

## Legislative Assembly of Alberta

Title: **Monday, May 13, 1991**

**8:00 p.m.**

Date: 91/05/13

head: **Committee of Supply**

[Mr. Jonson in the Chair]

MR. DEPUTY CHAIRMAN: Good evening, everybody. I would ask the committee to please come to order. Order please.

head: **Main Estimates 1991-92**

### Technology, Research and Telecommunications

MR. DEPUTY CHAIRMAN: The estimates are located in the main estimates book starting on page 309 and in the elements and details book on page 128. [interjections] Could we have order in the committee, please.

Does the minister have any opening remarks?

MR. STEWART: Thank you very much, Mr. Chairman. It's a real pleasure for me to present to the members present the 1991-92 estimates for the Department of Technology, Research and Telecommunications. I'm particularly pleased that joining us in the gallery tonight is a number of members of the staff of the department and Access Network, as well as the Alberta Research Council. I can assure all members that these people are very, very dedicated Albertans and perform a service which is absolutely superb, not only to myself but certainly to all of the people of Alberta. I'm very proud of them, and I've very proud of the opportunity that I have to work with such dedicated, enthusiastic people.

Mr. Chairman, for the past two years I've indicated to you my pleasure at having the opportunity of serving as the minister in a department which was involved in such exciting and innovative and important work, and I can assure you that that pleasure and that enthusiasm continues. This past year has been one of opportunity and of challenge.

The successful privatization of AGT will now permit that company to move ahead in the dynamic telecommunications industry as a major player. While some said that Albertans, particularly rural residents, would rise in protest, Albertans in fact gave a very positive response in unexpected numbers. While some said that rates would subsequently rise, the average phone bill has in fact been reduced, and while some said that services would suffer, program services have in fact actually expanded. The taxpayers who previously supported AGT through loans and guarantees to the extent of about \$2 billion and did not receive any AGT earnings have now received the benefit of \$335 million to the bottom line, \$600 million to the Heritage Savings Trust Fund, a 44 percent interest in Telus, which has appreciated by \$100 million, and furthermore \$26 million in dividend income. In the future, required capital investment in the amount of \$2 billion in the next three years or so will be provided by risk-takers and not taxpayers.

We acknowledge that while the privatization was the right move, the unfortunate miscalculation of forecasted earnings by NovAtel raised an unexpected and difficult problem. However, we took action immediately to address that new challenge. The business leaders who make up the new management committee are refocusing and restructuring NovAtel with the objective of putting the company on a sound financial and business footing.

It's regrettable, Mr. Chairman, that with the obvious success of diversification through the advanced technologies, certain

people would still prefer to emphasize failure, and with over a thousand technology-intensive companies and research organizations providing jobs and opportunities to 50,000 Albertans and with Albertans making their mark in a new and tough competitive world, some choose to highlight the negative, the small percentage of companies that took the risk and unfortunately didn't prove to be commercially successful despite the quality of the technologies they developed.

Over the years government has assisted the private sector in different ways to stimulate the growth of new technologies, and that assistance has been effective. The role of government has changed with the growth and development of this new and exciting sector. Times and circumstances as well have led government to adapt to change, and we must adapt. The challenge of competing in a new global environment is fundamental to our economic well-being as a country, as a province, and as individuals. But we are at the crossroads. Our competitive position as a country is at risk. We can pursue our vision, commit to our cause, and build consensus on our direction, or as an alternative we can give in to the pressure that would have us back away from competition, would shun private-sector involvement, scorn research and development as a road to the future, and say high tech is too risky because sometimes we don't make it, because sometimes we make mistakes, and because sometimes things don't work out the way they're supposed to.

Really, Mr. Chairman, we have no choice between these two alternatives. It won't be easy. There will be disappointments, and there will be failures along the way; there always are when you enter into a new territory. But we will prevail because technology is the future, and we refuse to deny Albertans access to the future they richly deserve.

If Albertans are to realize that future, the debate has to shift. It has to move from its current focus on how we distribute wealth, which supports our society and our universal government programs, to one on how we create that wealth, because that is the essence. It would be easy to say that nothing can be done because the competition is beyond us. How can we compete with the likes of Japan, the United States, and Germany? The fact is that we can compete. Albertans are proving that in a variety of areas and a variety of ways right across this province today. Alberta is obviously making significant progress, because we have strengths that enable us to compete on a world basis, not in every area but in strategically defined ones.

A few moments ago I said that technology was the future. I based that not only on belief but on fact. In 1989 the annual growth rate of Canadian high technology was more than 16 percent. That same year the gross domestic product grew by only 7.8 percent. Technology grew at twice the rate of the GNP. In 1989 technology export sales grew at the rate of 11.6 percent, while Canadian exports grew at a rate of 1.4 percent. Can there be any doubt that technology is a wealth generator and a key to our economic prosperity in the diversification of our economy?

All industrialized countries have recognized the importance of high-technology industries to the health of their economies. However, it's tough. There is no longer a level playing field. Preferential procurement, government support, non tariff barriers, and a host of other government-sponsored activities have been put in place by international competitors to assist their industries, and added to this are a number of factors in Canada which work to the detriment of developing a large high-tech sector. These include our industrial structure, the cost and availability of capital, industrial R and D support, human resources problems, lack of adequate expenditures on training, slow adoption of new technologies to name just a few. If

Alberta industry is to be a competitor in the world marketplace, it needs the support of government, support directed to the private sector, support subject to careful review and based on a defined strategy.

Alberta has a solid advanced technology strategy. The strategy is based on a larger vision as outlined by our Premier in 1986: a diversified economy based on advanced technology, forestry, tourism, and our traditional industries of agriculture and energy. We have a strategy, and we have a plan. Our mandate is to diversify the economy through advanced technology. You will see our strategy directly reflected in the elements of these budgetary estimates which I present tonight. That strategy is, firstly, to develop the infrastructure to support applied and basic research and development; secondly, to commercialize those results which have potential; thirdly, to import and attract technology developed elsewhere yet unavailable in Alberta but usable in Alberta; fourthly, to build a culture that accepts risk, a culture that respects innovation, a culture that forgives and tolerates failures as a necessary step along the road to success. You know that we've had some success in building that culture. Albertans know that the private sector is the key to wealth creation. Albertans know that research and development are the basis of innovation and that innovation leads to technological development. Albertans know that well-managed and properly marketed companies result in commercial success, profit, and wealth creation.

#### 8:10

The way we do that is pretty straightforward: firstly, obviously to use advanced technology to increase the competitiveness of our industries and, secondly, to use advanced technology to expand our industrial base by moving into new high-tech areas, not just in any area but in those strategically defined areas which are based on solid foundations of strength in Alberta. Albertans know the importance of objective expertise, careful review which must provide private-sector support. Albertans know we must diversify our economy and work closely with small business to do that. Even with our support for small businesses I sense Albertans want us to be more open than we already are, be more scrupulous than we have been, but we must also do a better job of communicating the strategies we use to reach our goals and review the process we undertake before determining the nature of assistance that is provided. For example, applicants for assistance under our technology commercialization program have 12 hoops to clear, and only a fraction of the applicants make it.

So we do have a review strategy, we do have a review system, and we are strengthening our external review processes. We are conducting careful reviews and taking advantage of objective private-sector expertise, and we will continue to do so. At the same time, you will agree that we cannot abandon a sector that is critical to our future. We cannot cut off all investment in the advanced technologies.

There are countless stories, Mr. Chairman, of successes, successes of corporations in Alberta and Alberta entrepreneurs in remote sensing, in software development, in genetics, and in medical discoveries. These kinds of stories are not ones that you will read about on the front page of the newspaper, but the successes are there. As recently as the last few weeks we have received a number of letters from various companies that are involved in Alberta indicating their support for the types of policies that we have been pursuing.

Despite reports to the contrary, providing direct financial assistance is just one way and certainly not the largest way that

this government and this department have of supporting the development of advanced technologies in Alberta. The other ways include technology transfer, support for R and D, building a science and technology culture, and developing infrastructures to help small business acquire technology expertise and market their innovative ideas. Our strategy is well thought out, it's deliberately implemented, and it's decidedly an asset to our diversification efforts. Infrastructural support is key to that success and assisting Alberta companies in bringing new companies to Alberta. So it has a two-branched type of opportunity there: assisting companies that are in Alberta and bringing new companies to Alberta.

Recently, Mr. Chairman, we had an intensive review taken of all our infrastructural components in the applied research area by Stanford Research Institute. Let me just read one paragraph from their conclusion:

Alberta's efforts to foster economic development through the establishment of its research centres have provided a rich base of experience on which to build for the future. The successes of the centres to date, moreover, illustrate that well-directed efforts can make a significant difference in the region's economic potential. The challenge is to build on this base, seeing the experience as a reward for being willing to experiment and the few unsuccessful efforts as a justifiable cost of being ahead of other regions in the experiment. The approach in use by Alberta - experimentation, evaluation, and adjustment - is the way successful regional science and technology policy will develop. The result is that Alberta is now leading other provinces and states in its efforts and will maintain its leadership position as long as it continues with its efforts.

That's from the Stanford Research Institute in California.

In our infrastructural support we have a number of applied research centres. The Laser Institute is the first centre in Canada oriented towards the application of laser technology and dedicated to helping industry develop cost-effective laser systems. The Alberta Microelectronic Centre assists Alberta's rapidly growing electronics industry with the application and implementation of microelectronics technology solutions. LSI Logic works closely with AMC in developing custom microchips for use in a variety of products. The Alberta Telecommunications Research Centre is a model infrastructure partner working closely with business, government, and universities on joint research and development projects.

Sherritt Gordon is becoming a world leader in the development of advanced industrial materials. The Westaim project is a \$140 million initiative involving Sherritt, the federal government, and the provincial government. Westaim will conduct market-driven, industry-led research and development, and the goal is to research and produce metals, alloys, and other advanced materials for this century and the next and for this generation and the future. That has the potential, Mr. Chairman, of making the Edmonton region become synonymous with advanced industrial materials.

There is risk, but there is also opportunity. If we don't take that risk, we do not grow. If we don't take risk, we do not discover. If we don't take risk, we will not be able to create those valuable products and services which are becoming the very foundation of our economy and our future. We have to create new products, sell them at a profit, do it before others, better than others, and cheaper than others.

So you can see, Mr. Chairman, the incredible challenge we have ahead of us. We accept that challenge with the greatest sense of urgency, knowing that the people of the Pacific Rim countries are already committed to succeed and to compete in the world. We accept the challenge knowing that Europe '92

will come together to compete as it's never competed before. We accept the challenge knowing that we are facing global competition not duplicated in the history of our world and knowing that Alberta must meet that challenge head-on. We meet that challenge head-on through technology transfer.

Technology transfer is a planned approach and an integral part of our strategy. Through technology transfer the government builds pathways and opens doors with other jurisdictions. Through technology transfer we facilitate technology research exchanges and joint research ventures. That is why we signed formal documents in the form of memorandums of understanding with Belgium and Hungary in 1990. We set up opportunities, brought Alberta companies together with companies in Europe and Alberta researchers and institutions together with European researchers and institutions. When people and companies with mutual interests come together, things happen.

How do we meet the challenge of global competition and prepare others to meet it? It starts with letting Albertans know what is happening and what can happen. Building awareness really involves developing a science and technology culture. It involves building consensus and commitment, pride of ownership, confidence in the future. We are building awareness as we never have before, and you've seen evidence of that. Our Science City campaign is telling Albertans a simple story, a story about the advanced technology sector in Alberta. A number of other activities and projects are going on in Science City this year to raise Albertans awareness of the importance of science and technology and the impact on their lives. As well those activities signal the opportunities that exist now and in the future for our young people, emerging enterprises, and investors.

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For example, between October 18 and 27 Alberta will celebrate its second Science and Technology Week, a week to celebrate our successes and a week to focus our attention on the challenges of the future. This spring marks the first anniversary of the Premier's Council on Science and Technology, and the council is working very diligently on recommendations regarding the science and technology culture, the role of science and technology, national strategies on science and technology, and government support for science and technology. This fall the second annual Alberta science and technology leadership awards will be presented for excellence in innovation, commercial achievement, and outstanding contribution. The ASTech Award has been made possible through the collaboration of business, industry, and government with notable leadership from the ASTech foundation and the Calgary Council for Advanced Technology.

There is more. Our student awareness program provides grade seven classes and teachers from across the province with career posters and lesson plans to help them explore careers in science and technology with their students. There are the science fairs. These students, Mr. Chairman, are our future. If we want the new generation to embrace science and technology careers tomorrow, we have to bring them the fun, the vitality, and indeed the excitement of science and technology today. If we are successful in doing that, and we must be, we will prepare this generation for the challenges of tomorrow. Those challenges of tomorrow will be an outgrowth of the challenges we are facing today.

As a government we face a new and challenging fiscal environment. It is no longer acceptable for government to be the sole funding source of risk capital in high-technology ventures. Our economy now is on a solid growth pattern.

Business and industry must do more and take more responsibility in driving economic expansion. We are not backing away from the table, but what we are saying is that when proposals come forward, we must look for evidence of private-sector support and evidence of other government support. We look for linkages with present industrial and infrastructural institutions. We face the challenge of developing and focusing on our infrastructural strengths, and we have to ask: how can we best build on those strengths?

That moves me to my final point with respect to our plan: support for research. Research has long been a solid pillar of our advanced technology diversification strategy. Albertans have embraced research as an essential component of a healthy economy. Research has brought us improved oil sands recovery methods, incredible advances in the treatment of diabetes, bone and embryo transplant techniques, high-tech identity systems, and more. Research has led to innovation, job opportunities, and improved standards of living. Government has led the way in this area, but industry must do more. There are ways that we can do this. Our universities, our industries, our department, and, yes, our government have to look more closely at strategic partnering. In the competitive world of global competition few companies will be successful competing in the world without strategic partnering. Joint ventures, new partnerships, and co-operative initiatives will test our negotiating skills and require us to realize our strategic goals in collaboration with others.

It is a challenging time indeed, Mr. Chairman. In my view it is an incredible tribute to Albertans and to the men and women of my department and the related agencies and councils who give their best in the work they do on behalf of Albertans. I have a high regard for their diligence, their enthusiasm, and their drive. It's also a challenging time for business and industry in the advanced technology sector. It is a time when ordinary people in this sector are putting in an extraordinary effort to meet the competition of the international marketplace. I think it's time that we all stood up to support them, their supervisors, and their families. They don't need us to cut them down. They don't need us to bad-mouth their efforts. They don't need us to interfere. What they need is our support.

Mr. Chairman, in vote 1 the members are asked to support the important work of the department in the development and commercialization of technologies. The objective of that program is

to design and implement programs and policies which encourage research, development, transfer, and commercialization of new technology to promote the diversification and growth of the provincial economy.

I would ask members to take note that funds under vote 1 for this department are different from those under other departments. Vote 1 here includes program delivery, not just administration. In other departments' program delivery is only identified in subsequent votes.

Members will note an increase in vote 1. There's an increase of 5.1 percent to cover salary adjustments, but there's also a corresponding decrease in other administrative areas such as Supplies and Services and Purchase of Fixed Assets. There is an additional increase of \$100,000 to support science and technology exchange agreements, those that I referred to previously, signed last year with the Flanders region of Belgium and with the Hungarian Academy of Sciences. The funding is required to support scientific and technology transfer activities with a major emphasis on co-operative and joint business ventures between Alberta and the Belgian and Hungarian companies and organizations and provide the gateway to Europe '92. You will also

note, Mr. Chairman, that these programs fall squarely within our technology transfer strategy. It is part of our plan.

Under vote 2 you will note that there is a significant change. The funding request for vote 2 is down substantially, a total of \$8.6 million, or a decrease of over 32 percent. The decrease is due to the completion of capital projects for the Westaim initiative and changes in cash flow with respect to capital construction of the Canadian frontier engineering research building. Support is identified under vote 2 for support of the networks of excellence program. Alberta has done very well, placing in 12 out of a total of 15 such networks that have been established in Canada nationally, with 158 applications having come forward. That's a record for Alberta. Alberta companies and institutions will receive \$20 million in federal funding, and the province will contribute \$4 million over three years and begin with \$2 million this fiscal year. This will bring together on a national basis research ideas from across the country and provide for collaboration and co-operation.

The other initiative in this area that I might mention is the continuing support for Biomira research and development. The support of \$648,000 will continue the previously announced assistance in funding specific aspects of product development and clinical trials of the new radioimaging diagnostic products for cancer. The money will be spent on commercial and scientific activities in Alberta. Activities will take place at Biomira's facility at the Edmonton research centre and the Cross Cancer Institute. Other adjustments in the vote include a \$525,000 reduction in the department of technology commercialization fund and a deferment of \$2.3 million towards the medical invasion program.

I must mention the Alberta Research Council, Mr. Chairman, but virtually leave that for further discussion and expansion from the hon. Member for Pincher Creek-Crowsnest, who is chairman of the Alberta Research Council. It is a solid council that is celebrating its 70th anniversary and one I know that the hon. member will want to speak on in more depth.

Vote 4 contains the budgetary estimates of Alberta Educational Communications Corporation, better known as Access. Access is in its 18th year, and I do indeed feel fortunate to have the opportunity to work with this organization that is so dedicated to quality programming in its efforts to meet the educational, cultural, and informational needs of Alberta. Mr. Chairman, the network's achievements have not only been identified and appreciated by Albertans, but they have also received significant awards at the provincial, national, and international levels.

This year, in addition to the Calgary transmitter, a new off-air transmitter was installed in Edmonton to provide the Access Network television service to schools and noncabled homes in the greater metropolitan area. Now more than 83 percent of Albertans can receive the service. Access Network developed its corporate directional plan in 1990 to enable it to continue its high-quality programming and services in the decade ahead. Mr. Chairman, I know that Access continues to be innovative in its approach to program development and delivery. It continues to be innovative in its delivery of services to the community at large, and I congratulate the network for its initiatives in this area. Members are asked to vote on a \$458,000 increase, or 2.8 percent, in vote 4 to cover the costs of a satellite transponder rental increase and an increased salary settlement for '91-92.

Mr. Chairman, I see that my time is virtually up, and I look forward to the comments and questions from members of this Assembly with respect to these estimates.

8:30

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

MR. McEACHERN: Thank you, Mr. Chairman. The minister should resign. In spite of all the nice words he said, the Telus and NovAtel fiascoes dictate that he should resign. I was going to give a short analysis of the NovAtel mistakes and call for the minister's resignation, but I think that since he has taken some time to talk about the success of AGT, perhaps I should expand the analysis a little bit and talk about AGT as well and some of the downside. He painted a very glowing picture of the AGT side. Quite frankly, there are a number of problems. We told the minister in the last session when he decided to sell AGT that it was a mistake and quoted as many as five or six different studies. He brought back no studies on the other side, on his side, to show that it was a good idea.

I would like to start by pointing out that the sale of AGT was done in spite of the fact that the government had said they weren't going to sell it. The decision, I gather, was made in 1988. The recently retired president of the Public Utilities Board indicated at the 75th celebration last fall that the decision was taken in 1988, yet the Premier and this minister and other ministers ran around this province during the last election saying that they were not going to sell AGT, that no decision had been taken yet. In fact, as recently as last spring when the Treasurer brought in his budget, he said to those of us over here: "Ha, ha. We didn't sell off any of the assets to pay down the deficit either, did we? We're still going to have this billion dollar deficit." Within two months they bring in a Bill to sell AGT, and in fact he got \$335 million out of the sale toward his deficit. Even so, it's still going to be a \$2 billion deficit instead of a \$1 billion. For a start, the whole idea of selling AGT was done in such a duplicitous way. The only study that the government ever did to show that it was a good idea, that we know of anyway, was the Alexander report. That has never been made public. I guess it must have had some things in it that were rather negative, and the government didn't want to make it public.

With that background the government then decides to go ahead in the spring of '90 and sell AGT. Now, when it came time to put the prospectus out, they ended up with what was in fact a false prospectus. In the middle of the sale they realized this, so a few days later called a press conference to say: "Oh, gosh. We made a mistake, a \$21 million mistake. Whoops. Just a little slip. But don't worry; the taxpayers will make it good, because we wouldn't want any of those people buying the shares to not get what we promised them." Therefore, we'll hit the taxpayers of the province to make sure that those few people that bought shares, some 6 percent of Albertans, which is quite a large number - considering that all Albertans had owned the company before, I don't see why the taxpayers should have had to give a gift to those that were purchasing the company. That's the way the government decided to play it.

Furthermore, they promised to buy back NovAtel if Telus decided that was a good idea by the end of the year and, further, to pick up all losses of the company in that period. So we roll along for a little while, of course, and guess what? Bosch decides to back out of the deal to buy 50 percent of NovAtel - surprise, surprise - when they made that kind of an error in their prospectus. The government was then forced to come through. The deal was that half of the company would be bought at market price and the other half would be the Bosch deal, which had a \$50 million bonus built into it. Now, when Telus finally decided on December 31 that, yes, they in fact did

want the government to buy back NovAtel, we waited for the details with some interest. Sure enough, they came out, supposedly anyway, on January 11.

Mr. Chairman, we did a lot of asking and a lot of phoning and talking to different people to try to find out just what that press release meant, but it became fairly clear that the \$21 million mistake was a little bigger than that. According to the word we got from people in the company, instead of having a \$16.9 million surplus they were going to have a \$16.7 million loss. We assumed that the \$21 million mistake had turned into a \$33.6 million mistake, I think a fair assumption under the circumstances, particularly when we persisted in asking questions.

Now, are all the losses of NovAtel included in that \$160 million price? Remember that we're trying to look at a company here that was assessed at something like \$105 million in value with a \$50 million bonus that Bosch was supposedly going to put in, so we were thinking: well, that more or less adds up. Now, the government managed to cloud the issue by suggesting that there was going to be a 15-year management contract, so instead of \$160 million they gave them \$175 million a few days later, at least according to a government order in council that came out shortly afterwards.

There were other complications, too, that made the numbers very difficult. Instead of giving a \$50 million bonus, they decided to whittle it down to something like \$20 million. Again, they talked about another \$15 million figure, and it wasn't clear what that was in the press release. We weren't sure whether it was the same \$15 million that was the management agreement over the next two years or not; we couldn't really tell. We never did get a satisfactory answer on that point. There was a \$14 million figure there, something to do with a finder's fee if this sale had been done privately, and therefore they knocked that off. The \$50 million bonus turned into approximately a \$20 million bonus. Then why \$159.4 million total? "Oh, well," explained the sources in the company that we phoned and asked for details, "you see, you've got \$105 million, you've got the \$33.6 million shortfall, which is approximately 139 point something million dollars, and then you throw in the \$20 million on top of that, and you've got \$159.4 million." That's how they added up the numbers. In spite of what the minister said in the House the other day, we were assured that that was it for the losses of NovAtel for that period.

However, lo and behold, March 12 comes along. Guess what we get? A little bombshell with the minister admitting that in fact the company had lost \$204 million in the year 1990. All the numbers were supposed to go from July 1 through the second half of the year, and if you look back in the first half, the company had lost \$13.8 million in the first five months. We never did find out what happened in June, but never mind. In any case, there is this incredible array of numbers and figures. We pressed and asked: are all the losses included in that \$160 million price? We were assured that they were, but not by this minister. He wouldn't come out and say it, but some of the people in the company did as we pressed them on the point. Yet a couple of months later he's announcing this \$204 million loss. So, Mr. Chairman, I think that the minister should resign on the grounds of having misled the people of this province with those kinds of figures.

To complicate it even more, on January 17 the company, NovAtel, also had to pay back \$43.3 million to Telus, whatever the minister's explanation. The funny thing was that we got the Auditor General's people saying that there's no relation to the \$131 million the Treasurer said would have to actually be paid out of this \$204 million loss, yet somebody else in the company

was saying that, yes, it was part of that. We were never told about it at either the sale time or on the 17th, when it was done, or on March 12. We were never told it was part of that package. There were a number of things in the press that sort of said that part of that \$204 million was write-downs and part of it was this and part of it was operating losses and so on, but they were never properly explained. The original press release said that there was \$66.9 million, I believe it was, in operating losses, and the other \$137 million were onetime losses that would not recur. I guess the final insult comes when the minister has the report of NovATel available to him and could release it and still hasn't. So I think for that secrecy and the whole way that thing was handled, the minister should resign.

**8:40**

Now, I wanted to go back and take up the Telus thing a little bit more. The minister glowingly talks about what a good deal these shares were and how much money they made, but then when you hold a fire sale, people do buy them quite willingly. I remember talking to a couple of investors who very distinctly said, looking at the prospectus that was put out, and that was the original one, the one that claimed a \$16.9 million profit: "This is totally unrealistic. This company lost \$13.8 million in the first five months. That's an unrealistic prospectus." Quite frankly, I'd like to know where the Alberta Securities Commission is in investigating that and finding out why that prospectus was so false. In any case, they didn't buy in because they felt the prospectus was not correct. Then later, when they found out that the government was in fact willing to put taxpayers' moneys in to make sure that the deal was there for the investors, of course they were kind of mad at having missed it. So it's a question of smart investors getting taken for a ride because they missed the boat because the government ended up with a false prospectus and then made it good for those people that bought unthinkingly, just because if the government's in it, it must be a good deal. Of course, it is. When this government privatizes anything, they make darn sure it's a good deal.

The minister also said a few minutes ago, and he said it last spring, that the telephone rates would not go up for most people in Alberta by the sale of AGT. The very month he said it, in June or July, he put out an order increasing the monthly rates of telephone users all over the seven zones of this province by 20 to 30 percent, except in Edmonton, because that has Edmonton Tel, not AGT. [interjection] You did say that, and you sent out a letter to all of the weekly magazines around the province saying: oh, those New Democrats are wrong when they say that rates are going to go up. At that very time, you had in fact put them up yourself while you and a small committee that you had set up were totally in charge because AGT was between being regulated by the Public Utilities Board because it could no longer be and being regulated by the CRTC because it was not yet a private company.

Now, the cost of the installment plan is quite considerable. We still don't know what that will be, and we probably never will know, because nobody will stop to calculate it. It's just money that won't come in, because people paid for only half of their shares in September and don't have to pay the other half till next September. The loss in interest on that may be as much as \$30 million, maybe more, maybe \$40 million, yet that will never be counted as a loss against the sale of AGT. The employee share plan, where they can get three shares for the price of two over the next year or two, will cost us a considerable amount of money. It's really hard to put a figure on that, but some 10,000 employees purchased shares. It was mainly a way to get the

employees to not back the union in their opposition to the sale, but when a lot of them lose their jobs, they're going to be sorry. That's exactly what's already starting to happen.

The principals of Telus, Mr. Webber and Mr. Neldner, some time ago sent out a letter to the CRTC saying: we're a private company now; is it appropriate that a private company whose main concern is the bottom line should be providing subsidized services to the rural parts of Alberta? Of course, you know what the answer's going to be in the long run: whether it's appropriate or not, they won't do it. We built this AGT company over 84 years in this province, and it was delivering a good service to the people of this province. It did not need to be privatized. What the government has ended up with is the big utility company privatized and the taxpayers holding NovAtel, the high-risk high-tech company that has been losing a lot of taxpayers' dollars, with no buffer now between them and the losses.

The minister embarked down this road, I think, partly for ideological reasons and partly because the Supreme Court ruled that the telecommunications industry would be regulated from out of Ottawa. That's fair enough. We lost that regulatory fight. In fact, he announced in the fall of '89 that he was going to fight that tooth and nail along with our sister provinces of Saskatchewan and Manitoba. By the spring he'd changed his mind and decided not to fight anymore, a pretty fast turnaround, quite frankly. Fine. You can accept the fact that you couldn't change the Supreme Court's decision and that that would take its course. Why, having lost the regulatory fight, would you then voluntarily give up ownership rights? As long as the government of Alberta owned AGT, it could do a lot in setting policy and protecting the people of Alberta from the kinds of things that are happening now.

The CRTC hearings that are presently going on about whether or not we should be allowing long-distance competition in the telephone industries is really pitting CP Rail, whose partner, Unitel, is leading the fight, against Ma Bell. Now, these companies – one is something like a \$15 billion company, the other one a \$19 billion company – are not going to roll over and play dead and let the new Telus or AGT suddenly, somehow become one of the giants of the telephone industry. Their game is really to cut into the lucrative long-distance market. As long-distance revenues deteriorate, because that's exactly the direction that the Unitel application is taking us – you're right; a while ago you said that the rates had gone down. They've gone down in the long-distance market because you lowered them in July at the same time that you raised the monthly rates for most Albertans. So what we're going to see is the deterioration of revenues for these telephone companies, including AGT, from long distance revenues, and rates are going to have to go up on the local calls and in rural Alberta to help pay for it. That's exactly the direction it'll go.

Mr. Chairman, the government has not only had this whole fiasco of the NovAtel thing, but they've also messed up what was a reasonable system before because they said AGT was going to need \$2 billion in capital over the next three to five years. Well, by the time the government had taken its nearly \$1 billion out last year, by the time it takes out – what? – \$600 million or \$700 million or whatever it gets out of the sale the next time around for the other 44 percent, the people of Alberta and Canada are going to be relatively saturated with shares in Telus corporation. In order to get some new capital, the next move – because the company's not getting new money out of this recent sale, nor are they going to get any out of the next one – is for the government to proceed to sell the other 44 percent next fall. I suppose

you'll have to come up with a fire sale again to make it attractive so that shareholders benefit but taxpayers lose.

It's going to be two to three years from the time of the sale last spring before this new privatized company will be in a position to put out a prospectus asking for investments that will give it some new capital. In other words, you've really handicapped it for two or three years from getting new capital. In fact, with the government backing of AGT it could get all the capital it needed on a debenture basis. It didn't need to sell shares and become a private company; it could have stayed as a Crown-owned corporation, a utility, a natural monopoly serving the people of Alberta.

I just want to get into a little philosophy and policy direction, and this, perhaps, is a good stage to shift to that. In terms of telecommunications, the big fight is going to be whether the cable companies get to start offering data services and telephone services or whether the telephone companies get to offer cable services and data services. That's really what this big fight is about in terms of the CRTC hearings on the Unitel application. I notice how the government didn't appear at those hearings and didn't have anything to say about policy direction or defending rural Albertans' rates or rights in terms of the telephone industry, the parameters of who gets charged for what. You didn't appear, did you? In any case I think what we need to start doing with this whole telecommunications industry and other high-tech industries is to just have a little bit of a thought about where the treadmill is taking us. The minister seems to be saying: get on the high-tech treadmill; try to beat everybody else there. You're like a little hamster in one of these little cages. You get on one of these round machines, and you get it going around and around and around, and you can't get off. The faster it goes, I guess, the better it is or something.

#### 8:50

It seems to me that instead of having our agenda in the telecommunications industry run by Unitel with the backing of CP and fighting with Ma Bell and trying to impose on Canadians some particular kind of system that's going to make them a pile of money, what we need is for Canadians to have a debate about what kind of a system they want, and then see who can provide it. Yet that's not the way it's going. The whole system is driven by people out to make a buck, and believe me, they're not interested in whether it's good service or not. They're just interested in getting in there ahead of the other guy and making a buck as fast as they can. It's all part of that same corporate globalization process the minister referred to a few minutes ago, and it has its problems. I will try to get back to that later if I get time.

I wanted to talk a little more specifically about some of the strategic things the minister talked about in terms of the direction they're going. By the way, we will get to some of the points in the estimates, but really the action is not what's going on in the estimates, except for two or three questions that need to be asked. The minister did explain a few of the ones that one had to ask anyway. The action in the TRT Department, just the same as it is in Economic Development and Trade and just the same as it is in Treasury and as it probably is now in forestry and perhaps even some other departments, is not really the \$65 million of estimates in the book, in the details there. We've got a department, we've got some people, and altogether it costs us \$65 million. The action isn't there; the action is in the various investments that the government makes under different programs and sometimes not under programs but just straight under ad hoc funding.

I'd just like to take the minister to his own book for a moment, this one that he put out the other day, called *Advanced Technology in Alberta*. On page 5 he makes a statement that really can only be laughed at now, yet it sounded like a good idea to me. "Alberta Supports High-Tech in a Myriad of Ways" is the little headline here. This is page 5 under a heading called "A Helping Hand." It's very short, Mr. Chairman:

One of the founding rocks of provincial policy is indirect support for high-tech. The province simply won't give cash to companies to spend as they see fit. Rather it erects support systems and infrastructure to aid companies along the way.

Now, what is this about "the province simply won't give cash to companies to spend as they see fit"? I mean, what about Myrias: \$20 million of taxpayers' money? What about GSR: \$30 million of taxpayers' money? What about NovAtel now: I don't know how many millions it's going to get before we're finished? Of course the government gives millions, and in fact \$3.5 billion, in loans, loan guarantees, and investments, much of it in the ad hoc program, some of it in program funding.

In fact I noticed that the minister gave out his annual report. Of course, it came out late on Friday, and the TRT is up on Monday. We couldn't have had it a week or two ago so we'd have time to look through it. Well, I did look through it a bit, and I find that on page 21 there is a list of various departments and totals of money given out. The minister owns up in the year '89-90 to having some \$247 million in - Economic Development and Trade is in here. I don't know that the number has much significance, but I suppose if you compared it to the figures that we took out of the public accounts the other day, it might be of some interest. Perhaps the minister would like to get into the game of telling us how much money his department has put into various companies and how much of it was lost in different years.

The Minister of Economic Development and Trade tried to play that game, and he gave us some rather weird story that the loss rate was less than 5 percent, and in fact he said .1 percent and all this sort of stuff for different categories. The public accounts show that the government in 1989-90 lost \$228 million out of \$673 million of investments in the ad hoc funding. Now, when I took the minister up on that and mentioned it in the House, he said: oh, well, that's not my department; my figures were only for my department. Well, I suppose this minister could come up with some figures for his department that would make some kind of sense as to how much he lost out of how much he invested in some of these years. The public accounts in the sections we were reading don't distinguish. You can't go to the budgets and the public accounts record of what's in the budget after it has been spent and relate it directly to these loans, loan guarantees, and investment programs that the government makes on an ad hoc basis. This government has put a lot of money into a lot of companies that were on the way down, about to go under. Sometimes you wonder if their purpose isn't more to rescue old friends than it is to diversify the economy or save jobs.

The ad hoc program is one that is, then, pretty hard to justify and is not at all based on the principle that the minister put into that booklet. Not only is it hard to justify in terms of the dollars lost and the purposes of the loans, but also oft times I think the government starts giving money to a company that's in trouble, and because they don't want to keep on just doing it on an ad hoc basis, they then send them off to one of the programs, like the export loan guarantee program or AOS or some of the others, Vencap, that sort of thing. Some of those programs probably don't have as good a record as they had if they didn't

have this little added pressure to get into supporting a company that's already going down. Now, if a government is going to get involved in financing directly . . .

I guess I should back off for just a minute and say that a role for the government is to work with research with universities and the Alberta Research Council and some of the other research areas that we have going. I see the minister is starting to cut some of that back. Now, I know what he's trying to do. He's trying to get out of funding pure research and get into helping companies commercialize some of that research, and it certainly is very tempting. If his pockets are only \$30 million deep for GSR or \$20 million deep for Myrias, I hate to say it, but he isn't going to pick enough winners to make it. Either the minister should just put a few thousand dollars into very small companies just getting started and then stay the heck out of it, instead of committing millions of taxpayers' dollars, or else he should take the \$4 billion in the heritage trust fund in the cash and marketable securities sections and really make his pockets deep. If Myrias was going to make it, for example, you were going to have to compete with German companies getting \$130 million help from the government over a period of years. So either your pockets are too deep or not deep enough. I suggest that probably they're too deep; that is, you use the taxpayers' dollars too much.

I suggest that the minister should help with research and development, help with small companies trying to commercialize, with a few tens of thousands of dollars, maybe a hundred thousand, maybe \$200,000, but certainly not millions. You cannot pick enough winners to do that. If you had a climate where small entrepreneurs could just get that bit of seed money to get started, then somebody else, if the idea is good enough, would come along and pick it up and take it from there.

The minister has said that about one-tenth of the manufacturing in this province is in the high-tech industries. I'd like to remind him that I quoted in the House the other day the Canadian Manufacturers' Association saying that this government has no plans for secondary manufacturing development in this province, they have no committee of cabinet interested or that cares a darn about it, they have done nothing to help them, and the tax system is not the best in the country, like they keep saying. They point out that Ontario and Quebec are both better. I read that into the record the other day. All the minister has to do is look it up. So, Mr. Chairman, the minister has not got it all figured out. He's got a lot of problems. He's moving into a globalized economy that has no social conscience, and if I get a chance to get in later, I want to talk a bit about that. He talks about Europe '92. Well, Europe '92 is being built on the basis of a social charter, not just an economic union, and that's a whole different ball game than what this minister talks about.

I think the minister should resign because of the NovAtel fiasco, and I think he should resign because he has not helped to develop a national strategy on the economy that needs to be developed. What he needs to bring in as a partner are the working people of this province, and he has left them out totally.

9:00

MR. DEPUTY CHAIRMAN: The Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Chairman. As always, it's interesting to listen to previous speakers.

AN HON. MEMBER: Wasn't he insightful?

MR. BRUSEKER: He was really insightful.

The minister made some interesting comments I wanted to develop with respect to high-tech industry in the province. I certainly agree with that concept, but you know, I think as the previous speaker mentioned, there are a couple of notable disasters that need to be brought to the attention of the minister in case he's forgotten: the \$31 million in GSR that's gone, the \$20 million in Myrias, the exposure at NovAtel. When you add up all the sums of the \$525 million loan guarantee, the \$204 million loss, the \$175 million purchase price, and the \$21 million bailout of the Telus shares, it comes to a big chunk of money. That's a tremendous potential exposure.

Now, I note in looking at the annual report of the department that perhaps the minister has focused too strongly on the point on page 6 that says, "improving the availability of risk capital," because he certainly has made risk capital available to a number of companies that unfortunately have gone under. The minister stands up and says, for example, that GSR is still operating; it's a terrific success. Well, yeah. It's pretty easy to make a company operate when you've got \$45 million of investment and you can come along and buy it for \$2 million and keep going with it. Myrias never did have a sale, and we poured money into a supercomputer program there.

You know, there's also another part right underneath where it says "improving the availability of risk capital" that I want to point out to the hon. minister in his own annual report, and that says

attracting investment by international technology companies which will result in significant projects in our priority development areas.

We haven't seen those things. That's on page 6 also, by the way, hon. minister. I think we haven't seen some of the investment occurring that we need to have occurring in order for the development really to take place.

The minister talks about the great things that his department is doing. On page 21, that the previous speaker referred to, there's a chart talking about all the different departments and who has spent what in the promotion of science and technology in the province of Alberta. There's a long list. TRT does, admittedly, head the list, as appropriately it should, with expenditures of about just under \$50 million for the past fiscal year. But when you look at the total, it only represents \$1 in \$5 of this government's expenditure in high-tech industries. I'm wondering if that is really appropriate, that the department that's supposed to be fostering high tech is only spending \$1 in \$5 that this government spends in total in development of high-tech industry. It seems we've got something that's kind of mixed between doing something and not doing something, and I'm wondering, under all of the other departments that are listed there, if it's appropriate to see that kind of breakdown wherein the department doesn't by itself seem to be the prime mover behind science and technology.

Now, as I said in my opening comments, I do support the concept of the development of science and technology because I think the minister is right in his comment that went something to the effect that there's nothing in our lives, Mr. Chairman – yours, mine, and every member's in this Legislature and every member's of the province – that is going to have a greater and more profound effect upon our lives than science and the technology that comes out of that. From that point of view I think the minister is correct in that we do have a very important department here.

I think there are some other concerns. I think there are concerns in the Department of Advanced Education. His colleague behind him needs to be encouraged to promote

research and technology and promote students entering the sciences. I know that the Minister of Education is working and has worked in the past on modifying science curricula at the junior and senior high school levels to encourage students, both male and female in particular, to enter the science curricula. I didn't hear this minister, who is the minister responsible for science and technology, say anything that his department was doing to promote that. I'd be curious to know what's happening in his department, because he is supposed to be the prime mover behind science and technology. I'd like to know what's happening in that particular department with respect to at least developing an interest, that culture that's got to start, I believe, at the junior high level. When you get a 12- or 13- or 14-year-old student, how do you foster that love of science, that inquisitive mind that needs to be developed?

Those are just some general comments. I think there are obviously some terrific improvements that can be made, in particular in the Department of Technology, Research and Telecommunications and in particular in terms of developing that economic diversification strategy which we all want to see occur.

Having a look in the main budget book, we see on page 311 – and this is by way of a question to the minister – \$3,276,666 allocated to Salaries, Wages, and Employee Benefits, and those are being paid out to 62.4 full-time equivalent employees. When you take that figure for salaries and divide it by 62.4, you get an average salary of \$52,000. Now, my question to the minister is: doesn't that seem a little high, to be paying an average salary of \$52,000? Obviously some are going to higher than that; some are going to be lower. But an average departmental salary of \$52,000 seems a little high when those, as I understand it, are not the actual scientists doing the research themselves, the highly trained specialists, but are, in fact, in large part administrative personnel.

[Mr. Moore in the Chair]

Looking at vote 1, I always like to start with something positive, but the first thing that jumps off the page is an increase in the Minister's Office, vote 1.0.1, of 7 percent. Now, quite frankly, Mr. Chairman, I think that's absolutely ridiculous given (a) the past performance of this department and (b) the fact that the total department has had a reduction in expenditures of 12.5 percent. Last year's estimates were \$75 million; this year's estimates are just under \$66 million. Although the total department is going down and the total expenditures asked to be voted upon are going down, the minister says, "Well, I need an extra 7 percent in my office." Quite frankly, that just doesn't jive very well, with this member at any rate.

Now, the minister did make some comments about the Premier's council and how well it was performing. My question to the minister with respect to vote 1.0.8 is that there is a 31 percent reduction in the Premier's Council on Science and Technology; could he please explain why that is occurring? I think a Premier's council is an interesting idea, and I'm not saying that this reduction is inappropriate. I'm really just asking why that occurred.

A little bit of a concern with respect to Planning and Co-ordination and Business Development and Marketing. I notice again a slight increase in those two areas, and I wonder if the minister might comment on that a little bit.

Further on that same page, 313 in the large estimates book, there is Purchase of Fixed Assets reduced from \$110,000 in last year's budget estimate to \$60,000 this year. Again just a quick

question: why is that reduction really occurring, as well, in that particular area? Really, I guess, what was the \$110,000 spent on last year, and what are they anticipating spending \$60,000 on this year?

Now, vote 2 is an interesting vote when we look at the main estimates book and the element details. It's really quite puzzling. The minister did refer to the Microelectronic Centre that's under 2.1.2 and in fact is mentioned in the annual return that was tabled, in terms of some of the things that they do. But when I look at some of the other numbers, we see some wild fluctuations, percentage variations anywhere from 35 percent on up to 185 percent. Sort of a general question with all those is: why are we seeing the tremendous fluctuation, really vast differentiations? The minister really didn't make much comment about them, so I'd like to take a bit of time and just sort of go through them.

The Telecommunications/Information Services I know is referred to in the annual report as the tactical command, control, and communications system – IRIS project – but a substantial variation in cost from a little over three-quarters of a million to a little over a million dollars. The Westaim project is mentioned in two locations, in votes 2.1.6 and 2.2.6. I have had the opportunity to tour the Westaim project out at Fort Saskatchewan and to meet with some of the people out there, but again a vast difference.

#### 9:10

If I can look under Infrastructure Development and Support, last year's budgeted amount was \$11 million, and we're cutting it all the way back to 2 and a half million dollars this year. That's a tremendous change. Over at 2.2.6, last year \$3 million was budgeted, and we're doubling that to \$6 million. So the total budgeted last year was \$14.1 million. The total budgeted this year in those two departments is \$9 million, for still a net difference in excess of \$5 million. I think the minister will agree that that's a substantial change, and I wonder if he could comment on why that is occurring. I know it's a five-year project, joint cost shared, but I'm wondering about the particular direction of what's happening in that particular project with respect to those figures that I just mentioned.

Advanced Technology and Engineering Support. I believe that is C-FER, the Centre for Frontier Engineering Research; it's easier to say C-FER. Again a 185 percent increase in the budget, from just over a million to almost \$3 million this year: I wonder if the minister might comment on that.

A question in section 2.2, Commercialization of Advanced Technologies. The minister already referred to the \$648,000 going to Biomira, but I am unclear as to what the project was that was slated for the \$3 million expenditure that was up last year. Last year there was a budget referred to of \$3 million, and the year before that was \$7 million. It was reduced from \$7 million down to \$3 million, and now it's gone altogether. I'm wondering if the minister might comment on what project has apparently gone down the drain there; again, not that I'm criticizing the budget reduction. I'm just curious as to the change in direction.

Vote 2.2.7, Emerging Technologies, has been cut back, and I'm wondering simply if the minister might elaborate. I couldn't find any reference to that in the annual report. Specifically I'd like to know what kinds of technologies those are, and in particular, can the minister tell me which companies are involved? The reduction from \$2.7 million down to \$1.8 million is a fair chunk of money.

Similarly, the minister made a passing reference to the Medical Innovation technology section. That is, I believe, referred to in the annual report as well, but I didn't see details in terms of what kinds of things were being proposed there.

Overall, I guess, as the minister said, there is a proposed net reduction from last year, \$32 million down to \$24 million, quite a reduction in terms of the expenditures. I think that's a positive step, but more importantly, rather than simply a reduction in the dollars – and this is a caution I would advise or suggest to the minister – is to ensure that we have the watchdogs in there if we're giving money. For example, let's pick out the \$648,000 going to Biomira. If we're putting money into something, are there adequate controls, overseers, auditors – call them what you will – that are watching to see that that money is expended properly and that money is being used for the purposes for which it's designed? I think that's a major concern that I certainly have and that I've heard from many, many Albertans as well, Mr. Chairman.

The minister made reference, I believe under this section also, to the centres of excellence network, and I think we in Alberta can be substantially proud of the fact that we have 12 out of 15 centres of excellence located within the province. I think that is a step in the right direction, and I do want to applaud the minister and his department for that. However small a step it is, it is, I believe, a step in the right direction and an appropriate step for this department to be taking. The minister, I think, mentioned that it was a \$4 million expenditure over three years. When you divide that amongst the projects, it works out to about \$60,000 per project per year – when you do a little arithmetic on it – which is basically, I guess, probably one researcher's salary. The question that springs to my mind out of that is: is there a budget allocation for the hardware, for the stuff of science, the physical material that they need to do the projects? It's one thing to have the researcher in place, but if he's got nothing to work with, it's like a carpenter trying to build a house without work with, it's like a carpenter trying to build a house without nails and two-by-fours.

Moving on to vote 3, Natural Sciences and Engineering Research. Basically this is the Alberta Research Council. Again, looking at the Alberta Research Council, there were a number of questions that sprang forward as a result of a quick review of the annual report for 1990 that was tabled in the House earlier. As I look at the annual report, last year the total revenues of the Research Council were about \$47 million; \$24 million came from the provincial government, from this department. Last year there were \$13 million worth of contract revenues from other than government agencies. Now, my question is: is there a move down the road – a year, 10 years, five years, whatever – to make the Alberta Research Council more self-supporting? I think the directions of the Alberta Research Council are appropriate, support for government business and agencies is appropriate, but in reviewing the description, this year we're asked to support \$24.8 million for the Alberta Research Council. The large budget book on page 316 says it's "to provide financial assistance for research and technical support services to private business and Government." My question is: how is that split up? Last year's total revenues were, as I said, nearly \$48 million. Out of that \$48 million of total contract revenue, how much of that work is provided for government agencies, and how much of that work is provided for private industries? What I'm trying to find out is how much of the work that's provided for private industry is paid for by that private industry.

Similarly, I noted that in the annual report of the Alberta Research Council on page 15, note 4, it says the Alberta

Research Council "has purchased one limited partnership unit comprising 10% in SPURT Investment Fund 1." This was an investment of \$300,000, of which already \$100,000 has been written off. My question to the minister is: why would the Alberta Research Council invest in a SPURT Investment Fund, when that to me seems at variance with their mandate to provide service to private business and government, particularly in light of the fact that it's already written off \$100,000 of the book value remaining, \$200,000 out of the \$300,000 originally invested?

Also, I noted that there has been a 5 percent reduction in the Alberta Research Council grant this year. I'm wondering if that's a representation of the fact that in fact there is a higher rate of return from private industry, or have there been layoffs or have there been cuts in programs? How was that 5 percent reduction in grant achieved, in other words, in vote 3 on the Alberta Research Council?

Looking at the final vote, 4, Multimedia Education Services, this is the Access Network. The minister said that this was their 18th year of operation. Recently there has been some action on this front, I guess would be the way to describe it, with Access pursuing at least the concept of getting advertising on their television network. I have not heard any statements from the minister with respect to a future direction for Access. Is this going to be supported by the government? I know that Access probably falls under the jurisdiction of the CRTC, but I'm wondering if the government has a policy with respect to advertising on Access. The reason I ask that is that when I think of, for example, our other national network, the CBC – at least they used to be national until they sold out of Calgary, at any rate – they've got advertising just like all the other private networks. To be honest, I'm not sure that the quality has been improved by selling advertising. So my suggestion to the minister is: we do need, I believe, to get more private capital backing Access, but I'm wondering if it might not be more appropriate to pursue large corporate sponsors, who might sponsor a program and there would be a 10-second clip or a 15-second clip. For example, there might be something at the beginning of a program: "the following program sponsored by the Ford Motor corporation." That would be the sum total of the advertising. That would have the effect of reducing, perhaps, the need for future government large-dollar investments but would also prevent Access from becoming a largely commercialized network, as other networks are. The quality of some of the programs on Access I think is really terrific, and I would like to see Access maintained in the province, but I think we do have and this government has a commitment to reduce the expenditures wherever possible, so that's a suggestion I would make to the hon. minister.

9:20

Now, in reviewing all of the different things that are happening around the province: NovAtel is one and Myrias Research Corporation is another that has experienced difficulty and GSR. I think MagCan obviously is another one with which the minister, in light of the new technology side of things, has been involved. I'm afraid that I really have difficulty in supporting some of the directions of this government, and I really think that since this is a big business or at least a business-oriented government, clearly the concept of pay for performance must be considered. Given the past performance of this department and this minister in particular, I think I would certainly suggest that it's appropriate that we attempt to turn around NovAtel. I would certainly hope that over the next year NovAtel can be

transformed, miraculously perhaps, from a company that lost in excess of \$200 million to a company that will make a profit in the next year. Even if it's only a single dollar, I think that that is a must.

I seriously question some of the statements I've heard, that information was made available as quickly as possible and in as full detail as possible. I think the total exposure that is a potential with NovAtel, the total risk that we face is absolutely horrendous. All those figures that I've mentioned earlier, in summing them up, represent, Mr. Chairman, a total of 7.3 percent of this total budget document. The total budget document is simply at risk with respect to NovAtel. Now, if NovAtel can't turn it around and a buyer can't be found and there's no way for this government and this minister to get out of it, we are going to be at risk for the single biggest loss in the history of this province, if NovAtel goes down the drain. I certainly do not hope that occurs, but given the exposure that has occurred, given the risk that we face, given the fact that Robert Bosch looked at it and got out, given the fact that AGT looked at it and said, "We don't want it; you guys buy it back," and given the fact that nobody else has come along with the kinds of dollars that are apparently needed to buy this company, I have serious questions and serious doubts in my mind whether we're going to be able to actually have this company as a viable, successful operating company two or three or four years down the road.

With that in mind, I have a motion which I'd like to have distributed to the House, if one of the pages will come along. I'll wait for a moment, Mr. Chairman, until you receive that.

MR. ACTING DEPUTY CHAIRMAN: Hon. member, we'll wait a moment until the copies are distributed.

MR. BRUSEKER: Certainly.

#### Minister's Salary

Moved by Mr. Bruseker:

Be it resolved that under vote 1.0.1, the Committee of Supply reduce the salary of the Minister of Technology, Research and Telecommunications to \$1 annually.

MR. BRUSEKER: Given the evidence of the past year, I have to make the motion.

AN HON. MEMBER: That's 99 cents too much.

MR. BRUSEKER: Yeah. That may still be rather generous, Mr. Chairman.

I think all hon. members have certainly the intent if not the actual paper copy before them. Given the . . .

MR. DAY: Is that a one-time payment, or is that spread over a year?

MR. BRUSEKER: I hadn't considered that, but I was going to suggest that given the uncertainty of the Provincial Treasurer's budget, I will offer a loan guarantee for the entire sum written on this paper so that the minister in fact gets it, which may be surer than the salary he's now receiving.

However, having made this motion, I would simply also like to add that if in fact NovAtel can be turned around and if in fact the department improves the performance that has been so

sadly lacking in the past, then I will have a matching motion to return his salary to that which should be paid to a . . .

AN HON. MEMBER: Profit sharing?

MR. BRUSEKER: That would be an interesting concept that I would no doubt entertain. I'm not sure that the hon. minister would want to discuss profit sharing if it also entailed perhaps loss sharing of NovAtel if he had to pay for that out of his personal pocket. I think that given the past performances, I feel quite comfortable in moving the motion, and I will cease my comments there.

Thank you, Mr. Chairman.

MR. ACTING DEPUTY CHAIRMAN: Now speaking to the motion, Calgary-Mountain View.

MR. HAWKESWORTH: Imagine my surprise, Mr. Chairman. From the Liberals. For past performances they're asking the minister's salary to be reduced to a dollar annually. You know, I can't believe it. The Liberals in this Assembly – when it came down to a vote about the most significant policy initiative of this minister in the last 12 months, what did they do? They supported him. Who was it in this Assembly that supported the privatization of AGT along with the government? It was our friends over here in the corner, the Liberals. Now, almost 12 months later, the hon. member stands in his place because I guess the minister didn't do a very good job of privatizing AGT, which they supported. Now I guess they're trying to . . . [interjections] Well, NovAtel. If it had been a Liberal government instead of a Conservative government, they wouldn't have done any differently. They would have privatized AGT, and now they're here suggesting that the minister's salary be reduced to a dollar.

Well, I guess that's about in the same category as a Liberal Party membership, so you know, maybe it's worth something. I don't know. I just think that when a party in this place supports an initiative, they should take the lumps as well as the credit. To try and back away from their support on the privatization of AGT I think is a very interesting . . . [interjections] Well, they're both wrapped up together, hon. member, and you should realize that.

I just have seen lots of things occur in this place, and I'm sure I'll see lots more before I leave, but I must say I am surprised that this party would choose this minister over this initiative to bring forward this motion.

SOME HON. MEMBERS: Question.

MR. ACTING DEPUTY CHAIRMAN: The question has been called now on the motion by the Member for Calgary-North West. Those in favour of the motion as presented by the hon. Member for Calgary-North West – are you agreed?

SOME HON. MEMBERS: Agreed.

MR. ACTING DEPUTY CHAIRMAN: Opposed?

SOME HON. MEMBERS: No.

MR. ACTING DEPUTY CHAIRMAN: The motion is defeated.

### Technology, Research and Telecommunications *(continued)*

MR. ACTING DEPUTY CHAIRMAN: We'll now proceed back to the speaking order on the estimates. Pincher Creek-Crowsnest, please.

MR. BRADLEY: Mr. Chairman, thank you for the opportunity tonight to speak on the estimates of the Department of Technology, Research and Telecommunications. As the chairman of the Alberta Research Council, I want to present to the House tonight some of the very exciting things that are going on in the Alberta Research Council.

Before I get into that, I felt moved to respond to some of the comments made earlier in the House, particularly by the Member for Edmonton-Kingsway. I think it's totally inappropriate for him to ask for the minister's resignation. I just think that's a totally inappropriate request. He made that on the basis of the privatization of AGT. I think the minister should be commended for how he has honestly and openly dealt with that issue. As information has come forward with regards to the privatization of AGT, the minister has responded as quickly as the information has come to him and apprised the public of Alberta and the people involved exactly what those circumstances were.

9:30

Let's look at Telus. The hon. member opposite suggested that this has been a negative for the province of Alberta. The hon. member forgets, perhaps, that with AGT in the ownership of the province of Alberta there was a \$2 billion loan guarantee which would have to be backed by the people of Alberta. With that privatization we no longer have to back a \$2 billion loan guarantee with AGT, which had been predicted that it may have required being increased to \$3 billion to \$4 billion in terms of a loan guarantee into the middle of this decade. The other thing one should note is that AGT has not paid one cent in dividends back to the people of Alberta in terms of that ownership. In terms of the privatization it has been positive for this province in terms of the dollars we have received from that privatization which have gone to the General Revenue Fund to reduce our deficit position. The other positive, in fact, is that the other part of the Telus shares which were held in the Heritage Savings Trust Fund have already increased in value by some \$130 million.

Now, in terms of NovAtel, I think where the responsibility lies is that the management of NovAtel has to be held accountable, and the minister has dealt with that. There have been changes in the management of NovAtel, significant ones, and they have been given direction in terms of moving forward. So I think it's totally inappropriate to ask for the minister's resignation. I ask the question: has the minister acted improperly? No, the minister has not acted improperly. That would be the only ground, in my judgment, on which you could make this request. So I think it's totally inappropriate to make that request this evening.

Some of the other things the hon. member said led me to believe that he didn't think we could compete in the global world economy. He mentioned some comments from the Canadian Manufacturers' Association. I'd just like to say what others are saying about what we've achieved in terms of diversification, particularly in the high-tech area of advanced technologies. Bill Croft, president of the Calgary Research and Development Authority, estimates that during 1990 there were 900 high-tech companies in Alberta, employing 19,600 people and earning revenues of \$2.9 billion. Now, that has to speak, I

think, in a very strong way to the positive impact this government had in terms of the creation of the Department of Technology, Research and Telecommunications, and particularly the leadership of the minister over the last two years. Mr. Croft goes on to say that 90 per cent of our high-tech businesses, accounting for 70 per cent of the total revenue, were born and raised here in Alberta. We've got to be proud of that. He goes on to point out that the earnings of these high-tech endeavours have doubled and redoubled since 1980. So that's a real success story.

The other comment I wanted to make in terms of some remarks the member made regarding our tax competitive position - I'd like to quote from the Investment Dealers Association of Canada investment outlook in October of 1990. This is what they had to say about Alberta and where we're headed in talking about our tax competitiveness. They said:

Alberta is better positioned than most Canadian provinces to weather the coming downturn in economic activity. The rate of growth in business investment in Alberta will outperform business spending growth in almost in almost every region in the country and, in per capita terms, lead the country for the third consecutive year. Steady investment in the energy, forestry and utilities sectors will contribute to buoyant real growth, averaging 2.5 percent, more than double the national rate, and continued job creation.

They go on to say, and this what I want the hon. member to hear:

A well-managed deficit reduction program over the past five years, emphasizing expenditure restraint, has strengthened the province's fiscal position. It has also enabled the province to build the most competitive provincial tax system in the country . . .

"The most competitive provincial tax system in the country," I emphasize.

. . . for investment and economic growth.

Now, there is a counterpoint to what the hon. member has stated this evening.

I wanted to comment also in terms of the remarks of the hon. Member for Calgary-North West, Mr. Chairman. He referred to the figures in the annual report of the department on page 19 relating to the total government expenditure on science in the province, and it comes to some \$247,262,000 in terms of science expenditures by the provincial government. It should be noted that this is the highest per capita investment in science-related activities of any government in the country. So it's very significant, what this government is doing to support science and technology.

The member asked some specific questions relating to the Alberta Research Council in vote 3. Some of those I'll probably cover in my remarks this evening. He asked about our contributions last year in the area other than government agencies, referring to the annual report of 1990. There's some \$13,199,000, which is related as Other. Those are private-sector contracts. Those are contracts which the private sector has taken with the Alberta Research Council in that particular year. He asked how much of the revenue indicated in the annual report of 1990 came from government agencies. Well, there's a \$24.4 million grant in 1990, and \$10,003,000 came from other government agencies in that fiscal year.

He also asked about the SPURT Investment. That was undertaken some years ago, Mr. Chairman. I noted in the hon. member's remarks that he said we should be doing more to assist in terms of smaller enterprises in the province, and this was an investment along with other agencies in terms of a capital venture fund specifically to make equity investments in the early stage technology development enterprises, small

enterprises. That was the purpose of that particular investment. It was made some years ago and is recorded on the books of the Alberta Research Council.

He asked about the 5 percent reduction in the grant in terms of this year's estimates. Basically, in the previous year there was a \$2 million item in the grant to the Alberta Research Council which covered recapitalization. That recapitalization aspect is not provided for in this year's estimates, and that is basically what has caused the reduction in the grant in this year's estimates. Also, one must be cognizant that all agencies of government have to make a contribution in terms of our deficit reduction philosophy and moving towards a balanced budget. So in this year's budget the \$2 million capitalization was not provided for.

I wanted to say one other thing, Mr. Chairman, in terms of advanced technology in the province today. I should note that there have been some significant announcements taking place today. I was out at Fort Saskatchewan at the official opening of the Westaim project, which is a \$140 million investment by Sherritt Gordon, the federal government, and the provincial government in advanced materials: very significant, very impressive, and it's going to lead this country into the 21st century in terms of advanced materials technology. We also this past year had the opening of C-FER, the Centre for Frontier Engineering Research Institute, which is supported by the federal and provincial governments and private industry: just many significant things happening in the province today.

Mr. Chairman, I wanted to talk about the Alberta Research Council. The minister has alluded to the fact that it's our 70th year, our anniversary, a birthday, a significant milestone for the Alberta Research Council. We're celebrating that throughout the year with various activities. I'd like to acknowledge the commitment and dedication and foresight of our current president, Dr. Clem Bowman, in terms of the direction the Alberta Research Council has been taking over the past four years. Dr. Bowman is retiring at the end of May of this year, and I think we as Albertans owe him a great deal for his involvement in science and technology in this province over the past number of years. He was the first chairman of the Alberta Oil Sands Technology and Research Authority. He served us with distinction in that capacity. He then went back to private enterprise and came back to us in the form of president of the Alberta Research Council in 1987. So we wish Dr. Bowman the very best in his retirement.

His successor, Dr. Brian Barge, has been an employee of the Alberta Research Council over at least a decade and has distinguished himself in a number of areas, latterly as vice-president of development and planning for the Research Council, and he'll be assuming those duties on June 1. He's been very involved in the work leading up to our new corporate plan, which I will be speaking about later, and we're looking forward to continued success of the Research Council under Dr. Barge's leadership in the future.

I should acknowledge in the gallery Dr. Bob Green, our vice-president of operations, who has served with the Research Council for over 25 years, I think, and has been a very valued employee.

**9:40**

[Mr. Jonson in the Chair]

The Research Council started back in 1921. It came out of the University of Alberta, a small group looking basically in the geological and mapping areas of the province, natural resources.

One of the significant patents which has helped advance the economy of the province was a patent by Dr. Karl Clark of the Research Council, the hot water process in terms of extraction of bitumen from oil sands, which is really the cornerstone of the oil sands industries in this province today.

Several things have happened since the Alberta Research Council was founded back in 1921. We've seen the Research Council develop as the oldest and largest of the provincial research organizations in Canada. Today we have a budget in excess of \$54 million for this fiscal year. The next closest research council in Canada is the one in Quebec, which has an annual budget of about \$35 million, and the Ontario research council, ORTECH, had a budget of \$31 million. So even though we are not a large province in terms of population in this country, we're leaders in terms of a provincial research organization. We have expanded from a modest presence at the University of Alberta to our large laboratory facility at Mill Woods. We have involvement in the Coal Research Centre at Devon. We've expanded to Calgary with our advanced technologies department, employing over 60 people there. We recently opened our oil sands and hydrocarbon recovery research support centre at Clover Bar, just outside of Edmonton, and we have employees at Terrace Plaza here in Edmonton, basically the Alberta Geological Survey. We now have over 600 employees at the Alberta Research Council.

I wanted to mention some of the successful things we're doing with the Research Council. We have a joint research venture program, which is funded 50 percent by ourselves, 50 percent by industry. It's helped a number of small and medium sized enterprises in the province to move forward and bring new products to the marketplace. One example is Standen's in Calgary. We helped install a robot on their steel spring line, and that has been very important to them. It's an example of a successful joint research venture. Another was Intera Technologies, which is now winning contracts worldwide. It initially had a very small joint research venture with the Alberta Research Council back in the early '80s and has become an international success story in terms of technology.

We have exciting things going on in the coal research area: a coal agglomeration process funded by ourselves and a consortium of 20 companies and institutes from Canada and the United States. The Electric Power Research Institute of Palo Alto, California, is one of the drivers behind that. We've come up with a very interesting process which reduces the volume of ash involved in the coal, removes some of the waste material, some of the environmentally unfriendly material, like sulphur, from the coal. It's a very exciting process, and it can also be used in terms of waste cleanup. It's something that is very well worth visiting if one is out at the Coal Research Centre at Devon, to see this \$4 million pilot plant in operation, which I believe is going to do great things in terms of upgrading our coal reserves in the province and also in terms of environmental cleanup technologies.

We also have the Biotechnology Pilot Plant at our Mill Woods facility. We have companies such as Biosis, a California company that is using our facilities to scale up into commercial production a benign nematode which can be used as a biological pesticide. The Electronics Test Centre, which is an investment of the Alberta government at the Alberta Research Council, has assisted numerous small electronics firms in this province in terms of the tests they perform there, which allows these companies to get into the commercial market without having to go to eastern Canada or the United States for these testing requirements. The Electronics Test Centre has recognized

standards testing for a number of Canadian standards and other international standards, including Japan and the United States.

Mr. Chairman, I wanted to review with members the new corporate plan for the Alberta Research Council, A Vision to the Year 2000. Tonight members will find on their desks in a brown paper envelope a copy of the Alberta Research Council's corporate plan, A Vision to the Year 2000. I mentioned earlier the Alberta Research Council's base as being established in 1921. We're celebrating our 70th anniversary, we have a tradition in Canada as having been the first provincial research council established, and we are the largest, as I indicated earlier.

Our new corporate plan is A Vision to the Year 2000, and it was developed with input from Albertans. It was circulated broadly in draft form to over 1,000 Albertans. It has been reviewed by the Premier's Council on Science and Technology. It's been reviewed by TRAC, the Technology Research Advisory Committee, which has on it all government research agencies represented. We met with the presidents and chief executive officers of the leading industrial companies in Alberta, both in the Calgary and Edmonton areas, and leading research agencies in the province. We had regional meetings with economic development groups in Fort McMurray, Grande Prairie, Red Deer, Lethbridge, Lloydminster, Vegreville, Medicine Hat, and in Edmonton and Calgary. We had input from our universities, from other provincial research organizations. We sent out a questionnaire, and we had considerable staff input.

Mr. Chairman, the corporate plan for the Research Council puts forward a new vision statement for the Alberta Research Council. It states that

by the year 2000, the Alberta Research Council will be an internationally recognized technology corporation, and a valued and important partner in the emergence of a globally competitive Alberta.

The Alberta Research Council is convinced it can play an important role helping Alberta's private sector meet global competition by the timely introduction of new technology.

Mr. Chairman, the mission statement of the Alberta Research Council in our new corporate plan reads as follows:

Responding to the needs of the private sector, and supporting activities of the public sector, the Alberta Research Council will advance the economy of the province by . . .

- promoting technology development and application,
- performing applied research, and
- providing expert advice, technical information, and scientific infrastructure.

Mr. Chairman, in drafting our corporate plan we had an analysis done of the contributors to Alberta's gross domestic product. It's very interesting, when we look at the areas of contribution to the Alberta gross domestic product, that the activities in which the Alberta Research Council is involved very closely reflect those areas of activity and contributors to the gross domestic product of the product, and that's outlined in charts in the corporate plan.

In A Vision to the Year 2000, we set out three principal goals. These were established, and we will measure our future programs and activities by these three corporate goals. Those three corporate goals are as follows. Firstly, we want to link advanced technology to our resource [industries] to enhance the competitiveness . . . and to help launch advanced technology companies into . . . international markets.

Our second corporate goal is

to ensure that sustainable resource development will provide long term continuity to the wealth-generating sectors of the economy.

And thirdly, we wish to establish private- and public-sector partnerships and cofunding arrangements

to focus Alberta's human and technical resources on key economic priorities.

Mr. Chairman, in terms of the first corporate goal, linking advanced technologies to our resource industries: this is very important. Canada's advantage in the world is that we have a large resource base, but we can't continue to produce and ship raw products only. We must ensure that we have value-added in our resource sector. So one of our key areas we're going to look at is how we can assist resource industries in reducing their costs and increasing their product value. Another aspect of this will assist our advanced technology companies through the benefit of having their products validated here at home. If we can validate these products here at home, it will provide them the opportunity to enter into the international marketplace.

9:50

One example of our goal of linking advanced technologies to our resource industries is in terms of the oil sands industry. Back in the 1970s the teeth on the bucket wheels which were used to mine oil sands were virtually disintegrating in a very short period of time, a period of days. It looked like it was going to be a total disaster in terms of the mining of oil sands, but we were able to link some of our advanced materials technology to those bucket-wheel teeth, and through that we have a very thriving oil sands industry in the province. If we hadn't been able to get over that technological hurdle in terms of improving the quality of those teeth, Mr. Chairman, we wouldn't see the oilsands plants doing what they are today in terms of the production of synthetic crude oil.

Our second corporate goal relates to, as I've stated, ensuring sustainable resource development. We recognize that natural resource development and environmental protection must be managed for the long term, and the Alberta Research Council has a long history in this area through our land reclamation programs in terms of mined out properties which were funded through the Heritage Savings Trust Fund over a period of years. We are looking at new processes to reduce emissions. We've been involved in recycling in the waste management technologies in the province, and we manage the Alberta waste exchange for the province.

One of the third goals relates to partnerships, particularly with the private sector. The hon. Member for Calgary-North West asked some questions with regards to the direction which the Alberta Research Council is heading in terms of private-sector contribution to the Research Council, and the direction in which we are headed is very definitely stated in our new corporate plan. We would like to reach the target of 50-50 funding between the private sector and the government sector by the year 2000, so we would become a true joint venture.

If one looks back at the history of the Research Council, in 1980 93 percent of the activity of the Research Council was funded by government. In the 1986-87 period about 87 percent of the research was funded totally by government. In 1987 in our direction document we set out a goal and a target that by the year 1992 one-third of the funding would come from nonprovincial sources, with the other two-thirds coming from the province of Alberta. We believe we've met that test one year ahead of schedule in terms of one-third funding from the private sector. So we're headed in that direction. It doesn't mean that we are looking at all in terms of becoming privatized. We think the Alberta Research Council forms a very important link in terms of the government's diversification strategy, and we believe we are a very important partner in that strategy.

In terms of looking at where that investment has gone, our contract revenue has come to the Research Council from nongovernment sources. If one goes back to 1986-87, about \$5 million of our revenue came from the private sector, or nongovernment sources. In the current fiscal year, 1990-91, we estimate that that will be somewhere around \$18 million, over a threefold increase in less than 5 years. So we are really working toward that model of becoming a joint venture with industry. We think that one of the challenges we face in Canada in terms of the future competitiveness of our economy is that we have to increase the amount of R and D done by the private sector, and we think the Research Council can play an important role in being a catalyst to in fact achieve that.

Mr. Chairman, we have six corporate strategies which we've outlined in terms of achieving our goals. They are in six areas: linkages with the private sector, linkages with the Alberta government, linkages with Canadian research institutes, linkages with Alberta universities and colleges, linkages internationally, and a goal of promoting a science culture.

First, in terms of linkages with the private sector, how do we intend to achieve that? We want to focus on both our large and small firms in the province. There are a number of areas in which we can do that: through contract research and development; our joint research venture program, which is a 50-50 program and which I mentioned earlier; through developing research consortia; through subcontracting, and we have a program with the federal government in terms of procurement, where we can assist the private sector in subcontracting to the federal Department of Supply and Services. We're involved in technology transfer. We think there's a great opportunity there that we can act as a broker in terms of bringing to the province technology which can be utilized by our private-sector firms. We have an industrial technology advisory network in the province: we have 11 industrial technology advisers helping our small and medium sized enterprises, and we have set up a technology 1-800 line. To date we've received over 3,000 requests for technical assistance on that 1-800 line.

The second area of linkages I mentioned was with the Alberta government. We considered the Alberta Research Council to be the Alberta government's corporate research arm. As outlined in the estimates here this evening, we received a core grant of some \$24.8 million this year, and that will be focused largely on joint programs with industry. We estimate that we will receive revenue of approximately \$10 million from other government departments. One example of those joint programs we have with other government departments is in the oil sands area with the Alberta Oil Sands Technology and Research Authority. The geological survey is cofunded with the Department of Energy. We have a lot of work going on in our forest development labs with the Department of Forestry, Lands and Wildlife. We have had a contract in climate monitoring with Alberta Environment. We do soil survey and soil conservation work with Alberta Agriculture.

We have been active in developing linkages with other Canadian research institutes. Many of these institutes can contribute to Alberta's research capability and, in turn, assist our private sector. We have formal links with the National Research Council through the industrial research assistance program. We also have collaboration with them on expert systems. We have linkages with CANMET, the Canadian Centre for Mining and Engineering Technology, in petroleum and coal research and development. We have involvement with the Electronics Network Association in terms of electronics technology, we have linkages with the Saskatchewan Research Council in petroleum

R and D, and we have linkages with many other research institutes, including the Alberta Environmental Centre. We will work at improving our linkages with the Alberta Environmental Centre over the next year in terms of wildlife management and other environmental and waste management projects.

We also are a member of the Association of Provincial Research Organizations, which is the network of the major Canadian applied provincial research organizations. We developed linkages with our Alberta universities and colleges, and this will help provide basic research support for the Alberta Research Council's programs, will facilitate technology transfer, and will help train and retrain Alberta's scientific staff. We have memoranda of understanding with the University of Alberta and the University of Calgary which will provide access to basic research, human resource development, and innovation and technology transfers. We see a new deal in the making in terms of our relationship with the universities, our ability to assist with their graduate students working in our facilities, and the provision of adjunct professorships in which Research Council staff can be professors at our universities and in turn university professors can work at the Alberta Research Council. We can look at sharing of equipment and pooling of expertise.

We've also signed memoranda of understanding with our technical colleges. With SAIT we have a memorandum of understanding in the prototype development area, and with NAIT in the biotechnology and training area, and we intend to expand our programs into the community colleges also.

Internationally we think it's important to develop linkages.

Thank you, Mr. Chairman.

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

MR. HAWKESWORTH: Thank you, Mr. Chairman. I must say that I was disappointed in the minister's address this evening. I thought that he would use this opportunity to fill us in about what's been happening and what's going to be happening at NovAtel. But instead of hearing something of substance from the minister about probably the most important issue facing this department at the moment and what has been the most important issue facing this department in the last eight or 10 months, we got platitudes about risk-taking, wealth creation plans, et cetera, et cetera, et cetera, but not any hard information about what has gone on in that company over the last year or so in this long and sad and very expensive litany of failure and loss. He had the opportunity tonight, Mr. Chairman, and I'm sorry that he declined to use it, because that's part of the pattern that's been emerging in the way this minister and this department have chosen to respond to the crisis at NovAtel. There's a consistent pattern of avoiding coming to grips with the reality of losses, and mounting losses, with NovAtel.

10:00

Now, it all began back in September when this minister and this government issued a prospectus to privatize Alberta Government Telephones in the form of Telus shares. In that prospectus were future earning projections for NovAtel. In fact, I believe the forecast profit was something like \$4 million this past year. The first thing I'd like the minister to have told us was: why would you put future earning projections in a prospectus anyway? Who made that decision? And who was it that failed to check the projections to make sure they were correct? Because as we've subsequently found out, they were radically incorrect, suggesting to me that somebody in the minister's

department or in AGT, Telus, or NovAtel failed to show due diligence in the preparation of that prospectus. To this day the minister has not told us who was responsible for the decision to include future earning projections in the prospectus anyway. From that critical decision, Mr. Chairman, everything else flows.

In the middle of the share offering, because of those future earning projections, because they were included, all of a sudden they found out that the information was false and misleading, which carries substantial penalties in this province, as it should. But it forced this government, in order to deal with an extremely embarrassing situation, to write into a revised prospectus an indemnification agreement or an indemnification of the shareholders by the taxpayers of this province, whereby the government agreed that they would buy back NovAtel and make other compensation should Bosch, the German company, pull out of its proposed purchase of NovAtel. Had those earning projections not been included in the prospectus, it would have been caveat emptor. The buyers of Telus shares would have had to accept whatever was there, including the good and the bad - the good, the bad, and the ugly - including NovAtel, its losses and its failures in its operations, had future earning projections not been incorporated in the prospectus. So some crucial questions the minister has avoided telling us about.

Then we're told by the minister that he found out about it just like everybody else. You know, here it is September 10, and when they should have known, seven days after they issued their prospectus, they find out that it was a false prospectus. Well, that tells me something about the company right there. If the people within the company were feeding false or wrong information or weren't on top of the information, it tells me something about the management of that company. It also tells me something about the people on top who were responsible for the operation of AGT and its subsidiaries, including the people in the minister's office. Were they genuinely not informed? Did they genuinely not know? That's quite possible.

Even if we give the minister, and I will, the benefit of the doubt that he found out about it just like everyone else, that should have been the last time that this minister would have been hearing about bad news from NovAtel at the same time as everybody else. That should have been a very important lesson to learn. In the middle of this share offering, to be faced with a politically very, very embarrassing situation would have said something to me about what's going on in that company, and I would have tried immediately to get to the bottom of it. Now, whether the minister did or didn't, the point is that he has left us clearly with the impression that he didn't follow through or make an effort to find out what was going on in that company. In fact, I'm being left with the distinct impression that this minister and this government are tending to cover for the management that used to be at NovAtel and the decisions that they made, leaving them with the politically embarrassing situation that the more enmeshed they become in this situation of trying to cover for the management at NovAtel, the more they become tarred with what's going on in that company.

I mean, now they've issued an indemnification agreement within the middle of the share offering in order to compensate for an incredibly embarrassing situation. In that indemnification agreement they commit themselves to buy back NovAtel if Bosch pulls out. Now, having committed my government to something like that, it would seem to me prudent to find out exactly what the risks were that I had put the taxpayers and the government into, so at the time that Bosch did decide, on November 30, 1990, I would have been in a position to know what was going on in NovAtel and have some tough questions to put to the

management of that company. Because now all of a sudden, because of the indemnification agreement, I'm responsible and my government is responsible for buying back NovAtel. That's the situation that this minister found himself in.

It would seem to me that he should have asked some very telling and pointed questions about the operation of that company. After all, it cost \$160 million. I'd have liked the minister to have explained to us tonight what questions he in fact did ask, what steps he did take, what actions he put in place, what plans, when Bosch pulled out, to get to the bottom of the NovAtel mess. Well, December 31 comes and goes, and all of a sudden we as a government are the owners of NovAtel. Eleven days later, January 11, this minister goes to his cabinet colleagues, asks for an increase in the loan guarantee, the outstanding line of credit, or whatever you want to call it for NovAtel, and raises it to \$525 million. That's not the end of it. In addition, he asks for authority for NovAtel to have access to \$175 million in direct loans, for a total exposure by this government for this company of \$700 million. This is after the embarrassment of a false prospectus and the pullout of what was supposed to be the white knight in all of this, the Robert Bosch company of West Germany. He's going before his cabinet colleagues and asking for a greater exposure by the taxpayers and the government of this province for that company.

Well, I'd like to know what information the minister had in order to support such a request. Did he in fact go to NovAtel, meet with the management, and ask them to lay it on the line: what are the options here? Do we cut our losses now, or is there some future for this company? If so, give me the bad news: what's it going to take? What's the exposure? What are the risks? And, by the way, how much is this company actually going to lose at the end of the year, on December 31, 1990? Those would have been reasonable questions for the minister to have asked, especially if he's going to his cabinet colleagues. I would have thought that as a cabinet colleague I would have asked the minister: can you tell me what's going on with this company? We've just been badly roasted over it in the last six months. Tell us what you're doing to sort it out.

#### 10:10

Here he's asking for greater exposure, greater involvement in the company. What did he know? What did he share with his cabinet colleagues in support of that request? Anything? Or was it simply more of the same? "Oh, well, the management over there seems to think we need it; I guess we'd better provide it to them." That seems to have been the attitude: "Don't ask me. Don't tell me what's going on. I don't want to know. If you've got bad news, don't let me know about it. Just let me hide away and ignore it. Maybe it'll go away."

On March 13 of this year NovAtel announced its year-end operation results, which included a loss from operations of over \$66 million. Remember now, this compares to the forecast that was included in the prospectus of a profit of nearly \$4 million, so we have a turnaround of almost \$70 million. When did our minister in charge of this company know that this was going to be the situation at NovAtel for the year-end results? He tells us: the night before everybody else found out about it. Didn't he have any idea, when Bosch pulled out, what was going on at NovAtel? I mean, given this turnaround, this company has been losing money at the rate of something like \$20 million to \$30 million per month. When did he know that? When did he find out? When did he ask? Did he ask when the government bought NovAtel? Did he sit them down and ask them to tell him? Did he know when he went to cabinet on January 11?

No, Mr. Chairman; the answer to all of those questions appears to be no; he only found out about it the night before everyone else did, that being the middle of March 1991.

So what we have is a situation from September 10, 1990, the middle of a share offering, until March 13, 1991, a full period of six months when this minister was responsible for the political football of NovAtel. Apparently, he didn't seem to know what the actual losses of NovAtel were going to be until March 13, 1991. I find that most disturbing, Mr. Chairman, most disturbing. I would have liked the minister tonight to have indicated to us his version of those events for that six months to put it clearly on the public record what steps he took and when he took them. What information did he have, and when did he have it?

Now, this minister, to his credit, if I may call it that, is not the only one displaying this pattern of behaviour. It has occurred as recently as May 1, less than two weeks ago. The Provincial Treasurer was asked in this Assembly during question period if he would care to tell the Assembly about possible layoffs at NovAtel in Calgary and other parts of southern Alberta: what about another 380-plus layoffs, most of them in Calgary? Well, at the time the question was asked, the Leader of the Opposition didn't know the number of layoffs, but he did ask the Provincial Treasurer to give us some indication about what might be happening at NovAtel in regards to layoffs in Calgary. The Provincial Treasurer said early in question period on May 1, "As to whether or not any layoffs will take place, I don't know at this point." It was about 20 minutes later when the fax was laid on the table in the middle of question period. That very afternoon at 2:30, as the Provincial Treasurer was being asked the question, at that very moment NovAtel was making their announcement in Calgary of 340-some layoffs and 387 worldwide.

Now, how could it be, given the history, the litany, and the sad status of events in this company for the past six months, that this government couldn't bother to be informed about the loss of 340 NovAtel jobs in the city of Calgary? I would be very, very embarrassed if I were a minister in this government to be confronted with that kind of a situation, leaving those of us on this side of the House and virtually every Albertan with the distinct impression that the government does in fact know a lot more than it's letting on, but they are intentionally keeping it secret and failing to acknowledge their role, their responsibility, and their information.

Then we find out a little bit after that about one of the Conservative Party bagmen who was appointed to the board and put on the payroll at NovAtel. Well, the minister didn't seem to know embarrassing information about that gentleman either, who seems to have skipped off to California leaving some debts in this province. Nonetheless, while he was gone, for almost a year he was paid by NovAtel as a director of the company. But what's more disturbing is . . . I think it's reasonable for a minister to say and for us to believe that the minister doesn't know a detail like that. I wouldn't have been particularly perturbed for the minister to say, "I didn't know about that," or "I don't know about that." But what concerns me is that once it's been brought to his attention, there doesn't seem to be any effort to find out and to report back. This is the pattern that has emerged in the last eight months or more, Mr. Chairman, and that really is at the crux of my concern about the handling by this government of NovAtel and its losses and the difficulties they're experiencing.

At the same time, leaving this in the past, we still own as a government, as a people of Alberta, NovAtel. We are the shareholders. So it has to be of major concern to Alberta

shareholders, Alberta taxpayers, Alberta citizens: for this year how much does NovAtel project to be lost? How much does this minister believe is going to be lost at NovAtel? Does he know? Is he trying to find out? And I guess: ultimately, is he prepared to take responsibility for the decisions that have been made to this point and are going to be made in the year or so to come? It's fine for him to say there's a board of directors. That's fine; it should be to some extent at arm's length from government. Nevertheless, with a \$700 million exposure of the taxpayers of Alberta, I would like to know that somebody in this government is on top of what's going on at NovAtel and cares enough about what's going on at NovAtel to involve himself in it and to interest himself in it.

Now, there's lots of questions that have been raised about NovAtel that I don't think have adequately been addressed by the minister. For example, for their year-end loss on operations, for the year-end results, NovAtel gave a press release in which they make a statement to the effect that nonrecurring expenditures, balance sheet provisions, and accounting policy changes increased the loss by \$137.6 million. I'd like the hon. minister to tell us: what are nonrecurring expenditures? What are balance sheet provisions? What are the accounting policy changes that resulted in a loss of \$138 million for the year ended December 31, 1990? What explanation can the minister give for those changes, and why were they necessary? Would he tell us whether the financial statements of NovAtel prior to that time, prior to December 31, 1990, were misleading if they didn't indicate a loss or provision for a loss of \$138 million? If they weren't misleading, explain them. If they were misleading, has the minister made any complaints at any time to any professional body that might be interested in misleading financial statements on a company's balance sheets and year-end activities?

#### 10:20

Now, I also want to put this into some context, Mr. Chairman. These are not frivolous questions. If we take a \$204 million loss for the year ended 1990, what does that represent? I notice, for example, we have with us tonight the Minister of Agriculture. Well, the Minister of Agriculture's entire program support for the current fiscal year – the votes are in here – don't add up to \$204 million. If we take the Minister of Education, if we look at his budget, all of the money for the province of Alberta for building and equipment support for all the schools in Alberta found in the budget estimates for this year add up to \$192 million. That doesn't even meet the loss that NovAtel experienced last year. How about all the operating budgets for all the rural hospitals in Alberta? I notice that a lot of the members here tonight represent rural constituencies. Hospitals under 40 beds: many of us in this room here have those kinds of facilities in our constituencies. The entire budget we're voting on here tonight – for rural hospitals' operating budgets, \$146 million. Mr. Chairman, you could also fit in the \$54 million for Mental Health Services, and you might, might, might come within a couple of million dollars of the loss experienced by NovAtel in the last year. Construction of Hospitals and Nursing Homes: the construction budget in the Capital Fund for nursing homes is only \$130 million by comparison to the \$204 million loss at NovAtel last year.

I also notice that two hon. ministers who were part of the cabinet that voted this \$700 million exposure to NovAtel, the hon. Minister of Tourism and the hon. Minister of Recreation and Parks, are with us in the audience tonight. Their combined budgets for their two departments, Mr. Chairman, come to \$109 million in this fiscal year, only slightly over half what the

Minister of Technology, Research and Telecommunications lost in NovAtel last year.

I would like, given these comparisons, for the hon. minister to have used his opportunity tonight to tell us what it is that he has done in the last six months to sort out the mess at NovAtel. What did he know? When did he know it? What questions did he ask? What answers did he get? What actions has he put in place? What responsibility is he prepared to take for all of those costs that have accrued in that company? And just as importantly, Mr. Chairman, what steps is he going to take to get a grip on NovAtel for this current fiscal year?

Now, I know the minister made a point in his opening remarks – and I can understand why he would do it – of asking Albertans to forgive failure. Well, Mr. Chairman, I think it is appropriate for the minister to talk about forgiving failure, because as we see when we come to NovAtel, that's failure in capital letters. Well, I want the hon. minister to know that there's always forgiveness. I'm a firm believer that there's always forgiveness, even in the harsh world of politics. As hard as it may be for me to have that faith, yes, I believe there's forgiveness. But forgiveness comes after there has been repentance, after there has been some form of atonement, after someone has made amends, after someone has not only said that they're sorry but has made a commitment to do things differently. So I would say this to the minister: yes, there is forgiveness; however, it means the minister and this government are going to have to do something radically different than what they've been doing for the last eight months. Rather than trying to cover up the issues, the problems, and the losses at NovAtel and thereby becoming enmeshed and identified with them, rather than covering up, if the minister had only given us a commitment to tell us what has happened there, what steps have been taken, what plans are in place, and what decisions he intends to make regarding NovAtel, then things might be different and Albertans might have a different view of this minister, of this government, and of NovAtel.

Thank you.

MR. DEPUTY CHAIRMAN: Order please.

The Member for Banff-Cochrane.

MR. EVANS: Thanks very much, Mr. Chairman. I'm quite delighted to have an opportunity to add a little bit to the debate this evening. In light of the hour, although I could spend a considerable amount of time speaking about the department, the minister, and asking specific questions about some of the initiatives in this important department for Albertans and Canadians in this decade and into the 21st century, I'm going to concentrate on one particular aspect of the department.

Mr. Minister, the government recently announced provincial support of some \$4 million over three years for the Alberta nodes in the networks of centres of excellence program. The networks of centres of excellence program was announced by the federal government in January of 1988, Mr. Chairman, to fund \$240 million over four years to national research networks. Researchers of the highest calibre at institutions across Canada were asked to join forces with other researchers to submit proposals for the four-year program. These networks were to reinforce and to build upon the excellence in our universities, in industry, and in government to build strong national research teams. Of the many proposals that were submitted, 15 programs, I understand, were selected by an international peer review committee.

The network's aim, as far as I can gather, is fourfold: firstly, to boost Canada's performance in science and technology and the country's involvement in long-term basic and applied research; secondly, to develop world-class engineers and scientists; thirdly, to pass on to industry new technical knowledge; and fourthly, to collaborate and network between researchers at different institutions and companies across the country.

[Mr. Moore in the Chair]

I understand, Mr. Chairman, that our Alberta scientists did exceptionally well in these national competitions. Today they are represented in 12 of the 15 networks in Canada, receiving some \$20 million of federal funding with nodes at the universities of Alberta, Calgary, and Lethbridge and at the Alberta Telecommunications Research Centre, Chembiomed, and S.P.I. Synthetic Peptides.

I also understand, Mr. Minister, and this is a very important point, that at least half of the networks in the province are in medical-related research areas, which reflects well on the research funded under our Alberta Heritage Foundation for Medical Research. The other half of the nodes are in advanced technologies such as biotechnology, electronics, artificial intelligence and robotics, and in high-performance concrete, Mr. Chairman.

10:30

Now, the federal funds for the program were for direct costs such as salaries and equipment, travel costs associated with these research projects. That left many indirect costs associated with the performance of the research uncovered. The federal government expected provincial contributions to cover some of those costs. Those indirect costs vary from project to project, of course, depending upon the individual requirements, but I understand that this is where the provincial government would come in. My questions, therefore, are to the minister. Firstly, what role is our government playing in the program? Secondly, what is the money going to be used for? And thirdly, how will it be divided, and is it true, as some reports have suggested, that all of the funds are going into space research alone?

Those are my questions, Mr. Chairman. Thank you.

MR. ACTING DEPUTY CHAIRMAN: The hon. Member for Vegreville, please.

MR. FOX: Thank you, Mr. Chairman. I'm pleased to have an opportunity to participate in the debate on the estimates for the Department of Technology, Research and Telecommunications. There's been a lot of discussion tonight about the situation, pro and con, surrounding the privatization of AGT and the resultant bad news/bad news scenario about NovAtel and this government's response to it. I think other members have covered it very well, where the minister and his cohorts on the government side tried to put this in a very positive light and say that they'd done their best at every juncture and that things have worked out very well for Albertans. Then we've got my colleagues from Edmonton-Kingsway and Calgary-Mountain View, who have done an impressive and extensive job documenting the litany of poor decisions and sort of failed management on the part of the government that has cost the taxpayers of Alberta not tens of millions but hundreds and hundreds of millions of dollars through the bungling ineptness of the government. So it's an

area that's been covered well; I may be inclined to revisit it at some point in my comments.

I did want to raise a couple of specific concerns with the minister with regard to telephone service per se. I understand that the responsibility for the regulation of telephone service has been given over in large measure to CRTC by virtue of the privatization of AGT last year, but I do want to make a representation to him that I know he takes seriously on behalf of my constituents. If he can provide some direction, if he's willing to or able to – I'm not sure – take some initiative in his role as minister on behalf of these people or if he would provide some direction to me and my constituents, I would be pleased with that as well. The issue, Mr. Chairman, concerns the select route calling program implemented by AGT, where people living in rural areas or indeed any area can access, I think for \$5 a month for the first 60 minutes of air time, any designated telephone exchange within 100 kilometres of their telephone exchange. Now, that's a good program, and it does facilitate sort of regional development in the province. It makes it possible for areas sort of excluded through the extended flat rate calling program to be linked with lower than average long-distance charges. I think it's a good program, and certainly the chairman would be aware of people in his area accessing those things as well.

The problem, however, and I'll describe it for you, comes in areas where there's big demand for certain routes. There are a lot of areas in the constituency of Vegreville that are with 100 kilometres of the city of Edmonton, and certainly being able to call Edmonton toll free or for somewhat reduced rates is a big advantage that some communities enjoy over other communities. You have the communities of Lamont, St. Michael, Chipman, and Tofield, which have over the last number of years been hooked up through extended flat rate calling to the city of Edmonton, and it's a big advantage for the people who live on those exchanges. At the same time that it's an advantage for them, it's a great frustration for the neighbours, the people who live right across the road outside the exchange boundaries on exchanges like Mundare, for example, who don't have the benefits of that extended flat rate calling and may for either business or personal or health reasons have frequent need to call the Edmonton exchange, and there's a big expense.

So the select route calling program offers an option for them. If you live, for example, on the Mundare exchange, the digital switch that operates that exchange is within 100 kilometres of the city of Edmonton, so for \$5 a month you can access this 60-minute reduced rate calling program, and that's very good. For the Vegreville exchange as well the digital switch operating Vegreville exchange is within 100 kilometres of Edmonton, so everybody on the Vegreville exchange has access to Edmonton through this select route calling program if they so choose. That affects me, Mr. Chairman, because my telephone's on the Vegreville exchange, and certainly I pay for that extra little service, and it's a good one.

The problem, however, is that there are people in my constituency who are closer to the city of Edmonton than I am who can't access this program because their telephone happens to be on an exchange that has the digital switch located outside the 100-kilometre radius. The best example is the Hairy Hill telephone exchange. If you draw a line as the crow flies from the digital switch in beautiful downtown Hairy Hill to Edmonton, it's more than 100 kilometres, so people can't access the select route calling program. However, there are people who live on that exchange, whose telephones are on that exchange, that are several miles south and west of Hairy Hill. Indeed

they're closer to the city of Edmonton than I am, and my phone's on the Vegreville exchange. So it's a frustration for these people who can't access the select route calling program even though they're closer to Edmonton than their neighbours who are able to access it.

So the suggestion I would like to make to the minister and to his officials is the hopes that they can provide some guidance here, because I think I have a good idea about how this could be resolved: instead of using the actual location of the digital switch operating each individual exchange, Mr. Chairman, as the guideline – if your digital switch is within the 100-kilometre radius of the desired exchange, you're in; if it's not, you're out – I think what we should use is the exchange boundary. If any portion of the telephone exchange boundary falls within the 100-kilometre radius, then everyone who lives on that exchange would be able to access the program. I think that would be fair. I recognize that it's difficult to draw boundaries, to draw lines in any case, but certainly when we do draw lines, we have to try and do it in a way that is fair and causes the least amount of frustration for the people who are affected. I believe that if we included all of the subscribers on any exchange where a portion of that exchange boundary fell within the 100-kilometre radius, we would resolve some of those problems. I'd like to make that suggestion to the minister on behalf of many of the constituents I have who live south and west of the village of Hairy Hill and who are on the Hairy Hill exchange and don't have access to that program.

With that suggestion, I'll leave my comments. I know there are many people anxious to get in tonight. The minister might want to respond to some of these concerns, but I know a number of members have concerns they want to raise tonight.

MR. ACTING DEPUTY CHAIRMAN: The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. I wanted to say to the minister that it's nice to see that at least in one of his departments they seem to be doing something worth while, and that's with the research and development done at the Devon research centre. I sat here for some time last week waiting for the Minister of Energy to mention something about coal, but I guess he doesn't understand very much about it or doesn't care much about it. Indeed, it's pleasing to see that the Alberta Research Council has dug its teeth into it and is doing something about the transmission of coal to our eastern markets and to other facilities, perhaps in the U.S. The Member for Pincher Creek-Crowsnest has been involved with these projects for many years. I appreciate his interest and the support he has given to the Research Council in the development of better use of coal and making it more environmentally friendly to all of Canada.

10:40

Mr. Chairman, sometime shortly the coal mining communities of western Canada are holding their conference at the Devon research centre. I would hope that the minister would be available for that particular conference. It is my understanding that again the Minister of Energy has declined an invitation to such an important energy as coal but not surprisingly, from past remarks by the minister some time ago. I would hope that the minister would continue to support these most worthwhile research and development projects.

Also, the research into such worthwhile things as aspen. I understand that the Research Council is doing some work in the aspen field, but in *A Vision to the Year 2000*, the corporate plan for the Alberta Research Council, I haven't located exactly how

that research is coming to date. Indeed, great things have been done with aspen in the last few years. It's a great generator of employment and great wood fibres that have been used in construction throughout Alberta and Canada. I'm just wondering if the aspen research is also done under the research and development programs in the minister's department.

Mr. Chairman, I think most members in the House tonight realize the seriousness of the NovAtel disaster. Indeed, as the Member for Vegreville talked about rural exchanges in telephones, I would hope that for the amount wasted on NovAtel, perhaps we could have toll-free lines throughout this province. I would hope that in the future the minister would be a little more prudent in decision-making in companies such as AGT. For many years I was in the construction field, building telephone lines across this province, and many of my coworkers have since passed on; in fact, one in Banff-Cochrane, I read this morning. Indeed, he took with him the hardships of the loss of AGT through the shares to NovAtel and the disastrous loss in recent months.

On those remarks I would hope that the minister would remain committed to research and development into forestry and into coal. Indeed, it is a great generator of activity and employment as long as we can do it in an environmentally friendly way. Ontario, of course, is importing that filthy U.S. coal. Thanks to the free trade deal and to arrangements made by a previous Progressive Conservative government in Ontario, they have agreements until 1992 with Ontario Hydro and with the Ontario government to continue those reciprocal agreements. I would hope that by the time that date rolls around, the Devon research centre will have come up with some plans for either slurry coal or some other movement for transporting our goods to those eastern markets that could use that coal in a very environmentally friendly way and, indeed, employ people across this country.

The coal and the aspen field: I would hope the minister would stay with those and clean up his act in the NovAtel field and look towards putting free telephone service throughout this province. It'd be much better spent than the waste that was passed on to the taxpayers by NovAtel.

MR. ACTING DEPUTY CHAIRMAN: The Member for Grande Prairie.

DR. ELLIOTT: Thank you, Mr. Chairman. I wish to just make a few comments about a certain aspect of the minister's department which he hasn't really covered a great deal this evening, although I've heard him make reference to it at other times. I'd like an update on it. I'm talking about that portion of his program that could have a long-term, long-reaching effect into the future in this province, particularly involving young people, young Albertans: getting young Albertans interested in science.

For many years we've been hearing about the brain drain in this province and people emigrating, going to other countries where they think they can find more exciting jobs or higher paying jobs as scientists. We've had dire predictions about not having a sufficient number of engineers and science graduates to support the growth in our province, yet we see kids dropping out of classes and not taking science unless it is an essential class, or as soon as they are through with that class, they'll drop it. I'm suspicious that there is a lack of interest or any effort to make these classes interesting for these young students. Now, from a personal point of view, I have a problem understanding that because I had a very interesting career in science myself, and when I talk science to young students, I find that I have their attention. But it does bother me when I hear that they

aren't taking classes in school or making their career in science. Then when we have these surveys and reviews of what people are doing in Canada today, and we find that these young high school graduates aren't really sure whether the earth travels around the sun or whether the sun travels around the earth and don't really have an understanding of basic chemistry. We're not too surprised that they don't have an interest in what's happening in the world around us. So the students, the young people, is where my concern is.

I commend the minister and his department for the work they're doing with the Science Alberta Foundation and the work our friend Mr. Jim Gray of Calgary and Canadian Hunter has been so enthusiastically supporting, because I think that there's a tool, an opportunity to get to the young people in our province and give them something to really grasp, to get their imagination working.

Now, we've heard the minister make reference in the Legislature about the great contribution technology and the technology-intensive industries are making to our Alberta economy. There's opportunity for employment. There's an opportunity to create items of export, whether it's the technology or the tools of technology. But I don't understand, Mr. Chairman, how the minister is going to reconcile the growth that he's predicting for these high-tech companies when at the same time he's not really putting a great deal of visible effort, in my opinion, into getting young people to become interested in science. This is going to catch up to us five, 10, 20 years down the road, when this province is having to compete. I'd like to hear more about the specific activities or the plans the department has in this particular arena.

I might suggest things like more support for summer programs for things like the dinosaur digs that we have throughout the province, and there are many other science-related activities that would be a summer employment opportunity for students. I'm thinking about students in the grades 9, 10, 11, and 12 area, even before they get into university. They'd have something to contribute, and they'd have an opportunity to maybe earn a few dollars as well as getting started well into a science career.

The other missing area in this whole dimension is that we still don't see enough women entering science. I know the numbers are increasing. I know we see them in the medical sciences; we see them as geologists, engineers. I saw them in my own profession in the area of the biological sciences. But they're still only running about 10 percent in some of those areas, and I think that we have to do better than that. Again I'm going to ask the minister, Mr. Chairman, if his department has any conscious plan in that effort.

Thank you very much, Mr. Chairman.

MR. ACTING DEPUTY CHAIRMAN: Calgary-Glenmore.

MRS. MIROSH: Thank you, Mr. Chairman. I would like to compliment the minister and his staff on the work they've done in science and technology. I've had the opportunity to speak to a number of groups throughout the province and, more importantly, in Calgary regarding advanced technology and how it really has increased the diversification of this province and how many jobs have been created as a result of this initiative in science and technology. Of course, even going abroad in international trade, we've experienced science and technology, and the selling of our brain power abroad has been very, very important.

10:50

Mr. Minister, my question concerns the critical issue of economic competitiveness. Over the past two decades we have witnessed the beginning of many shifts in economic power. It didn't happen; it takes planning and lots of it. The key currency in economic power today is no longer natural resources, but it is advanced technology. Economic prosperity is becoming increasingly dependent on our ability to develop new technology, industries, and adopt new technologies to increase the productivity of existing industries. Over the past few years we've seen a dramatic growth in the competitiveness of the Pacific Rim countries. We've also seen that in the Soviet Union, the eastern bloc countries. In 1992 we will witness the final consolidation of the European trading community, creating the single most powerful economy in the world. We're also facing growing competition from the United States and Mexico.

Mr. Minister, Alberta has several economic strengths. We have strong energy and agricultural sectors, growing forestry, manufacturing industry, and especially a young and growing advanced technology sector. We're proud of that, Mr. Minister and members. We're very proud of that, and people really give this government credit for the initiatives that they've taken in this area.

My question to the minister is this: given the growing competitiveness of the global economy and the new realities of global trade, what in fact is being done to ensure that traditional and advanced technology industries will remain competitive in the next century, and how are we ensuring that the jobs, whether they're in Fort McMurray, Lethbridge, Red Deer, or Calgary, are not going to be lost because of our loss of the competitive edge? Everyone is striving for new technology and innovation in many areas and particularly in medicine. We've seen great strides at the University of Alberta in medicine, and I'd just like to know what the future plan for this is in this department.

Thank you very much, Mr. Chairman.

MR. ACTING DEPUTY CHAIRMAN: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I want to take up where I left off, but first I would like to say how nice it is that we've had, or will have had by the time we are done, three and three-quarters hours to debate Technology, Research and Telecommunications, the single longest period for any one of the departments. Of course, it lends credibility to our argument that the 25 days for 25 departments, when some of those days are really only an hour and a half or usually a maximum of two and half hours, is the maximum we get.

Well, it's rather important and interesting, I think, that the Official Opposition critic, for example, should get a second turn to speak after having spoken for half an hour. There is much more to be said on Technology, Research and Telecommunication than could be put into one half hour. It was also a good chance for some of my colleagues to get in and indeed government members. I always appreciate the Member for Pincher Creek-Crowsnest. He always puts a very positive view forward on the part of the government, particularly for the Alberta Research Council, and I think rightly so for the Alberta Research Council, although sometimes I wish the government wouldn't be quite so hyper about how wonderful everything is. Then perhaps we wouldn't have to focus so much on the negatives and the downside, because of course some of the things the government does are okay and some are not, and it would be better to have a more balanced analysis from the government instead of a lot of hype all the time. Then we

wouldn't feel like we had to always take the really negative side in order to balance the rather high and hyper ideas put forward by the government.

I wanted to pick up on one of the things I was talking about earlier, and that is the development of a high-tech strategy. I think the government has basically been relying on a very ad hoc sort of approach. Before I get into that, though, there was one other thing I wanted to mention in a very specific way, and it's about Access. Some of the other radio stations have got together and decided to oppose Access's application to the CRTC to be allowed to get into the business of selling advertising to help pay for their programs. I guess it's because they feel that the government has been cutting back and tightening down on their budgets. I would just like to say that I agree with those radio stations in the sense that I would like to see Access remain a public network doing a public job and not just become another commercial radio station based on selling advertising and running programs that cater almost exclusively to the largest audience they can get so that they can get more advertising, which seems to be the norm for most radio stations.

The minister mentioned A Vision to the Year 2000, as did the Member for Pincher Creek-Crowsnest, and also they both talked about the Premier's Council on Science and Technology. I can't help thinking that the latter was a bit of a waste of time. Why would you put a political council together to do a high-tech job? I'm not quite sure. So I don't wonder why the government cut the budget; probably because the council isn't doing its job. As to A Vision to the Year 2000: not to say it's without merit, but I think it's inadequate because I think it still means that the government is operating pretty much in an ad hoc manner.

Now, I have quite a lot of sympathy for the government. The government pays for a lot of research in Alberta through the university, through the Alberta Research Council, the Microelectronic Centre, the Laser Institute, Westaim: a number of different programs to help with research and development. I guess we could throw in AOSTRA as well. What the government has been trying to do lately is to try to help commercialize those things, so they're going into more and more partnerships with business to try to get those things into the commercial market. That is something one has a lot of sympathy for and sort of thinks, "Well, it would be nice to recoup some of the money spent on fundamental research at universities and in some of the research centres." However, it's very hard to do and very ad hoc and very hard to figure out how to pick the winners, and I think the government has been trying too hard to pick winners and has not been all that successful in doing so. Of course, Alberta has a bit of a disadvantage right from the start. We are a landlocked province and a long way from the large markets. Our oil and gas industries have been in quite a lot of trouble. So we start with some handicaps. It's not going to be an easy task to become one of the high-tech centres of the world, as the minister and the government seem to have set themselves out to do.

I want to just run quickly through some of the government initiatives; for instance, the heritage trust fund. I don't think the heritage trust fund has been a great success in the high-tech areas, perhaps a certain amount of success in the medicine field. The heritage trust fund is not really so much a program but a way for the government to spend quite a lot of taxpayers' dollars without as much public scrutiny as it would get if it were under the regular budget. So I don't think it's a particularly good technique for the purpose of helping to develop a high-tech industry in this province.

Now, one of the areas of trying to diversify the economy has been tourism, but even the Minister of Tourism has admitted that perhaps he would do things differently, if he had it to do over again, and not try to pick winners in the tourism industry. In forestry, I already pointed out at previous times, not in this minister's debates but in the Economic Development and Trade debates and the Treasury debate, that the way the government is going about forestry development, inviting big corporations in and in fact giving them money to develop our pulp industry, is really something of a sellout. It's really short-term gain for long-term pain, and I'm not going to take more time on that just now.

11:00

Even in the oil and gas area, which has been around for a long time in this province, the government has not done very well. We have no long-term, gradual development of the tar sands going on. We seem to be hung up on megaprojects in a very hit-and-miss approach. We are selling off cheap gas, so cheap that in fact some companies are starting to lock it in and say that they're not going to sell at that price. The American bubble didn't burst two or three years ago like it was supposed to do. Our good oil, the conventional oil, is running out now, and we're going down to the heavy oil, yet we have to export most of that heavy oil in its raw form and have it refined in the United States. We don't even have the refineries to handle our own heavy oil industry after all these years. So the government has not done very well in terms of developing secondary industries and upgrading industries for our resources.

[Mr. Jonson in the Chair]

Another program that the government has tried, the Alberta stock savings plan, has obviously failed, because the government's just quietly dropped it. They're giving us no summary about why it worked or how it worked or whether it didn't work or why it didn't work. The Quebec stock savings plan is still going, so clearly this government has been inadequate in that one.

In terms of research and development I have great respect for the Alberta Research Council, but I can't help wondering why the Alberta government has never been able to get a National Research Council project going here in Alberta. Perhaps it's because we had quite a bit of money, so we put more money out ourselves into research and felt we didn't need the federal government money. Still, they have research institutes pretty well across Canada, but somehow Alberta gets left out. It does seem a waste, and it does seem to me that the Alberta government could have gotten some funds there to further the high-tech industries of this province.

I already mentioned the lack of manufacturing and the attitude of the Canadian Manufacturers' Association toward the fact that the Alberta government doesn't seem to have a strategy. When you consider that the minister was bragging that the high-tech industries make up one-tenth of the manufacturing industry, if you don't have a manufacturing industry or a manufacturing strategy, then you've got to say that we've not been very successful yet in developing a high-tech industry in this province.

No, most of the action, Mr. Chairman, has not been in program funding, some of which I've run through. I didn't mention Alberta Opportunity Company or Vencap at this stage. Actually, I will stop and mention Vencap. The other day in the House I did mention it and said that they had been investing in about 30 companies over the time that they've been operating.

I even got a letter. I'm glad somebody reads my stuff once in a while. The chief executive officer of Vencap wrote me a letter saying that they had invested in some 54 companies since Vencap was formed. I was talking about at any one time, and it has been around 30 most of the time. In fact, if I'd had more time in that particular address, I was going to give Mr. Slator credit for having increased the number of companies past the 30 mark, but I've got to admit that the article he sent me the other day outlining them only added up to 35 companies, so it's not a very big increase. My criticism of Vencap has usually been that it's trying to pick medium-sized winners and make them into big winners, and I don't think that's working. I think that probably venture capital should be small amounts to small companies.

While I'm on those ideas, I said that the Canadian Manufacturers' Association, the Alberta section, said that the tax structure here was not the best, that Ontario and Quebec were in fact better. I would like to also mention that there is another gentleman I've been in touch with a number of times who complains that the Alberta government actually taxes tax benefits that science and technology inventors get. When they get tax benefits from Ottawa, the Alberta government actually taxes those benefits, so it makes it very difficult for them to get off the ground. He has brought it to the attention of the government, but he says that he's not gotten anywhere with it, and perhaps the minister would consider looking into that.

I want to now get to the global climate that the members always like to talk about: how we have this great need for global competition and how we've got to be out there beating the rest of the world at cheap production of more and better services so that people will buy our services instead of theirs. So that brings us to, in a sense, the free trade deal and globalization. One of the things that bothers me: the government keeps saying that there are trading blocks being formed, and therefore we have to have this trading block in North America. Well, yes, Europe is going to set up a trading block, but there are some differences in the concept they have about what kind of a trading block it will be compared to what kind of a trading block George Bush and Brian Mulroney are trying to perpetrate on this country. I believe also that this government has bought right into that agenda, and I want to spend some time pointing out the differences. Having formed a trading bloc with the United States, we're now talking about a three-way trading bloc with Mexico, and I think that poses serious problems for this country.

Before I get too far into that, I would like to say that what success we have had in Alberta is probably due more to the incredible pioneer spirit and entrepreneurial spirit of a lot of small businesspeople and not so much the government policy. It is they that have created the jobs; it is they that stopped this economy from totally collapsing in 1986. I think that the Alberta government, in fact, by going into a free trade deal the way they did, put a great burden and handicap on a lot of small Alberta companies and the kind of direction that this economy should have been going.

The free trade deal with the United States. This government went into it with absolutely no studies that they were prepared to make public to show that it in fact would be good for Alberta and Canada. We know now that after a couple of years of free trade that Canada has lost over 300,000 manufacturing jobs. Now, Alberta seems to be holding its own reasonably well in a few spots, but a lot of that is based on exports of natural gas at fire-sale prices and the export of heavy oil, so it doesn't seem to me that the government has a lot to brag about in terms of

going into that free trade deal without so much as a serious study as to what the implications really were. The deindustrialization of this country is going on at quite a pace, and a free trade deal with Mexico, the United States, and Canada will only make it worse.

What we're really buying into is an agenda of the corporate elite of North America, and George Bush and Brian Mulroney are buying it hook, line, and sinker, as is Salinas, trying to rescue himself in Mexico, knowing that he's very unpopular. In fact, he lost the last election, if you really talk about a fair election process. He managed to steal it, and now he's looking desperately for something to make himself popular and keep in office, much like Brian Mulroney was in 1985-86 when he totally reversed his position that a bilateral free trade agreement with Canada and the United States would not be in Canada's interest and said he wanted a fast-track free trade deal.

Now, this fast-track aspect of the free trade deal is what is the most problem with it. We are already in a world that is changing technologically at a rapid rate. We are always being battered and badgered to have bigger and better technology, newer and more modern technology. So we're always throwing away the last computer and trying to get a bigger, better one. It seems to me that what the fast-track free trade deal has done is that it has increased that technological pressure and pushed a lot more people out of work and caused us a lot of our social problems that we are now into in terms of how the economy of North America and particularly Canada is operating.

It seems that the agenda of the corporate elite and Bush and Mulroney is to eliminate the inconvenience of having national borders. They don't like countries to set tariffs and quotas and taxes or restrictions on the transactions of the multinational corporations. They find them inconvenient; therefore, they want to eliminate them. So they talk about these fast-track deals, where you take it all or leave it all, and you've no chance to sit down and say, well, what part of this do we want, what part of it is to our benefit, and what part isn't? Even the Americans wonder, really, about the fast-track approach. If they do buy it this time around, I hope in 18 months or so when the deal comes back that they take a second look at it in more detail, because there are a number of aspects of it that are not only harmful to Canadians and Canadian workers but will also be harmful to American workers.

The other agenda of the corporate elite in this free trade deal seems to be to reduce the effectiveness of trade unions, to pit workers against workers, to bring Canadian and American workers down to the level of Mexican workers. I see nothing there that says they intend to improve the lot of the Mexican workers so that they can share in an environmental workplace that has a certain amount of safety aspects to it, that they get a reasonable wage, that they get an education system to go along with it. I don't see any consideration for the environment in all of this. The Maquiladoras strip is an obvious example of the kind of buccaneer development that the corporate elite has in mind, and they're just trying to turn all of Mexico into a Maquiladoras strip.

#### 11:10

It's a cutthroat world where the big corporations manoeuvre to establish monopoly control of industries. It isn't that they have this great idea that you've got to have free and unfettered competition. When you get to the big boys, that's not what it's about. It's about establishing market share and pushing everybody else out of the market if you can and forming monopolies, cartels, for example. I mean, to talk about the free

market forces setting the oil price in North America is absolutely ridiculous. You know darn well that it's OPEC and the big oil companies that manipulate the market up and down, and we in Alberta just are pawns in the game.

Now, the result of this kind of attitude is that – and it's already showing up; we've been on the track for quite a while – more and more workers that had reasonable paying jobs are being pushed out into what I call "working poor" jobs. Probably 35 percent of the Canadian population is now poor. They're either on welfare, UIC, or they're the working poor trying to hold down two or three jobs at \$4.50 or \$6 an hour to try to eke out a living, and governments like this one are aiding and abetting the process. You are laying off workers that had reasonable paying jobs and some benefits, even in the government civil services, public employees. You're laying them off, hiring them back on contract so that you can fire them at will, and paying them minimum wages or at least very low wages with no benefits and no security.

So we're developing a two-tiered society: a poor society, and then those of us that have the education and the chance to get a reasonably good job and maybe some high-tech skills are doing quite well. Those that haven't are being pushed out, and in fact more and more of the people in the middle income group are being pushed into lower income groups, so that we're building two worlds: a poor world and a relatively well-to-do world, of course, controlled by a very small and very elite, extraordinarily wealthy set of people that control the big corporations and the economies and control the Tory government in Ottawa and the Tory government in Alberta. All the lip service you pay to being worried about the workers and the standard of living of Albertans is mostly nonsense.

Unfortunately, that same mentality and that same way of exploitation of the worst aspects of capitalism are also prevalent in the underdeveloped part of the world, in the developing countries. We even compound it by our aid programs and our International Monetary Fund and the World Bank and the GATT negotiations moving in the same direction along with this North American free trade deal. Basically, the idea is to control the countries so that we can get their resources cheap and keep them selling raw materials so that their whole economy is hooked into paying their debts which the western banks hold. The GATT negotiations, for example, aren't just about trading in goods anymore. They now want the right to have total freedom in intellectual property, services, financial services, and agriculture. We know what's going to happen to our marketing programs in Canada if agriculture becomes total free trade. So the agenda is a very vicious one. Make no mistake about it: they're trying to build a world where wages are cut down to the minimum, where the worker is nothing more than another input cost.

Now, it seems to me that what's happened is that the capitalists of North America have forgotten what the purpose of economic activity is. Surely the purpose of economic activity is to feed, clothe, and shelter people, and then beyond that, of course, to give them an enhanced standard of living so that they can enjoy many of the amenities that we have in a fairly rich society. We have built that society up over 150 to 200 years in Europe and North America, and yet now, in the last 10 to 15 years, we have seen a reversal of the number of people that can afford to buy the goods and services that we can produce in abundance.

I recognize there are some limits from the point of view of the environmental aspects of economic development, so we have to be careful there. But the fact is that we have the education

and the technology to produce goods and services in abundance, yet we're running an economic system that is pushing more and more people down into the working poor, and they cannot afford to share in the wealth created by society. The number of people in North America and in the developing countries of the world that can afford to buy the goods and services that we can produce has shrunk in the last 10 to 15 years because the supply-siders and the monetarists and the capitalists have had a field day and because they bought the politicians like Brian Mulroney and Don Getty and the Tory governments in Ottawa and in Alberta. Now, everybody keeps talking . . .

MR. PASZKOWSKI: What's that got to do with the estimates?

MR. McEACHERN: It's the context in which we are trying to develop high technologies in this province.

Now, one of the reasons we have to have this trading bloc, so George Bush and Brian Mulroney tell us, is that, "Well, Europe's going to have one, and Japan is going to build one in Asia." Could be. In Europe what we do know is that the rules are a little different. The trading bloc in Europe is not the vicious, capitalist bloc that I just described. In fact, a part of the economic union for 1992 is the Community Charter of Fundamental Social Rights for Workers. Let me just read little bits of it here and there. This was agreed upon; it says here:

At the meeting of the European Council in Strasbourg on 8 and 9 December 1989, the Heads of State or Government of the European Community Member States, with the exception of the United Kingdom . . .

because Ma Thatcher looks at the world like Brian Mulroney does,

. . . adopted the Community Charter of Fundamental Social Rights for Workers.

They go on to talk about everybody else signing it.

I want to just highlight some of the things that that charter puts forward. The first point in the fundamental charter of rights of workers:

Every worker of the European Community shall have the right to freedom of movement throughout the territory of the Community, subject to restrictions justified on grounds of public order, public safety or public health.

That was number 1. I'll skip over to number 5.

All employment shall be fairly remunerated.

Number 7:

The completion of the internal market must lead to an improvement in the living and working conditions of workers in the European Community.

So part of the economic union of Europe is that workers shall benefit from the prosperity created.

Number 10:

Every worker of the European Community shall have a right to adequate social protection and shall, whatever his status and whatever the size of the undertaking in which he is employed, enjoy an adequate level of social security benefits.

I'm going to read number 11:

Employers and workers of the European Community shall have the right of association in order to constitute professional organizations or trade unions of their choice for the defence of their economic and social interests.

Unlike this province, which doesn't make it very easy for workers to form unions.

I'm going to skip quite far ahead because, although there are some 30 points here, I don't want to take the time to read them all. Number 24:

Every worker of the European Community must, at the time of retirement, be able to enjoy resources affording him or her a decent standard of living.

There's another one here about disabled people, and then there are several talking about how they shall be implemented.

Now, Mr. Chairman, I submit that the Europeans have had a social securities safety net sufficiently strong and sufficiently well entrenched that even Conservative governments in Europe, other than Ma Thatcher's, have recognized the benefit of having workers that are well enough paid that they can afford to share in the wealth created by the work they do. That is the fundamental problem that North America has gotten into, and this government has bought that line holus-bolus. We seem to believe that if you can punish the workers and make them work cheaper, somehow that's going to benefit the society. It doesn't make any sense. If we are going to have a North American free trade arrangement with Mexico, Canada, and the United States, then we had better build in some protections for the workers of North America. We'd better raise the standards of the workers in Mexico, not lower the standards for Canadian workers. The health care system will be the last to go, but at the rate we're starting to harmonize our economy with that of the United States and the rate at which it will then start to be harmonized with the southern states and Mexico, I see trouble ahead.

11:20

Now, if you happened to watch *Venture* on Sunday night, last night, you would have found that there were a number of businesspeople right across this country recognizing the fact that it's time that Canada had some kind of an industrial strategy. Our strategy so far has been to go into a free trade deal that has cost us over 300,000 jobs in the last couple of years. I say it's an error to build that kind of an economic union. Almost all the businesspeople interviewed last night said that it's time that we put to work our university resources in conjunction with our business acumen. We have lots of businessmen in this country, from small to large, that have great abilities. It's time that our governments got on side and started co-ordinating and facilitating some kind of economic planning.

The key ingredient that they identified – and this was businesspeople talking in most cases, although some union leaders too – as the missing ingredient in whatever ad hoc sort of planning has been done has been any regard for the workers in North America. It is no wonder that the workers of North America have not wanted to go into some kind of tripartite arrangement with government and business, because they knew they were going to be beaten 2 to 1 on every issue. So it's time the government started to recognize the social value of having workers that are well paid and have some social securities and some benefits and some freedom of choice. For example, what we need is a social safety net system that allows workers to change jobs, to drop out of one job and retrain to another one when the economy is being restructured. Now, Brian Mulroney promised that when he knew that free trade was going to disrupt many different industries: we would lose some industries, and we'd gain in other industries. Yet in Canada we spend three times as much money on UIC as we do on training workers. In Sweden it's the other way around. They recognize the importance of retraining, and they spend three times as much on retraining as they do on UIC. In Canada, of course, it doesn't stop with UIC. A lot of people stay on UIC so long, the alternatives are not there, and they end up, after UIC runs out, going on welfare.

I remember a while back the government was bragging that unemployment had actually gone down. This was before the last go-round when it went up slightly. They were bragging quite a lot about it. Of the 5,000 fall in unemployment, 3,000 of those

workers just dropped out of the competition. They just gave up trying to find a job. The other 2,000 probably got low-paying, part-time jobs, because that's the kind of world we're building.

MR. DEPUTY CHAIRMAN: The hon. minister.

MR. STEWART: Mr. Chairman, I'm sure we all appreciate the philosophical ramblings of the hon. Member for Edmonton-Kingsway, but quite frankly I had hoped that I would have a little bit more time to address the many important questions that directly pertain to my estimates rather than the hon. member taking up valuable time of this committee in that way.

Mr. Chairman, I'd like to first deal with some of the matters raised by the hon. Member for Edmonton-Kingsway on his first go-round. He did talk about AGT and the privatization. He's rehashed the arguments that obviously no one in Alberta agreed with because of the support that was given to the AGT privatization. It's amazing that in a day and age when telecommunications are moving into the private sector and even socialist governments are seeing that, everybody appears to be going that way except for the party across the way here. I guess that shouldn't be unusual. Everybody else is going for fiscal responsibility, and they're going the opposite direction there too.

The hon. member had a number of questions and reviewed the financial details with respect to the privatization and, in particular, those that related to NovAtel. All I can say there, Mr. Chairman, is that apparently on May 9 he asked the same sort of questions, went over the same sort of thing, and the Provincial Treasurer at that point in time dealt with the matter at great length and in substantial detail. I think in that regard the hon. member might just refer to *Hansard* pages 1122 and 1123, and he will get the answers there.

He also raised the matter about raising phone rates subsequent to the privatization. No such thing occurred. The minister's committee on telecommunications made that decision early on in the late spring and then it went into effect on July 1, but it had nothing to do with privatization whatsoever. It had more to do with bringing some of our rates into line with those existing in other places in Canada to make Alberta business more competitive.

Services for rural Alberta. He keeps making reference – and I've seen clippings where he does this publicly as well – saying that Telus or AGT has no interest in the servicing of rural Alberta and points to the letter to the CRTC. The letter to the CRTC, in fact, was predicated upon a real concern that those services for rural Alberta would be maintained. They wanted the CRTC in the course of hearings to put their minds to that very thing to ensure that any applicant for telecommunication services applying to the CRTC – the CRTC would put their minds to that, and that would be addressed in a reasonable way.

Unitel. He indicated that we had done nothing with respect to the CRTC hearings. In fact, we appeared at the Calgary hearings. We made a presentation. Our staff were in Ottawa on the hearings of Unitel even though AGT at this point in time is not subject in a direct way to the application by Unitel. We take a tremendous interest in the hearings that are going on, because in fact the rulings of the CRTC will possibly impact on Alberta down the road, and we want to make sure those positions are clear. I'd be more than pleased to table with the Assembly or indeed provide the hon. member a copy of the submission made, and he will know the commitment that this government has in respect to service for rural Alberta and maintaining a telecommunications system in this province that's second to none.

On the raising of capital, the hon. member feels that the old way of the AGT Commission, where they already had 90 percent of their assets in debt – they could still just borrow. Well, they would have to borrow, and their only source of borrowing would be the taxpayers. Privatization allowed them the flexibility to go to the private market, put their debt/equity ratio into perspective on a 50-50 basis, which is comparable in the industry. I would suggest that if indeed the hon. member is suggesting that taxpayers should continue to back and bankroll Telus Corporation as it moves in a very risky area, particularly with competition, then he can continue on the line he's taking that Telus belongs back with the government. I don't happen to think so, and the people of Alberta don't think so.

He talked about his concern about our programs helping small companies, and indeed that's the purpose of the technology commercialization fund, which is part of the elements of our budget here tonight. I can tell the hon. member that from internal studies we found that of the 119 projects that were approved over a period from approximately September '89 to March of '91, the average amount of assistance given to small companies was \$77,000. For every dollar the province put by way of assistance, we levered \$2 to \$3 from the private sector or other sources of funding. Ninety-five percent of those companies are ongoing and viable and successful. In addition to leveraging money, it levers jobs, because for every scientist or technologist that's involved, it levers about five to six jobs. That's money well spent, and it's helping small companies.

I'm sure that the hon. member was listening to the comments from the hon. Member for Pincher Creek-Crowsnest when he talked about the Alberta Research Council and their commitment to small companies through the joint venture program that they have, as well as an initiative between the Alberta Research Council and Economic Development and Trade to ensure that people throughout Alberta have access to people who are knowledgeable in the area of technology and can assist them in every way possible.

### 11:30

He also indicated that we had no vision with respect to a national strategy for manufacturing and no participation in that. I would merely refer the hon. member to a document that I tabled in this House. I was very proud to be present at the Council of Science and Technology Ministers on Thursday last week in Saskatoon, where we released an action statement – not just a glossy booklet that will sit on somebody's shelf – an action statement with a defined work plan. I'm very proud of our officials, and in particular my deputy minister, Mr. Broadfoot, who participated in such a significant way in the development of that strategy.

Mr. Chairman, I'd like to move from there to the hon. Member for Calgary-North West and deal with some of the very important questions that he put forward. He did talk in terms of our concentration insofar as investing in companies here and the lack of international investment in Alberta that would correspond in that regard. I would just draw to his attention that over this last 24 months – I just made a list here: Hughes Canada, LSI Logic, Hewlett-Packard, Computer Devices Corporation, Digital, Taiho Pharmaceutical, Sandos, Galaxico, Motorola. Every one of those companies made significant investments in Alberta in one way or another in this last little while, either in research, in joint ventures, or in some sort of strategic partnership that adds jobs, adds money, adds further technology to the province of Alberta. One thing that is bringing them here – and they tell me this time and time again

– is the commitment of this government to research and technology, to the vast infrastructural system we've got set up that they can tap into, and this type of synergistic effect that they can have with Alberta companies that are operating in Alberta. So there's a very significant interest of international companies and international investment.

Also, the hon. member made mention, and in fact pointed out the reference in the annual report of the department, with respect to the entire government's thrust in scientific activity. Our department takes a lead in the area of advanced technologies, manufacturing, and research components, but the figures that are set out in there, which I believe come to about \$247 million, constitute the entire thrust of our government through a variety of activities and a variety of departments and agencies for scientific activity. The scientific activity of this government is greater by far per capita than any other province in Canada, and we're proud of that. That's the sort of thing that is giving impetus to the advancement of our companies and our research institutions in Alberta.

I'd like to move then to vote 1. He raised a number of points in respect to vote 1, and perhaps I could respond to those as best I can. If I miss any, we will certainly pick them up when we review *Hansard* and respond to the hon. member. One of his comments was with respect to what he felt was the high per employee salary. Well, we do in fact have in our department a very high proportion of professional people, a number of PhDs and engineers and accountants that are very significant and have significant importance to the workings of our department. At the same time, we have a very small department in total, so we have a very small clerical and support staff component that goes along with that. Probably that's one of the reasons why the figures may be a little bit different from what might be the norm.

He raised the matter of science and technology awareness, a very important area, as did the hon. Member for Grande Prairie and some of the other members as well. I'm glad to see and I'm not surprised by the hon. member's support in this area, as he has a teaching background and knows the importance of science and technology awareness for our younger people. We have a number of initiatives, and he asked me to mention some.

Operation Minerva. I had the opportunity a couple of weeks ago to be at Operation Minerva, my second time around, a conference for grade 8 girls, just girls, about 150 of them. A two-day session, part of that time is taken up on job shadowing with a female role model involved in technology. A great opportunity for these kids. As well, they attend seminars at the Operation Minerva Conference, a very important initiative. We have a series of seminars for educators: why do students drop out of science? We have a science and technology hot line, which would make scientific and technical expertise available to teachers and students. We're talking about and in fact implementing an interactive video disk system that will focus on career path opportunities in advanced technology sectors.

There's a science enrichment program for female junior high school students in Calgary. This includes a week-long summer science day camp. We have the science fairs that we support. We have the Science Alberta Foundation, which is looking into other ways and, through a pilot project, hopefully, will be able to initiate a number of other initiatives that will address this very, very important matter that the hon. member brings forward.

Other matters in vote 1. He talked about the question of Business Development and Marketing, an increase of 6.3 percent. That essentially was a further \$100,000 to support a

very important initiative that we have entered into with the regional government of Flanders in Belgium. It's an excellent type of relationship, because it happens that Flanders has a complementary type of technology, and its companies are such that they correspond with a number of the strategic areas here in Alberta. On our recent trip to Belgium, as part of the obligations of the memorandum of understanding, we had with us 13 companies and research institutions, all of whom came back very enthusiastic about the opportunities that had been presented to them. Agreements have been struck in certain instances, and we look forward to some very positive things evolving from this initiative with Flanders. At the same time, we will have the other region of Belgium, Walloon. We will have representatives from there, and we've signed a similar agreement with them. They will be in Edmonton within the next few weeks.

On the Premier's Council on Science and Technology the hon. member asked why there was a drop in the funding there. It's just because we took out the \$175,000 that was allotted last year for the national forum of advisory councils of Canada that took place here in Edmonton.

Under vote 2, I'll just run through – because I appreciate the fact that there are the ups and the downs with respect to it and that percentages kind of throw it out of whack. It's important for the hon. member to realize the figures and what they go towards as far as support of our infrastructural systems. Under electronics there's the Alberta Microelectronics Centre, a slight increase this year. Under telecommunications we have the Alberta Telecommunications Research Centre, an increase, as the hon. member pointed out, of about 35 percent, principally to encourage further participation by private-sector members in that very important research centre and also to take on some further activities of research.

The advanced materials. The Alberta Laser Institute and Westaim are both in there, Alberta Laser Institute for \$1.1 million and Westaim for \$1.5 million. The Advanced Technology and Engineering Support, the national centres for excellence, \$2 million. C-FER: our funding is going down there because we have fulfilled our basic agreement. It's \$852,000 this year.

In connection with the networks of excellence, it is, as the hon. Member for Banff-Cochrane pointed out, an excellent program. Indeed, the \$4 million will be payable over the three years. It's given to universities, institutions, and industry participants to offset some of their related research costs, such as specific equipment or lab modifications, extra research support staff, and other similar expenses. The money will be distributed by the institutions to each of the nodes and the participants according to their needs, but we're going to try give as much flexibility to the universities to apply in a way that's most meaningful for those recipients.

**11:40**

Mr. Chairman, time is quickly passing here. I may just jump out of this particular pattern in responding to the hon. member, and I'll have to get back to him in writing in more specific detail, but I don't want this opportunity to go by without saying a word or two with respect to NovAtel, where we're at and where we're going.

Mr. Chairman, over a period of years, NovAtel has illustrated a tremendous ability to capture market, to come forward with research and development that is, in fact, on the leading edge. They have won awards; they now employ about 1,200 individuals in a variety of places throughout the world. They were a major player internationally and are a major player still, but they've run

into some problems. We acknowledge those problems fully, but we say we're doing something about it, and we are doing something about it. In fact, we have taken a number of steps already in order to address those problems.

Let me just cite a few of the things that have happened, and this is just since we reacquired ownership of NovAtel. We put a new management agreement in in order to ensure that people that are in the telecommunications business are still involved, an agreement with Telus. A new CEO was appointed; a management committee was hired; a new chief financial officer and chief operating officer were appointed. The 1990 financial statements have been completed and will be tabled shortly as soon as I have an opportunity to review them. The Stanford Research Institute was hired to give an outside appraisal with respect to exactly where this company stands in its technology and its market and so on. The costs have been brought into line with the revenues. We're working on resizing this company through the management committee. We are working towards doing everything possible to ensure that this company returns to a sound financial footing and has a place in the future of Alberta and Canada. I'm really confident, Mr. Chairman, that they will, in fact, succeed, but it is not easy. It's a very competitive business, but we're doing everything possible to ensure that this company receives an opportunity to fully achieve objectives for the future.

Mr. Chairman, I want to also say with respect to NovAtel that the information that is often talked about and in fact questioned by members opposite and the arithmetic with respect to losses and costs to taxpayers: we've made every effort through our responses to try to address that, but those that don't want to learn will not learn. The hon. Member for Calgary-Mountain View wanted me to make definitive statements here and now tonight, and he's not even here to listen. So it just shows you how keen he is in that.

Mr. Chairman, I also want to deal with a couple of other matters here that relate to the hon. Member for Calgary-North West. In that regard I must say that the questions the hon. member posed with respect to the Alberta Research Council have been dealt with, I believe, by the hon. Member for Pincher Creek-Crowsnest as chairman of the Alberta Research Council.

On the matter of Access, Access certainly is already pursuing a number of corporate sponsorships. It is pursuing those . . .

head:

#### **Vote on Main Estimates**

MR. DEPUTY CHAIRMAN: Hon. minister, I hesitate to interrupt, but pursuant to Standing Orders 58(1) and 59(1) and (2), I must now put the following question.

Those members in favour of each of the resolutions not yet voted upon relating to the main estimates of the government and the Legislative Assembly for 1991-92, including the supplementary estimates of expenditure and disbursements covered by special warrants for the fiscal year ended March 31, 1991, please say aye.

SOME HON. MEMBERS: Aye.

MR. DEPUTY CHAIRMAN: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. DEPUTY CHAIRMAN: Carried.

[Mr. Speaker in the Chair]

MR. SPEAKER: Order please, and it's not pizza either.

[Eight minutes having elapsed, the Assembly divided]

MR. JONSON: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Each of the resolutions not yet voted upon relating to the main estimates of the government and the Legislative Assembly for 1991-92, including the supplementary estimates of expenditure and disbursements covered by special warrants for the fiscal year ending March 31, 1991.

Mr. Speaker, I wish to file a list of those resolutions voted upon by the Committee of Supply pursuant to Standing Order 58.

**11:50**

For the motion:

Ady	Fischer	Musgrove
Bogle	Fjordbotten	Paszkowski
Bradley	Gesell	Payne
Clegg	Hyland	Severtson
Day	Isley	Shrake
Dinning	Jonson	Sparrow
Drobot	Lund	Stewart
Elliott	Mirosh	Tannas
Elzinga	Moore	Thurber
Evans		

MR. SPEAKER: Having heard the report, do you concur?

SOME HON. MEMBERS: Agreed.

Against the motion:

Bruseker	Fox	Mitchell
Doyle	McEachern	Roberts

MR. SPEAKER: Opposed?

SOME HON. MEMBERS: No.

Totals: For - 28                      Against - 6

MR. SPEAKER: Carried. Thank you.

[Motion carried]

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

[At 11:57 p.m. the Assembly adjourned to Tuesday at 2:30 p.m.]

