

Legislative Assembly of AlbertaTitle: **Thursday, May 9, 1991**

2:30 p.m.

Date: 91/05/09

[Mr. Speaker in the Chair]

head:

Prayers

MR. SPEAKER: Let us pray.

O Lord, we give thanks for the bounty of our province: our land, our resources, and our people.

We pledge ourselves to act as good stewards on behalf of all Albertans.

Amen.

head:

Tabling Returns and Reports

MR. ISLEY: Mr. Speaker, I'm tabling with the Assembly today the required number of copies of the annual report for the year 1990 of the Farmers' Advocate of Alberta.

MR. MUSGROVE: Mr. Speaker, on behalf of the Hon. Roy Brassard, Associate Minister of Family and Social Services responsible for seniors, and myself as chairman, I would like to table with the Assembly the 1990 annual report of the Senior Citizens Advisory Council.

head:

Introduction of Special Guests

MR. GETTY: Mr. Speaker, I'd like to introduce to you and through you to the members of the Assembly today a group of outstanding young Albertans. They are members of the Forum for Young Albertans, a group of young people from all across our province who have a particular interest in the political life of this province and our country. I must tell you, Mr. Speaker, that I've had an opportunity to meet with them, have lunch with them, and I feel very good about the future of our province if these are the young people who will be taking an interest in our province in the future. There are 60 members of the Forum for Young Albertans with us today. They have with them, as well, Miss Annette Klassen, Mr. Marc Jerry, Miss Amy Hanson, Blair Stolz, and Dr. Stan Drabek. I would ask them to stand and be welcomed by all the members of the Assembly.

MR. CARDINAL: Mr. Speaker, I'd like to introduce to you and through you to the Assembly Ellen Sauter, chairperson of the Flatbush Rural Economic Development Action Committee. Along with Ellen are 25 or so community members from the beautiful community of Flatbush, I hope soon to be a prosperous community. Nineteen of the people, I believe, are seated in the public gallery, and six are seated in the members' gallery. I'd like them to rise and get the traditional warm welcome of this Assembly.

MR. CHERRY: Mr. Speaker, it's my pleasure today to introduce to you and through you to members of the Assembly 50 grade 6 elementary students from Kitscoty school, and they are accompanied by teachers Bob Gerhart and Mr. Elgin Pawlak and parents Mrs. Service, Mrs. Johnson, and Mrs. Chisholm. They are seated in the public and members' galleries, and I would ask them to stand and receive the welcome of the Assembly.

MR. DROBOT: Mr. Speaker, it's my pleasure today to introduce to you and to members of the Assembly 24 students

from Frog Lake school in the St. Paul constituency. They are seated in the public gallery, and they are accompanied by teachers Mrs. Connie Olstad and Mr. Daniel Knapp, parent Mrs. Ruby Quinney, and also bus drivers Ken Stanley and Cliff Fryingpan. I would like them now to stand and receive the traditional welcome of this Assembly.

head:

Oral Question Period**Fuel Contamination Incident**

MR. SPEAKER: Leader of the Opposition.

MR. MARTIN: Thank you, Mr. Speaker. To the Premier. I want to follow up a question from yesterday to which, frankly, I didn't think we got a serious response from the government. Last May 7 a Husky gas station in Hinton took delivery of a shipment of diesel fuel, a shipment which it placed in its storage tanks and sold until May 25. It became quickly apparent that this diesel fuel was contaminated, with a number of vehicle engines ruined, by what we now know was butyl cellosolve, a jet fuel deicer and oil field fuel solvent. Husky dug up its two 50,000 litre tanks in order to ship them to Nisku for inspection. Mysteriously, Mr. Speaker, they never made it; they disappeared somewhere along the way. My question to the Premier is simply this: does the Premier not think that these circumstances are suspicious, and if not, why not?

MR. GETTY: Well, Mr. Speaker, that, of course, wasn't my response yesterday at all. My response yesterday was to the hon. member in whose constituency it happened. I explained to him the serious nature of a public inquiry, the attendant costs to the taxpayers, and that the Minister of the Environment had dealt with the matter. I felt, the hon. member having raised it, that we would review it, as we always do when members raise matters from their constituencies, and that's what's happening.

MR. MARTIN: Mr. Speaker, we are informed that from June to December 1989 a Hinton man complained to that same Environment department about tainted diesel fuel being used on Highway 16 and suggested that the department look into it. Nothing happened. Husky never reported this contamination to the Occupational Health and Safety department because our laws are, frankly, so weak that it was not compelled to do so. Now government departments are playing hot potato with this issue, because no one wants to take responsibility for this obviously mishandled fiasco. My question to the Premier. Certainly this has been common knowledge long enough. Would the Premier explain what steps he has taken to get to the bottom of this to assure Albertans that this kind of disaster will not happen again?

MR. GETTY: Well, of course, Mr. Speaker, it's very simple to say, "Let's assure everybody that no disaster will ever happen again," but that's obviously not within anybody's possibility. For instance, every day we have natural gas going into homes all over Alberta, and who knows? At some moment there could be a problem with an explosion or something. However, the hon. Leader of the Opposition was not listening when I answered his first question. I said that a member had raised this, the Minister of the Environment had responded to it, and because the member had raised it, I was having it reviewed.

MR. MARTIN: I was trying to find out specifically what that review was. That doesn't tell me anything, Mr. Speaker.

Besides the problems that were already mentioned, one of the people who tried to repair his car and came into contact with this substance is unable to work, has arthritic hands, has had serious health problems. He's just one of 118 people who have been injured by this contamination, with 11 so sick they can't work. These are very serious matters. It's just not good enough for the Premier to say that he's looking into it. Don't talk about spend, spend, spend; this is a serious matter that could happen again. My question is this: given that over 100 people have been injured by this disaster and that there is every indication these tanks have been stolen to hide the evidence, will he not today reconsider his position and order an official investigation or a public inquiry to get to the bottom of this?

2:40

MR. GETTY: Mr. Speaker, I wonder if the hon. Leader of the Opposition just writes his three questions out in advance and then doesn't listen to the answers, because that's certainly what it sounds like. As I said to him and as I said yesterday, public inquiries are very major decisions; they're very expensive; they involve many lawyers, many people being brought together. We've had the experience of public inquiries in the past, and we know the bills and the problems that can come from those things.

MR. McEACHERN: Yeah, they embarrass governments.

MR. GETTY: Now, the hon. member has asked the question, and they don't want to hear the answers. What's wrong?

Mr. Speaker, I then said that the member had raised it – it was in his constituency – the Minister of the Environment had responded, and we were reviewing it. Now, I can't think what would be more reasonable than that we're taking a look at it.

MR. SPEAKER: Second main question.

MR. MARTIN: We've heard that before. It's not the questions; we never get any answers from this Premier. Hide it away again. Shameful.

My second question I'd like to designate to the Member for Edmonton-Strathcona.

Public Utilities Board

MR. CHIVERS: Mr. Speaker, on April 25 the government dismissed Mr. A.O. Ackroyd from his position as chairman of the Public Utilities Board. The general feeling of consumer advocates is that Mr. Ackroyd had been doing a good job, and indeed the Minister of Energy has acknowledged that he was doing a good job. It's a surprising development, surprising when one considers that the decisions to protect consumers have not been popular with powerful industry players, such as Alberta Power and TransAlta Utilities, and have conflicted with decisions of the Energy Resources Conservation Board. To the Minister of Energy: will the minister explain the reason for this surprising move and tell us whether or not it was made because powerful companies were upset with the board's decisions which put the interests of consumers over the profits of influential corporations?

MR. ORMAN: Mr. Speaker, I had a meeting with the former chairman of the Public Utilities Board. I explained my long-range plan for the board and the relationship with the depart-

ment that was transferred to my responsibility in January of 1990. Mr. Ackroyd and I sat down, I acknowledged the good job he's done for Albertans in his seven years as a member of the board, and we came to a mutual understanding. There are a number of other board members who balance the responsibility of consumer interests, public interests, and those seeking increased power rates. There are a number of good people on that board. As a matter of fact, the vice-chairman of the board is now the acting chairman, and she has a strong record, much along the lines of the former chairman. As the member knows, it's not just one member of the board that sits on all the panels; we have seven or eight board members.

MR. CHIVERS: Mr. Speaker, at a time when the government is pleading for the need for fiscal restraint and is cutting spending in vital areas like seniors' programs and job retraining, it's managed to find \$300,000 to pay off the remaining three years of Mr. Ackroyd's term. This represents a third of the total PUB budget. Would the minister please explain why cabinet did not allow Mr. Ackroyd to complete his term, thereby benefiting Alberta consumers and avoiding this frivolous and unnecessary waste of taxpayers' money?

MR. ORMAN: Well, as I pointed out in a news release of April 11, 1991, I rolled the responsibilities of the Electric Energy Marketing Agency into my department, and I saved \$400,000. In a reorganization, Mr. Speaker, I'm \$100,000 ahead.

MR. CHIVERS: He might have saved some money for consumers.

Mr. Speaker, Mr. Ackroyd's rulings have not only been widely regarded as being very fair, but there is also a great concern among consumer advocacy groups that the change in the board's jurisdiction to the Energy department as well as the dismissal of Mr. Ackroyd will result in a significant emasculation of the board's ability to protect consumers. My question is to the Minister of Consumer and Corporate Affairs. Does the minister not believe that such a body as this, a consumer watchdog, should more properly be under the jurisdiction of Consumer and Corporate Affairs?

MR. ANDERSON: Mr. Speaker, it's not appropriate for me to determine what parts of government are under my jurisdiction. I have all the faith in the Minister of Energy to handle those areas he's responsible for.

Northern Steel Inc.

MR. DECORE: Mr. Speaker, Alberta taxpayers have paid out some \$16 million to take over the operations of Northern Steel. The former owners of Northern Steel, Mr. Diefenbach and a Mr. Paul, became involved in another company, known as Premier Steel. In a government prospectus that I tabled in this Legislature not very long ago, the prospectus indicated that some \$300,000 of moneys owing by Premier to Northern Steel were being written off by the government, by Northern Steel. The wives of Northern Steel's owners – that is, Mrs. Diefenbach and Mrs. Paul – set up yet a third company, known as Precision Manufacturing, with a gentleman known as Mr. Hankinson and another known as Mr. Hiebert. What is curious is that Mr. Hankinson was the comptroller for Precision Manufacturing and also Northern Steel. He remained as comptroller of Northern Steel for nine months . . . [interjections]

Speaker's Ruling
Brevity in Oral Question Period

MR. SPEAKER: Order. [interjections] Order. The member is really stretching the patience of the House. Please ask the question.

Northern Steel Inc.
(continued)

MR. DECORE: Mr. Speaker, given that the government has launched legal actions for fraud against Mrs. Diefenbach, Mrs. Paul, and the comptroller that played both roles, my question to the minister is this. [interjections] Are you ready for it? Are you ready? [interjections] Everybody ready? Given that the prospectus that the minister takes responsibility for makes him intimately knowledgeable . . .

Speaker's Ruling
Brevity in Oral Question Period

MR. SPEAKER: No. I'm sorry, hon. member. [interjections] Hon. member. [interjections] Order. I'm sorry. The time clock is on you. You've now taken two minutes, and we still haven't got the question. I grant that there's been noise, but ask a question. No preambles, no "givens," or you won't be given.

MR. DECORE: Mr. Speaker, on a point of order.

Northern Steel Inc.
(continued)

MR. DECORE: My question to the minister is this: given that he has this intimate knowledge . . .

Speaker's Ruling
Brevity in Oral Question Period

MR. SPEAKER: Take your place, hon. member. This is the last warning: ask your question right now, or you've lost your questions for the day.

Northern Steel Inc.
(continued)

MR. DECORE: There appears to be shady business. Will the minister launch an investigation, a thorough investigation, into these related companies . . .

MR. SPEAKER: Thank you. That's your question. [interjections] Whoa. Hold it.

MR. ELZINGA: Mr. Speaker, the only thing that's shoddy about this is the information the hon. Member for Edmonton-Glengarry has. The government has not paid out anything, and he has indicated that we paid out something as it relates to Northern Steel. It is true that we have an exposure of a loan in a loan guarantee, but to say that we've paid out anything is a total misrepresentation of the facts, which the hon. member consistently indulges in.

In addition to that, as the hon. member indicated, there is a court action. The court action was initiated by public safety services as it related to claims they had when there was a weather occurrence within that area. As it relates to the specific court action, maybe the minister responsible for public safety services would like to add to it. Since it is before the courts, there is very little that we can say, but we obviously do have

concerns; otherwise, that court action would not have been initiated.

MR. DECORE: Mr. Speaker, given that Mrs. Diefenbach, Mrs. Paul, and Mr. Hankinson, the comptroller, personally contributed almost \$4,000 to the minister's last election, does the minister not think that he's in a conflict of interest in dealing with these people, these issues, these corporations, all matters that pertain to this sordid mess?

MR. ELZINGA: Mr. Speaker, what we have seen over the last number of days is muckraking that has never been seen in this Legislative Assembly before, and I must say it's not very becoming of the hon. member. If he would like – and I don't raise this for any other reason except for fact – I can quote here whereby I have letters from the New Democratic Party asking for ad hoc loan guarantees; I have on file whereby members within the Liberal caucus have accessed our export loan guarantee program. Are they attempting to say that there's a conflict of interest as it relates to that information? I'm saying to the hon. member that I'm just using it as an example because I don't believe there is. I don't believe there is, because I believe that hon. members are honourable. But the conduct of this hon. member really leaves that in question.

2:50

MR. DECORE: My last question is to the Premier. Three hundred thousand dollars lost in related company transactions, \$16 million at risk or gone out the door, \$500,000 in a fraud action, and moneys paid to Mrs. Diefenbach, Mrs. Paul, Mr. Hankinson: will the Premier agree that this thing smells to high heaven and that there should be an audit done by the Auditor General as soon as possible with a report back to this Assembly?

MR. GETTY: Mr. Speaker, there is starting to be a smell, actually, but I must say that where it's coming from is not very flattering to the Member for Edmonton-Glengarry.

MR. SPEAKER: Red Deer-North.

Constitutional Reform

MR. DAY: Thank you, Mr. Speaker. My question is to the Premier. If recent media articles are accurate – and I have no reason to think they wouldn't be, of course – it seems that Mr. Parizeau, the leader of the Parti Québécois, is somewhat agitated by the fact that he's not able to have a conference with the Premier. It is normal protocol that Premiers don't usually meet with opposition members; his own Premier in Quebec practises this protocol. Can the Premier please tell us: is it simply a matter of Mr. Parizeau not understanding this protocol, or has there been something happening behind the scenes between the Premier and Mr. Parizeau that we should be aware of?

MR. GETTY: Well, Mr. Speaker, most thinking persons know that Premiers have to deal with one another in a very frank and open manner, and they could hardly do that if they knew that Premiers were meeting at the same time with the leaders of their opposition: in the case of Mr. Parizeau, someone who is out to defeat the leader of the Quebec government. It just doesn't happen. I've told Mr. Parizeau's office that he could perhaps meet with our minister of intergovernmental affairs, if he'd like, or perhaps he may want to address the special select committee of our Legislature. I don't know. But I do know this: Mr. Parizeau has been trying to tell the people of Quebec and

Canada that you can destroy this country, that you can tear a large hole in the middle of it, and that after having done that, everything will be cosy and warm in the future. That's the story he's been spreading. Frankly, when I was in Quebec, and in speaking to Albertans, we punched a hole in that balloon, and I don't think he likes it. What is disappointing is that he responds in such a rude and ill-mannered way. It brings no credit to him or his party.

MR. DAY: A supplementary, Mr. Speaker, again to the Premier. In a few days the Premier will be meeting with other western Premiers, and I'm sure they'll be interested to know, if they can know, what the Premier of Quebec's position is related to constitutional issues and Quebec's own place in Confederation. Will the Premier be sharing any of the elements of his meeting with Premier Bourassa with the other Premiers, or is this going to be regarded as confidential or privileged information?

MR. GETTY: Mr. Speaker, when I met with Premier Bourassa, and Premier Rae for that matter, I told them about our special select committee but also pointed out to them that we would be having a Western Premiers' Conference. It is in Nipawin, as I told the House during my estimates. I'll be leaving on Sunday for that meeting. One of the agenda items is Canadian unity, and I told the Premier of Ontario and the Premier of Quebec that I would be telling my western colleagues, the Premiers of the western provinces, of our discussions. I know we will have a good discussion about Canadian unity. At least now we will have six Premiers' discussions on the matter in the overall discussion, and perhaps we'll start to find a way to build a process that may allow us to come up with a new arrangement for Canada, which seems to me so vital for the unity of our country in the coming months and years.

MR. SPEAKER: The Member for Edmonton-Kingsway.

NovAtel Communications Ltd.

MR. McEACHERN: Thank you, Mr. Speaker. My first question is to the Solicitor General. It is our understanding that Del Lippert, the former president and chief executive officer of NovAtel, has absconded out of the country with a van worth \$60,000 in electronic equipment owned by the company NovAtel. The plush oak and suede finished van is equipped with 10 phones, air-to-ground surveillance, an electronic navigation system and an ultrasonic backup system, not to mention an oak dash, two oak conference tables, a wet bar, a VCR, and a high-tech radar detector. [interjections] My question is to the . . .

MR. JOHNSTON: It sounds like the NDP election campaign.

MR. McEACHERN: Could be. And I want that loan too.

MR. SPEAKER: To the Chair. Let's have the question.

MR. McEACHERN: To the "my game is one of cops and robbers, we catch 'em, we keep 'em" minister: is his department conducting an investigation . . .

Speaker's Ruling Epithets

MR. SPEAKER: Order. [interjections] Order please. We don't have a minister of that type in this House; therefore, he

won't be able to answer a question. I look forward with keen anticipation to what the question really is. You're called to the bar.

NovAtel Communications Ltd.

(continued)

MR. McEACHERN: Thank you, Mr. Speaker. I'd already indicated that it was the Solicitor General I was asking my question of.

Is his department conducting an investigation into this apparent theft with a view to recovering the property, of course, of the taxpayers of Alberta?

MR. FOWLER: Mr. Speaker, my department does not conduct investigations. We do not have in the government's direct employ anything other than the RCMP contracted force. I know nothing about the incident that has just been referred to by the hon. member and can't respond to it.

MR. McEACHERN: Well, I can only hope that somebody does and that you take note of it.

My second question is to the Acting Minister of Technology, Research and Telecommunications. Government ministers have been taking great pains lately to show that they are good at picking winners. Their winning companies have already cost taxpayers a pile of money, but their choices of managers are also coming into question now. Does the acting minister think it's appropriate that a government-owned company that's losing millions of dollars each month should provide a chief executive officer with a van loaded with \$60,000 worth of expensive toys at taxpayers' expense?

MR. OLDRING: Mr. Speaker, I have no idea whether there is any accuracy whatsoever to the hon. member's preamble, but I'd be happy to take it as notice.

MR. SPEAKER: Thank you.

Edmonton-Meadowlark.

Biomedical Waste Disposal

MR. MITCHELL: Thank you, Mr. Speaker. For three years this government has been talking about the problem of biomedical waste disposal while contaminated paraphernalia and diseased tissue are piling up all around this province. In the interim, two state-of-the-art hospitals have been built with incinerators which do not meet the province's own environmental standards, biomedical wastes have been stored who knows where all over this province, and now we see such waste being transported back and forth across southern Alberta in no fewer than 19 refrigerated trucks. My first question is to the Minister of the Environment. What is the minister's policy for dealing with this problem, and when are the people of Alberta going to see it implemented?

MR. DECORE: Put it on a barge, Ralph. That's the best you can do.

MR. KLEIN: Good idea. That's something the Liberals would do, I'm sure. And put it up the Athabasca. Right?

Very simply, a number of hospitals were built with incineration units. The policy has been that hospitals – and perhaps the Minister of Health would like to supplement – would be responsible for their own waste. Well, as time went on, a

number of these incinerators were found to be deficient and did not meet our Clean Air Act requirements and therefore had to be closed down. Consequently, about six hospitals have incinerators that are deemed to be worthy of accepting biomedical waste, but these incinerators would not be adequate to accommodate all the biomedical waste that is being generated in the province not only through hospitals but through dentists' offices and doctors' offices and veterinary clinics and mortuaries and so on. So it's the intent of the government to accommodate the private sector wherever possible in handling biomedical waste. None of these private-sector operations are yet to be built, but some are proposed, and some indeed are now contracting to haul biomedical wastes to viable hospital incinerators. In light of the lack of facilities, some of this material has to be stored, and all I can say to the hon. member is that it is being stored in accordance with all acceptable environmental standards and there is no hazard to public health.

3:00

MR. MITCHELL: Mr. Speaker, in the interests of freedom of information, I wonder whether this minister would make a commitment here and now to release the tridepartment report on this issue and table documents indicating to us in this Legislature the sites where this biomedical waste is being disposed of or stored at this time.

MS BETKOWSKI: Mr. Speaker, I think it would be more appropriate for the Minister of Health to answer the question, because we have put in place a policy with respect to regionalization of our medical wastes. Certainly it's far less expensive for us to store waste in those hospitals that have had their incinerators shut down because they can't meet environmental standards and transfer it to the regional centres than to put brand-new incinerators in all those hospitals around the province, which is what we're doing. We've worked on a policy which is being distributed to all hospitals around the province, and if the hon. member would like a copy of that policy, we'd be perfectly prepared to provide him with one.

MR. SPEAKER: Athabasca-Lac La Biche, followed by Edmonton-Highlands.

Southview Athabasca Ltd.

MR. CARDINAL: Thank you very much, Mr. Speaker. My question today is to the hon. Minister of Energy. Southview Athabasca Ltd. is proposing to build a \$75 million integrated energy complex, bringing 95 much-needed jobs to the Flatbush area of my constituency, an economically depressed farming area. This is good news for an area that's economically depressed, and this company is not looking for any financial assistance from our government. I know the Official Opposition will work very, very hard to try to drag this project down like they've done with Al-Pac, Daishowa, and many other economic initiatives. I know that their policy is a little different. They want to chase away industries and increase welfare like they do in Ontario. That's their economic vision. Very good. My question is: will the minister give some assurance to this Assembly and my constituents in Flatbush that he will work very hard to see this project go forward as soon as possible?

MR. ORMAN: Mr. Speaker, I'm pleased to say that I, along with the Member for Athabasca-Lac La Biche, with some 30 members of the constituency of Athabasca-Lac La Biche from the Flatbush area, did talk about the Southview Athabasca

project. We had a very good meeting. The things the Member for Athabasca-Lac La Biche has been telling me were confirmed at that meeting; that is, projects like this are very important to this area of the province. I had a good discussion, as I've indicated. We left the meeting with undertakings from both sides. At the present time I need some information on the economic viability of the project, which the proponents have undertaken to give to me. Upon receiving that information, we'll be able to make a very quick decision, and I'm sure the ERCB will too at the same time.

MR. CARDINAL: Mr. Speaker, my supplement is to ask the hon. minister to give some concrete time line as to when the project is expected to get approval and possibly commence construction.

MR. ORMAN: Mr. Speaker, also at this meeting I recognized the frustration experienced by the people in the member's constituency about this project not proceeding as quickly as they'd like to see it progress. I have indicated to my department that I'd like to move very quickly once this information is received. One of the stumbling blocks has been that the small power producer program allocation that was received by this project is now proposed for another site. I have indicated to the proponents that if the information they give us is sufficient to meet the economic viability of the project, then I will exercise the flexibility of allowing for the allocation to move to the Flatbush area from the Calling Lake Area. I should say that it's on the condition that the information meets the economic test, the same test all other projects must meet. Hopefully within the next very short period of time – weeks, not months – we'll be able to get that information, make that decision and, everything else being equal, the project should go ahead.

MR. SPEAKER: Thank you.
Edmonton-Highlands.

Culture Grants

MS BARRETT: Thank you, Mr. Speaker. As I've said in the Assembly on more than a few occasions, the arts are a very important industry, if you will. They generate a lot of direct jobs and indirect jobs, but most interestingly, for every dollar in grants given by government agencies to artistic activities, more than one dollar is regenerated in taxation which goes back to the government. In light of that and in view of the fact that grants to municipalities under the CRC program often get cut and this year didn't even make the rate of inflation, I'd like to ask the minister responsible for that program, the Minister of Recreation and Parks, if he's now prepared to commit himself and his government to a policy of indexing CRC grants so we can have stable growth in this vital industry?

DR. WEST: Mr. Speaker, the member has certainly identified a tremendous program in the province that is very important to many of our volunteer organizations. Since 1985 to its end it will have delivered some \$240 million on a per capita basis to the people of Alberta. I will indicate to the Assembly today that I certainly will go forward as the program comes to its conclusion in another year to look at a program that would be consistent with the fine programs our volunteers and our municipalities have developed over the years both in recreation and in culture. The minister of culture is also part of the CRC program, and if he wishes to supplement my information, that's

fine. But again I point out that we will continue to communicate with the municipalities and look at the help we can give to the groups and municipalities in this area in the future.

MS BARRETT: Good. Well, for once that's a very responsive answer, Mr. Speaker. I'm impressed. I wish this minister was also the minister of culture, but I guess I'll go to the minister of culture for the next question. [interjections]

AN HON. MEMBER: No, we don't.

MS BARRETT: I don't know. We're getting a start here.

Mr. Speaker, the other arm of this issue relates to the Department of Culture and Multiculturalism. What's happened over the last few years is that more and more of the grant money being made available to the arts community has been coming out of lottery funds and less and less out of the department of culture. That leads to a sort of very unstable environment plus the fact the Legislature doesn't get to vote on how the money is spent. I'd like to ask the Minister of Culture and Multiculturalism if he's now prepared to commit to reversing that policy so the Legislative Assembly has authority over the money that's going out to grants in arts to make sure there is enough money for those projects.

MR. MAIN: Mr. Speaker, the use of lottery dollars to fund arts groups, organizations, individuals, and facilities is a policy of this government that is bearing big, big dividends. Just in the current Legislative Assembly we're debating a Bill that consolidates arts funding into one big arts funding foundation totally funded by lottery dollars. The ability to do that has provided us with the efficiencies in administration savings to channel an extra \$400,000 to arts communities and arts grant recipients. The fact that we are able to use lottery dollars for this purpose and not place an additional burden on the taxpayers of Alberta allows us to do the things the Treasurer announced here on April 4 – that is, to provide a balanced budget – and at the same maintain a strong commitment, which you will see over the last several years has been not only maintained but enhanced enormously through the use of those lottery dollars. We're going to keep it up.

MR. SPEAKER: Edmonton-Belmont, followed by Calgary-McKnight.

Student Employment Programs

MR. SIGURDSON: Thank you, Mr. Speaker. I'll see if I can put a puffball to the Minister of Career Development and Employment. The Edmonton hire-a-student office has twice as many students looking for work as there are positions available. In Calgary there are three times as many students looking for work as there are positions available in that office. Now, last week the Minister of Career Development and Employment said that his 50 percent cuts to STEP were quite adequate given that the unemployment statistics were not double digit. The truth of the matter is that for students, for people that fall between the ages of 15 and 24, the unemployment rate is 13.8 percent. I would ask the minister to share some good news with students today and announce that funding has been restored to job-creation programs that are specifically designed to help students with summer employment.

3:10

MR. WEISS: Well, Mr. Speaker, I think he answered his own question. But to advise the hon. Member for Edmonton-

Belmont and, of course, the members of the Assembly, it should be noted that the hire-a-student program, funded by the federal government in co-operation with the provincial government of Alberta, is working very successfully. I had an opportunity to be in their facilities at their kickoff program and have been back subsequently as well. There are many, many job applications on the floor. They're working very closely, they have a new system in place, and they're endeavouring to match young students with jobs wherever possible. Young students want to go to work; they're very anxious and very desirous. Our summer temporary employment program has funding, as well, of some \$10 million. Over and above that, I don't know how to answer the hon. member's question. All I can say is that there are a lot of dedicated, conscientious young students out there who are trying very hard; there are a lot of opportunities for them. I also have to point out that we're in a changing environment, which must ensure that these people adapt and hone their skills to meet society's needs too.

MR. SIGURDSON: I guess, Mr. Speaker, the minister and I measure success in different ways.

I would put my supplementary to the Minister of Advanced Education. Given that we've got fewer summer jobs available for an increasing number of students looking for work and tuition rates are on the rise as well and students are going to require greater student loans, I would ask the minister whether he would consider increasing the rate of remission on those loans when students complete their studies.

MR. GOGO: Mr. Speaker, the remission program, or forgiveness of loans, by the Students Finance Board is a vehicle for debt control. Our view is that as long as university students graduate with a debt currently of about \$10,000 and recognizing the starting salaries of these graduates, the remission program is quite adequate the way it is.

MR. SPEAKER: Calgary-McKnight.

Southern Alberta Institute of Technology

MRS. GAGNON: Thank you, Mr. Speaker. For the first time ever one of Alberta's postsecondary institutions, SAIT, has had to borrow money to support a job-slashing program and, believe it or not, to keep its doors open. The minister has also said that SAIT should go begging for equipment and contributions from the private sector. This government's below-inflation funding levels are turning our once proud institutions into charity cases. To the Minister of Advanced Education: how can the minister justify current funding levels which have forced SAIT to resort to begging and borrowing in this current crisis?

MR. GOGO: Well, first of all, Mr. Speaker, next month SAIT celebrates its 75th anniversary of service to Albertans and the tens of thousands of Albertans who have had their training and education there. It's a very proud institution, a great credit to the province, and a great credit to Calgary. I would point out that the funding for the postsecondary system, including SAIT, is the highest in the nation on a per capita basis. Certainly SAIT has been through some difficulties. I think the government, in terms of accountability, has responded in a very positive way. There's a new chairman. The chairman has been replaced, as well as the president, the chief financial officer, and the comptroller. Having met with the board just Monday last, I'm

very confident that the direction for the future of SAIT and the students they serve will be well looked after.

MRS. GAGNON: They're still begging and borrowing, Mr. Speaker. SAIT has also been forced to cut 90 staff positions and 250 full-time equivalent student spaces, and this minister has responded by saying that they can go elsewhere in the province. The fact is that 46 percent of these students are 24 years of age or older and have no flexibility. They can't go anywhere else, and there is no space elsewhere. How can the minister justify that response, that they can go elsewhere?

MR. GOGO: Mr. Speaker, it appears that I continue to be quoted by the Member for Calgary-McKnight with words that I can't recall using. There's no question that Alberta is somewhat straining under the seams of those who seek postsecondary education. We have the highest participation rate amongst all provinces in the nation. We have the highest number of degreed people in the country regardless of all the provinces. I simply point out that our board-governed institutions set admission policies. They try to do the best they can, and I would submit they're doing a remarkable job. The day of a person going to the institution of their first choice or taking the program of their first choice I frankly think is history. I'm confident that SAIT will do everything they can to accommodate the students of southern Alberta.

Sewage Discharge into North Saskatchewan River

MR. GESELL: Every time it rains, Mr. Speaker, I can't help but think about the possibility of raw sewage discharges into the North Saskatchewan River. Such discharges pollute water that residents downstream from Edmonton have to drink. In response to a previous question, the Minister of the Environment stated, and I quote: we're going to have to give the city of Edmonton a letter of permission to dump raw sewage. Rather than providing a letter of permission, will the minister do what Albertans have overwhelmingly requested in the extensive public relations and public consultation campaigns and make this polluter pay?

MR. KLEIN: Well, Mr. Speaker, eventually the polluter will pay, because once an action plan has been prepared by the city of Edmonton in conjunction with the Department of the Environment, it's going to cost a lot of money to separate the lines that weren't separated under the previous administration. Unfortunately, we have this situation where a tremendous amount of raw sewerage goes into the system when it rains heavily, and in some instances we've had to discharge as much as 13 million gallons of raw sewerage into the North Saskatchewan River. We've had to allow the city to discharge this sewerage, because if we didn't, it would simply back up into basements and we would have an awful mess, a terrible mess, and a very, very unhealthy situation.

The solution, of course, is for the city of Edmonton to come to grips with the situation. It's going to cost the ratepayers of this city a great deal of money. It probably would have cost them a lot less a few years ago, but . . . What can I say?

MR. GESELL: Supplementary, Mr. Speaker. A more recent pollution event forced the Rosedale plant to close because of a red liquid that had been discharged into the river. Will the minister at least make that polluter pay?

MR. KLEIN: If we find out who caused this pollution, of course. That incident will be investigated, and if indeed there was a deliberate violation of the waterway, then the culprit will be charged and hopefully successfully prosecuted. Right now we don't know exactly what was discharged into the river. It was a red substance. We're investigating it now. We're doing some analyses. The results thus far are inconclusive. The substance is indicated to be an inorganic compound containing iron. We don't know at this particular point if it's harmful. Nonetheless, it should not be in the river, and whoever put it there will be investigated and hopefully charged.

Day Care Worker Training

MS MJOLSNESS: Mr. Speaker, my questions are to the Minister of Family and Social Services. The province's recent day care reforms require one out of every four child care workers to be trained by 1995. However, day care workers, 98 percent of whom are women, earn pitiful wages in this province, on average about \$14,000 a year, and will have difficulty financing that training. Given that one of the initiatives this government promised to implement in their 1989-90 Alberta Plan for Action for Women was, and I quote, to "provide funding to assist day care centres with the upgrading of day care worker qualifications," can the minister explain why this promise has not been fulfilled and when he plans to support the day care workers in their efforts to get some training?

3:20

MR. OLDRING: Mr. Speaker, the commitment to the day care community and to parents that need those services is second to none in the nation. We spend some \$75 million-plus helping parents receive day care services.

In response to the question as it relates to training, yes, the member is quite right. We have introduced some very progressive changes here in this province. We're working with the day care society to make sure that the time lines we have outlined are reasonable and can be met as it relates to training standards. I'm happy to note that in discussions with the Minister for Advanced Education, he has pointed out very clearly that the enrollment for early childhood education is up considerably. I had the opportunity of presenting the first three certificates for individuals that had reached all three levels here in my office not too long ago. It was interesting to note that certainly in two instances it involved single-parent mothers who were able to work and, through correspondence and through night classes, were able to upgrade their skills and receive the recognition they did.

MS MJOLSNESS: We're talking about workers that need assistance to go back to school in order to get some training. Of course, the minister hasn't answered that question.

Mr. Speaker, another problem is that wages for day care workers remain deplorably low in this province and trained workers are leaving the field. I ask the minister: given that the minister is now requiring training in his reforms, when will he initiate a wage enhancement program to address the low wages of these trained child care workers?

MR. OLDRING: Mr. Speaker, I want to point out a couple of things to the member. First of all, let me say that under the current regime there are day cares operating in this province that have 100 percent fully trained, fully qualified workers providing day care. So it can be done under the existing

circumstances. As it relates to salaries, Mr. Speaker, those are negotiated between day care operators and day care employees. As it relates to the affordability of education, the Minister of Advanced Education has pointed out on many occasions the kinds of supports we have available for students here in this province. Again, they're substantive and have helped many students attain the kinds of aspirations they have as it relates to education.

Mr. Speaker, I know the member has raised on many occasions the concern of affordable day care. I think she is sensitive and knows that we are trying to make sure our day care is affordable, and obviously salaries become an issue as it relates to that. Overall, here in the province of Alberta I think we have the best of both worlds: we have excellent day care; we're the only province in Canada that actually has a vacancy rate. I might note that in Ontario they have a raft of problems. They have standards that they can't enforce because of the shortages.

MR. SPEAKER: Thank you. [interjections] Thank you, hon. minister.

The Chair has received private communication that there is no point of order, that the member has withdrawn.

head: **Orders of the Day**

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

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried. Thank you.
Associate Minister of Agriculture.

head: **Introduction of Special Guests**
(*reversion*)

MRS. McCLELLAN: Mr. Speaker, it is my pleasure to introduce to you and through you to members of the Assembly a group of grade 9 students from the Consort school in my constituency. Special recognition to Jonathan Gress, the class president, and Stacy Gallaway, who arranged this trip. Accompanying the students are their teachers Mr. Rick Robichaud and Larry Kjeersgaard, parents Laura Fawcett and Marie Stickel, and bus driver Cleona Weiss. They are seated in the members' gallery, and I would ask them to rise and receive the customary warm welcome of this Assembly.

MR. SPEAKER: The Member for Calgary-Bow.

MRS. B. LAING: Thank you, Mr. Speaker. On behalf of my colleague the Member for Smoky River, it gives me a great deal of pleasure to introduce to you and through you 13 students from Girouxville school in the constituency of Smoky River. They are accompanied by their teacher Mr. Richard Fournier, parent Mrs. Terry Paradis, and driver Mr. Ken Cardinal. I'd like to ask them to rise now to receive the warm welcome of the House.

MR. SPEAKER: The Minister of Family and Social Services.

MR. OLDRING: Thank you, Mr. Speaker. It's a pleasure for me to introduce to you and through you to the Members of the Legislative Assembly two guests from the constituency of Red Deer-South. They are here to check up on their sister and aunt

respectively. The brother of the associate minister, Mr. Burns Peacock, and his son David are seated in the members' gallery. I'd ask them to rise and receive the warm reception of this Assembly.

MR. BRASSARD: Well, this is indeed a busy day, Mr. Speaker. It gives me a great deal of pleasure to welcome 55 members of the Olds high school that are joining us today. I'm not sure all of them could get in the Assembly, and that's unfortunate. I understand the rest are viewing the proceedings from the visitor services audiovisual room. These students today are joined by Barbara-Lynn Goodwin and Garth Dagg, both teachers, and parents Kelly Morton, Micki Lamb, Jane Dueck, and Maureen Gustafson. I'd ask the Assembly to accord these guests an official recognition and welcome.

MR. SPEAKER: Cypress-Redcliff.

MR. HYLAND: Thank you, Mr. Speaker. It almost seems we have more introductions now than we did at the start of question period.

It's my pleasure this afternoon to introduce four members from the various parent advisory committees in the school district of Cypress. They are Jim Herman, Linda Weir, Paulette Heller, and Myrna Bushell. I'd like them to rise and receive the warm welcome of the Assembly.

head: **Written Questions**

MR. GOGO: Mr. Speaker, I move that the written questions appearing on today's Order Paper stand and retain their places, except for the following: 353, 370, 371, and 375.

[Motion carried]

Alberta-Pacific Pulp Mill

353. Mr. Mitchell asked the government the following question:

- (1) Did the \$75 million grant that the government allocated for infrastructure for the Alberta-Pacific Forest Industries pulp mill include the payment of compensation to those whose land will be required for the construction of roads for the pulp mill, and
- (2) how much has been budgeted for this compensation?

MR. GOGO: The government will accept that question, Mr. Speaker.

Aids to Daily Living Program

370. Mrs. Hewes asked the government the following question: How much will the government save in Aids to Daily Living benefits by making seniors earning over \$5,500 pay a 25 percent cost share to a maximum of \$500 per year?

MR. GOGO: Mr. Speaker, the government will accept Written Question 370.

Aids to Daily Living Program

371. Mrs. Hewes asked the government the following question: How much will it cost the government to administer the cost-sharing policy under the Alberta Aids to Daily Living program?

MR. GOGO: I accept, Mr. Speaker.

Education Week

375. Mrs. Gagnon asked the government the following question:
How much did the government spend producing the Education Week package Education Is Everybody's Business?

MR. GOGO: Mr. Speaker, the government will accept Written Question 375.

head: Motions for Returns

MR. GOGO: Mr. Speaker, I move that motions for returns on today's Order Paper stand and retain their places, except for the following: Motion for a Return 190 and Motion for a Return 298.

[Motion carried]

Oldman River Dam

190. On behalf of Mr. Taylor, Mr. Mitchell moved that an order of the Assembly do issue for a return showing copies of all studies carried out and plans that the government has made to divert irrigation water, stored by the Oldman River Dam and released into the river below it, around the Peigan reserve.

MR. KLEIN: Mr. Speaker, it's the intention of the government to reject this motion for a return, and we do so with all good intentions. First of all, we reject the motion simply because there is nothing to table. There have never been any studies carried out relative to this situation. There are no plans in place that the government has made to divert irrigation water.

Notwithstanding that, Mr. Speaker, even if we had studies, I think it would be inappropriate to agree to table all studies, because there may well have been studies carried out by private operations, private-sector concerns, that really have no relationship to the government and the government's interests. We would have no authority to release those studies in any event. The main point is simply that there are no studies to release, there are no plans to release, and therefore I can do nothing else but reject this motion for a return.

MR. SPEAKER: Thank you.
Additional? Summation?
Question.

[Motion lost]

National Contaminated Sites Remediation Program

298. Mr. Mitchell moved that an order of the Assembly do issue for a return showing a list of the sites that have already been designated for cleanup under the national contaminated sites remediation program.

MR. MITCHELL: Mr. Speaker, I note today that I already have received a response to this motion, for which I am very grateful and applaud the minister.

3:30

MR. KLEIN: You can never accuse me of being unco-operative. Mr. Speaker, indeed as the hon. member noted, I tabled the response to Motion 298 yesterday as Sessional Paper 550/91. I'm very happy after the fact, I guess, to accept the motion.

MR. SPEAKER: I assume there's a call for the question.

[Motion carried]

head: Motions Other than Government Motions

Farm Credit Stability Program

212. Moved by Mr. Fox:

Be it resolved that the Legislative Assembly urge the government to make its farm credit policies more responsive to the needs of farming families by making the farm credit stability program into a revolving fund and implementing a 3, 6, 9 interest rate program for beginning farmers that would set rates at 3 percent for the first \$100,000 and 6 percent for the second \$100,000 of a loan for a period of five years, both rates to be increased gradually to the 9 percent level between years five to 10.

MR. SPEAKER: Vegreville.

MR. FOX: Thank you, Mr. Speaker. It's my pleasure to present Motion 212 to the Assembly today in hopes that I can make an argument convincing enough to encourage government members to support it. I think that all hon. members . . .

MR. ELZINGA: I like your haircut.

MR. FOX: Thank you.

We can, I think, all agree in this Assembly that there is a need for government to be involved in a fairly vigorous way in encouraging young people to enter agriculture. It's no secret that there are depressingly large numbers of young farm families who have been forced to abandon their futures in agriculture over the last several years, partly a result of economic conditions internationally that perhaps are somewhat beyond our control but also, I believe, due to policies that successive Liberal and Conservative governments have pursued federally directed at a cheap food policy. The problems have been many and the result has been the exodus from rural communities. I think one of the things that we have to do is recognize that problem.

The average age of the farmer in the province of Alberta I would guess to be somewhere around 58 or 59, and every indication is that that average age is going to continue to increase. That doesn't really help agriculture as an industry. It doesn't help bring vitality or new blood into the industry, and it certainly doesn't help the communities that agriculture supports, the small rural towns and villages that many members in the Assembly along with myself represent. So I think we have to agree that something needs to be done to address the problem.

I want to be the first one to acknowledge that this government has since 1971 involved itself in a number of programs that have been of benefit to the agriculture community. I'll focus today on lending programs. The advent of the Agricultural Development Corporation made it possible for a number of young farmers to get into agriculture, the Member for Vegreville included in that number. Though I have on occasion criticized the ADC for perhaps not changing policy fast enough to respond to conditions, I think the ADC has generally tried to be an effective lender in the marketplace and has done quite a bit to help farmers.

There was a need to implement some sort of long-term stable financing policy for the farm community. I can remember working on the agriculture policy committee for the NDP years ago under the direction of our then leader Grant Notley. We

were talking about the need to come up with a program that would provide long-term, low-interest, stable loans for agriculture so that there would be some balance, at least on the credit side, for people involved in a very tenuous sort of career where you can't often predict what your yields will be or what your returns will be or even if there'll be markets for you to sell your product to. We advocated that in the Legislature on a number of occasions. I remember quoting comments made by the Member for Lacombe about how foolish those policies would be if they were ever implemented, but true to form the Conservative Party picked up on an NDP idea, albeit somewhat too late, and came forward with a proposal in the 1986 campaign for the farm credit stability program. The then Minister of Agriculture, current Minister of Economic Development and Trade will know full well that the Member for Vegreville and, indeed, the Official Opposition New Democrat caucus supported the implementation of the Farm Credit Stability Fund Act. That Act made available \$2 billion in funding to be lent to qualified farmers at 9 percent for terms up to 20 years. We think it was a good program.

[Mr. Jonson in the Chair]

In spite of the fact I lobbied long and hard for many improvements to the program, some important amendments that I thought would have been useful in terms of making the program more responsive – all of those suggestions about making the interest rate lower to have a more dramatic impact and changing the lending limits – my amendments were all shot down by the rural members of the Conservative caucus. We still voted for the program. Though in its implementation it wasn't all people had hoped for, the lending power having been left with the banks – the lending decisions were made by banks, and people were often very frustrated by some of the inconsistencies and favouritism shown by some banks – the program did indeed deliver a lot of money at 9 percent to farmers, and that's an undeniable benefit to the rural community.

In the 1989 campaign, I suppose as part of his overall initiative to prove his newfound love for rural Alberta, the Premier added another \$500 million to the program and made it a 2 and a half billion dollar program, raised the lending limits from \$200,000 per individual unit to \$250,000 per individual unit, and the program was extended. It had a shelf life of up to July 1, 1991, I believe, that money was made available.

If I could take members back in history a little bit, it was about this time last year, Mr. Speaker, that we realized that the 2 and a half billion dollars allocated to the program was almost used up; that is, almost that amount of money had been applied for and received by farmers for loans for purchase of new machinery and equipment or purchase of land, new loans, or consolidation of old loans. Indeed, around July 1 the lending limit of the program was reached.

Now, I pointed out at that time that because the program had been of benefit and because the need still existed in the rural community, we should look at making that program a revolving fund. Yes, it's true that 2 and a half billion dollars had over the period of four years been lent under the program, but it was also true that some money had been paid back as people made payments on their loans. At least farmers do, perhaps not businesspeople that get money from the Conservative government, but anyway farmers make payments on their loans. You know, some of the loan portfolio had been paid back. It seemed to me that it would be a wise move indeed to make that a revolving fund so that we could always be lending up to that 2 and a half billion dollar limit, and as money was paid off, it

made fresh money available for new applicants. The minister said that it was unnecessary, that the program had served its useful purpose, and he had no intention of extending it even though the promise made by the Premier at election time was that it would be in place till, I believe, July 1, 1991.

I would like to point out to hon. members who may not be aware that there were some 800 farm families on waiting lists at that time anxious to receive assistance from that program who were cut off and some through no fault of their own. I talked to a young farmer in my area from the Ross Creek area who had applied through his local lending agency. You go into a lending agency, you tell them your plans, and they're supposed to phone up the farm credit stability plan office and reserve a number, reserve an amount of money for that client so that it's available if all the approvals are garnered through the lending process. Now, his credit institution dillydallied and did not for several months apply for a number. Therefore, the money was not reserved, and when they came through and approved the loan, the money was no longer there. So it was their fault not his the money was unavailable, and I think it was a problem. That's just one example, and I'm sure other members from other rural constituencies have examples of some of the unfairness that inevitably occurs when deadlines come and go.

3:40

So I think the merit to making it a revolving fund is obvious. The need is still there, but the government didn't acknowledge it, and I suggest one of the reasons they didn't acknowledge it is because it was one of the first programs that they were planning on winding down or cutting altogether in anticipation of GRIP, the gross revenue insurance plan program, which we've discussed at some length in this House.

Now, I realize it would be irresponsible for me as a member of this Legislature to just advocate spending more money, because we in the New Democrat caucus are very diligent guardians of the public trust, which is why we put out a paper prior to session outlining some half billion dollars in cuts that we felt could be made, savings to the . . .

MR. DECORE: Especially in Ontario.

MR. FOX: The Member for Edmonton-Glengarry's starting to harp about the Liberal deficit in Ontario. We could talk about the Liberal record for years.

Anyway, my desire was to identify ways that we could fund my suggestion. I'm not just saying, "Let's lend out more money, make it a revolving fund because it's good for farmers." Let's try and find some money to pay for it. So we did a little research, Mr. Speaker, and we found out that in the year that statistics were most recently available, the fiscal year ending March 31, 1989, the Conservative government gave the banks some \$35 million to administer the loan portfolio of the farm credit stability program. Now, it's a fairly convoluted process, you know: a rate is negotiated between the banks and the Treasurer; the bank has a certain amount of money outstanding through this 9 percent farm loan program; the government has an equivalent amount of money on deposit in the bank and generates return on that money somewhere between, let's say, 6 and a half and 6 and three-quarters percent. It varies. Anyway, the government lends that money to the bank, gets a little bit in return, and the bank in turn lends money to the farmer, gets 9 percent. So they make anywhere from 2 and three-eighths percent to 2 and five-eighths percent for adminis-

tering that loan portfolio, I would suggest at very little risk to them because there is a sliding scale guarantee.

Depending on what type of loan was garnered under the program, type A, type B, or type C loans, there's a sliding scale guarantee in place that means that over, say, a five-year period the bank ends up assuming very little risk and the taxpayer ends up assuming almost all of the risk. So I thought that \$35 million for that loan portfolio . . . Maybe it was 1 and a half billion dollars. I'm just taking a figure off the top of my head, but it hadn't reached the \$2 billion level, certainly not the 2 and a half billion dollar level that was yet to come. We estimated – the figures aren't available, but maybe an hon. member responding to my arguments will provide it for us – that with a 2 and half billion dollar loan portfolio in the farm credit stability program, the banks might get up to \$50 million to administer that program. When you compare that to the total administrative cost of running the Agricultural Development Corporation – it's only like \$10 million to run that corporation – it seemed to me if we could operate the farm credit stability program through an existing lending structure, the Agricultural Development Corporation, we could save money for the taxpayer. Not a bad idea. Foreign, perhaps, to Liberals but not a bad idea: saving money for the taxpayer.

What could we do with that money? Well, we could plow that money into program enhancements for the farm credit stability program . . .

REV. ROBERTS: Good idea.

MR. FOX: . . . make it a revolving fund, an ongoing entitlement for farmers who qualify.

I agree with the Member for Edmonton-Centre: that's a fine idea. It's too bad that the government didn't recognize that. [interjection] Maybe the current Conservative critic for the Official Opposition Agriculture critic, the Member for Wainwright, will be the one designated to stand up and tell farmers in his constituency why they don't deserve that program.

So that's my concern. I believe the purpose of this program is to provide stable long-term financing for the agricultural community, because it's important to the Alberta economy. The purpose of the program is not to provide a fiscal gravy train for the banks that contribute so much money to the Conservatives and Liberals at election time. Don't be afraid of tackling the banks. You mustn't be afraid of tackling the banks. [interjection] There is no reason the Member for Calgary-Foothills can justify or give to me for us handing out perhaps up to \$50 million a year to the banks to administer a program through which they assume very little risk. In fact, most of the difficult decisions about loans and administering these loans are made in the beginning with the examination of the assets, cash flow, all of the statements, liabilities, and stuff that have to be considered in making a lending decision. Most of that's already done for the 2 and a half billion dollar loan portfolio. So the work tends to decrease. Because of the sliding-scale guarantee the exposure of the banks decreases, yet they keep making money. Mr. Speaker, it doesn't make sense to me, and somehow it makes sense to the Conservatives.

I would like to suggest another very important enhancement. Again, this is something that I will acknowledge. The Conservative government has over the years made an earnest attempt to tailor programs for the beginning farmer in the province of Alberta to try and encourage the entry of people into agriculture. That is a fact. However, given the fact that the average age of the farmer in Alberta is continuing to increase, it's

obviously not sufficient enhancement, or enticement I guess, to encourage young women and men to get into agriculture. There are just a lot of problems in the industry, and people aren't willing to involve themselves in such a risky enterprise with very little opportunity for return. So I think we need to do more.

Well, let's look at the current beginning farmer loan program. As I understand it, people who access loans through the Agricultural Development Corporation pay an interest rate of 9 percent. If you qualify under the beginning farmer loan program, you get a 3 percent rebate for a period of five years. Now, that's not a bad idea. That's fairly helpful. I'll acknowledge that. But there are a couple of problems, and I think we can address those problems.

One of the problems is that I don't think the 6 percent amount is a dramatic enough commitment on the part of the people of Alberta through their government to encourage young people to get into this very expensive and very risky industry. I think we need to be more generous on the front end of the program. The other problem, I think, is – and I've had it expressed to me by young farmers – when they reach the end of year five and they go from paying 6 percent interest on their \$200,000 loan portfolio to paying 9 percent, or on whatever the reduced amount from the \$200,000 outstanding principal is, it's a fairly sudden jump. Cash flow is a precious commodity in any farming operation, and it's a difficult step, when you're a fledgling operation, perhaps only five years old, to go from 6 percent interest to 9 percent interest. If we can level that step somewhat, I think we'd be doing farmers a favour.

What I did was take the 3, 6, 9 interest rate proposal that New Democrats campaigned on in the 1989 campaign and refined it a bit and tailored it specifically to the beginning farmer loan program. For the benefit of members opposite I will explain that program to them. Our idea is that you could keep that \$200,000 lending limit on ADC loans and lend it to qualifying beginning farmers for a period of 10 years instead of five. That would extend the period of benefit, allow the fledgling farm operation to become more firmly rooted and better able to withstand the rigours of the current economic situation. Now, that's not a radical idea: extending the benefits from five to 10 years. Indeed, farm organizations in the province of Alberta have advocated that as well. It's not a strange or irresponsible idea at all. I think it's good, solid policy and one that certainly forms part of the agricultural policy that I will implement as Minister of Agriculture when we form government.

The other thing I'd like to point out to members: an important component of the program is the interest rate on the first \$100,000 of that beginning farmer's portfolio. If they borrow \$120,000, well, the first \$100,000 is the first \$100,000. It's not a proportion of their portfolio. The first \$100,000 they get through that program is available to them at an interest rate of 3 percent. Now, that's dramatic. That's a bold commitment, but it's a way of the government saying to the people of Alberta: "We want young people involved in agriculture, we recognize it's a risky business, and we're going to give them a little help to get established, 3 percent on the first \$100,000."

MR. GOGO: What age limit?

3:50

MR. FOX: Well, the hon. Member for Lethbridge-West could get involved as well if he qualified for the beginning farmer loan program.

Anyway, 3 percent interest on the first hundred thousand dollars. The second hundred thousand dollars would be at the

6 percent rate that is currently the norm for the existing beginning farmer loan program. So we have the 3, 6 component of the 3, 6, 9 interest rate program that I'm alluding to. Now, those two rates, 3 and 6 percent, would be in effect for a full five years. If a person had a \$200,000 portfolio, the blended rate would be 4 and a half percent – 3 percent on the first hundred thousand dollars, 6 percent on the second hundred thousand dollars – for a period of five years.

Then in year six the interest rates start to climb. The interest rate on the first hundred thousand dollars would become 4 percent, remain at 6 on the outstanding balance of the second hundred thousand dollars. In year seven it would become 5 percent on the first hundred thousand dollars, remain at 6 percent for the outstanding balance on the second hundred thousand dollars. In year eight it would become 6 percent on both. Then in year nine it would go up to 7 percent. I must have missed a year there; anyway, I got it all figured out so that after the 10 years . . . [interjection] Yeah, year nine it would be 8 percent on both; year 10 it would be 9 percent on both. That works out. Then it's at 9 percent from that point on, which is the prevailing interest rate through the ADC and farm credit stability program. So a phased-in, gradual, upward adjustment of the interest rate between years six and 10 of this program would, I submit, make it a lot easier for farming operations attempting to get established to adjust to the greater burden, to assume that greater burden of debt repayment on their outstanding liabilities.

What we have here is a program that delivers maximum front-end benefits to young farm operations: 3 percent and 6 percent and then over a period of five years gradually increases that interest rate so that it reaches 9 percent after a period of 10 years. I think it's a darn good idea, Mr. Speaker. It's easy to understand, easy to explain, and even has kind of a catchy little title: the 3, 6, 9 interest rate program. I think we would see, if this program were implemented as I described, that the response would be good, that the outcome would be favourable, that it would indeed encourage more people, young people, to get involved in agriculture and make it that much easier for those who have already made that difficult decision to succeed in agriculture, and it would give them a period of a full 10 years to get up and running, on their feet, and assume the responsibilities.

The other thing that this would accomplish, if members were to think about it: if a farming operation had some additional funds available during any of those initial years, which is highly unlikely, but if they did, if crops were particularly good or moneys became available through some other source, it would give people the opportunity to buy down the principal portion of the loan at a relatively greater rate, which I think all members could agree would be of benefit.

So I'm making this suggestion to the government again. I know the ministers of Agriculture continue to reject any suggestions about program enhancements or improving or making programs more responsive. Their Reform Party ushered agenda sees them wish to get rid of all of these programs of support for agriculture, but I don't think the time is now. I think we need to make a commitment here to encourage young people to get involved and do what we can to help them succeed in this very vital ministry. I believe that making the farm credit stability program an efficiently administered program, a lean program that doesn't exist to provide financial benefits for the banks but is focused in its efforts to provide benefits to the farming community – we can change the administration, garner substantial savings, plow it into program enhancements to make

that a revolving fund available for people in agriculture and then make this bold commitment to the future of agriculture in our province by implementing a 3, 6, 9 interest rate program for beginning farmers – is a good idea.

I'd like to call the question.

MR. MUSGROVE: First off, Mr. Speaker, I'd like to extend my personal congratulations to the hon. Member for Vegreville for bringing in this motion. On the surface it appears that the member has honestly the best interests of rural Alberta at heart. Most of all I am tempted to say that I'm pleased to see that he's bringing forward constructive ideas rather than just simply criticizing existing policy.

However, I doubt that the member is understanding the process and intricacies of the agriculture industry. Everyone in Alberta wants the same thing. We want relief from hardships that many of our rural communities are facing. We would be extremely hard-pressed to find anyone in this Chamber who does not know someone who has had to struggle to manage drought, pests, spiraling debts, or the sad social consequences that come from leaving the farm. As legislators we want to do whatever is necessary and responsible to assist Alberta farmers.

One of the things I have to say, Mr. Speaker, is that we cannot borrow our way out of debt. We hear from people nowadays and I hear from farmers: there are too many long-term debts already. I'm reminded of the disaster drouth assistance program that we have in southern Alberta. We had a similar program in northwestern Alberta and one last summer in central Alberta. I got several phone calls from people in my constituency dealing with the drouth program that said: "For God's sake don't lend us any more money. We do need some help on some that we have already borrowed, but to lend us more money would only put us deeper in debt." We have a problem, and that's with our economy. You know, the real problem is that in today's economy you can take anyone who has money, put it in a term deposit in the bank, and get a better return on your money than you can investing it in any industry in Alberta that I know of. That creates a problem, but there's the opportunity there for us to take advantage of that. I'm speaking of vendor financing.

Now, I had a private member's Bill some years ago to discuss vendor financing, and I still am a strong believer that we could turn our farming economy around to some extent if we were to get really involved in it. One of the problems that we hear from across the floor is that there are people that have a lot of money that don't pay any tax. The economy is such, as I said before, that if you put it in the bank and draw interest, you'll get a good return. So the tax breaks on investments are the only incentive we have for anyone to invest money. Now, with vendor financing I strongly believe that if we were to allow people to sell their land to some of their family or someone else at a very good interest rate for the buyer and then give them a tax incentive on whatever interest they do collect, we would do a lot for the beginning farmer without putting any tax dollars in it at all.

Mr. Speaker, the cost of supporting the percent proposal is simply overwhelming. Lowering the rate of subsidization of the beginning farmer's loan below existing special rate offers through ADC flies in the face of fiscal responsibility. I'm already hearing from the taxpayers of Alberta saying that we now subsidize our farmers too much.

4:00

What we do have a real problem with is the cheap food policy that we have actually in the world, and that has created the real

problem. When a farmer in Europe sells his produce on the market, he gets about 50 percent of the eventual value that he will get for that product. The rest of it is picked up by subsidization. In some cases it's more than 50 percent. When folks in Europe buy their food, they pay for 50 percent of it at the supermarket and 50 percent of it when they pay their tax bill. That works well in Europe because they produce very little more food than they consume.

In Canada we export 80 percent of our agricultural production, so we can't subsidize that to the point of the European Economic Community; in other words, we would be subsidizing food in other countries if we were to go to that extent. Right now the cost of food in the supermarkets in Canada in particular but in most places in the world is less than it's ever been in history, and Canada's is amongst the lowest in the world. Can the farmer continue to produce food at that rate?

I feel obligated to note that while the hon. member suggests ways of vastly increasing agricultural expenditures, his leader is criticizing the government for its taxation levels which are the lowest in the country. Mr. Speaker, what does the party stand for? Excessive subsidization causes problems both domestically and internationally. Internationally we can cause trade backlashes amongst fellow GATT nations, and it goes against a growing movement towards freer trade across the continent and the world.

Just over five years ago we sent a committee out to examine precisely where the balance should lie. It held public hearings in 31 centres throughout the province and received more than 300 submissions representing more than 900 Alberta producers. The committee came back with the opinion that the problem in agriculture cannot be solved with a series of untargeted income subsidies.

Making the farm credit stability program a permanent program would further entrench this lack of flexibility. I believe, and clearly the opposition agrees, that the program is right for the times. But as the interest rates drop and debt begins to decrease, there may be better ways to put this money to use in the agricultural community; for instance, in the gross revenue income program. We've got to maintain a flexibility so that we can respond to the changing circumstances with new programs. The farm stabilization program at one time reached 2 and a half billion dollars. That program lay almost dormant for over a year. At the beginning of the program people were using it to consolidate their debts, which was what the program was meant for, but there was some flexibility allowed in the program towards the last, and the last billion dollars was used up in a couple of months with people using it to buy machinery, livestock, and more land.

In the recent Budget Address the Treasurer emphasized that his government is "committed to maintaining a vigorous and diversified agricultural sector." However, instead of supporting subsidization of input costs, this government is now moving towards the protection of incomes for Alberta ranchers and farmers. Support for cattle producers increased under the red meat stabilization program. As well, attention has been given to an expanded and improved crop insurance program. This year alone Alberta producers will receive \$49 million allocated to the government's share of the new revenue insurance program. As the Treasurer emphasized less than one month ago, "agriculture is fundamental to Alberta." In total, with this year included, the government has provided nearly \$2 billion in support of our farmers and ranchers.

Mr. Speaker, just to relate to what more long-term financing amounts to. When my grandparents left Ontario at the begin-

ning of this century, they left because they said that the amount of long-term debt that was accumulated on most farmers was unbelievable. They said that you would never pay your debt off in a lifetime, that you would be best to sell your assets, pay off the debt, and try something else. Now this is what's happening in Alberta. We're totally getting into the same type of situation that happened in Ontario at the beginning of the century.

Mr. Speaker, when this motion was first mentioned, a person was a bit inclined to think that maybe there was something, but after examining the contents and giving consideration to the long-term ramifications, I have to withdraw my thoughts of commendation. We must continue to look for new and innovative ways for dealing with problems we all recognize. I am reminded of a quote by Sir Francis Bacon, "He that will not apply new remedies must expect new evils." I do not think this remedy being debated today will cure the illness.

For the five reasons I've given, I cannot support the motion. Thank you, Mr. Speaker.

MR. ACTING DEPUTY SPEAKER: The Member for Rocky Mountain House.

MR. LUND: Thank you, Mr. Speaker. It certainly gives me a great deal of pleasure to rise and speak to this motion today. We on the government side are very concerned about the whole of Alberta, and certainly agriculture plays a role in all of Alberta. Of course, this motion is specifically aimed at the rural sector and keeping rural Alberta alive. That is extremely important when we consider that 30 percent of the jobs in the province of Alberta are directly or indirectly related to agriculture. So of course to keep the primary producer out there is extremely important.

I also think it's extremely fitting that two members of the government would speak on this motion, because of course we are really committed to agriculture and all of Alberta, as I said earlier.

MR. McEACHERN: Then I assume you're going to vote for it.

MR. LUND: Mr. Speaker, the Member for Edmonton-Kingsway is extremely anxious to get to the vote, but I have a whole number of comments that I want to make, because while I truly do believe that the Member for Vegreville does have the rural beginning farmer at heart, I fail to see where this is going to really be the solution. Unfortunately, I'm afraid there are some pitfalls, but typical of a number of the things that the Official Opposition bring in, they are very shortsighted and are just looking at the situation as it exists at the current time.

However, that is better than what I see the other opposition party doing. They don't seem to be at all interested in what's happening in rural Alberta, as is demonstrated by today. [interjection] I can't hear what the official leader of that party is saying, but it would be interesting to hear his comments.

4:10

As both the previous speakers have mentioned, one of the biggest problems we have in Canada is the cheap food policy. I don't disagree with that; I think that is the underlying root of our problem. This has evolved, of course, over a great deal of time, and it is causing us major problems. Cash flow on the farm, of course, is directly related to it, and as we see the cost of production increasing but at the same time the return not increasing, we are really running into a major cash flow problem. This motion, while it would entice more young folks to get into

agriculture . . . I just think back. What would have been the situation had this been in place back in, say, 1980 or in that era? We would have seen, I firmly believe, that a number of young people – yes, they would have got into it thinking they were getting some cheap money, but inevitably what would happen, and I saw this happen a number of times even at 6 percent: the cost of the land just simply goes up to compensate for the so-called incentive. I firmly believe that instead we probably would have had even more people, more young folks in difficulty today than we currently have had that been in place.

The Member for Vegreville commented about how valuable the farm credit stabilization program was, and yes, I certainly am very pleased to see that he is acknowledging how important that program was. However, he did make one comment that I feel I must correct. He indicated that the program was going to be available until July 1, 1991. Well, he forgot to mention the fact that there was the \$2 billion limit on it and, in fact, the program was extended by adding another \$500 million to it. So the statement that it was not to expire till July 1, 1991, is not totally accurate.

Mr. Speaker, I'm a little concerned that the motion deals just with beginning farmers. The fact is that there is a major problem even with some established farms. It relates to the high input costs, and certainly interest rates have a great bearing on that. The farm credit stabilization program that was in place I don't believe was ever intended to drag farmers into more debt. Certainly the total debt picture in agriculture today would indicate that when you look at the total dollars that are flowing out of the industry to pay interest, it's a major drain on the industry, and I don't think we can afford it. Anytime we turn around and lower those rates in order to get people to buy new things or buy things that they wouldn't otherwise have bought simply means that the whole industry is taking on more debt. The original intent of that program was to allow people the opportunity to consolidate their loans, buy down those interests rates, and for that reason served a very useful purpose. We were not creating new debt.

The hon. member did mention some of the criteria of the program: the fact that it was up to \$250,000 and for a term of 10 to 20 years; partnerships, providing they had enough family farms involved, could go up to \$750,000. As indicated by the hon. Member for Vegreville, the program did run out about a year ago, and did go to the \$2.5 billion limit. That meant there were some 30,000 loans out there. Sixty percent of the money was used to improve the farm debt situation as I described, where they were refinancing their mortgage to get the interest rate down, but 40 percent of it was used to acquire new debt: farm assets such as land, machinery, and equipment, and in some cases breeding stock. Mr. Speaker, herein lies what I perceive to be the problem if we reinstate the program, and especially if we should do it with a 3, 6, 9 type of approach.

This motion of course, I well appreciate, is targeted to the beginning farmer. I had the opportunity for a number of years to sit on the ADC local appeals committee and watch how this whole thing worked. Someone would come in with an appeal, the numbers were all figured out. It was just amazing how the price of the land escalated so that yes, at 3 percent or 6 percent or whatever you would want to apply, it would just work out, but the fact was that in most cases, it was not helping the purchaser or the young farmer who was trying to get into agriculture. It simply was escalating the price of the land and, therefore, helping the person who was retiring or getting out of it. Now, that's not all bad, of course. In many cases the farm was transferring from father to son, and it allowed the son or

daughter to take over the operation while still having some retirement money for the parents; in other words, keeping the family farm going, keeping it in the family through this mechanism. But in so many cases the land and the farm was not in the family, and so we had new people taking on much more debt.

Mr. Speaker, while the hon. member talked about the advantages of it, he failed to mention the cost of this program. I would have been very interested to hear that, because we've got to assume that those costs would be very great and I am not convinced that this approach of just dumping this money in is necessarily the avenue we should be taking. I think we have to look at some other ways of assisting agriculture. Yes, government is going to have to be there to help. I firmly believe that, because we are now trading on a world market, we're competing in the world, we're competing against subsidies all over the world. As much as I hate to see subsidies and I don't agree with them, the fact of the matter is that because of their cash flow, because of their debt, and because of the low commodity prices and high input costs, our farmers are going to have to have programs that can assist them with this whole problem of cash flow.

4:20

So, Mr. Speaker, I think this government, and the hon. Member for Vegreville acknowledged it, has assisted in quite a number of ways. I think it would be very useful just to go through some of the programs that this government has put in place to assist agriculture. As a matter of fact, there are some 68 different assistance programs available to farmers from this government.

I think probably one of the most valuable, that is supplied pretty well universally among the agricultural sector, is the farm fuel distribution allowance. Of course, currently that program allows farmers to purchase fuel with no tax applied; there's the 10 cents on diesel and 4 cents on gas that is used to distribute the fuel: a very, very important assistance to our agriculture sector. We've still got in place the fertilizer rebate program, one that in fact takes all of the taxes the government would be receiving in those products and returns them back to the farmer: a very important program in assisting in input costs.

Another program that is working very well and of a great deal of advantage to our livestock sector is the Crow offset program. Now, of course, if we could somehow convince the federal government to quit paying the railways, make them become efficient and make them become competitive, we could do away with that program. Then we'd have the feed grain sector on an even playing field.

The hail and crop insurance program we offer our farmers in this province costs the provincial government a pretty healthy sum of money, but once again it's one of those things that helps a great deal to stabilize the income of our primary producers. Granted it doesn't have a price factor into it, but it certainly does protect against natural disasters. The enhancement of that program through the individual coverage is a very important move, because it allows good producers and efficient producers – in the areas where their production could go up, they're then able to insure for a level that is very close to their actual production.

Of course, most recently the province has entered into GRIP, the gross revenue insurance program, a modification from the all-risk crop insurance program whereby we apply a price to it. This certainly will allow farmers to have a more stable base on which to budget and plan their cash flow because of the price factor that is now into it. Granted there are some problems with

it. We all acknowledge that. The pricing mechanism that's used is certainly one that concerns me, inasmuch as when you're using an average that's over a number of years, that isolates that price from the current market and so we may send out a wrong signal by that price. In a year that the price might be high, the program is saying, "Seed it," yet the market is saying, "Don't seed it." That always causes some problems.

Mr. Speaker, I could go on with a number of others that we're providing that are a great deal of assistance to our producers. Just to mention another very quickly, the tripartite red meat stabilization program.

There are a number of these kinds of programs that are alternatives to the proposal where we're handing out, throwing out, a bunch of money to the producers, enticing them to go and borrow more money, take on more debt. Eventually, down the way you pay for that. Yes, the government can assist early in the repayments by shielding that interest, but somewhere down the way that has to be paid for. I think the changes the government made to the beginning farmer program probably do just as much or more than the motion would do. I'm thinking of one of the most recent ones where the repayment is tied to the primary commodity that a farmer is producing. Really what that means is that if, for example, the main production on that farm is grains and oilseeds and the price has dropped down considerably, then the beginning farmer can forgo paying the principal that year. Yes, he does have to pay the interest, but he can forgo the principal: a great help.

Another major change that was made recently to the beginning farmer program: the ability to spread out over a number of years, up to 10 years, to reach the maximum \$200,000 that you're allowed to borrow; also, the ability to borrow without having a land base. You don't have to own land; you can be renting land and using the money to purchase equipment, breeding stock, that type of thing. It gives a great deal of latitude and opportunity to the beginning farmer without tying him to a huge debt. As well as the beginning farmer loan, of course, we've had the farm development loan through ADC, another very valuable program where farmers can borrow money for a whole host of uses to increase their production.

Now, the hon. Member for Vegreville made a comment about using ADC as the vehicle instead of using the banks, and he made the argument that in fact it was a gravy train for the banks. Well, Mr. Speaker, I think that it's extremely important to recognize that there's quite a lot of risk that's going along with that. I find it extremely interesting. In the last quite some time the NDP have been making a great deal of noise about the very few, the 20 or 30 guarantees that have been called on the government. They don't mention the 60,000 that have been successful out there. They call on those very few, make a big issue of it, yet now they're wanting us to . . .

MR. ACTING DEPUTY SPEAKER: Order please, hon. member. According to Standing Order 8(3), it is now required that we move on to the next order of business.

head: **Public Bills and Orders Other than**
head: **Government Bills and Orders**
head: **Second Reading**

4:30 **Bill 207**
An Act to Require Full Disclosure and
Maintenance of Government-Backed Pension Plans

MR. DECORE: Mr. Speaker, I rise to speak to second reading of Bill 207, An Act to Require Full Disclosure and Maintenance of Government-Backed Pension Plans.

Mr. Speaker, before I get to the principles of the legislation, I would like to take a moment to identify the enormity of the problem that Albertans now face in terms of an unfunded pension liability. We now, according to the financial documents of our province, have an unfunded pension liability of some \$9 billion; that's a debt of some \$7,685 for every Albertan. Now, if projections continue as we expect them to go, the debt for this unfunded pension liability could well reach \$13 billion by the year 2000.

Mr. Speaker, the matter was originally looked at in 1981 by the then minister of finance, the Treasurer for our province, who injected some \$1.1 billion of taxpayers' moneys into the unfunded portion or unfunded debt relating to these pension plans. Unfortunately, the injection of the \$1.1 billion was not adequate. There was a shortfall of some \$3.7 billion. So from \$3.7 billion to \$9 billion there has been a 243 percent increase in the unfunded liability of these pension plans that are guaranteed by the province of Alberta. That is an enormous problem.

The only other province in Canada that I am aware of which has a similar problem of this enormity is the province of Ontario. Three budgets ago the province of Ontario put a plan forward to pay down and deal with their \$5.6 billion unfunded pension liability. I should say that Ontario went through extensive public hearings to examine this issue, to determine who should fund the unfunded liability, who should pay for it. All sorts of representations were made, and after extensive hearings the government concluded that it was the government, the taxpayer, that had to make good the \$5.6 billion. Three budgets ago the Ontario government decided to implement a 40-year program to pay down the \$5.6 billion at about \$125 million a year. That's an expenditure of \$125 million in their budget each and every year for 40 years.

Mr. Speaker, the pressure on Alberta on this particular issue gets greater because of the aging of the Alberta population. I noted with great interest that the hon. Member for Bow Valley today tabled the Seniors Advisory Council for Alberta 1990 annual report. I'm reading from the introduction of that report, as tabled by the hon. member. The report notes that Alberta's population is now getting older and getting older faster. The documents says:

According to a June 1990 estimate by the Alberta Bureau of Statistics, there were 220,500 persons aged 65 and over in the province, representing 9 percent of the total population. This represents a considerable growth in numbers from the 1986 census figure of 191,300 (8.1 percent of the population).

The document goes on to say:

By [the year] 2016 the senior population is expected to double, reaching [some] 478,800 [Albertans] and making up 13.5 percent of the Alberta population.

It gives you a feel for a pressure that's building on this unfunded pension liability issue.

Now, Mr. Speaker, some additional interesting statistics on this matter are the ratios. In the five government-guaranteed pension plans the ratio of contributions to pensioners pulling benefits out of these five pension plans has changed dramatically over the course of just a few years. The ratio of contributors to pensioners is reducing quickly. In one plan, the public service pension plan, the ratio is down to 4.53 individuals in 1989 from 8.4 individuals in 1981. In the public service management plan the ratio is down to 2.78 individuals from 6.6 individuals. In the special forces plan the ratio is 6.52, from 41.85. In the local authorities plan the ratio is down to 5.71 from 9.65. In the universities academic plan the ratio is at 5.5 in the year 1989, from 17.97 in 1981. In one plan it is estimated that the people contributing will not be sufficient to match the pullouts of

benefits by pensioners from that particular plan and that the plan will be in a serious deficit position very shortly. Unfortunately, we don't have the actuarial data that relates to these particular plans.

Mr. Speaker, in 1981, when the then finance minister was tending to this matter, subsequently he indicated that he would table publicly, make available actuarial data that related to the unfunded pension problem that Alberta faced. That was not done by that particular minister. In spite of a number of attempts to get that information from the now Treasurer, the now minister of finance, still Albertans are unable to get that actuarial data, so we can't say with precision exactly when some of these plans are in the dire circumstances that we expect them to be. Those figures, those statements, those calculations exist, but so far the opposition has been denied that information.

Mr. Speaker, I would then like to deal with the principles of this particular Bill. The first principle is that there be a requirement for disclosure of information. That is to say that any – any – information of a financial matter that relates to unfunded pension liability must be recorded, and properly recorded, by the Treasurer, and it must be done on a yearly basis. Instead of opposition members having to persistently and consistently ask for this information, there will be an obligation on the Provincial Treasurer to bring forward statistical information, financial information telling us exactly what the state of the unfunded pension liability is, breaking it down into the various pension plans that are guaranteed.

The second part of that first principle of requirement for disclosure is to ensure that all actuarial data that exists is made available to the public. That is to say that everything that exists to date will be made publicly available immediately, and thereafter as information becomes available. If there are actuarial reports or analyses done on these particular pension plans, those reports will be made public, will be tabled in this Legislature. That's the first principle.

The second principle calls for the government to bring forward a plan; it calls for legislation. Mr. Speaker, I might say that the Parliamentary Counsel drew to my attention the fact that a money Bill could not be introduced by me; that's understood. But in the form that this particular Bill has been crafted, it is not a money Bill. It is a call for a plan of action for the government to come forward to deal with this huge problem of the unfunded pension liability of \$9 billion as at this date.

Mr. Speaker, one of the dates, one of the time lines that has been set out in that second principle – that is, the requirement to bring forward a legislative plan – is May 1, 1992; that is, that's the time that the minister will have to bring forward a plan. Why not immediately? Why not next month? Why not two months from now? Well, I think it's important that the minister has the opportunity or the government has the opportunity to go to the public and to ask the question: who do you think is responsible for paying down the \$9 billion? Is it all government responsibility? Is it government and the pension plan participants? Is it all of the participants? How should this situation be resolved?

4:40

My suggestion is that Alberta go through a similar system to what Ontario went through. I think that took about a year: extensive hearings, extensive representations, presentations that were made to give the government in Ontario advice on how to solve the problem. I think we have to go through that same scenario, that same method of looking at this problem. That's the reason the plan of action is set out for May 1, 1992; that is,

that's the date that he or she should come forward with the plan. Finally, Mr. Speaker, there is a time frame calling for this matter to be dealt with, for the unfunded pension liability be paid down and dealt with, and that time frame as set out here is 20 years.

Mr. Speaker, I think all of the members of this Assembly can attest to the fact that both opposition parties have attempted to put great pressure on the government to deal with this issue, but nothing has happened. We learned in 1989, when I put the question to the Provincial Treasurer, that a special team had been put into place by the Provincial Treasurer to examine the issue and that subsequently a plan would be forthcoming. When I put on the Order Paper a written question asking who was on that team, what was the mandate of the team, what were the time frames of the group that was giving advice to the minister, and when would the minister bring forward the plan in the Legislature, the minister of finance rejected the question, and it remains unanswered to this day. Every time I or any member of the opposition has put the question as to what the plan for dealing with this \$9 billion liability is, we never get an answer. It's skirted; it's danced around; it's deflected. There is never an answer to the question.

We see for the first time some interest being shown by the hon. Minister of Education. That comes about as a result of the tremendous lobby that some 30,000 teachers have placed on all members of this Assembly. Members have been told by 30,000 Albertans who are schoolteachers that the unfunded pension liability problem has to be dealt with. They feel there is a danger. Even though the government guarantees their plan and other plans, they feel there's a danger, a danger that they may not get money or a danger that the indexing which goes with these plans may not be the kind of indexing that's fair and equitable, and it hasn't been fair and equitable except for this year. In the past indexing has gone, as I recall, at about the rate of 2.5 percent, whereas in other provinces that indexing has been considerably higher. Why? Well, the government hasn't given an explanation, but I venture a guess that the explanation is because of this horrendous problem, this enormous debt of unfunded pension liability being at \$9 billion.

One of the things that the Auditor General of our province has done for the last 10 years is ask that the Provincial Treasurer or the government set out in the financial statements of the province of Alberta the unfunded pension liability. It shouldn't be a note, or it shouldn't be some sort of secondary matter that is being sort of shunted away. It should be shown as a liability of the province and recorded as a \$9 billion liability. The Auditor General bases his assessment, his decision – that is, calling for the proper disclosure of this unfunded pension liability – on the action taken by the Institute of Chartered Accountants. That Canadian institute has looked at this particular matter of public pension plans and has said that unfunded pension liability should be set out in financial statements. They shouldn't be notes, or they shouldn't be squirrelled off somewhere else so they can't be seen. They are, in fact, liabilities of the province. In spite of the chartered accountants calling for this, in spite of the Auditor General of our own province calling for this, the Treasurer continues to refuse to put that liability in the public books. To my knowledge every other province, including the federal government, has moved to include that liability as a liability in the consolidated statements of the government, of the federal government or of the provincial governments.

Well, Mr. Speaker, what's left if you come back day after day, month after month, year after year and ask for a plan of action

and you're not given a plan? If you ask for documents to be supplied and they're not supplied, if you ask for actuarial reports to be given and tabled and they're not given and they're not tabled, what's left to do except to bring forward a plan of action to force the government to do just that? This Bill is a positive action, a positive action. I noted that the hon. Member for Bow Valley said that often – I think it was he today who said that often there's an accusation that members of the opposition are more negative than positive. Well, this is a positive Bill, a positive Bill calling for the government to bring forward a plan of action to pay down the \$9 billion. I see him nodding his head and smiling, and I assume that is agreement to what I'm saying. I hope it is.

Mr. Speaker, my fear is if Alberta does not deal with this issue. When we look at the other debt of our province, and it is estimated by Moody's at some \$14.5 billion – that is, the accumulated deficits of our province over the last five and a half years – when you add that debt, and you add to it the \$9 billion debt, and you subtract from that total debt, which we now then have at about \$23.5 billion, the assets of the heritage trust fund, we're in a negative position. That's assuming that the government has to make good that \$9 billion, and if Ontario is a precedent, then that will be the case for Alberta, if public hearings in fact confirm in Alberta that that should be done.

Well, Mr. Speaker, it's time for action. This is an action plan. This is a plan that the government must bring forward. They must show information, provide information. They must live to time lines, and thereafter, year by year, they must deal with this problem. Also, much like Ontario, one further principle of this Bill is to ensure that on a timely basis the participants, the stakeholders in these pension plans, meet with government to determine whether variations, whether changes in the formula need to be made. In Ontario three budgets ago, and through those public hearing processes, the government decided that they would meet on an every-three-year basis, I think it is, with the stakeholders to determine whether or not the stakeholders needed to ante up more money, the government needed to ante up more money, or whether both needed to ante up more money. In the first such review the government decided that both sides had to ante up more money in order to ensure that they never got into further difficulty in Ontario as they were before with a \$5.6 billion unfunded pension liability.

[Mr. Moore in the Chair]

Mr. Speaker, in conclusion, I don't think any member of this Assembly wants to leave a huge burden of debt on the children and the children's children in this province. We want to ensure that matters of a fiscal nature are looked after prudently and properly. That isn't being done today. This is a plan that forces the government to do exactly that.

Thank you, Mr. Speaker.

4:50

MR. ACTING DEPUTY SPEAKER: Calgary-Foothills.

MRS. BLACK: Thank you, Mr. Speaker. I'm pleased to rise today to make comments on Bill 207. It was unfortunate that I didn't receive it until a couple of days ago, but when I did, I had a brief look at it. I thought there were some points in it that were worth talking about, but quite frankly I thought I might have missed a page of it or something because it kind of ended a little prematurely. I felt that it could have gone a little further on some of the recommendations.

Anyway, I wanted to talk about the Bill today, and I want to talk on a few of the items. Now, the hon. member has mentioned that there are reviews going on all over the country on pension plans, and that's very true; there are, because there are some concerns.

This Bill talks about three principles, basically, one of them being disclosure, and we have many discussions on financial disclosure in our various committees that we sit on, one of them being Public Accounts, of which I'm a member. I would like to refer members to their public accounts books, particularly this latest year. If they refer to page 1.8 and again to 2.8, they'll notice in note 2 and note 3 that pension obligations of the province are clearly laid out in the statements of public accounts.

Also, I had some interest in this, so I had research go down to the library, and I was able to reference the pension Acts and pension annual reports for the universities academic pension plan, the Members of the Legislative Assembly pension plan, the special forces pension plan, the Teachers' Retirement Fund, the public service pension plan, and the local authorities pension plan. I found it of some interest when I went through them that they in fact went through, I thought, quite a bit of detail as to their plans. In each case they listed the actuarial liabilities of their plans within the first section or introduction section and the actuarial value that had been associated to the liabilities of their various plans. So the information is in fact there.

I thought it was even more appropriate when I looked in what I call the handbook or the bible of bean counters or accountants. It's called the CICA handbook, and I looked up pension plan financial statements. I'll refer members to 4100.06 of the CICA handbook. It deals with pension plan financial statements, and it says in point .07:

Pension plan financial statements should include [the following]:

- (a) a statement of net assets available for benefits;
- (b) a statement of changes in net assets available for benefits; and
- (c) information with respect to pension obligations.

Point .08 in the same area says:

In addition to providing information on net assets available for benefits, the financial statements would also include (either on the face of the statements or in the notes thereto) information about the obligations for pension benefits to be paid. Information about the obligations assists in assessing the plan's present and future ability to pay benefits when due.

Now, I think it's important to note that in our financial statements as they appear in the public accounts, we footnote our obligations as to the liabilities for pension plans, and we identify each of the plans that are in fact defined in section 1 of this Act.

I would like to further note that the report the hon. member referred to earlier was in fact a report that the Institute of Chartered Accountants did ask to be prepared, and it has formed the basis of some recommendations. But I want to stress that those are only recommendations at this point; they have not been adopted by the Institute of Chartered Accountants as yet. That's not to say they won't be in the future. I would refer hon. members to the Auditor General's report, section 2, page 7, when he talks about pension obligations and liabilities and he refers to that report. He says:

The government also stated that it would be premature to implement the recommendation because the proposed accounting treatment has not been accepted by the other provinces and cannot be considered as generally accepted accounting principles for governments.

He then says:

While this is true at present . . .

I want to repeat that: "While this is true at present,"

. . . there are ongoing discussions among provincial finance ministers and provincial auditors on accounting for pension obligations.

At the bottom of that paragraph he says:

The government has undertaken to monitor other governments' accounting treatment for pension obligations.

I think there is a mood within the country for discussions to take place. Furthermore, we talk about putting a long-term liability into our financial statements. I guess, when you're looking at doing that, you want to have the best possible information available to you. We quite often refer to actuarial values. Those are valuable pieces of information because they are an estimate of economic times and performance levels that we may experience over a period of time, and they are valuable tools for assessment, but they are just that: they are estimates and they're our best guess, and they do fluctuate as the economy is affected by outside factors, et cetera.

I'll use an example. Let's go back to I believe the year 1980. Interest rates on, say, mortgage properties were sitting at approximately 10 and a half to 11 percent. Within one year, without anybody really being able to predict, they jumped as high as 22 percent. Now, most people could have probably forecasted an increase to possibly 15 or 17 percent but not to as high as 22 percent. So budgets and estimates were substantially out of whack and out of sync with reality. That's one of the problems. What assumptions are you going to use in your actuarial summaries that would provide a normal level economic playing field to do an evaluation on a very long-term obligation? This is where you get out of sync with reality. We see that most actuarial plans are re-evaluated on a three- to five-year period of time. In fact, that is also in the Auditor General's report. He says:

Although the Pension Plan Acts require the actuarial liabilities to be determined at least once every five years, they do not preclude such valuations from being made more frequently. In fact, the Public Sector Accounting Statement on pension obligations recommends that valuations be done at least once every three years.

That's probably not a bad move with the way that we've seen economic changes take effect within North America, from the feast to famine, recession to flourish times that we've had in Canada. It's not a bad idea, probably, to look at something like that. Again, you have to set out the assumptions that you're going to use to evaluate the performance and the economic realities and assumptions for the future.

[Mr. Jonson in the Chair]

5:00

One of the things that I think is important in a public pension plan in particular is: what do you do with the COLA? Where does that fit into this? If you don't factor it in, then you're not dealing with a realistic number. If you do factor it in, when it can be anywhere from 50, 60, to 70 percent, what is the number? I don't know what that number is, and a portion of it is discretionary. How do you factor that into an actuarial evaluation of a future obligation? I don't know how you do that and come up with a realistic number that can be utilized in an actual financial statement. I think the approach that has been taken, from what I can see, is the theory of recognition and realization, better known as R and R accounting. That is, you recognize through footnoting to the financial statements the liability that could exist, but you realize it in the financial statements when you actually fund the liability. You leave it in a footnote. As long as it is footnoted, it is disclosed, and as long as we have annual

reports filed from our pension plans, they also show the contributions and the makeup of the plans, so it isn't that difficult to assess the future obligations.

The hon. member in the Bill talks about sections of putting together a plan, a plan that would address the unfunded liabilities of pension plans. That's a very admirable thing to do, I think. But the problem you have is: what's the formula? What assumptions do you have to take into account? What obligations do you have to take into account to come up with that formula? You've recommended in your legislation a 20-year time frame, and already you said that in Ontario they utilized a 40-year time frame. There's a big gap between 20 years and 40 years, you know. Is it 30 years? What is it? I don't know what that is. I don't know what the plan is. I wish you had given us your formula or a formula, Mr. Speaker, that we could then look at and assess, because there are a lot of assumptions. I don't know; are there certain rates of return that need to be factored into this formula? Are we going to put in an enactment a rate of return that would be required to fund the liability in the future?

I'm not too sure, Mr. Speaker; are we looking at changes in the plans? COLA is one of them that is a concern. Do we have to factor some form of COLA into the formula? I'm not too sure if we do. As the hon. member has mentioned, we have an aging population. We used to have people that worked until they were 65 or 70 years of age. Now we have people that are retiring at age 60 and age 55 that are receiving pension benefits. Are we planning on making a change to people in their retirement plans? Are we going to move that age up? Those are numbers and things I think we have to look at and we have to be aware of. I don't know what that formula is, sir, that you're promoting, and I have a concern. I wish you'd gone further with your formula, because I think it would be an interesting discussion and one that we need to do.

We know that the people that are on pension today, not through any fault of their own, certainly have not been able to pay for their pension that they will receive. We know that today's pensioners will live longer than they did 15 years ago, so somewhere we have to pick up the gap, and that's a concern I have. I'm surprised you zeroed in on the teachers' formula. The hon. member zeroed in on the Teachers' Retirement Fund. The other night in estimates, when we were dealing with the Department of Education, Mr. Speaker, the hon. Member for Calgary-McKnight didn't even mention the Teachers' Retirement Fund. I didn't know this issue was that important to the Liberals, because it didn't even come up. I'm a little surprised. You know, we've all got teachers that are concerned. We are all concerned about what is going to happen with these pension funds. You know, there's a concern.

I'm concerned with this situation as to who is going to pay. Who is going to pay for this if we all of a sudden put in the program? Are we going to adopt the Ontario formula of the taxpayer paying for the unfunded pension liability so we don't have an unfunded liability in 20 years? They used 40 years. Does that mean the Liberal caucus is proposing that we increase the taxes to the taxpayers to pay this? There isn't any money coming from anywhere else. Is that one of your recommendations? I don't know. I wish you'd dealt with it in your formula. Maybe you're going to suggest that we tax and take additional funds off employees who are already contributing. Mr. Speaker, I don't know what the formula is, and I have some concerns. Even more so, maybe it will be a combination; those that are contributing will have to pay additional funds, and those taxpayers will have to pay additional taxes. That could be the

combination. We haven't got a formula, and one was not discussed. Worst of all is the hon. member suggesting that we rescind some of the benefits that are already being paid. I don't know whether that's an option in his formula or not. I can't tell from the legislation he has in place. I know I certainly wouldn't accept that, and I would work against it.

You know, it's one thing to bring up a problem and call a Bill An Act to Require Full Disclosure and Maintenance of Government-Backed Pension Plans and then say, "a formula shall be established." Well, that's great. What is the formula? What is the plan? It's wonderful to have these great visions, but you've got to have a little bit of depth in the background of the vision, because how are you going to put it together? We can all say, "Wouldn't it be wonderful if everybody had a beautiful day today." Well, that's great. But, really, where is the formula?

MR. DECORE: I wonder, Mr. Speaker, if the hon. member would allow a question.

MR. ACTING DEPUTY SPEAKER: Order please. Order.
Point of order, Edmonton-Glengarry.

MR. DECORE: Would the hon. member allow a question?

MRS. BLACK: No, Mr. Speaker. If there's time at the end, I would probably do it.

You know, it's unfortunate, because I think the intent was good, but I don't know what this hon. member is trying to do at this point. We are disclosing our obligations. You've heard the hon. Minister of Education talk about the Teachers' Retirement Fund and the dialogue that has been going on there. In fact, we know that our hon. Provincial Treasurer has been meeting with other provincial treasurers and finance ministers to discuss this problem and try to come up with some solutions that will be consistent.

You know, you can't do this as a little province all by yourself. You've got other issues, things such as portability of pensions, another issue that has to be dealt with in the dialogue. You've got young people who to gain work will move from one province to another, and their pensions have been penalized in a lot of cases up to now. Are we going to continue to do that? I don't know. But the Liberal caucus hasn't dealt with any of this at all. I have some concerns that maybe we're jumping ahead a little too fast without dealing with this. You know, he hasn't dealt with early retirements. Is that too costly today? Is that too costly for the pension plan itself? Is it too costly for the taxpayer? Is it too costly for the economy? I don't know. I don't know the answer to that. But before you jump in with a Bill that's "Maintenance of Government-Backed Pension Plans," you've got to have some of the answers. You have to have had a dialogue to determine what some of these very basic concepts are, and I think that's what's missing from this Bill.

5:10

You know, I picked up a little piece of paper from somewhere; I don't know where. It's a little news bulletin that goes out from the Liberal caucus, Mr. Speaker, and it says: "Public accounts confirm Liberal fears, pension problem worsening." I read a statement. It's a quote, and maybe it's incorrect; I'm not too sure. It says:

This government thinks that three-year-old information on a liability of over \$9 billion is sufficient. Well the Auditor General and the Canadian Institute of Chartered Accountants doesn't think so. And I doubt Albertans do.

I looked at that, and I thought, well, isn't that amazing that the Institute of Chartered Accountants agrees when in fact the Institute of Chartered Accountants hasn't even adopted the recommendations from their subcommittee? I find it kind of funny. The Auditor General says that one of their recommendations from the subcommittee is to have valuations done at least once every three years. Now, this hon. member has contradicted himself, because the recommendation of the subcommittee is at least once every three years and he's saying once every three years isn't good enough.

Well, I'm at a bit of a loss for words on this one, because surely he's not suggesting we do an actuarial valuation every year. That would be absolute lunacy. The cost of it would be unreal, and again it still wouldn't have dealt with the assumptions associated with the evaluation. I'm really struggling as to where the hon. member is coming from with this Bill, as to where he's trying to lead.

Finally, Mr. Speaker, surely all hon. members know that the federal government is in the process of putting together new legislation on public pension plans, and they have a deadline and a goal that they're planning on meeting, hopefully by the start of 1992. I would think through the course of meetings between finance ministers and provincial treasurers and federal counterparts that it would do us service to wait and see what the final draft and the final processing on that legislation is going to be; and let our financial people put their minds together and their heads together to come up with something that is workable, instead of a 40-year plan in Ontario at the taxpayers' expense and a 20-year plan in Alberta at the taxpayers' expense or at the recipients' expense or whoever's expense, because we don't know; and hold off on this Bill for the time being. I think it's a little out of whack. There's not enough in it. It's poor timing, and really there's no substance. It's just a statement, really, of a position from their party.

Thank you very much.

MR. ACTING DEPUTY SPEAKER: The Member for Edmonton-Glengarry to pose a question previously referred to.

MR. DECORE: Yes. Mr. Speaker, my question is this: has the hon. member read section 4 of this particular Bill? Section 4 calls on the minister – that is, the government – to come forward with the plan or the formula. It's not up to the opposition. It is up to the minister to come forward with the plan. I think she has misread the Bill.

MRS. BLACK: Yes. Mr. Speaker, in response, I did read the Bill, and he's quite right that the minister is to introduce legislation which would eliminate the unfunded liability . . .

Then he goes on:

. . . of the pension funds established relevant to the pension plans described in section 1(a) by the end of the fiscal year, 2011 A.D. Then section 2 is a formula.

Well, it's one thing to say for the minister of the day to introduce legislation that would eliminate something, but surely to goodness the hon. member could have said, "And this is how we'll do it." It's always amazing that the people in opposition can come out with these fly-by-night ideas but no solution to the problem, because they never have to stand up to anything they say. [interjections]

MR. ACTING DEPUTY SPEAKER: Order please. [interjections] Order please.

The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I'm pleased to be able to join in the debate this afternoon. I should maybe point out to the hon. Member for Calgary-Foothills that what an unfunded liability is is simply a deferred expense to the taxpayers. When you have a pension liability, it's a note, an indication that at some point in the future the taxpayers of Alberta are going to be required to make up any differences or shortfalls in order to pay the pensions that are guaranteed to people who are in the plan as members of the public service. If we wish to ignore that liability, that's a choice the government has. They can decide to ignore it if they wish, but that doesn't mean the liability is going to disappear. So the question essentially is this: how will that liability be met? That's the key question. That's the important question. For all those thousands of Albertans who are working today and contributing to a plan, certain obligations have been made to them, certain guarantees that when they reach their retirement, given the formulas and so on, they can expect a certain pension in their retirement years. That's a guarantee that's been given. The question is whether the money is going to be in the plan to pay them at the time that they have the right to draw on that plan. If the money's not there, then the taxpayers at that point are going to have to make up the difference. That's what's meant by an unfunded pension liability.

Now, the concern is this, Mr. Speaker: at some time in the future if a government doesn't have that money and has to go to the taxpayers to pay that pension obligation, they may decide that because of whatever financial circumstances might be that given year, they don't have the money to pay them. That's the concern, and I think it's a real concern. I mean, we're already seeing that begin to happen with the federal government. Mr. Wilson did introduce a claw-back on the old-age security for people over a certain income level, and as time goes by, that benefit is going to be eroded further and further and further, because this federal government has decided that they don't have the money or they don't wish to tax to meet the obligations that were made to people many years ago. It's not an academic concern; it's a real one. The point that's being made in the private member's Bill is that it would be prudent to make a plan self-supporting so that at some future time when those people retire, they will be assured, because the money is in place, that they will be paid the pension owed to them in their retirement years.

Now, the reason this is a concern, Mr. Speaker, is that because of the actuarial studies that have been done, this pension liability is growing at an alarming rate. For example, the unfunded pension liabilities for the year ended March 31, 1985, were \$5.36 billion. When the actuarial review was done in 1988, by the year ended March 31, 1988, that unfunded pension liability had jumped to almost \$8 billion, and for the year ended 1989 it had gone over the 8 and a half billion dollar mark. Now, it's because of this huge jump that occurred between the time the actuarial evaluation was done in 1985 and the time that it was then reviewed and done again in 1988 – it had increased dramatically. If one just simply projects based on those evaluations, we realize that this liability is growing at a very large rate.

5:20

Now, this is important, Mr. Speaker, as the hon. Member for Calgary-Foothills pointed out, to the taxpayers of this province, but it is also of concern to the close to 200,000 Albertans who are enrolled in these plans, who are going to depend on these

incomes when they reach their retirement years, who are going to depend on these pensions when they reach their retirement years. If we take a look at the growth rate in the unfunded pension liabilities, we look and realize and see that it's averaged nearly three-quarters of a billion dollars per year; \$730 million per year is the average.

Now, there's been some discussion about what Ontario has done. Ontario's public accounts for the year 1989-90 indicate – well, let me give you some examples of the public service pension plan. Their unfunded liability was \$1.9 billion on January 1, 1990, and as a result, in order to meet that unfunded pension liability over 40 years, the province made an interim payment. In 1992 they're proposing \$90 million; in 1991, \$94.5 million. Mr. Speaker, that's just a \$1.9 billion liability. In order to meet that unfunded liability over 40 years, it's close to \$100 million a year. The same can be said for the Ontario teachers' pension plan; there's a \$4 billion unfunded liability. To deal with it over 40 years, interim payments would have to be \$192 million in 1990, \$200 million in 1991, and over \$200 million in 1992.

Then we take a look at Alberta's situation, which is much worse than Ontario's, and we see that the unfunded pension liability in this province for the most recent year is \$9 billion. Well, if we were simply to adopt the formula that the province of Ontario has adopted, a 40-year paydown of their unfunded pension liability, a similar plan here would cost the province \$450 million per year. Now, I notice in the private member's Bill put forward by Mr. Decore that he's proposing a 20-year plan to deal with the unfunded pension liability in Alberta. I don't know whether he realizes that that's close to a billion dollars a year that would have to be put into the plan in order to address the formula that he's putting forward in his plan. I don't know whether he realizes the extent of what's being proposed in this private member's Bill. Just even to do what Ontario is doing would cost the people of this province \$450 million per year, which is a sizable amount of money; there's no doubt about that.

[Mr. Speaker in the Chair]

Some might advocate: well, Mr. Speaker, let's just adopt the ostrich approach to our pension liabilities, pretend that they don't exist, and perhaps they'll disappear. Well, each year that this government fails to correct the problem, each year that action is delayed, the annual cost for fixing this unfunded pension liability along the lines of the Ontario model is going to increase by \$45 million a year. Now, some will say that it's unreasonable to ask the taxpayers to dip into their pockets to fix this problem, but the point of this exercise is quite simple. Either we begin addressing it now, today, in a timely manner, or at some time in the near future it's going to be a crisis at the doorstep of whatever government is in place at that time, and ignoring the problem isn't going to solve it. It is a problem, and you can either begin to deal with it now or deal with it when the crisis comes, at which point it becomes virtually unmanageable, to the detriment and, I think, the cynical disadvantage of the pensioners who are going to be expecting and relying on that pension income at the time that they reach their retirement years.

For a government to sit back and do nothing is the cynical approach. That's the approach that in my mind is really the most unacceptable, that we could treat the 200,000 Albertans who are enrolled in these plans with cavalier disregard. I can't think that a government would intentionally wish to do that.

But the longer this government fails to deal with the problem, the more we have to come to the conclusion that that in fact is their plan. I would hope that this government would be taking the action required to prove to the people of Alberta that they don't have this cynical disregard for the people in our public service who are enrolled in these pension plans but will in fact begin to develop the plan that will address this issue and ensure that these pension plans are self-supporting so that at the time that people come to their retirement years, the money is there to pay for the benefit that was promised to them throughout their working years.

Now, I don't know why the hon. Member for Edmonton-Glengarry wants this issue to be fixed in a period of 20 years. As the Member for Calgary-Foothills quite correctly pointed out, the actuarial assumptions can make big differences in what formulas are adopted, and it seems to me that the Ontario folks, looking at their actuarial assumptions, decided that over the course of a long period of time, 40 years, this plan could be put in place and could be dealt with and that was the reasonable way in which to deal with it. Why the hon. member would choose to try and solve this problem in 20 years I'm not sure, but as I pointed out, the costs of fixing it in 20 years as opposed to 40 would go up astronomically. In terms of a balance between today's requirements and the future obligation, 20 years might be quite unreasonable. But as long as the problem is dealt with and a plan is in place, that really is the

essence of what's required at this point in time, Mr. Speaker, and I would use this opportunity simply to urge the government not to continue with this ostrich-like approach but to ensure that they begin to deal with this problem so that it doesn't continue to grow out of control.

Mr. Speaker, in view of the hour, I beg leave to close debate.

MR. SPEAKER: Having heard the motion to adjourn debate, those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. The motion carries.
Deputy Government House Leader.

MR. GOGO: Mr. Speaker, I would move that when members reassemble at 8 p.m., they do so as the Committee of Supply.

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

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. The motion carries.

[The Assembly adjourned at 5:29 p.m.]

