaries, for example, and it's some of those mortgage subsidiaries that this government is going to be regulating. A mortgage subsidiary did not have to keep any proportion of their portfolio in a deposit with the Bank of Canada. I put a deposit in the bank not too long ago, and I got a little note back saying that it wasn't in the bank at all; it was in the mortgage subsidiary of the bank. I hadn't authorized them to do that. I hadn't authorized them to put money into a real estate entity, which in fact is what their subsidiary company was. They can take money from the bank and then deposit it in an institution which is in the real estate business, and I'm all of a sudden in the real estate business and didn't really want to be. Of course, we know what happened the last time we had a boom/bust in the real estate market. It's fairly similar to what happened with the trust companies in Principal: the people put their money into what they thought was a trust company and then found out that in fact the bank had put them into FIC and AIC and then subsequently found out that they weren't covered by the Deposit Insurance Corporation.

I suggest to the Treasurer that he look at that liquidity section again and try to come up with some kind of numbers or some kind of a way of insisting that this be done and put it in the legislation. Let's not wait for the regulations, which hardly ever see the light of day. It's funny how we pass important legislation in this House, and everybody says that the regulations will come later, but nobody ever hears of them again.

MR. DEPUTY SPEAKER: The hon. member's time has expired.

The hon. Member for Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Speaker. I'm pleased to rise to comment on Bill 38, the Loan and Trust Corporations Act. I must say, without downgrading other speakers on this Bill, that I was particularly impressed by the comments of the Member for Calgary-Mountain View on this Bill the other day: an excellent and very perceptive speech with respect to a number of the general principles and the general drift of this legislation.

This is an important piece of legislation, it's a complex piece of legislation, and in keeping with the tradition of this most secretive of ministers and the most secretive government in the country, the degree of information provided to both the general public and the opposition has been less than exemplary. I keep chiding the government and this particular minister with respect to the paucity of information they do provide with respect to legislation. It seems to me that, as they do in the United States, there should be a comprehensive explanation to members as to what complex Bills of this nature really are doing with respect to the system. Instead of that we have virtually nothing, other than a very vague, general description by the minister on the day in which the legislation is debated. Our attempts to get briefings are treated as though the opposition nemesis is trying to get access to a cabinet meeting rather than legislation that's being presented to govern an important aspect of provincial affairs.

That having been said, this legislation reflects a long overdue review of the regulation of financial institutions, unfortunately after most of those institutions in this province have been decimated. The Provincial Treasurer in his introductory comments the other day said that the problems of the financial institutions went back to 1985-86. Well, he obviously has a short memory, it goes well back into the early 1980s, when we had the

problems of Dial and Ram and Fidelity and other institutions. The reality is that this government that has talked so fulsomely about diversification has seen its greatest triumph in diversifying out of financial institutions in this province.

Now, there are some good points to the legislation, Mr. Speaker, and some positive directions. As the Provincial Treasurer noted, there is a drift towards harmonization of legislation of the different jurisdictions. This simplifies the regulation for business, makes it easier for financial institutions to carry on business, and it also simplifies the administration of financial institutions by regulators. This is very healthy.

Another area that the minister spoke about was a proposed increase and improvement in information sharing. Again, this is important. However, I would note that while there is provision for this, the key will be the degree to which the different jurisdictions implement this direction positively. In the case of information sharing and harmonization the issue is going to be one of enforcement by our regulators rather than what the black letter law itself says in the legislation.

We've learned from the Principal fiasco of the problems that can arise when one jurisdiction relies on another jurisdiction which is not enforcing its legislation, particularly when that jurisdiction is Alberta under this government. By way of example, we saw back in 1983 the province of Ontario refusing to allow AIC and FIC to carry on business in that province at the same time that regulators in Alberta were telling Alberta investors that everything was rosy. So the lesson that we learned from these examples is that it's important who is responsible and what the will of those persons responsible is and how effectively they are prepared to enforce the black letter law.

Now, in this regard I would note that provision is made to allow Out-of-province loan companies to be registered. This of course raises a concern with respect to the review that our regulators are going to provide. In those instances I think I back to the issue of the Teachers Credit Union, which was incorporated in British Columbia. It carried on business there. It came into Alberta and was totally devoid of any regulation, virtually ignored by our government here. The results, of course, were disastrous; a great deal of provincial money went down the drain with that one. I hope we're going to see some form of review of . . . I see the minister shakes his head. I'll have to educate him a little bit after this debate, because that's exactly what happened. The Teachers Credit Union came in here with no regulation whatsoever. So I hope we're going to see some attention paid to these institutions from other provinces that do come in here.

4:30

The capital requirements are being beefed up, and that also is a good development. The key question, however, Mr. Speaker, is how this legislation deals with the major issues that were at the centre of our financial institution collapses in both Alberta and other parts of Canada. Those issues which come to the forefront, particularly in the Principal Group collapse, upon which I would like to comment, are as follows. The first issue relates to that of providing accurate and timely information to the parties whose funds are at risk. The second issue is that of self-dealing and conflict of interest. The third issue is that of investment policy and requirements of our institutions and the desirability of spreading the risk. The fourth issue is the role of auditors. The fifth issue is the role of government regulators and the responsibility of government regulators for their conduct when they are guilty of misfeasance, malfeasance, and non-

feasance, as we used to say in law school. The sixth relates to general depositor remedies.

Firstly, I'd like to comment briefly on the issue of the disclosure of financial information. The raising of this issue by the minister serves to remind me of the incredible Investment Contracts Act, in which there was absolutely no requirement whatsoever that the financial statements of companies registered under that legislation be released to investors, and indeed, as we know in the case of the Principal subsidiaries AIC and FIC, they weren't released. The necessity of this type of information is obvious to everyone, or at least, in the case of the Investment Contracts Act, it was obvious to everyone but the government and Mr. Cormie.

The big question I have, Mr. Speaker, relates to information in circumstances when an institution may get into trouble and the government gets involved. The fact is that there are many provisions here giving a great deal of power to the government to intervene, as they did in the case of the Principal affair, but very little provision, indeed a total absence of any comment, with respect to information being provided to depositors. Once things start to go a little bit sour, of course everything is conducted in the back rooms unless the minister is forced to go as far as revocation or suspension of a licence, in which event there is section 280(1)(f), which makes provision for disclosure in the case of suspension or revocation but in the case of imposition of terms and conditions and restrictions makes no provision therefor whatsoever. Now, perhaps this is inevitable and inherent, because release of information destroying the confidence of the investing public in an institution will, of course, destroy the institution very quickly. This, then, moves us to the question again of the responsibility of provincial regulators once they start to intervene, and I plan to deal with that issue a little bit later.

The second issue is that of self-dealing and conflict of interest. This, of course, is one of the problems we saw in relation to the Principal Group affair. There are also problems in other parts of Canada; for example, the Seaway scenario. There is a great temptation, of course, when you have one shareholder who owns almost all or most of the shares and is in a business which can use the funds of a loan and trust company to attempt to funnel those funds into that company in some way. The best means of safeguarding the public interest, the interest of depositors, is of course to limit the ownership of single shareholders. The federal government has used this methodology under the Bank Act, where a single shareholder is limited to 10 percent of the shares. In the case of federal trust companies, current federal proposals are to require 35 percent public shareholding as a minimum.

However, other provincial jurisdictions in their trust and loans legislation have decided against such limitations, probably because these limitations in fact restrict the numbers of entities and persons who are interested in establishing financial institutions. Accordingly, it's clear that Alberta would be in the difficult position of going it alone with respect to such restrictions, which would mean that companies would incorporate elsewhere and then register in Alberta. The result, as was noted by my friend the Member for Calgary-Mountain View, is that there is a move towards minimum standards across the country rather than tough protective standards. To be realistic, based on the track record of this government, that would be their predilection in any event.

So Alberta's approach is twofold: first, to require approval of the minister with respect to incorporations and transfers of stock which would result in ownership in excess of 10 percent by one entity, and secondly, to provide for certain restrictions on self-

dealing. Now, Mr. Speaker, I have concerns with respect to both of these. The concern with respect to the first is that we are herein reliant on the virtually unfettered discretion of the minister to protect the public interest. This again, as has been pointed out earlier, is a major cause for concern with respect to large parts of the legislation, because many parts of regulation in this legislation are left to the discretion of the minister. The legislation is virtually peppered with these provisions. As a result, the protection of the public is highly dependent on the diligence and capability of the minister and his staff. This, of course, is very dangerous, as we've seen in the Principal failures.

Mr. Speaker, the concern I have with respect to the second mechanism is that the prohibitions relating to certain self-dealing transactions contain a number of vague exceptions that could be used to avoid the intent of these restrictions.

4:40

I would like to move on to the third issue, with respect to investment policy and the need to see that the risks of such investments are appropriately dispersed and spread. This is a particular problem for institutions in areas like Alberta that are so highly dependent on energy and agriculture, which are primary commodities and subject to volatile price swings. Now, there are some restrictions in the legislation with respect to investment policy, but most have been left to the regulations. I would like to say, Mr. Speaker, that in my view the key in this regard is to ensure that any institutions do not get too overextended with respect to investments in real estate or other types of investments in Alberta or indeed in this particular region. We don't know at this stage what the intention of the government is in this regard. I hope the regulations will cover this adequately, but I must state that I would have preferred to see some direction in the legislation with respect to a matter this important.

Next, Mr. Speaker, I would like to move on very briefly to the issue of the role of auditors. In my view, auditors are perhaps the key to protection of depositors in financial institutions. In most of the failures we have seen over the last 10 or dozen years, there have been serious questions as to whether the auditors have performed the job that has been necessary and possible for depositors. I don't say this in a matter of criticizing the auditors for not doing their jobs. The fact is, though, that auditors have not had adequate guidance and standards presented for them in the legislation. Now, the reality is that auditors are under pressure from the company's management constantly to often tailor the financial statements in a manner that puts certain transactions in the most favourable light. I must say that as one who practised tax law for some period of time, I experienced in some instances exactly that same pressure with respect to the treatment of certain types of transactions, so I can fully understand the pressure. Auditors very badly need in legislation clear direction and guidance which enable them to withstand this pressure and to clearly delineate the duty they have to depositors.

Now, this is not something that comes out of my own head. In fact, the auditing profession itself is discussing it very extensively. They've commissioned an in-depth study by a lawyer, W.A. Macdonald, from Toronto. I would urge the government to pay much more attention to this issue, because it is so much at the heart of protection of the public. The auditors are there and they can see. They look at the statements and transactions in detail, and they are the ones who can blow the whistle and provide information on a timely basis. I'm not going to get into any of the detail at this particular time – the

time available doesn't permit – but I must say that I don't think we've got it right yet in this legislation. We have a long way to go, and I think we can do better. With the Provincial Treasurer's background as an accountant, I would hope he would perhaps pay a bit more attention to this particular area.

Next, Mr. Speaker, I would like to deal with the role of the government in regulation, in particular the responsibility of government to investors in respect of the manner in which that regulation is carried out. As I noted earlier, the hallmark of this legislation is the discretion vested in the minister responsible for the legislation. The discretion is obviously vested in the minister for the basic purpose of protecting investors. But the question that arises, and it arose in the Principal affair and in my view was the basic question at the heart of the Principal affair: what happens if the regulators don't do their job and a loss is suffered by depositors as a result? In the case of the Principal affair, it was a terrible problem for the investors. The common law makes it very, very difficult for investors to successfully sue the government for defects in their regulation. There's an extremely low duty put on the government.

There is also a further problem with respect to the mechanics of any legal action. There was no provision in the case of the Principal affair for a class action. Every investor was on their own. Individual investors on their own couldn't afford, very clearly, to do anything in respect of actions.

We very badly need to see some clarification of these issues, Mr. Speaker. Instead of clarification what we find is that this whole matter has been left up in the air without any definition, and if we should come upon a future Principal affair in this province somewhere down the line – and let's hope we never do – investors are going to be in exactly the same situation they were in before in respect of whether or not they can hold the government responsible. I say this making particular reference to the discretion without standards, without any guiding lights as to how the minister is to exercise those standards, because if there are no standards the question arises as to the basis on which depositors may hold the government responsible in the event a decision is made, as it was in the Principal affair, to help a company at the expense of the investors and then leave the investors to hold the bag.

So this is a key area which is undefined. It may be that it need not be defined in this piece of legislation, but it should certainly be defined as one of the pillars of our regulation of financial institutions.

The sixth and final area relates to that of depositor remedies as well. I've just dealt with the issue of remedies with respect to government failures. The issue I would like to just briefly refer to is the issue of a remedy with respect to depositors when a wrong allegedly has been committed with respect to individual depositors by management, as alleged in the Principal affair. I might note, Mr. Speaker, that the legislation does provide a remedy in another type of situation, and that is in an instance where there has been a wrong to the corporation – not to depositors themselves, but to the corporation. In that instance there is provision for the shareholders to launch what is known as a derivative action in the corporation's name. But what happens if in the event of a future Principal-style fiasco the individual depositors wanted to go against the management with respect to alleged breaches of the legislation? Again, here we have the issue of the absence of any effective class action legislation. I would urge the minister and his colleagues and particularly the Attorney General to focus on that issue.

I would note for comprehensiveness that the Financial Consumers Act has enacted certain remedies of very limited

scope. There is provision for a consumer organization action, a corporate form of action but, as I read it, no provision for damages. There is a rather interesting feature, I think a very positive one, in that legislation whereby a director can bring action on behalf of investors. However, there's some ambiguity and uncertainty with respect to the remedies. That legislation contains some positive direction, but these are areas that need more attention. We should have learned that from the Principal Group affair. I know it's convenient for a government which is trying to avoid responsibility to have investors without remedies, not able to take concrete action, but in the public interest it's important that we do think about that and do provide such remedies.

4:50

Finally, Mr. Speaker, I would like to raise the matter that was raised earlier by the hon. Member for Calgary-Mountain View relating to section 309, which prevents an action being brought with respect to any breach under this legislation without the approval of the minister. I would certainly be interested in the explanation of the minister as to why this prohibition exists. It raises cause for great concern with respect to access to the courts. I'm certain the minister will have an unacceptable explanation.

Thank you.

MR. JOHNSTON: Mr. Speaker, I would like to take just a few minutes to go through in a broad way some of the concerns on a policy basis, a principle basis, that have been raised by the various speakers. I do appreciate their input and assistance. Criticism is always warranted, and perhaps we could deal with it in that positive context.

Let me say, though, that a lot of the comments, as I listened to them carefully, are precedents which have in fact driven this legislation. I'm not going to go into a long debate about some of the statements that have been made and some of the contextual arguments which are not applicable or, in fact, I could debate. I'll simply say that it's because of a variety of issues, a variety of experiences, most of them negative, that we have, as I indicated earlier in my comments, made very comprehensive and changing policy positions and legislative changes to ensure some of the history is not replicated again over the next decade. So I'm not going to debate whether or not North West Trust is the right decision. I'm certainly going to put on the record that the Treasury Branch did not lose money in North West Trust. I've said repeatedly that the government of Alberta received North West Trust and all the real estate assets for not one cent. That's a very important point; I've stressed it time and time again. So let's be clear that that's the history of the North West Trust issue.

Let me go on to say that in listening to both the Member for Calgary-Mountain View and the Member for Calgary-Buffalo, their superficial comments, at least on principle, dealt essentially with very positive support of the legislation, because the kinds of points that were raised in fact have been dealt with. If you look carefully at the legislation, you'll find that the four or five points raised by both the speakers on this issue – that is, the designated critics of this particular piece of legislation – in fact were positive. In fact, if you look at the legislation carefully, you will find that indeed the legislation does address the issues and goes much further than other legislation in Canada that deals with some of the questions raised.

[Mr. Speaker in the Chair]

But let me start again – and perhaps I missed the opportunity earlier – to talk about the changed circumstances of financial services markets. It's in this whole context of the globalization of financial transactions that this legislation is emerging, not just because of the problems we faced here in Alberta on regulatory defaults or regulatory problems but because of the changed nature of financial services worldwide. As Bacon said, we're now in the information age, or information is knowledge. In fact, as Toffler has recently said, there's been a power shift; those people who deal in information have the power base, and everybody now is dealing in information. It's the transaction age, the information age, the technical age we're in. This technology has driven the financial services market to such an infinite extent that, as many people know, the trade in goods and services may be of the order of \$3.25 trillion but the trade in interest, savings, and dollars – the symbol economy, if you like – is about 12 times that in terms of the dollar amount. So this economy is the fundamental part of the information age.

An information age, new technologies, has driven the responses that are necessary to ensure that this legislation is as contemporary as any in North America, because if you don't, if you try to regulate in an artificial way, the system will find a way around you. Deals are made in interesting ways, where risks, terms, and the attributes of the deal vary between deals. You have a variety of opportunities for those people in the business to escape the regulation of the domain, of the jurisdiction, and do business offshore. That was a classic example of the rise of the Euromarket, where in fact the limitations, for example, imposed by Glass-Steagall against the major banks would be in the securities business. That is, the insular approach to the four pillars has in fact driven those banks offshore, where they did an awful lot of money in a different form of regulatory environment. Now, of course, Glass-Steagall has been changed and the big banks are back in the United States in the securities business. J.P. Morgan in particular is now very big in securities, but for a long time it was driven offshore into the European markets to deal with what was not able to be done in the United States jurisdiction. So we have to make sure that this legislation, in the case of the four pillars, does not prevent the use of the cross-pillar transactions but provides for it by the subsidiary route. Prohibition is an obsolete term. Deregulation is now *de facto* here because, of course, the information, the transactions, the technology, the computer-age approach to these kinds of transactions worldwide in the global system means we have to be updated and as contemporary as possible.

So that's the background, in fact, and perhaps I wasn't clear enough that we're trying to make this legislation as contemporary as that in any place in Canada in trying to accommodate this new technology, this new globalization. As well, of course, a lot of internal adjustments have taken place within the system itself. I mentioned already the technology revolution, but surely the forms of securitization whereby new forms of transactions can take place – where you can bundle together credit card liabilities and sell them to somebody on an income stream, which represents an attribute, a deal, an income flow, a term, a risk, et cetera – are all part of the new way in which the financial systems are operating.

Of course, disintermediation is taking place as well, and we even have such large entities as General Electric in the United States, for example, now a very large player in the financial markets themselves, using their expertise and skill that they developed internally to exploit an interesting opportunity in the private-sector competitive world, crossing again through the so-called pillars of the financial markets in the United States. That

in itself is what has happened. But we should be certain that in the case of the United States, where the thrift – the S and L, I guess, or the thrift problem – has been classic in recent years, it really was a problem whereby the adjustment in regulations did not comprehensively deal with the kinds of problems the regulators tried to impose on the financial systems; that is, the S and Ls.

I draw the attention of the members to an interesting review by the *Canadian Investment Review*. It's volume 3, number 2, and it deals with tomorrow's capital markets. On page 13 is a very important profile showing how the financial systems operate and how they have moved. It's the so-called transactions approach to the financial systems. I would advise members to read it because it gives a much better explanation as to what has happened than I could ever do. However, they do point out with respect to the S and L loans that there is a paradox in the way in which the federal government adjusted the S and L process, allowing the regulations to increase the deposit-taking opportunities, allowing more risky kinds of investments to be made, but not providing to their regulators in any effective way a means to control these institutions. Therefore, you found them being played off on the junk bond market, taking deposits at a high risk and not paying for the insurance at the same rate that the risk of their investments demanded. So we found a mismatch of policy, and what this legislation is doing here is in fact correcting some of the mismatch of policy that we have seen in other financial institutions and other financial services sectors and in the province of Alberta itself.

So the deregulation is not really anything that's going to cause uncertainty with respect to how the depositors' interests are protected. That's why we go on more fully in this legislation to focus on three other key issues, the key issues being, number one, as I've indicated before, that we have a different, new, and enhanced responsibility with respect to the capital balances in the company, that is, its equity, its capitalization. The adequate capital arguments and calculations are extremely important to ensure that there's enough protection or cushion in an entity to withstand losses, withstand other kinds of difficulties which may occur. So those capital adequacy tests have been enhanced, have been increased, and in fact are a real way, one-third of the way at least, that we can control on a predictable basis the way in which these companies will operate.

5:00

Secondly, we've gone on to deal with the asset mix of the entity itself. The portfolio of assets the company has must at all times be in very good form; that is, there must be at least 45 percent of them in first-rate assets, which would include mortgages, which would include government of Canada bonds, for example. But there is provision because of the dynamics of this market to allow them to invest in other kinds of assets, and those assets are controlled by saying, for example, that if you want to invest in a subsidiary, you must maintain it within the small percentage of baskets clause that allows you to invest in these subsidiaries and will not allow an excessive amount of the assets of the entity to be invested in these kinds of activities. At the same time, I have mentioned already such things as commercial loans being controlled. You can only have a certain percentage of your portfolio in commercial loans.

So what you do is provide a risk-weighted approach to managing your portfolio, and this risk-weighted approach is now universally applied around the world. The Bank for International Settlements, for example, has done a lot of work in this area, and we're using roughly the same approach to controlling the

way in which the assets of the trust company or loans company are invested. We think that's appropriate. It satisfies what is being done worldwide and certainly improves the way in which the entity itself can invest the assets, using the depositors' assets to generate a rate of return and to provide consumer protection to the depositor.

Finally, we have gone on to say quite specifically and in quite a detailed way that certain of the transactions are either prohibited or, if they're not prohibited, must be controlled or disclosed, and that requires a full list of responsibilities, not just at the management level but at the directors level, whereby directors must be informed. There must be communication to the directors of some of these disclosure requirements with respect to certain self-dealing or arm's-length transactions, or they're absolutely prohibited in terms of some of the subsidiaries.

As well, there is direction to the auditor in this legislation. The Member for Calgary-Buffalo said there was no direction to auditors. Well, I certainly disagree with him on that issue, particularly in part 9, which extensively provides direction to auditors. It goes on to say in this case that if the auditor wants to make a statement, he has in fact a privileged opportunity to make that statement and does not have the normal kinds of legal liability, I suppose, which would prevent him from actually stating his mind. It's incumbent upon them both in terms of professional opportunities and in terms of the work that was done through the Institute of Chartered Accountants and other groups that have looked at the way in which the CAs have operated to ensure that they are doing their job in a new, contemporary fashion. So I don't agree that there's anything there that would lessen the responsibility; in fact, we have strengthened it dramatically.

As well, regulators have a lot more strength in this legislation, as I've attempted to show. Their powers will include those to issue cease and desist orders against subsidiaries and the parent loan or trust corporation; to order divestment of downstream entities; to demand information from the corporation, its subsidiaries, or persons who control the corporation; to examine records of subsidiaries; to receive financial information; and on and on it goes, Mr. Speaker. Throughout this legislation we find sections which confirm that point. This legislation is replete with ways in which the regulators can enhance the control and regulation of this entity.

Moreover, Mr. Speaker, as I've indicated before, the information-sharing responsibilities: the contract which has been entered into by the 10 provinces and soon the federal government will in fact require that this information be provided. It's no longer on a haphazard basis. There are signal points, trigger points, and those mechanisms work to ensure that the information exchange takes place. This is upstream and downstream within the entities, and we think we have a fairly effective control by the regulators of the entities operating in the province and in Canada more particularly.

Harmonization: well, I've talked about the way in which it's operated. The comments I see here today deal with the fact that harmonization may generate the so-called lowest common denominator of regulation. That again is not, in fact, accurate. We don't believe that that is going to emerge. We think, as I have said before, that we'll focus on principles of harmonization, first of all, so that forms and some of these things can be standardized across Canada, but in fact there will be differences as between the provincial regulations. Certainly the scope of interprovincial harmonization has been focused on investment rules and the capital adequacies I've talked about. I've already

mentioned that while you may liberalize the investment rules, you still have fairly stringent requirements in terms of portfolio mix, in terms of the self-dealing side. Certainly in the capital adequacies I've already talked about, those tests across Canada will ensure that we're applying similar rules to calculate the capital adequacy on an ongoing basis. These are international standards, well accepted and well worked, and they've been discussed fairly thoroughly by the provincial officials and now by the ministers. We think the capital adequacy of the investment portfolio side has been well considered. So on that side, in fact it's not going to be the lowest possible common denominator. There will be an enhancement of the tests; there will be a step-up so all provinces are working with the best possible level of approaches to these two issues.

The self-dealing rules I've mentioned already. We think that in Alberta this piece of legislation will have as stringent self-dealing rules as any legislation in Canada. We intend to maintain that. Ex-provincial corporations are controlled on the same basis, and we think we have reduced the risks to a very small amount with respect to the self-dealing questions.

I think those are the issues. I don't think you can argue that because we're into a harmonization process which is to ensure a greater uniformity, we're going to reduce the way in which our legislation applies.

With respect to the ownership rule, which several members have talked about, the 65 percent test in federal legislation referred to in the federal Bill requires corporations with \$750 million or more in equity to ensure that within five years of reaching the threshold, they have to sell off into the public market 35 percent of the voting shares widely held. Now, that's for large entities; there are none of those entities in Alberta that are anywhere close to this, and of course it does not apply, therefore, in our province.

We should say that the self-dealing rules and the control of the subsidiaries allow us to ensure that we know what's happening in the investment portfolio of this entity. At the same time, in terms of commercial linkages we feel it's necessary to attract capital, as I've said before, to have an opportunity to have an expanded capital base for a trust company by its reverse linkage or ownership through to some commercial enterprise which has a vast capital base, as opposed to having a reduced capital opportunity by a multiple of shareholders, for example, across Alberta. It seems to us that if you can aggregate the capital, ensure the protection by a strong parental relationship to some large corporation, you ensure the activity of that entity, its profitability, and its long-term success as well. We don't think we have to copy the federal legislation. We think, and we have argued, that in this province the commercial linkage is an important principle. I've argued before and indicated before that the federal government has agreed, and we find that in the federal legislation they have agreed that they would not eliminate or restrict the commercial linkages for provincially incorporated or Canadian-incorporated trust or loan companies.

With respect to ministerial discretion, well, again there seemed to be some focus here – in many cases when I talk about the minister, we're talking about the regulators, obviously. But there was some question about section 79. I'm not going to be dealing with it in a specific way, but there was some idea that we were going to provide some wide set of exemptions from the current legislation. That just is not the case. There are certain instances where it may be necessary for ministerial discretion to be applied. For example, if you have a workout taking place where rehabilitation of a company is necessary and you know full well that the parent behind the deal, for example, has assets and has

a very good position, it might be possible to expeditiously transact a deal which would save that financial institution. However, there is not in any way an attitude or desire or, in fact, the legislative authority in this Act to dispense with the criteria set out in section 77(a), which is very descriptive of the way in which you have to operate in terms of these requirements.

I should say, Mr. Speaker, that we've gone on to limit in this legislation the guarantees of restricted-party financial institutions. These have more sweeping requirements for disclosure, and that simply ensures that off-balance-sheet transactions which have an impact on the financial viability of an entity are disclosed and controlled. That itself, I think, steps up to some of the problems with respect to intercorporate guarantees of certain liabilities.

5:10

I've spoken already about the various sections which deal with the regulatory controls. I think we could probably get into it more thoroughly in committee study, Mr. Speaker, but I wanted to make one comment about the so-called limitation on prosecution section, since it has been raised by at least two speakers. This clause, which sets a limitation period on prosecutions, is common to regulatory statutes, including those in other provinces governing trust and loan corporations. Here in Alberta we find it in at least three or four different pieces of legislation, so it's not new to our province. In fact, it wasn't picked up in Bill 41, which just went through, but the same provision exists in that legislation. The rationale for the clause is to ensure that malicious or frivolous actions are not brought against corporations under the Act, particularly since such actions could imperil the solvency of a deposit-taking institution if it is in a workout situation. The clause does not preclude criminal prosecutions or civil action; in fact, those can continue despite that section of legislation.

So, Mr. Speaker, this does not in any way limit any right that anyone could have to take action against the entity, but it does in some sensitive cases ensure that warnings must be given to the minister in case you did have a workout situation under way wherein action of any kind could trigger a run on these very sensitive companies, as you saw in the case of CCB and even to some extent in the case of Northland Bank. So this is not new. It's in other pieces of legislation, and I think it's a red herring argument to suggest that it takes away some rights, because it was in other pieces of legislation we've already dealt with.

Well, Mr. Speaker, I think I have dealt with most of the issues that have been raised. I can only take it that as we get into committee study, there may be some more specific requirements. I should say that I've already circulated to members of the Legislature the amendments which I have proposed to move in committee, together with what I call the key to those amendments, relating the amendments back to the existing sections of Bill 38 and giving some reasonable explanation for them.

Mr. Speaker, I appreciate the comments of my colleagues with respect to this Act, noting their views and comments, I hope in some ways correcting some of the misstatements and misunderstandings that have taken place. I agree that it is a very complex piece of legislation, and unless you want to spend an odious amount of time on it, as we have done in full consultation with a variety of constituent groups, you'll obviously have a difficult time understanding it. I know we have had it in the House at least, I guess, since sometime in June. That means it's been under public review, public scrutiny, for at least six or seven months, and now we want to proceed with the passage of this Bill, to get on with restructuring of the trust and loan company authority system in this province, the Act under which the trust

and loan companies operate. We intend to do that sometime in the new part of '91 when the regulations have been vetted with the various constituency groups and have had a chance to pass the scrutiny of our caucus here in Alberta.

So, Mr. Speaker, I appreciate the comments and concerns and criticism raised, and I move second reading of Bill 38, the Loan and Trust Corporations Act.

MR. SPEAKER: Thank you.

HON. MEMBERS: Question.

MR. SPEAKER: Having heard the motion for second reading, those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. SPEAKER: Carried.

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

[Eight minutes having elapsed, the Assembly divided]

5:20

For the motion:

Anderson	Fjordbotten	Moore
Bogle	Gesell	Musgrove
Bradley	Gogo	Oldring
Brassard	Horsman	Paszkowski
Calahasen	Hyland	Payne
Cardinal	Johnston	Rostad
Cherry	Jonson	Sparrow
Chumir	Kowalski	Stewart
Clegg	Laing, B.	Thurber
Day	Lund	Trynchy
Dinning	Main	Weiss
Elliott	Mirosh	Zarusky
Fischer	Mitchell	

Against the motion:

Barrett	Hawkesworth	McInnis
Doyle	Laing, M.	Pashak
Ewasiuk	McEachern	Roberts
Fox		

Totals: Ayes — 38 Noes — 10

[Motion carried; Bill 38 read a second time]

MR. GOGO: Mr. Speaker, I move that when members reassemble this evening at 8 o'clock, they do so in Committee of the Whole.

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

HON. MEMBERS: Aye.

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

(The Assembly adjourned at 5:24 p.m.)

