Legislative Assembly of Alberta

Title: **Thursday, June 6, 1991** **8:00 p.m.**
Date: 91/06/06

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

[Mr. Jonson in the Chair]

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

Bill 6
Oil and Gas Conservation Amendment Act, 1991

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

SOME HON. MEMBERS: Question.

[Title and preamble agreed to]

[The sections of Bill 6 agreed to]

MR. PAYNE: Mr. Chairman, I move that Bill 6, the Oil and Gas Conservation Amendment Act, 1991, be reported.

[Motion carried]

Bill 20
Rural Electrification Revolving Fund Amendment Act, 1991

MR. DEPUTY CHAIRMAN: There are amendments that are being circulated by the Member for West Yellowhead and the Member for Vegreville.

Are there any opening comments, questions, or amendments to be offered with respect to the Bill? Obviously, we have amendments.

The Member for Drayton Valley.

MR. THURBER: Mr. Chairman, I think that at this time I would reserve my comments for closing.

MR. DEPUTY CHAIRMAN: Further speakers?

The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. We discussed this Bill at an earlier date, of course, and we the Official Opposition do not agree that these rate changes should be taken nor should this Bill go as put forward, out of the Act into some other way of changing this Bill. The farmers of Alberta for many years have been very pleased with the loans at 3 and a half percent for financing of electrical power, for getting new electrical services put in in rural Alberta. I don't agree that this Bill should proceed as put. Rather than going to a regulatory body, it should stay in the Act.

The Bill clearly states that they'll change the interest rate after July 1, 1991. We don't think that's fair, because many Albertans over the years got their electrical services put in at the 3 and a half percent, and now this Bill would allow that to be changed. It's my understanding that perhaps it will go to 7 percent for all new customers, whereas the customers prior to July 1, 1991, except for young farmers who might be handed this bill from their parents, would remain at the 3 and a half percent. I would hope the members present would agree that this not be allowed to go through, changing those rates and taking that away from this Act and putting it to some other committee.

Mr. Chairman, I'd like to table the amendments to Bill 20, Rural Electrification Revolving Fund Amendment Act.

Shall I continue, Mr. Chairman?

MR. DEPUTY CHAIRMAN: Yes, please do so.

The Chair would just like to comment, and this applies to all sides of the House, that while not definitely required by the rules, it is helpful to circulate amendments ahead of time. I would make that request on behalf of whoever is in the Chair.

Please proceed, West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. The Bill would change a lot of assistance for young people starting farms in Alberta and starting residence in rural Alberta. Over the years you could get the new power services put in, and those power services would be there at 3 and a half percent payable over 10 or 25 years, whichever way the power company or the person who applied for power would like to finance that, if, of course, it's financed by the government through the Rural Electrification Revolving Fund Act.

As of March 31, 1990, loans received from the Rural Electrification Revolving Fund amounted to $67,228,130, but these have been paid back. It says nothing in this Act about those people who move off their farms, some with bad debts, not getting refinancing. It just says that the power will be taken out and the money would be returned to the power company for the payment of the debt and the rest would be turned back to the rural electrification area, whichever one the money was owing to.

Section 3, Mr. Chairman, should be struck out because it says:

> A loan shall bear interest, payable . . .
> (a) . . . at the rate of 3½% per year if the loan was approved under section 12(1) before July 1, 1991, and
> (b) at the rate per year prescribed in the regulations
> (i) if the loan was approved under section 12(1) on or after July 1, 1991, or
> (ii) if the land respecting which there is a lien note covering the loan is sold on or after July 1, 1991.
> (3.1) Notwithstanding subsection 3(b)(ii), if the land is sold by its owner to that owner's son or daughter and the loan was approved before July 1, 1991, the interest rate remains payable at the rate of 3½%.

Mr. Chairman, I don't think it's fair that we should just drop this financing to help people move to rural Alberta, help them set up their farm services or their residence or whatever they may want. We feel that perhaps we should leave this Bill as is or that section 3 should be totally struck out, section 4 should be amended by striking out clause (a), section 5 should be amended by striking out clause (a), and section 10 should be totally struck out. It says that they will "prescribe the interest rate referred to in [that] section." To move them to a regulatory body from the Act I don't think is fair.

We also have amendments, Mr. Chairman, if you'd like them circulated early, from the hon. Member for Vegreville. Perhaps we could have those circulated in advance. We'll remain on my amendments, but what you asked, Mr. Chairman, was to circulate these in advance.

I would hope that the members of the Legislature would seriously consider the amendments put forward by myself.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Are there speakers on the amendments?

The Member for Drayton Valley.

MR. THURBER: Thank you, Mr. Chairman.

MR. TAYLOR: Is he closing off?

MR. DEPUTY CHAIRMAN: Not in committee, hon. member, although I understand now that the Member for Drayton Valley would defer to you.

The Member for Westlock-Sturgeon.

MR. TAYLOR: Thank you. Age before beauty.

AN HON. MEMBER: That's very generous of you.

MR. TAYLOR: It leaves him the chance of an opening, Mr. Chairman, to say pearls before swine, but I'll leave it.

Mr. Chairman, I'd like to support the amendments as they are presented here. They are all tied into the question of interest rate. It seems to me that in this day and age we're encouraging many industries. We're allowing rapid capitalization as one method, the use of federal and provincial income taxes. The other way of encouraging industry is deferment of operating losses to when income comes in. Often, of course, as this government has made quite a fuss about, they have intervened or interfered – it depends which way you want to look at it – in the marketplace in the form of interest free loans, capitalization of interest, forgiveness of loans, although lately most of the forgiveness has come about because the borrower went bankrupt. But here we have farmers in food production, which is the basic mainstay, more farmers than there are in any other industry in Alberta, and we're freeing the interest rate on the money they will have to borrow through the government to electrify their farms or to put electricity into new farms. This seems to me to be rather ridiculous and counterproductive.

8:10

Now, of course, the new Bill doesn't say what the rate will be. In other words, trust God, and all the rest have to pay cash: this type of thinking. "We Tories would never think of putting the interest rate to 15 or 18 percent": this idea of trust. Trusting a government, as you know, Mr. Chairman, is probably one of the most famous last words going. You know, "We're here to help you; we're from the government." How many people have heard that and lived to regret it? So here we have a Bill: we're here to help; we're from the government; let us fix the interest rate. Well, outside of giving the farmers seizures of laughter, it does give them a little bit of a seizure of worry that the government is going to put an interest rate out there that is not at all reasonable.

Now, lastly, Mr. Chairman and these people that are over on the other bench, think of this: there could be an NDP or Liberal government next time. It's just possible. Would you trust those people to set interest rates for your farm and your farmer friends? I wouldn't. Would you? I fully expect to be part of the governing force next time around, and if I am willing to fix the interest rate at 3 and a half percent, so much more should the present government be ready to leave the old rate as it is.

Mr. Chairman, I think this was a colossal error. I don't think it was looked at very carefully. I would ask, maybe even beg – how about implore? – the government to look at it again and go back to the old 3 and a half percent rate.

Thanks.

MR. DEPUTY CHAIRMAN: Further speakers on the amendments?

The Member for Drayton Valley.

MR. THURBER: Thank you, Mr. Chairman. On the amendments. I think it's very reasonable to have the rate changes go into regulation so they can be brought into play as times and circumstances change, as opposed to having them left in the Bill itself. I think you have to remember one thing, Mr. Chairman. This 3 and a half percent interest rate has been in place for quite some time. It was also in place when the interest rates were 21 and 22 percent. So we have helped. This government has helped these people get established and helped them have power and have the modern conveniences everybody desires to have on farms.

The other thing I think you have to remember is that a lot of these loans are paid off. The ones that are transferring within a family: anybody that applies or has a loan before July 1 or even after that, if they sell to their son or their daughter, that 3 and a half percent interest rate stays there. I think it's good business practice to have it out where it can be dealt with on a modern-day set of circumstances.

To my hon. Liberal friend over there. I think he missed one thing. He says that their party would be so benevolent and they don't like to see the interest changed. Well, if and when, God forbid, they ever become the government, they could set it at 3 and a half or 3 and three-quarters percent without going back and redoing the whole Bill. So I think that part of it, Mr. Chairman, is handled quite nicely. I don't think there's a problem with that.

I have mentioned that the interest rate could be set at 7 percent. It could be set at 3 and three-quarters percent. It could be set at 4 percent or whatever the circumstances demand. If interest rates went to 50 percent, perhaps 25 percent would be a reasonable thing at that time. I don't know. If we have it in the regulations, it can come back and be decided at some point in time. We've allowed for the concept of the family farm to continue, and some of the other amendments that have taken place provide added protection to the land purchaser and to this government. It also allows the two interest rates to be in place at the same time.

Mr. Chairman, I think the amendments are out of order and not useful at this time. I would like to see the amendments defeated, and we can go on and discuss the Bill.

MR. DOYLE: Mr. Chairman, of course I listened to those few remarks from the hon. member, and he mentioned the fact of the family farm. I'd like to ask the member, Mr. Chairman, if he does not agree that the aunt and uncle, the grandfather and the grandmother are not also a part of a family. It clearly says that "if the land is sold by its owner to that owner's son or daughter and the loan was approved . . ." [interjection] It's not my fault, hon. member, that you don't have any family. You just sit back there . . .

MR. DEPUTY CHAIRMAN: Order please. Let's continue with the debate. Please proceed. [interjections] Order.

MR. DOYLE: Mr. Chairman, perhaps the Member for Rocky Mountain House could think before he starts heckling in the background. He appears to do nothing but that.

He also must not care much about the farmers in his riding either, because young farmers in Alberta are just as important as farmers of other ages. They've been led by parents to settle

in rural Alberta as much as they can, and we know that because of other problems they will not be allowed to go on the family farm. This interest rate of the 3 and a half percent that was given to their fathers and mothers, grandfathers and grandmothers, aunts and uncles has been very fair, and it has helped the family farm. But to say that part of the family is only the father and mother, that it can only be sold to the sons and daughters, I don't think that's promoting that family farm. We all know that sometimes a family has no children on the farm, and they want to give it to their niece or their nephew or some other part of the family. Is the member saying that it's only the son and the daughter that would be allowed this particular financing, whereas another member of the family – it could be a brother or sister – would be the ones that would have to pay more than the 3 and a half percent? I don't think that to just identify a couple of people in the family is truly right. Having eight brothers and two sisters myself, Mr. Chairman, perhaps one of the other members of the family or a brother-in-law or something might end up with the family farm.

So this Bill is a kind of bogus Bill. It doesn't help support young farmers in Alberta. It doesn't do anything but take the interest rate of 3 and a half percent out of the Act and put it in the regulations, where parties outside this Legislature can decide. In case you didn't hear, Mr. Chairman, it's that parties outside this Legislature can decide. Half of the problem here when we're discussing these amendments and other things in the Legislature during committee is that most members just sit around and visit rather than paying attention to what's really happening. [interjections]

MR. DEPUTY CHAIRMAN: Order please.

MR. DOYLE: Thank you, Mr. Chairman, for bringing these people to order, because many of them are not paying any attention to the Bill.

So I would say that part 1 loans that bear the 3 and a half percent have a fixed repayment schedule of the 10 or 25 years. They amount to $35,954,228. The majority of these loans are for 25 years. As of March 31, '89, $4,738,812 had been loaned for 10 years, while $29,932,768 had been loaned for 25 years. Part 1 loans are made especially for new electrical services that are secured by a lien on the family farm. Part 2 loans, of course, are the more expensive loans, which are for building power lines to a greater distance in a more remote area such as the riding of West Yellowhead, where in some areas people want to build on flat land that may be 10 miles or some distance greater than, say, half a kilometre or half a mile from where there is already electrical service. Quite often there will be power down one side of the road and somebody wants to establish their farm place maybe at the other end of the quarter section.

So the part 1 loan at today's cost for construction of power lines – it gets very expensive once you get any great distance. In fact, if I recall, when I was an employee of TransAlta – I'm now just on leave after being elected – at one point REAs had a minimum of $1,100 to put in electrical service and a maximum of $2,500. Well, that's gone far beyond those parameters today, and the people have to take loans out, I believe, as high as $10,000; it could be $8,000. Then it goes to the part 2 loan. So those are for electrical services other than the part 2 loan. They're interest free and repayable when additional services are connected to that facility. That benefit from the interest free funds amounts to $29,312,240 as of March 31, 1990.

8:20

The part 2 loans, of course, are carried with no interest, Mr. Chairman, and as new customers tie in they pay back piece by piece. If it was going up a road and there was some residential development or a subdivision where there would be several houses, at that time those people would pay back that percentage of the part 2 loan, and in fact when it got down to a certain fee where the part 2 was paid off, they would also, in fact, be paying part of the part 1 loan which the original applicant was successful in securing.

So, Mr. Chairman, I don't believe this Bill should go through and allow this to go into regulations so that people outside this Legislature set the rate of interest rather than the members of the Legislature controlling and knowing exactly what that interest rate is. It's provincial government funds, and it's our responsibility to look after those funds. Now, some will say that to look after funds at 3 and a half percent is probably not a good rate of return, but we're doing this to help diversify the economy of Alberta. It's been of great benefit over the years, especially in rural Alberta.

Now to take new farmers who want to settle in rural Alberta, who want to start up a farming operation – it wouldn't necessarily have to be dairy or beef; it could be greenhousing; it could be anything that makes them bona fide farmers – and make those people pay a higher interest rate than those who have paid for the past many years would be a crucial point in having them decide where they might go or whether, in fact, they would even move to rural Alberta to establish a farm life and the rural life.

So I think this is a poor sign, Mr. Chairman, that this government has put a Bill forward which will discourage people from moving to rural Alberta rather than helping them move, especially moving with the same help that the government gave since the Social Credit days, when this was brought in. I think it's only fair that we could give them this break, especially when they're starting up a new farm life. Some people have been taking out loans of less than $1,000 at 3 and a half percent; the member must surely know this. I myself as an employee of TransAlta for many years both in the REAs and for company farmers, which would be farmers that were not within a rural electrification area, would take out whatever size loan was necessary simply because the rate was 3 and a half percent. So I would think, Mr. Chairman, that those small loans could easily be paid back if we made this Act so that it would raise the rates for people who had low interest loans for the last five years or 10 years, perhaps have them pay back what is owing.

Just checking the figures, there's $29 million, in fact, owed on the 25-year loans. Perhaps some of those people have made well now and if the interest rate were raised to 7 percent for people who had a loan for 10 years, perhaps they would pay that money back. I would assume that's what this government is going to move this rate to. People within the department have suggested that that's what the rate is going to be moved to. So that would discourage people, perhaps, from going for this loan that has benefited many farmers. They would probably have to turn to the banks. They'd probably get their loans right along with their farm and house loans for construction of their living quarters. It certainly would not encourage them to move to rural Alberta where the benefit of a loan such as this helps them get that kick-start they need when they're starting up a farm.

I would think that people who have been on the farm for 10 years or seven years, something like that, would have a good start by now, and in fact would be getting some of the machinery in place or paid for and might be willing, if the rate were at 7

percent, to pay back that gracious help that's been given to them by the government for the last period of time. So I would hope the member would consider these amendments or consider withdrawing this Bill until it can be worked over and brought back in a more meaningful way which will help the growth of rural Alberta.

Thank you, Mr. Chairman.

MR. McINNIS: Mr. Chairman, I've listened to the debate with some intensity this evening. I think Committee of the Whole is a place where regardless of party we have some obligation to listen to arguments and try to puzzle through what's the best thing to do for the province of Alberta.

Now, the Member for Drayton Valley started a very persuasive argument in defending the amendments, suggesting that they might be used by a New Democrat administration to restore this benefit which is being cut back by the Conservative government. He started to win me over with that argument, but then he turned around and said that he could conceive of a circumstance in which a 25 percent interest rate might be justified under this legislation, which is clearly beyond any place that I would draw the line. So I think that on the basis that it might go that high, perhaps there is an argument for leaving this matter under the control of the Legislative Assembly, where members from all parties regardless of party can listen to arguments, participate in the debate, and vote ultimately on what the conclusion should be. It seems to me that we're now being asked to cede that power to the government and leave it up to them to decide what the interest rate should be.

Now, I certainly hope we never see a circumstance where any administration of any party would conceive of a 25 percent interest rate under this program. In order to make sure that never does happen, I think we should support the amendments put forward by the Member for West Yellowhead so this important matter would be discussed again, hopefully in a nonpartisan atmosphere, here in the Committee of the Whole Assembly.

MR. DEPUTY CHAIRMAN: Any further speakers on the proposed amendments?

[Motion on amendments lost]

MR. DEPUTY CHAIRMAN: Further speakers on the Bill?

SOME HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Hearing the call for the question . . . I'm sorry; my apologies. We have another amendment.

MR. McINNIS: Mr. Chairman, may I move Vegreville's amendments on his behalf?

MR. DEPUTY CHAIRMAN: Yes. The Member for Edmonton-Jasper Place is recognized and moves the Member for Vegreville's amendments A and B of April 22, 1991.

Are there any speakers on the amendments?

The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. Speaking to Bill 20 and the amendments from the Member for Vegreville, Mr. Fox, the acting leader for the next couple of days while our gracious leader and other members of our caucus are in Halifax to revitalize people in eastern Canada with the great effects of the New Democrats – I wish them a safe landing when they arrive and a safe return to the Legislature so we can keep this government in line and address situations we have in the province of Alberta and Bills such as Bill 20.

Section 4 is amended, Mr. Chairman, by adding "subject to proper notice." The Bill states that "when all money payable under the lien note has been paid, the Director shall cancel the note." Further, it says that the

> lien note may be executed under subsection (2) only if, at the time the land is sold, the payments due under the existing note are not in arrears.

I would hope that when these lien notes are canceled and proper notice is given, people have time to decide whether they can afford these services or not.

The Member for Vegreville also suggests that section 6 is amended in (2.1) by adding "subject to proper notice" after "the Director shall." So, Mr. Chairman, I would hope that the members of the committee support the Member for Vegreville's amendments.

8:30

MR. DEPUTY CHAIRMAN: Further speakers?

Westlock-Sturgeon.

MR. TAYLOR: Yes. In rising to express my support for the amendments, I might turn it into a bit of a question to the member proposing the Bill on behalf of the government. In section 6 where "the Director shall instruct the power company to discontinue the supply of electrical power to the person in default," it wants to be amended "subject to proper notice." My understanding is that a recent Supreme Court case here in the last couple of months just tore the bottom end out of the utility companies for doing that to a user in the city. In other words, it caused freezing of pipes, and of course it might have even led to the death of a child.

So the Supreme Court ruling was that the law as it stood was not protecting as it should those the utility company would choose to cut off from power or gas. In fact, I think the Supreme Court ruling in effect almost made it impossible to cut it off during the wintertime or a time when disadvantage or harm would come to the inhabitants. We have it saying here that with a default in the payments they can go out and cut them off. I can see cutting off power in the summertime maybe or for optional uses on a farm, but cutting off power to a dairy or cutting off power in the middle of winter to an impoverished family, say a single parent with a couple of children trying to make ends meet, doesn't seem right. So I'm going to ask the question specifically, Mr. Chairman: has he checked with the Attorney General's department in the last 45 days on whether or not such a clause is even legal?

MR. DEPUTY CHAIRMAN: The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. Speaking in favour of these amendments, the Member for Vegreville pointed out very clearly that proper notice should be given before any electrical services are cut off. In fact, I do know something about this, because I've had the terrible opportunity occasionally to disconnect the odd electrical service. The Member for Westlock-Sturgeon was clearly right when he asked if it should be cut off under some circumstances.

I recall many occasions when notice was served to the rural electrification area. The power company itself knows the bill is

in arrears, but they have to go through the electrification area before the power can actually be cut off. They would notify somebody that the farm loan was not paid. Quite often they would pay their power bill, but they wouldn't pay the farm loan because they were short of funds, I would suspect. They could leave their power on a little bit longer if the power bill was actually paid, but if the loan wasn't paid, we had to in fact get word from the governing body of this loan through the REA and then down to the power company; then it would get to us, and we'd have to serve our legal notice on them that we were going to cut their power off if this bill wasn't paid. Then a month or two after, the day we'd be going out to cut it off, lo and behold, we'd get a call that they'd contacted. I recall the MLA in the riding of Whitecourt phoned me: no, you guys leave that power on.

So what use was it to have it in the Act that you could cut people's power off when you have an intervening member of the government who on more than one occasion made sure we did not cut those customers off. It left an embarrassment to the employees who drove out there on company time and had lots of other things they could have done. Then you get a call on the radio to give the reasons for not cutting this person off when we took our time and made sure all the rules were followed.

So I think that in itself was unjust, that an MLA should get involved in such a negative thing as that. That's on the record of the power company, and I'm making it the record of this Legislature.

MR. DEPUTY CHAIRMAN: Order please, hon. member. Please speak to the amendments. I don't think the last comments were related.

MR. DOYLE: I suspect I was speaking to the amendments, because the question in place is that the director should give proper notice that power can be shut off. I'm just explaining that quite often they give this notice and somebody else intervenes who should have no business sticking their nose into it. We put this financing in place for people to help them out, and if they got in trouble with it, we discussed it openly with them, gave them time, and then had to finally go through the process of trying to collect the money. The only way left was to shut their power off. Then somebody else gets involved, and all of a sudden you go through the whole process again. So that happened to me, Mr. Chairman. Perhaps the company I worked for gave $10,000 to the Conservative Party and $8,000 to the Liberal Party and didn't care much for those people who are out there trying to build a family life in rural Alberta. [interjections] Mr. Chairman, I'm not in any way opposed to who they give their funds to. We accept ours from individuals and not from companies who were given power dams by the province of Alberta.

MR. DEPUTY CHAIRMAN: Hon. member, you are off the amendments now, in the judgment of the Chair, so let's relate to it.

MR. DOYLE: Mr. Chairman, speaking to the amendments, I think it wasn't very fair that the government gave the power plants to the companies for a dollar and now they want to raise the 3 and a half percent on the taxpayers who actually helped pay for those power plants and consistently pay for them. We recall last year. It affects this amendment somewhat, because people now have to pay higher power rates because of Bill 26, which went through this Legislature last year, that canceled the income tax rebate to power consumers. So those people need the same help as the people before them.

Mr. Chairman, I would hope that the members of the Legislature would take this Bill back and redraft it and leave the interest rate under the Act. If it's going to be 7 percent in the Act, put it in the Act; don't put it in the regulations where somebody can up the rate at their whim. Like the Member for Drayton Valley said, if the interest rate is 50 percent – and God help us if it is; I surely hope it isn't – he might raise it 25 percent, half of that. Well, we do recall a 21 percent interest rate, and this was at 3 and half. That helped the people of Alberta, to keep that rate down. I would hope the members would be as considerate in the future as they have been in the past to help these young people in rural Alberta.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: Further speakers to the proposed amendments?

The Member for Drayton Valley.

MR. THURBER: Just to close, Mr. Chairman, for a moment and try and address some of the concerns that were rambled around by the hon. Liberal member. I'm sure the NDP member is mad because his party didn't get any money given to it. I don't know what that has to do with the amendments.

Nevertheless, when you talk about "subject to proper notice," good business practices in our province, where we have good business laws – certainly there may be some Supreme Court ruling that says you can't shut the power off when it's 70 below and somebody is starving to death. Certainly that would take precedence; there's no problem there. Most businesses do provide proper notice before they shut anything off. It's addressed in the amendments. It's always been a fair business practice to proceed in that manner, and I think the amendments should be defeated and we can proceed with the Bill.

MR. DEPUTY CHAIRMAN: Further speakers?

Ready for the question?

SOME HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Having heard the call for the question, all members in favour of amendments A and B as circulated, proposed by the Member for Edmonton-Jasper Place on behalf of the Member for Vegreville, please say aye.

SOME HON. MEMBERS: Aye.

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

SOME HON. MEMBERS: No.

MR. DEPUTY CHAIRMAN: It is defeated.

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

8:40

[Eight minutes having elapsed, the Assembly divided]

For the motion:

Chivers	Hawkesworth	Sigurdson
Doyle	McInnis	Taylor
Ewasiuk	Mjolsness	Woloshyn
Gagnon		

Against the motion:

Ady	Gogo	Severtson
Black	Horsman	Shrake
Bogle	Hyland	Sparrow
Bradley	Laing, B.	Speaker, R.
Brassard	Lund	Tannas
Calahasen	Moore	Thurber
Clegg	Osterman	Weiss
Day	Paszkowski	West
Drobot		
Totals	For – 10	Against – 25

[Motion on amendments lost]

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

MR. McINNIS: Just a final comment on Bill 20. I want to make clear with respect to what the Member for Drayton Valley said that the attitude of the New Democrats towards this Bill has nothing to do with whether or not funds were offered to our party coffers by any of the private utility companies. In fact, he should know that if such a donation were offered, it would be rejected under the policy set by our membership. It's certainly the case that the utility companies have been well rewarded for their support of the governing party in this province. What perhaps requires explanation is why they would invest so heavily in the Liberal Party. Perhaps it's because, should this government falter and fail . . .

Chairman's Ruling
Relevance

MR. DEPUTY CHAIRMAN: Order, hon. member. [interjections] Order please. Order. The hon. member perhaps within the latitude of debate could clarify something with respect to a previous remark, but I believe you're now extending beyond anything to do with the Bill.

MR. McINNIS: Well, the comment was made.

MR. DEPUTY CHAIRMAN: And the Chair entertained your comments in response, but I think you're extending beyond that now.

8:50 **Debate Continued**

MR. McINNIS: Mr. Chairman, I do wish to . . . Oh, forget it.

MR. DEPUTY CHAIRMAN: Further discussion? Are you ready for the question?

MR. DOYLE: Mr. Chairman, it's my understanding we're still debating Bill 20. Is that correct?

MR. DEPUTY CHAIRMAN: Yes, we are.

MR. DOYLE: Thank you, Mr. Chairman. Some of these changes in the Bill are hardly necessary.

> (a) a new lien note may be executed by the purchaser of the land if, at the time the land is sold, the payments due under the existing lien note are not in arrears, and
> (b) the Director may direct the power company to refuse to supply electrical power to the purchaser of the land until the purchaser executes the lien notes.

Well, Mr. Chairman, when you sell a piece of property or a search of the title is done and there are bills outstanding against that property, most definitely the power would not be connected until such time those bills were paid. So whoever drafted this Bill – I don't give the fault to the Member for Drayton Valley. There are so many things in here that aren't necessary. They're common sense; they're statutes within the utility companies. In fact, the old Act is clear enough.

Then, of course, it very clearly says that "When all money payable under the lien note has been paid, the Director shall cancel the note." Well, I hope they would cancel the note if it's been paid. I mean, why does that have to be in there? It says:

> In the event of a default referred to in subsection (2), the Director shall . . .

and that should say "with notice,"

> . . . instruct the power company to discontinue the supply of electrical power to the person in default and shall take whatever action is necessary to enforce payment of the lien note.

It has not been clearly explained on questions prior, Mr. Chairman, what is meant by "action." What action should be taken? What further action should be taken but to shut off the power to that particular service. I don't know if this is meant to be a threatening thing. They could do other things like tow away the farm tractor or disconnect the wire completely from the house or take the power line out completely. Sometimes people just need a little more time to gather up the dollars and cents. When sometimes it's not as profitable in rural Alberta, it's hard for some people with extended families to pay their power bills after they put food on the table. It's bad enough that they do without power, but it says that they have to "take whatever action is necessary to enforce payment." Well, who would do that? Would it be the power company? Certainly not the employers of Alberta Power and TransAlta Utilities. They have their jobs, and they're responsibility is to the company and other customers. Their job is to cut the power off and leave it at that.

So, Mr. Chairman, there are many questions in this Bill that should be answered, and I hope the member would consider taking this Bill back and redrafting it. With the amendments and some suggestions we've put forward, we would gladly pass this Bill, but not under it's present form.

MR. DEPUTY CHAIRMAN: Ready for the question?

SOME HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: You heard the call for the question.

[Title and preamble agreed to]

[The sections of Bill 20 agreed to]

MR. THURBER: Mr. Chairman, I move that Bill 20 be reported.

[Motion carried]

Bill 21
Rural Utilities Amendment Act, 1991

MR. DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this Bill.
The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. This is Bill 21, the Rural Utilities Amendment Act, 1991, as proposed by the Member for Drayton Valley. If we go to section 3 at the top of page 2, it says:

> . . . due under the lien note and, if there is any surplus remaining after payment in full of all money due under the lien note, it shall be paid to the owner.

Mr. Chairman, I'd like to point out to Members of the Legislative Assembly who are not knowledgeable about exactly how this works that when the power is cut off to a certain customer and all means have been taken to collect that money and the proper notice has been given, 30 or 60 days, if they don't pay that bill, the service will be removed. It would be very clear that the members should understand that it's very seldom that any electrical customer who has power removed from his property would get any money back because the cost of dismantling is almost as much as supplying that service. So, Mr. Chairman, I would wonder why this would be in there; it's already in the Acts of the power companies.

It says:

> In the event that the owner later applies to have the utility service re-established, he shall pay the average installation cost paid by other members of the association or the actual cost of the installation, whichever is the greater.

I would like to know, Mr. Chairman, if this customer who had their power removed and was still in arrears because of the extra cost of removing this service would be responsible for that money that was still owed on the previous location. I would hope that if a person was in default on one piece of property and had their power service removed, in fact they should pay up the balance of anything that was owed on the former service. Quite often not too many years back the electrical services were put in, they were financed, everything was in place, and the people never even moved onto the farm and the farm was sold. Quite often those bills weren't paid for many, many months. So then those other people who moved on there didn't pay it and then moved off and moved to another part of the province and, in fact, got a loan someplace else in the province for a new service before the other service was even paid off.

It says in (6.3), Mr. Chairman:

> A pipeline for natural gas, water or sewage or an underground power line may be left in the land.

I would hope that if there are wires left in the land – especially electrical wires. They only need, I believe, 18 inches on lands where there are no roadways. Those lines are not that deep under the surface. Somebody putting in a gas line or water lines or something else on that particular land could certainly be endangered by cutting that wire if in fact it was disconnected at the opposite side of the supply. So leaving those wires in the ground and leaving water and natural gas lines in the ground I don't think is the right way to go. If a service is removed, it should be totally removed, and they shouldn't be left there dormant in the ground for somebody else to come into contact with when they're digging, although there might not be that much danger. If it's not on the title of the land where these services are, then they should be removed from the land.

In (d), Mr. Chairman, perhaps I pre-empted.

> (d) in the event that the owner later applies to have the utility service re-established, he shall pay the average installation cost.

It seems strange to me that if a guy could run off on a bad debt in one area in the province, he can go and get it from the same lending body of the provincial government as in the first place.

In (2)(b), Mr. Chairman,

> (b) the association shall not supply its utility service to the purchaser of the land until the amount outstanding has been paid, and
> (c) without limiting clause (b), the association may refuse to supply its utility service to that purchaser until the purchaser becomes a member of the association.

Well, this deals only with rural electrification areas.

MR. DEPUTY CHAIRMAN: Excuse me, hon. member. Order in the committee, please. Order.

MR. DOYLE: Thank you, Mr. Chairman, for bringing this committee to order. It's nice to have a Chairman who recognizes that . . .

MR. DEPUTY CHAIRMAN: Hon. member, please proceed.

MR. DOYLE: . . . these members are here to participate in debate and not just stand up and vote like a bunch of sheep.

9:00

MR. DEPUTY CHAIRMAN: Order please. The Chairman would respectfully suggest to the member that the Chairman will chair the meeting. The member: I would invite you to continue with debate.

MR. DOYLE: Thank you, Mr. Chairman. My compliments were to you, sir, for bringing these people to attention.

Mr. Chairman, now that I was interrupted so rudely by members who were not paying attention, I have to gather my thoughts again in regards to Bill 21, the Rural Utilities Amendment Act, 1991, proposed by the Member for Drayton Valley.

Mr. Chairman, going to page 4, (c)(6.1) says:

> The Director may reject a lien note if he considers that the person liable under the note is unlikely to be able to meet all the payments under it.

How in God's name, Mr. Chairman, can some director in a far-off city or village decide whether somebody is going to be able to pay their lien note off at a future date? It seems strange that under all the systems that have been in force for years, simply if he purchased a piece of land, the lien note was against that piece of property, but now this Bill would give the director the opportunity to reject a lien note if he considers "the person liable under the note is unlikely to be able to meet all the payments under it." How could somebody possibly all of a sudden decide that somebody that's bought a piece of property five, 10, or 20 years down the road can't pay a lien note off?

I mean, those lien notes are out there. If you own a piece of property and you want electrical service on that property, you simply go to the rural electrification, the REA, and sign up, or you go to the company, on the part of a company customer in an area other than that which is controlled under the rural electrification area, and the forms are filled out and they're commissioned. I've commissioned many hundreds of them, Mr. Chairman, and there's no qualification. Whether you make a dollar a day or a dollar an hour, you simply have bought the piece of land. You want to start using that land for some particular service and those lien notes go through the department. Now, all of a sudden, the director can reject a lien note if he decides that sometime in the future they can't make payments.

Well, that gives somebody an awful lot of power. I'm sure he wouldn't reject any lien notes to Members of this Legislative Assembly who hold them on their farms. I'm sure that some people could come under rejection of a loan for reasons

unknown to them. I think it's quite unfair when people are moving to rural Alberta and trying to establish a farm and a homestead and then they have this hanging over their heads. They might be rejected, where in the past their fathers and mothers and brothers and sisters were always allowed.

MR. SIGURDSON: You forget the grandpas and grandmas.

MR. DOYLE: They were always allowed, including their grandpas and grandmas, Mr. Chairman, to just apply for a loan. A loan was naturally granted, providing that they were in full title of the land, or at least were negotiating on the land and had a good payment in place, and they wanted to start their farm service.

Mr. Chairman, this Bill is just as devious and misleading as Bill 20, and on behalf of the Official Opposition New Democrats in the province of Alberta, on this date we'll be rejecting this Bill.

MR. THURBER: Just a quick closing comment, Mr. Chairman, and I do appreciate the hon. member's vast knowledge of the power scene and the way ordinary business practices are carried on. There were a few instances there that I felt that he was getting onto some very wild scenarios in his imagination, but normal business practices, of course, have nothing to do with what he was talking about there for the most part. I won't try and deal with all of these wild scenarios that he came up with. I just think we should get on with the job and pass this Bill and get on with the work of the House here.

MR. DEPUTY CHAIRMAN: The Member for Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Chairman. I, too, have some difficulties with the direction that this particular amendment is taking. I have a problem with section (6.1) in the case where if you don't enter into an agreement or the new owner of the land doesn't enter into an agreement, then the power company can come in, remove the whole works, and I suppose, if there is any money left over, give it to the new owner.

The question that I pose is: what rational basis can there be for destroying an installation of any kind, an installation that would likely or possibly could have some use in the future? I feel – and we're dealing specifically with rural power installations – that if in fact the hardware is there to provide a service, the power company has all the option not to provide, the association has the option not to provide, and now all of a sudden we're going to go in and remove all the poles and wires and whatever else unless they're buried underground. If they're buried underground, then we leave them there. So we're even inconsistent in our approach to this, because either you're going to remove the utilities – whether it be a power line, a water line, an overhead line, a sewer line – or you leave it alone. There are all sorts of provisions to make people pay, to make people accountable. You have lien notes; you have every other thing going for you. Quite frankly, Mr. Chairman, I feel this amendment is totally inappropriate, and this particular section of the amending Bill should be withdrawn.

The method by which they are served is quite immaterial in this. However, I find it also equally distressing that when the power company on the association's say-so goes and removes the installation and then has a change of heart or whatever, the poor fellow ends up, as my colleague from West Yellowhead says, finding someone to get some money and later applies to have the utility service re-established, a service which should never have been removed in the first instance.

If we've already penalized him by taking it out, by applying all the costs of removal and installation to the poor fellow, then if for some reason he wants to have it reinstalled, what happens? We surcharge him, and we say: "No, sir, you're not going to pay the actual costs of installation; you're not going to pay what it really costs you. You're going to pay a penalty of what might be somebody's idea of an average cost, based on heaven knows what or where, to have it installed." If that isn't a vindictive section in a piece of legislation, I don't know what is. If anything, subsection (d) should be excluded or else modified with some bit of sanity applied to it so that the re-establishment of the utility would only be no more than the real actual cost of installation. I find it, quite frankly, Mr. Chairman, incomprehensible that anybody in his right mind would propose legislation that states that the buyer of a utility, to have it reinstalled on his property, even if it was taken out unfairly, should have to pay more than what it's worth. Now, if you stop and think about that for a moment, Mr. Chairman, that does not make one bit of sense at all.

The other one that gives me a lot of distress is subsection (2), when we're talking about liens. The poor old guy who buys this piece of property finds out there's a lien against it somehow or other, and then we find that instead of saying that the association could play "let's make a deal" and be reasonable with the new owner and execute a new lien note, we're really going to give it to him. We're going to say that

> When land against which an association has a lien . . . is sold,
>
> (a) the total amount outstanding under the lien note including interest accrued to the date of the sale becomes due and payable at the time of the sale.

Now there's no flexibility; there's no room to compromise; there's no room to negotiate. At the date of the sale it's payable. With (b) we go on further, and we say that "the association shall not," and I stress, shall not

> supply its utility service to the purchaser of the land until the amount outstanding has been paid.

So right off the top, he buys the land, he's got to pay for it all, and he can't negotiate, can't do anything reasonable, and it's illegal for the association to even become human in this instance. What a stupid, stupid amendment. I can't believe it. I want that in the record, because it is a stupid amendment.

Then we go on to subsection (c), as if the first two aren't enough.

It says,

> Without limiting clause (b), the association may refuse to supply its utility service to that purchaser until the purchaser becomes a member of the association.

That poor son of a gun. He might as well go out and buy himself a windmill from the Minister of Energy, because at the rate this particular amendment is going, he'll get power an awful lot faster by hoping that the wind helps him out. Because this legislation is vindictive, it's unfair, and it's a backward step. I certainly cannot support this for one moment.

Thank you very much, Mr. Chairman.

9:10

MR. DEPUTY CHAIRMAN: The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Chairman. Looking over the public accounts from '89-90, at March 31, 1990, the Rural Electrification Revolving Fund had commitments totaling $278,100. In 1989 it was $568,018 in respect of the loans

approved but not disbursed. The revolving fund has been a great help over the years to the consumers of electricity in rural Alberta, in fact for the installation of new electrical services for young people and for people who are wanting to get into the farming industry in rural Alberta or any other industry related to agriculture, aquaculture, or any bona fide operation in rural Alberta.

Looking in the same public accounts, Mr. Chairman – and it has to do with the electricity – it goes further on to state under the public accounts that the Rural Electrification Revolving Fund has $68,518,457 in it. But they want to change the interest rate from 3 and a half percent to whatever. At the same time, last year they took away the income tax rebate to these people. The government kept the money rather than returning it to people under the income tax rebate Act that was introduced in 1947 by the Hon. Mitchell Sharp, and the province followed. But under this particular Bill, Bill 21, by the Member for Drayton Valley, the Utility Companies Income Tax Rebates Fund has $132,287,330. Well, that says how much they cared about the finances of the people of Alberta. They gave them 3 and a half percent loans, and then they took $132,287,330 from them. Well, that's not very good business practice, I would say. Things should be up front and be honest and be in the open.

This Bill 21 is a Bill that's going to disrupt many families in Alberta. I would wonder how much notice has been given to both the utility companies, the rural electrification areas, and to people in rural Alberta, or in fact in Alberta who are planning on moving to rural Alberta and probably received information that you can get a loan at 3 and a half percent. Mr. Chairman, I feel Bill 21 is just as bad as Bill 20. In fact, it's the follow-up to straighten out all the mess that was created by the previous Bill, and I hope that the member will withdraw this Bill and will redraft it in the future so we can approve it properly.

HON. MEMBERS: Question.

[Title and preamble agreed to]

MR. DEPUTY CHAIRMAN: On the Bill itself, does the committee agree?

SOME HON. MEMBERS: Agreed.

MR. DEPUTY CHAIRMAN: Opposed?

SOME HON. MEMBERS: No.

MR. DEPUTY CHAIRMAN: Carried.

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

9:20

[Eight minutes having elapsed, the Assembly divided]

For the motion:

Ady	Gogo	Severtson
Black	Horsman	Shrake
Bogle	Hyland	Sparrow
Bradley	Laing, B.	Speaker, R.
Brassard	Lund	Tannas
Calahasen	Moore	Thurber
Clegg	Osterman	Weiss
Day	Paszkowski	West
Drobot		

Against the motion:

Chivers	Hawkesworth	Sigurdson
Doyle	McInnis	Taylor
Ewasiuk	Mjolsness	Woloshyn
Gagnon		

Totals: For – 25 Against – 10

[The sections of Bill 21 agreed to]

MR. THURBER: I move that Bill 21 be reported, Mr. Chairman.

[Motion carried]

Bill 24
Municipal Taxation Amendment Act, 1991

MR. DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered?

The Member for Dunvegan.

MR. CLEGG: Thank you, Mr. Chairman. There are two minor amendments. I might add that I have distributed the amendments to all members of the Legislature.

Section 3 is amended by striking out "approved by" and substituting "fixed by order of." The second amendment is under section 4. It was requested by a municipality that we put in "all or any of the land and improvements," rather than just "land and improvements," because the municipality might want to exempt from taxation part of a parcel or part of land or part of the improvement.

Those are the two minor amendments, and I look forward to any comments.

MR. DEPUTY CHAIRMAN: Debate on the amendments?

HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Hearing the call for the question on the government amendments A and B proposed by the Member for Dunvegan.

[Motion on amendments carried]

MR. DEPUTY CHAIRMAN: Further debate on Bill 24?

The Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. When I spoke to this Bill during second reading, there were a number of questions that I had posed to the member bringing the Bill forward, and I haven't really received any information on it.

On the amendments to section 15, where there are exemptions of land for processing plants, they include such things as glass sheeting plants, oil refineries, upgraders, and mining upgrading. I'd like an explanation as to really what this means. As I read the legislation, it suggests that this land would be exempt from taxation by the municipality, and I'd like to have the mover of this Bill explain just really what the intent of that particular amendment to this Bill is.

Also section 96(2). While I really don't have any particular difficulty with it – it's where different rates can be provided for nonresidential properties, vacant land, nonresidential land, and

so on – and again, I think I can support this particular section, I'd like to have some rationale from the mover of the Bill to sort of tell us really what it is that's intended in this legislation.

Section 117. Again I think I can recognize what is being intended here, but I feel that by this legislation you're going to be imposing a real hardship, particularly on small businesspeople. Demanding a 30-day penalty for nonpayment of business tax I think is severe, and I would hope that the legislation would provide a more lenient approach.

The other difficulty I really have with the imposition of the tax for business is the high percentage rate that's applied at the present time. I believe it's about 18 percent. That to me is significantly way too high. I think it's a penalty that's overly severe and has an impact on some businesses that go under, because if there's a bit of a recession, you get into hard times and we compound their difficulties for them by the imposition of this high interest rate on the penalties. I'd like to see that one looked at and revised to something more sensible.

In section 149(1), again I think that certainly there need to be local improvement charges assessed to various capital projects or public works that need to be upgraded and so on. The difficulty I have – and I alluded to this in my presentation in second reading – is the imposition of local improvement levies for cleaning out obstructions from a storm sewer. Again, I think I understand this needs to be done, but my experience has been that quite often it really can be quite expensive to have a blockage in a storm sewer cleared. The real problem is that the obstruction may be the responsibility of one owner only, and to impose a penalty or a local improvement charge against an individual who happens to have a blockage in a storm sewer which may not be of his making I think is totally unfair. I think this has to be looked at in some other way. I would think a general revenue application of these sorts of things is better than the application of a local improvement.

9:30

In 149(r.2), "The lowering of water in a lake or a pond," I'm assuming we're talking about man-made lakes and ponds, and again if there is a requirement to lower the water level in some of those facilities, why should there be a local improvement charge against the residents that are on that particular lake or pond? I think if there is a need to lower the water level, then surely it should be the responsibility of the developer who developed the facility in the first instance, or again it should be applied to general revenue for the municipality rather than being a local improvement charge on the residents around that particular pond.

MR. DEPUTY CHAIRMAN: The Member for Dunvegan.

MR. CLEGG: Well, thank you, Mr. Chairman. I've got to apologize; I didn't hear the first question.

On section 96(2), all it's doing is allowing the municipality to have a different mill rate on nonresidential and residential property.

In section 117, it's been a request basically by both cities. At no time does the municipality have to charge 18 percent; if interest rates are 8 percent or 9 percent, then that is the maximum they can charge. What's been happening is that businesses haven't been paying their business taxes. In some cases the municipality has had to go borrow money, and everybody knows how it costs a lot of money to borrow it. So it's not that they have to pay 18 percent. It's just that that's the maximum they can pay. It's a request; they don't have to do it.

Section 149 on the local improvements: that was again a request from a jurisdiction that in some cases a pond or a drainage facility is sometimes worked in conjunction with a storm sewer or something, and by the same token, in some cases because the Department of Environment does get involved, they can't do it. The Member for Edmonton-Beverly did say that it shouldn't be based on as if it's a new development. Sometimes it's not a new development. It's something that's cracking, it's been in a settled area in a town or a village or a city for a long time, and it's just an improvement that could need doing.

I think the members opposite were making so much noise I couldn't hear the first question. If the hon. member would like to repeat it, I would maybe try and answer that question.

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

MR. EWASIUK: Thank you, Mr. Chairman. On the amendments to section 15, where there are exemptions of assessment on lands that are used for refineries and gas treatment plants, upgrades and so on, I would like to get the rationale. As I read the legislation, it's going to remove those properties from assessment and taxation. I'm not sure that I agree with that, if that is in fact what the proposal is in the legislation.

MR. DOYLE: Mr. Chairman, I was listening closely to the Member for Edmonton-Beverly. Perhaps the Member for Dunvegan didn't hear him ask the question about the lowering of water in lakes or ponds, whether that was going to be attached to the levies. If it is, I would like to ask the member if that would also be attached to any raising or lowering of Buffalo Lake in the riding of Stettler. Are those people, Mr. Chairman, responsible for some type of an off-site levy to pay for the $13 million or $14 million cost for raising Buffalo Lake? It does say there would be an off-site levy for the lowering of water in lakes or ponds. So perhaps we could have that clarified.

MR. DEPUTY CHAIRMAN: Further debate?

SOME HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: We've heard the call for the question.

The Member for Dunvegan.

MR. CLEGG: Well, hon. Member for Edmonton-Beverly and hon. Member for West Yellowhead, I am sure that when you're talking about Buffalo Lake, this has never, ever come into any discussion that I know of, and it certainly wouldn't be in effect. This is in cases that are in town limits in most cases. They would in fact need to make improvements to drainage ditches, and certainly that wouldn't take into effect at all.

MR. WOLOSHYN: I was wondering. Getting to that same point of the extra levy on the lowering of a lake or a pond, what comes to mind is the matter of definition. We're now having occasion, Mr. Chairman, where in subdivisions throughout the city we're getting these artificial ponds being installed. As has been shown in some of the existing ones in Edmonton, the ponds have been poorly designed, become polluted, don't work as a collector of storm-sewer water as they're supposed to. Now what I'm seeing is that a developer can slip by one of these water holes, people can innocently purchase around it, and then

all of a sudden, if this legislation is interpreted quite loosely, the cure or the fixing of the problem can then be assessed to the adjoining property owners. I'd like the Member for Dunvegan to comment if my interpretation of this could go to that, because by definition a man-made lake could just as easily be called a pond, and I'm quite frankly concerned with the number of poorly designed so-called man-made lakes that are springing up around the city.

Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Member for Dunvegan.

MR. CLEGG: Well, thank you, and that's a good comment. If I'm correct, and I believe I am, when those man-made lakes, if that's what we want to call them, were developed in the cities, then everybody that bought property around that lake paid for them. The city has authority to in fact levy the people that get the benefits from those man-made lakes. They have the authority if it does meet some problems, and that's basically what we're talking about or could be talking about. This wasn't brought in specifically for that, but that could be brought in, that the local improvement tax could be based on the people that get the benefits. The people that are in that subdivision, if that's the right word, did pay for the lake to start with, so they are responsible for it.

MR. WOLOSHYN: That's the point I'm making. The subdivision is approved by the city in question. The people that are purchasing their properties around there are usually paying a higher price and in effect are being surcharged for what they perceive to be the amenities of living around this particular pond. If it is found then to be, shall we say, an undesirable pond for whatever reason – whether it doesn't drain properly, whether it becomes overly polluted and whatnot, or whether in fact it has become a part of a poorly designed overall drainage system, as is the case in a part of the city of Edmonton – then my concern is that the immediate landowners, as you have pointed out, hon. member, then become liable for the errors and improvements that really do not pertain to them in the first instance. I think, quite frankly, that particular little section, although it appears innocent, when the people who are no longer familiar with the debate surrounding it are gone, it can be interpreted in such a way as to have an extremely detrimental effect on people who are living around these man-made ponds. Quite frankly, the criteria surrounding them and the approvals that are given to these areas seem to be quite slack, because in a sense they are not working out the way the developers seemed to think they would, and we both know that they are used as a collection basin, if you will, for a sudden storm runoff.

9:40

So I would like to see that particular section looked at again to make it quite clear that the intent of the legislation is really as written. I can, quite frankly, appreciate, if you're referring to a pond or a slough, if you want, which is within a rural hamlet – I think this is what the intention is here – that the whole hamlet would be beneficiaries, and they could all be subject to the levy to have it improved upon because the improvement would be a direct benefit to the whole hamlet.

If we get to what I'm referring to as these man-made lakes in the cities, then I think this particular bit of legislation can be quite detrimental. I would like the member to really have a good thought at that and maybe look at perhaps either expanding it with a better definition or removing it or whatever is appropriate.

Thank you, Mr. Chairman.

SOME HON. MEMBERS: Question.

MR. DEPUTY CHAIRMAN: Having heard the call for the question . . .

The Member for Dunvegan.

MR. CLEGG: Just to clarify it, if my understanding is right. If we start talking about small villages and towns, when there is a slough or a lake, then the council of that jurisdiction has a right to levy a percentage of the improvement costs to the immediate owners, or they can do it right across the whole municipality. It's under the discretion of the municipality. If they feel it benefits the whole town, then all the taxpayers of the town can in fact pay for it all.

MR. DEPUTY CHAIRMAN: Seeing no further speakers . . .

[Title and preamble agreed to]

[The sections of Bill 24 as amended agreed to]

MR. DEPUTY CHAIRMAN: The Member for Dunvegan.

MR. CLEGG: Thank you, Mr. Chairman. I move that Bill 24 be reported as amended.

[Motion carried]

Bill 26
Planning Amendment Act, 1991

MR. DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to the Bill? There is a government amendment that has been circulated.

The Member for Dunvegan.

MR. CLEGG: Well, thank you, Mr. Chairman. Again there are amendments that at no time change the contents of the Bill, and I'm not going to read them over. They've been distributed for the last hour, and I'm sure that everybody's looked at them. I just look for comments on the amendments.

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

MR. EWASIUK: Yes, Mr. Chairman. I really don't have any particular comments on the amendments. I think they're fine. We can certainly agree with them.

I just wondered if the Member for Dunvegan would care to tell us again the reasons for the changes in section 6(c), where you're removing the subdividing authority from the municipal planning commission or joint planning commission and substituting the development officer to be able to take on that responsibility. I wonder just why it is that you're doing that.

MR. DEPUTY CHAIRMAN: The Member for Dunvegan.

MR. CLEGG: Well, thank you. The reason we're doing that is that we as a government believe municipalities are capable of making decisions, and their development officer is in fact

appointed by the municipality. Keep in mind that before the development officer can make a decision, it must coincide with the land use bylaw, and the land use bylaw must be in conformance with the regional planning commission. If, in fact, the people in the area do not like the development officer's decision – it has to be advertised for 30 days – anybody in the area can complain about it, and the council would look at it.

MR. DEPUTY CHAIRMAN: The Member for Rocky Mountain House, on the amendment.

MR. LUND: Thank you. Oh, on the . . . I'm sorry. I'll leave my comments, then, until we get to the main Bill.

MR. DEPUTY CHAIRMAN: Other speakers on the amendment?

HON. MEMBERS: Question.

[Motion on amendments A, B, and C carried]

MR. DEPUTY CHAIRMAN: The Member for Rocky Mountain House.

MR. LUND: Thanks, Mr. Chairman. Generally, this Bill is satisfactory, but I do have one concern. Maybe I'm not reading it completely correctly, and the Member for Dunvegan can correct me if I'm wrong. In the amendment that we're proposing in the Act to section 91, by taking out "notwithstanding subsections 1(1)(a) and (b) and (2)," it appears to me that that would take away the ability of a local subdivision authority to say where the subdivision could be in a quarter section. The part that worries me: if, in fact, the subdivision is taken out in the wrong location, it could affect someone that is across the road or on adjacent property and make their operation nonconforming. If that happens, then of course it doesn't shut the operation down, but if something becomes nonconforming, all of a sudden there are some pretty severe restrictions that could be placed on that other property.

MR. DEPUTY CHAIRMAN: Further debate?
The Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. Again we don't have any quarrels with this particular Bill. However, we do have a few questions, again in section 1(e), where there seems to be an amendment where subdivision approval authority is being granted to the Alberta Planning Board in the specifying of land as environmental, municipal, and school reserves. I wonder why we are doing that and not leaving it with the present authority, the municipalities, to do so.

I'm glad to see in section 1, too, that electrical power distribution systems have now been defined as a utility. I certainly applaud that amendment in this particular Bill.

The area that gives me perhaps the most question, Mr. Chairman, is section 3(3). It's in this section where it seems to give authority to the government to exempt by regulation "an action, person or thing" from the provisions or the regulations of this Act. I would certainly like to have an explanation from the Member for Dunvegan as to the real intent here. Why do we have legislation on one hand, and on the other hand, from the way I read this, all of these can be exempted by order in council? I'd like to know why that is being done.

I think section 117.1(1), providing for the method of disposal of environmental reserves – they cannot be sold but only leased out. Again I think that's a good change or addition to the legislation.

With the exception, particularly, of section 3(3), I'm prepared to support this Bill.

MR. DEPUTY CHAIRMAN: Further speakers?
The Member for Stony Plain.

MR. WOLOSHYN: Thank you, Mr. Chairman. I still have a considerable amount of problem with the whole business of environmental reserves. Now it's being compounded somewhat by expanding the definition from section 98, which states, basically, that anything that a subdivision approving authority may choose to call an environmental reserve can be an environmental reserve. A swamp, a gully, a ravine, a coulee, a natural drainage course, land that is subject to flooding, land that isn't subject to flooding, a desert: whatever you want can be an environmental reserve, even a strip around a lake or wherever else. Now we expand it by having the appeal people also doing it. I think, quite frankly, that we should have a good look at how many restrictions are being applied to the developers when they go through applying for a subdivision.

If you look in the Act, you will find under where you provide, in section 96, that the subdivision approving authority can, first of all, designate half the property, there's no limit to how much of it can become an environmental reserve under section 98. After they've done that, they can zip you for another 30 percent of what's left over to put into something that's called paths or roadways or utilities. I think we have to have a good look at what is being called an environmental reserve, because that thing will vary as much as the whims of the approving authorities.

9:50

I think it's quite sufficient enough, if there is in fact some sort of watercourse, and that's what we're talking about, that a lien be placed against the land or an easement or some sort of thing to ensure that that particular chunk of swamp or what have you is not tampered with and remains in the interests of the public good. But to take and have that loose a definition, to throw in so many qualifiers in so many ways by which you can take and basically remove land from a developer without charge or without paying for it . . . You've got a municipal reserve, a school reserve, an environmental reserve, utilities, roadways; you've got anything you want in there. Then you can combine it and play games and say that you're going to pay for some and take some away, depending upon which way your whims go or the whims of the planning authority. I think if we're going to play with this particular Act in this particular section, we should start paying some real good thought as to what the effects of these things really are. I think the Act has gone overboard in restricting or in taking away, shall we say, in the process of approving a subdivision, taking away lands from the developer free of charge and assigning them to a municipal authority.

I think throughout that thing there should be some provision made that lands taken should be taken with cause. For example, if you go into the areas on either side of Edmonton where there's multi subdivisions, you'll find in every subdivision a reserve of land, some of which may be useful, most of which are sitting there waiting to be redesignated and sold by the municipal authority. In other words, the land, because of the writing of the Act, was taken unfairly in the first instance. If we are looking at helping out the municipal authority, I don't have any

problem with having donations go towards schools or towards what would be considered real, bona fide municipal projects. I don't have any problem with protecting waterways under the guise of an environmental reserve for the public good.

But I certainly do have a lot of problem with the way the Act is currently written, because I can see that if you don't fall within the 40-acre qualifier for an agricultural subdivision, all of a sudden you can end up having lots chopped up or you can lose – well, you can lose over half of the original property without having any kind of compensation paid for. Then to extend the definition of these three areas – the municipal, the school, and the environmental reserves – onto section 110, I sort of question the wisdom of that. If I read 110(1), it says,

> When on appeal the Board approves an application for subdivision approval, the applicant shall submit the plan of subdivision or other instrument to the subdivision approving authority from whom the appeal was made for endorsement by it.

So all of a sudden now they can start defining it, and this is getting to be a little bit much, Mr. Chairman. I would like to see perhaps this Bill 26 withdrawn or put on hold and given some real good review instead of just having a band-aid approach to it.

Thank you very much.

MR. CHIVERS: Mr. Chairman, before I begin, I just want to note for the Assembly that the minister of career development will stoop to any length to distract attention in the debate. I'm referring to the fact that he dropped his file, Mr. Chairman. I did not intend that in a rude fashion.

Mr. Chairman, I rise to join with the Member for Edmonton-Beverly with respect to his concerns concerning section 3(3) of the proposed amendments to this Act. I also would like an explanation of the rationale of that section. I realize that what it does to a certain extent is to extend and perhaps make clear provisions that are already in the existing legislation. I'm concerned that in this day and age and given the criticism of the political process, and we heard a good deal of it in the constitutional hearings, that the government would expose itself in this fashion, that they want to have a provision where

> the Lieutenant Governor in Council may, by regulation, exempt an action, person or thing from the application of any provision . . . of this Act or of the regulations.

It seems to me that what we should be doing as a government is better balancing the interests that have to be balanced through the use of independent bodies, such as the Alberta Planning Board or a planning commission, and we should not be reserving to provincial cabinet the powers that are reserved in this section.

I express my concern. I'd like to know what the rationale for the section is, and I would urge the government to rethink their position on that section of the Act.

MR. DEPUTY CHAIRMAN: Further speakers?

The Member for Dunvegan.

MR. CLEGG: Well, thank you. I appreciate the comments from the different members of the House and certainly from the Member for Stony Plain, when he got into a good speech on the environment reserve especially. It's my great belief that the municipalities in this province have the ability and they should have the authority to make decisions on reserves. Certainly when you talk about the environmental reserves, they are, as he stated, all different. If you're talking about a coulee with a water run in it, certainly reserves – and then the Department of the Environment gets involved. At no time is it absolutely reserve through the Department of the Environment. He's right. There's many different cases, and I don't believe that we as a government should get involved in decisions where we have to send somebody out from Edmonton. I think the local government and the people there can make decisions a lot better than we can sitting here in the dome.

The Member for Rocky Mountain House. I think I answered his question. He mentioned that the subdivision could be on a different corner of a quarter. I think that's the reason to have to be advertised for a period of 30 days. If people have complained about the subdivision, then it will certainly be looked at.

I just want to reiterate that, you know, I'm such a believer in local government. They're the ones there. The staff, whether we're talking about a development officer or the people at the regional planning commission, helped the municipality make the land use. Certainly I believe strongly in that. These are requests that come from municipalities. In most cases they all went through the AUMA and the AAMDC. We're in favour of them, and I certainly wouldn't want to be a part of saying that they don't know what they're doing.

With that I'd like to close debate.

MR. DEPUTY CHAIRMAN: Ready for the question?

HON. MEMBERS: Question.

[Title and preamble agreed to]

[The sections of Bill 26 as amended agreed to]

MR. CLEGG: I move that Bill 26 as amended be reported.

[Motion carried]

10:00

Bill 31
Universities Foundations Act

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

MR. GOGO: Mr. Chairman, when we dealt with Bill 31 on June 3, there were a variety of questions raised that I indicated to the committee I would answer before we concluded in committee study. There are no amendments offered, but I wanted to respond to the questions that were put.

The Member for Calgary-Forest Lawn raised a point: how do you control a donor who donates to the foundation; i.e., if a pharmaceutical company wanted to make a contribution and dictate how it was to be done. Mr. Chairman, under the present system, the endowment and incentive fund, donations that are made have not to date had any real effect in terms of directing the research that was done. Under this Bill, as members are aware, the creation of the foundation is as an agent of the Crown. One of the keys is that when you make that donation, it's got to be irrevocable, in the form of a gift, so you really have no say because the foundation will grant the money to the institution. So as I indicated on a previous date, the donor cannot dictate.

Another question by the Member for Calgary-Forest Lawn was: why should cabinet determine the majority of members in the foundation? I think it's only reasonable that as the foundation's an agent of the Crown, the foundations are accountable to the government and subject to control by the government. So

I don't think it's less than realistic, if it's accountable to the Crown, that the Crown in some way should name the majority of the members.

Another question was: why shouldn't the Assembly have the right to determine whether the Act continues in force? As members may recall, it has a sunset clause that lives for five years. Well, the Assembly cannot commit future Legislatures to the legislation. It would have to have an amendment at some point to continue living.

I think it was Banff-Cochrane who raised another question with regard to: why is it restricted only to universities, not for NAIT and SAIT and the colleges? As I made the point then, Mr. Chairman, it was primarily for research. Research is primarily found in the university sector. The precedence to date is at UBC, which is a university, and a medical research foundation out of Ottawa. With experience it may be the wisdom at that time to expand to other institutions; however, it's not at this time. I well recognize the representation of the hon. Member for Banff-Cochrane that Banff is unique. However, in the judgment of the government, we should walk before we run, do it only with universities that do research. Who knows what the future may hold?

The Member for Edmonton-Centre raised the question of whether Revenue Canada had agreed to the tax status respecting donations to the universities. The first case to be made is that it's not to the universities; it's to an agent of the Crown, which is a foundation associated with the universities. We would hope that through Alberta Treasury and the Provincial Treasurer we could convince Ottawa to recognize this. We're in the process of trying to get an advance ruling on this from Ottawa. So no, it's not been done yet.

The next question was: who is going to deal with the foundations' investment portfolios? Well, that's self-explanatory within the Act.

Another question was: how are donations to be distributed? Well, that's the purpose of the foundation, to make that decision. The trustees will have bylaws, and I must as minister approve those bylaws, so I think there's some checks and balances with regard to accountability, Mr. Chairman, as an agent of the Crown.

Calgary-North West on behalf of Calgary-McKnight had raised some questions. One of them was: does the provision which allows the foundations to consider the general directions of persons who have made gifts to the foundations allow them not to consider a donor's wish at all? Well, if the member will read that section, it points out that they may, but the operative word is "may" and not "shall." That's one of the conditions of a tax-exempt foundation or an agent of the Crown: a gift must be a gift. You can't control the gift because then it doesn't become a gift; it becomes a donation, and that qualifies even under the endowment and incentive program.

Should the trustees elect the presiding officer? I already made that comment. The foundation's accountable to the Crown, the Crown being the government, the government being the cabinet, so I don't think it's less than fair that the cabinet should name the chairman, because that's the person who theoretically would liaise with the government in terms of direction of the foundation.

A very good question by the Member for Calgary-North West was: will grants to the universities be reduced if substantial amounts of money are raised through the foundations? The only response, Mr. Chairman, is that to date through the endowment and incentive fund there's been some $410 million raised, matching grants between the government and the private sector, and there's been no reductions in block funding to the institutions. Now, that goes over a period of almost 11 years, so based on the track record, I don't think that would occur.

Why is there a sunset clause? Well, I've already answered it, but it's to provide a mechanism to discontinue it if the foundations are not able to fulfill their objectives. I can't predict what the government of Canada will do with tax laws in the future. It would be my view that if the foundations are working satisfactorily, the intent would be to continue the Act.

Finally, from Calgary-North West was: what assurances are there that a foundation's priorities will correspond with those of the universities? Well, I would think, Mr. Chairman, the universities – and remember there's four – will nominate two trustees of the five, and one would assume, because they're nominees of the universities, that the trustees on the foundation would know the goals and aspirations of the institutions. One would take that as a given; surely a university would not make a recommendation to have a nominee who didn't reflect the aspirations of the institution. There again, there is no legal obligation for a university to accept the donation from the foundation.

[Mr. Moore in the Chair]

The hon. Member for Edmonton-Strathcona raised the point about why the bylaws passed by the trustees respecting the administration of the foundation's fund and the criteria by which grants may be provided to universities is exempt from the Regulations Act. I think it was a pretty good question. The Regulations Act requires that regulations and bylaws falling under its provisions be filed in duplicate with the registrar of regulations and be published in the *Alberta Gazette*. These regulations or bylaws do not come into force until they are filed, and they're not valid against persons with no knowledge of them until they are published in the *Alberta Gazette*. The purpose of the Regulations Act is to ensure that notice is given of regulations that will have an effect on the public. The foundation's bylaw, on the other hand, will not directly affect the general public, and thus compliance with the notice provisions contained in the Regulations Act is really not considered necessary. It is anticipated that the foundations will not consider the bylaws to be confidential, and it's likely they will co-operate with any donor who wants to read their bylaws. It should also be noted that the bylaws of the autonomous board governed, such as the U of A, U of C, and so on, are not subject to the requirements today of the Regulations Act.

There essentially, Mr. Chairman, are the questions that were raised by members of the committee, and I would hope I've satisfied those who have raised them. Therefore, if there's no further questions, I would suggest that perhaps we deal with Bill 31.

HON. MEMBERS: Question.

MR. ACTING DEPUTY CHAIRMAN: The question has been called.

[The sections of Bill 31 agreed to]

[Title and preamble agreed to]

MR. GOGO: Mr. Chairman, I move that Bill 31, the Universities Foundations Act, be reported.

[Motion carried]

10:10

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

[Motion carried]

[Mr. Jonson in the Chair]

MR. MOORE: Mr. Speaker, the Committee of the Whole has had under consideration certain Bills and reports the following Bills: 6, 20, 21, 31; reports the following Bills with some amendments: 24 and 26. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

MR. ACTING DEPUTY SPEAKER: All those in favour of the report by the Member for Lacombe, please say aye.

HON. MEMBERS: Aye.

MR. ACTING DEPUTY SPEAKER: Those opposed, please say no. Carried.

MR. HORSMAN: Mr. Speaker, tomorrow it's proposed to deal with government Bills and orders in both committee and second readings as ministers are available for those purposes.

[At 10:11 p.m. the Assembly adjourned to Friday at 10 a.m.]