Legislative Assembly of Alberta

Title: **Monday, May 28, 2001** 8:00 p.m.
Date: 01/05/28
[Mr. Shariff in the chair]

THE ACTING SPEAKER: Please be seated.

head: Government Bills and Orders
head: Second Reading

Bill 20
Appropriation Act, 2001

[Adjourned debate May 28: Dr. Nicol]

THE ACTING SPEAKER: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thank you very much, Mr. Speaker. I'm pleased to be speaking in second reading on Bill 20, the Appropriation Act, 2001. During the Committee of Supply debates on the budget, particularly in the area of Community Development, there were some issues I wanted to raise and didn't have the time.

When I look at Bill 20, this is going over the final budget amounts in every department, and I do notice that under Community Development we have an operating and capital investment of $591,160,000. Inside that is $16.1 million for the Alberta Foundation for the Arts. I've had contact in response to my request for information on how the stagnant budgeting in the Alberta Foundation for the Arts is affecting our professional arts organizations in Alberta. I've had responses from a number of organizations, and I raised points that they were concerned about during Committee of Supply, but a couple of them I want to go over now in conjunction with Bill 20.

First of all, the situation of funding for artists in residency programs. I've had some very intelligent, thoughtful correspondence from David Chantler at Trickster Theatre, and he's been doing a lot of work in the area of artists in residency programs in the schools. His point is that the program is desperately underfunded. Often parent organizations and the schools' students themselves will raise moneys to contribute to the cost of this artist in residency program, but in fact "this program is hopelessly under funded," to quote his words. The AFA does in fact jury them, but it looks like about half to three-quarters of the applications to the fund are turned down simply because there's a lack of funds. So they're good programs, they're excellent companies, they really contribute and are a life-enriching experience for the students, their parents, and the teachers, but they simply can't be done. Then at that point the money that has been raised by the school, by the students, by the parent advisory councils has to be given back because in fact they couldn't get the necessary amount of funding through the Alberta Foundation for the Arts.

Now, some time ago – and I'm talking pre-1990 – in fact there was money in the education budget for arts education. That doesn't exist any longer. It was all transferred under the auspices of the AFA. They're now responsible for all of this, and with their stagnant funding allocation they've had to cut a number of these. I had spoken earlier about the position that the PASOs, the provincial arts service organizations, are finding themselves in, where they took over programs the government had run but are getting into a position now where they simply cannot afford to run them anymore because the grants they are given are not enough to actually pay for the program. We're running into the same area with this section of education arts funding with these artists in residency programs.

The current situation is the worst funding environment ever. This artists in residency program is immensely popular. I've been into my schools in Edmonton-Centre. There was one artists in residency program that was done at Queen Mary Park. It was just an amazing program incorporating all the multicultural aspects of that school. So, you know, I really urge the minister to lobby his colleagues in the coming year to ensure that we get some more funding into this area and, indeed, into the funding for the AFA, period.

One of the related issues that has come up around that is the funding for visual arts organizations that are doing work that is less standard. They're working in multimedia. They're working in electronic media. They're pushing the envelope. It falls under what I would call development. There has been a steady erosion of support for development of art in Alberta, and in particular these experimental galleries have really been hard hit. We've got Latitude 53 here in Edmonton and the new gallery in Calgary. So this is really affecting us across Alberta because those are the two centres that are large enough to support a public that's interested in what the gallery is doing, and they are really under stress at this point and have corresponded repeatedly with the AFA board, with the chairperson of that board, with the executive director. I don't know what's going to be done to support them here.

They're falling under the one-grant rule that's now been put in, which has really affected all the organizations in that the additional grants were brought in to indeed supplement what the groups are doing, with an acknowledgment that the base operating fund wasn't enough. Now they're being told that all of that is taken away from them. So they've really suffered a double hit: one from a lack of funding increases to keep up with the cost-of-living increases and the second in losing these ancillary granting opportunities. It's really affecting these organizations.

There has been a change in the way funding was allocated. They are going to make galleries fall under the community-derived revenue formula, which is almost impossible. I mean, galleries don't charge tickets to get in. There's usually a donation setup. People here in Alberta and in Canada are not accustomed to going into a gallery and paying a particular entrance fee. It's usually done by donation, and they just don't generate a significant income by which there could be a community-derived funding formula applied to that to let them get any kind of assistance.

I've spoken pretty much across the board: arts education, public galleries, experimental galleries, performing groups, dance companies, musical companies. All of them are really showing the wear and tear of trying to continually do more with nothing and, more than that, having the Alberta Foundation for the Arts constantly shifting the deck chairs around on the Titanic trying to come up with new funding formulas, which requires re-training which nobody is going to be paying for. The administrators in the organizations are just expected to somehow put in a couple of additional hours on top of their 15-hour day to figure out how all these new applications are to be done and followed through with.

We do have most companies working with smaller administrative staff, doing the same amount of work. We have them hiring less artists, producing less shows. So there has really been an erosion here. Shortly I think we are going to be seeing programs being dropped because they just can't afford to do them, and we may well see the collapse of some companies, which I wouldn't want to see, but given the state of affairs here and the lack of support, I think it's inevitable and most unfortunate.

The new gallery, for example, is talking about a substantial decrease in funding due to the new restructuring, and their cost of living is increasing at a rapid pace, their rent likely doubling, and the cost of utilities for these groups has increased rather dramatically. After much lobbying the government did in fact come through with some sort of rebate program for the nonprofit organizations, but it's based on the commercial rate, and it's less than what some of the other sectors are getting as far as rebates.

8:10

Additionally what's happening with the galleries is that they're being mandated to pay the CARFAC fees, which I think every gallery has a commitment to, but may not be able to pay the full CARFAC fee. They just won't be able to continue to produce at anywhere near the level that they have been. The new gallery, for example, is looking at eliminating another staff position. There are only three staff members left, and they're looking at decreasing essentially 30 percent of their staff. Also advertising. So it makes it more and more difficult to get people to come in and see the shows and give them some revenue at the door, which they can then base their formula for application for funding on, when they can't get the word out about what they're doing and what's going on. There's only so much assistance available from the media outlets in the community for free advertising. They have to make a living too. Most of them are for-profit businesses, and they're just not interested in doing that kind of community service for free.

Of course, everybody is trying not to cut programming, but at a certain point it's inevitable. You just cannot uphold the structure of producing a five-play season, for example, when you've got a staff of three people. It just can't be done. When you don't have enough money to pay for a six-actor show, you're paying for a two-actor show. In the galleries you're mounting fewer exhibitions every year, doing less by way of art education. I've already talked about what's happening with the artists in residency program, a very long-standing and very successful program, which is just suffering a drought of enormous proportions here.

So those were the comments I wanted to make, specifically picking up on what I had been going over during the Community Development debates, and I'm aware that there are others who are anxious to be speaking to Bill 20 in second reading here.

I think that overall, when I look at what's happened with this bill, I'm very reluctant to support it, not that I don't support the various ministries carrying on their programming, but I have real issues and have had for some time with the government's management of the finances of the province. It's a boom-and-bust economy, and I don't see plans being made to accommodate that. I see a gutting of programs that took place in the early '90s and then money going back in but not accomplishing the goals that were supposedly set. In fact, in most cases there's been no attempt to accomplish those goals. It's just been more money going in to satisfy demand and pressure from the public but not actually restructuring the health care system, for example, not dealing with the housing issues that we have.

What I see are the easy targets being hit for so-called holding the line: the seniors, who have yet to have their 5 percent restored to them or any of the programs that were taken away; people living on social assistance and living on AISH, who are having to cope with significant increases in their cost of living with rent and utilities and food and user fees, yet the government is staunchly holding the line on any increase for them. I think that long term we have a number of studies that now show us that if you continue to impoverish people, you never get them out of that cycle.

I don't see the government looking at useful bridging programs that actually assist people to move off things like SFI and into the workforce. They're just kind of pitched off and expected to sink or swim. In fact, a number of them have sunk, and we see the result in a 60 percent increase in the child welfare load, and that is going to cost us dearly in years to come. So there's a very short-term vision here. There's a very short-term reaction. It's at a crisis point. What was that favourite expression we heard from the government? Pressure point reaction to budgeting and management of finances.

When I first came here, I was debating a $16 billion budget total. We're now looking at something that's in the range of $19 billion, so that has come up by $3 billion in four years. That's a significant increase, yet we still have waiting lists in health care. We still have housing problems. We still have issues in education with classroom sizes, equipping of classrooms. We still have issues with maintenance of our infrastructure, our highways, building of new schools. So, in fact, I don't believe it is good management, and I don't think it's good stewardship of our resources.

We look at the process we've just gone through with an hour of negotiated debate on most of these different departments, and then we're expected to vote on the budget without ever having the responses back in writing from the minister before we're expected to vote on Bill 20, the appropriation bill. So all those questions that I was putting forward to the ministers on which I was going to be basing my decision to support the budget for a given department – I've heard back from very few of the ministers to whom I put questions. I'm just expected to let this go carte blanche. It gives me some real issues as a legislator and a responsible person to be allowing this kind of thing to go on and to be supporting it through my vote for a bill like this. So I struggle with the situation that the government places me in constantly.

I'm aware that others wish to get some time in. [interjection] I think that the Minister of Environment is also angling for an opportunity seeing as he's mouthing off and heckling me from across the way, so maybe we'll look to him to rise and speak to this as well. In the meantime, I think one of my colleagues wishes to address this.

Thank you for the opportunity to bring forward a few more remarks at second reading, and I look forward to Committee of the Whole and third reading.

THE ACTING SPEAKER: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to have an opportunity to address Bill 20, the Appropriation Act, 2001, this evening and to make some specific comments about the Department of Learning and the Department of Children's Services that I didn't have an opportunity to include in previous debate and to start off, though, if I might, with some general comments related to performance objectives.

A former Provincial Treasurer in this House is quoted as to having said . . .

AN HON. MEMBER: What happened to him?

DR. MASSEY: It's still happening.

He is quoted as having said, "Business plans are one of the cornerstones of Alberta's prudent fiscal management." That was in A Plan for a Debt-Free Alberta. If these business plans are the cornerstone, then I think the building is in some jeopardy. Since the government started using business plans, what should constitute the elements of a business plan have been under debate and have appeared in various ministries with varying formats.

The Auditor General has been fairly persistent in his criticisms of the business plans, and he took the opportunity in the last report to summarize some of the business plans' shortcomings. It was against this list of shortcomings that I judged this year's business plan and the estimates.

One of the criticisms he made was that over 60 percent of the ministries do not relate the goals to the ministries' core businesses. I think the Auditor General this time will probably indicate that they're doing a better job, but there are still some departments that either refuse to do that or choose not to or don't know how to. I'm

not sure what the case may be, but that relationship to the core business and the goals still eludes some ministries.

8:20

I think the second criticism he had and the most telling one for me was that many of the business plans seem to be no more than, I think his words were, a paper exercise or a device to negotiate more money rather than an effective system of accountability. That is rather a devastating criticism of business plans given that we are in 2001, and we've been looking at business plans since 1993. To have them labeled by someone like the Auditor General as little more than a paper exercise is something that I think should be alarming to members of this Legislature and to Albertans.

So much of the budget and the budget process is predicated on the development of these plans and the tracking of resources, and the effective use of those resources is again based on effective business plans. To have them regarded as nothing more than a paper exercise probably helps us understand why they have been so inconsistent year to year and why the measures keep being developed and dropped and redeveloped and dropped again and are in some departments almost totally missing and in other departments a major number of them are still under development. It's not taken as seriously as those of us who were sold the plan on its inception would like to have it taken.

There were a number of comments that related to budget management, but in terms, again, of the business plans he indicated that core businesses are still defined variously in terms of goals, strategies, activities, or performance criteria, and strategies are sometimes defined as desired results rather than broad actions to achieve them. If you go through this set of business plans, I think that same criticism applies. What's a strategy in one department is a goal in another, is an outcome in another. Community Development has come up with its own little set of labels called a stretch target. I'm sure the Auditor General will have some comment in terms of the addition of a new category called a stretch target and how that differs from targets, because the business plan sheds no light on that. It will be interesting to learn.

The hit-and-miss situation in terms of targets and outcomes and performance objectives is again something that has been commented on, and how extensive that criticism is throughout the business plans is, as I said, disturbing. The number of ministries that are still developing performance measures even after this long period of time for some things that you would have thought would have been very simple to measure at an early stage is still quite amazing. I think a criticism that would make the business plans much more readable if the criticism were met is to include the external factors that can influence performance in an area. We don't see much of that in these business plans.

The last criticism that I'll mention from the Auditor General was that output and outcome measures are not always well defined and measurable and clearly related to core business goals. It's a theme that comes through again and again and again. Some of the performance measures that are there certainly cause one to wonder. With a lot of the measures you wonder if the government is in the best position to be doing the measuring, whether it shouldn't be done by an outside or an independent agency. It's rather like in some cases asking schoolchildren to mark their own work, and I think that's the level of the performance measures that are in place. So a number of criticisms of the performance measures as they exist in the business plans.

I would like to now, if I may, Mr. Speaker, move to some specifics in terms of the Learning department and some criticisms, again, of the estimates. Approximately 60 percent of the extra money that found its way into Budget 2001 for Learning had previously been announced. It was spending that we already knew about. You wonder what that does to the budgeting process when large amounts of a budget are already announced to the public. You wonder what it does to the role of legislators when material comes to us in that form, having already been the subject of public debate.

The same for some of the increases. While the per pupil grants received a 3.5 percent increase, only .5 percent of that was new money. We already knew about the other 3 percent. Again, is that the way budgeting on the magnitude that we are involved in here should proceed?

In terms of Learning again, the basic instructional grants: the 2000-2001 estimate is 3 percent below the 2001 budget, and 2001-2002 is 3.4 percent more than the 2000-2001 actual. So it's a curious set of figures and I think one that deserves some explanation.

Spending on special needs. Special-needs funding continues to be a huge problem for those parents who look to that funding for their children to be provided the programs they need and deserve. I'm sure that my experience isn't a solitary one, Mr. Speaker, in the number of calls I get from parents who are upset about the lack of resources for their special-needs youngster. We've been through this budget after budget, and here we are again this year and I'm receiving the same calls, two of them at the end of last week from parents who are alarmed that they've been in touch with their child's school and not only has the special-needs funding for next September not increased, but the funding has decreased. In one case the special-needs youngster who had a classroom aide will be losing that aide and in another case the same withdrawal of resources that had been in place.

So the money in special-needs programs is still clearly not adequate to children's needs. It leads in terms of the parents who are involved to a tremendous amount of frustration, knowing that the kinds of programs their youngsters need are available and yet not having the resources, not being able to appeal to the school, not being able to appeal to their local school board, but having to rely on the provincial government for the funding and that funding not forthcoming.

Another concern – and I did mention this briefly – in the budget has been the rapid growth of the money placed in the Alberta initiative for school improvement. Again, this is a way of earmarking and controlling dollars that would in my mind be more appropriately placed in increasing the basic grants, the per pupil grant allocations.

This earmarking is done at a price. It takes school systems, school districts hours and hours to put forward their proposals. Many of the proposals are duplicates, but systems and districts are forced into this just to get their hands on those dollars. A good example is the $500,000 that was spent on the reading initiative in Edmonton public out of the AISI initiative, I think proving to everyone's satisfaction that small class sizes make a difference, supporting all the research we had from elsewhere saying that small class sizes make a difference, yet we find a number of projects under the AISI label being funded across the province to see if class size makes a difference.

8:30

That seems quite incredible, Mr. Speaker, that that should be happening. Again, it's a way for the department to control funds that are going into school districts, to earmark them and to avoid that basic responsibility of dealing with an underfunded system where the per pupil grants are the ones that really need to be bolstered at this point.

It can't go unnoticed, given the other increases in the Learning budget, that private school budgets are increased by 11 percent for

the year 2001-2002. Again, that's a healthy increase for those schools, and would that the public school systems could enjoy such generous increases in their budgets.

The dollars allocated, the percentages allocated for teacher increases, that new line in the budget that has so alarmed teachers in the province and school boards is one that is still going to be played out. We haven't heard the last of this initiative by the government in terms what it will do and what it has done to provincial bargaining, and we haven't heard the last of it in terms of the amounts that have been included for teachers who really, really are angry and resent what they feel are games that have been played in terms of their income, with expectations raised by the Premier and members of the government that there would be increases in the 10 percent plus range and to only have those expectations dashed with the 4 percent and the 2 percent included in the budget. So I think this is something that's still going to haunt the government. It's going to have implications for provincial and local bargaining far down the road from what I think the government expected when they included that line item in this budget.

The government's reduction to the education property tax, a lot of money, $135 million, really is just tinkering around the margins. Between 1992 and 1999 the government reduced the grants to municipalities by $335 million. They've now created this tax room at the local level, but at the same time they've told municipalities not to move into that tax room. So I think the kind of long-term planning in terms of education financing and the financing of municipalities comes together in this reduction and leaves neither school boards nor municipalities happy with the outcome.

Those are the major comments I had about the Learning department, Mr. Speaker.

I would like to mention a couple of items out of Children's Services, and that is the seeming preoccupation with short-term outcomes instead of long-term goals, goals that we'd look at: children being free from abuse, a family's ability to access family violence services. There's a great thrust in the Children's Services ministry on being sensitive to the culture of aboriginal children, and that's laudable and a praiseworthy objective. This is a province of many, many diverse cultures, and one would hope one might find at least some mention of those cultures in becoming sensitive to other cultures in the business plans and in these budget estimates and that, in fact, there would be attention paid to all cultures, but that doesn't seem to be the case.

The problem with day care staff is growing more acute day by day. The ministry has as a goal or a strategy or an objective – I'm not sure which – of having skilled caregivers with level 2 or 3 training. Level 3 training, of course, Mr. Speaker, is a two-year diploma from a college like Grant MacEwan, and level 2 is one year of that same program. This is, again, a laudable objective but hardly one that's going to be achieved when the money going into day care – they lost their operating grants. They're being paid in subsidized day cares $12 a hour, but in some private day cares they're making minimum wage. As long as those salaries prevail, attracting good people to the child care field is going to be very difficult. In fact, I was in conversation with a child care worker who indicated that many of the students now in child care programs in the colleges are seriously looking at education or at social work as an alternative to staying in the child care field because of the unattractiveness of the salary scales. Again, that's going to be a huge loss.

I think that with those comments, Mr. Speaker, I've almost used my time. Thank you very much.

THE ACTING SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I move that we adjourn debate on Bill 20.

[Motion to adjourn debate carried]

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

[Mr. Shariff in the chair]

THE DEPUTY CHAIRMAN: We'll call the committee to order.

Bill 19
Miscellaneous Statutes Amendment Act, 2001

THE DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Centre. [some applause]

MS BLAKEMAN: Well, thank you very much for that enthusiastic response. Thank you, Mr. Chairman. I'm pleased to speak in Committee of the Whole to Bill 19, the Miscellaneous Statutes Amendment Act, 2001.

Traditionally there is very little debate on miscellaneous statutes, because in fact the opposition has been given an opportunity to scrutinize what's being proposed and we have some time to contact stakeholders and ensure that there is no issue and time also to review the implications of any proposed changes.

Ideally, miscellaneous statutes is to make small administrative changes, a correction in spelling, typographical errors. [interjection] Sorry. The Minister of Justice is trying to signal me on something. I'm not wearing my glasses, so I can't read his lips.

8:40

MR. HANCOCK: I'm just saying that we know what the miscellaneous statutes are about.

MS BLAKEMAN: Oh, yes. I know. Yeah, that's right. He understands what miscellaneous statutes is, and that's a good thing because he's the Justice minister.

We have had time to review what's being proposed in Bill 19. In Committee of the Whole one would generally be going through clause by clause, which I do not need to do in this case. Any proposed sections to be amended that we had an objection to have already been removed.

So this is looking at amending the Alberta Health Care Insurance Act, the Animal Protection Act, the Engineering, Geological and Geophysical Professions Act, the Legislative Assembly Act, the Professional and Occupational Associations Registration Act, and the Protection of Children Involved in Prostitution Act. In every case it's a housekeeping or a minor or an administrative change that we have been able to scrutinize and find acceptable, and therefore I'm pleased to speak in Committee of the Whole in support of Bill 19.

Thanks very much.

[The clauses of Bill 19 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Bill 9
Victims of Crime Amendment Act, 2001

THE DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Solicitor General.

MRS. FORSYTH: Thank you, Mr. Chairman. This is such an important bill and a very progressive bill. There were some questions that were raised in a number of the proposed amendments during second reading of Bill 9 on May 7 that have to be addressed.

The first question was about the release of information. This section of the amendment is desired to provide clarity to the program's authority in the gathering and use of information. There is no intent to unnecessarily or unreasonably use or release personal information of any individual involved with the program, and the individual's right of personal privacy will continue to be respected.

Clear authority within the act is desired to permit the program to obtain the police and medical information necessary to determine eligibility and assess the victim's injuries. The sources contacted to determine the extent of injury may include treatment professionals other than medical doctors. Examples of these professions are physiotherapists, chiropractors, and licensed counselors. It does not extend to nonprofessional treatment providers or general care providers such as home care nurses. It is necessary to identify the victim and date of the incident when requesting information from these sources to ensure the appropriate record of reference.

A general reference to the applicant being a victim of crime may be included when requesting medical information. Only the police receive additional information provided by the applicant regarding the details of the alleged crime. The program also recognizes that there are circumstances where it is in the best interest of the victim or his survivors to allow the release of such basic information to relatives or others closely involved with the victim. For example, when multiple family members of a deceased or incapacitated victim are making inquiries, clear authority is desired to confirm the existence of an applicant and the name of the applicant. Some decisions on death benefit applications result in the award being paid or shared with someone other than the applicant. Clear authority to contact these potential recipients and advise them of the application is needed. Clear authority is desired to respond to queries from estranged parents with shared custody of a child victim. If one parent has applied for financial benefits, the program should be able to confirm this if the other parent makes inquiries. These individuals often rely on local victims' services providers for assistance. This provision will allow the victims' services program to make inquiries on the victim's behalf.

Under no circumstances would general third-party queries be entertained. The personal information of individuals continues to be subject to the protection provisions of the Freedom of Information and Protection of Privacy Act and the Health Information Act. The information provision in this bill was received and approved by the office of the Privacy Commissioner and appropriate officials from Alberta Health and Wellness. Changes to the program application forms are also planned to ensure applicants are clearly aware of the program's disclosure requirements and to obtain the applicant's approval.

The frivolous request for a review. This provision only relates to applications for a review of the director's decisions on an application. The cost savings to the board's administration is only a side benefit. More importantly, we do not wish to raise false expectations with an applicant if a request for a review clearly has no grounds. It is far less frustrating to the applicant to be advised quickly than to unnecessarily put them through the hearing process only to be told that there is no basis for a change in the director's decision. The intent of the provision is to address these requests that are clearly without merit. The review board should not dismiss an application if there is any indication of a possible change to the director's decision. This can be further defined within regulations when they are drafted.

Common examples of meritless requests include instances when the alleged crime occurs outside Alberta, instances when the offender applies – after all, this is a victim's program – instances when the applicant was already granted the maximum award under the program. Duplicate applications: this is most common with relatives of a deceased victim applying for the same death benefit.

The requirements for a physician was another question. The requirement for one member of the board to be a physician is the minimum requirement. In reality, the intent is to have two or three physicians or medical professionals appointed to give some flexibility to the chair in selecting panels for hearings. A minimum of one physician member will ensure that there is always at least one appointed member available to hear appeals involving medical evidence. This requirement does not extend to the panel selection, as there are some hearings that deal solely with eligibility issues and do not require medical expenses or expertise.

The panel quorum. The quorum of two members for conducting hearings is not a change from the existing act. Agreed, it is preferable that every hearing panel consist of three members. That is why the amendments require the chair to designate three members to sit as a panel. However, board members are people and may occasionally be unable to sit at the last minute due to illness or other personal emergencies. We do not wish to cause inconvenience to the applicant by postponing the hearing at the last minute. Assigning a last minute replacement member is not a realistic option as it does not provide that member with sufficient time to prepare and would be a disservice to the victim.

Mr. Chairman, I believe that answers all the questions that were brought forward in second reading, and I thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Mr. Chairman. I rise on this opportunity to speak in Committee of the Whole to Bill 9, the Victims of Crime Amendment Act, 2001. Now, Committee of the Whole is giving us an opportunity to go over the bill in detail, clause by clause. I'm already on record as speaking in support of this bill in second reading. Actually, I think most or all of my caucus colleagues are in support of this bill because it is strengthening and cleaning up a program that we feel is very valuable. I remember being at the official launching of the very first victims' assistance fund, in '89 or '90 perhaps, when the fund was first established. Now, it has gone through some changes in legislation since then.

Let me just go through very quickly. I don't want to spend a lot of time on this but will go through the different clauses that are put forward and put some comments on the record as I go through them.

8:50

I think one of the highlights of the '97 Victims of Crime Act which this bill is amending is that financial assistance is provided to the innocent victims injured by a violent crime, and it also funds agencies that are helping victims of crime or working with violence issues in the community. This is another area where the community

has taken on a good deal of service provision and the brunt of the work making sure that these programs are out there and are accessible to people who wish to access them, and it's important that we do support them through government funding. That can often be a sort of patchwork of applications that organizations are making to put together an operating budget because no one department is willing to fund them adequately. I know that for some organizations access to the funds in this victims of crime fund is very valuable and does allow them to expand programs or to do special short-term programing to augment programs that are much in demand for any given reason, so I'm certainly in favour of that.

When I look at section 7(2), this is allowing for government appointments, patronage appointments essentially, to the criminal injuries review board, and I'm hoping and I'm encouraging the Solicitor General to ensure that any government appointments are following the PAO directive regarding appointments to agencies, boards, and commissions. Essentially that's to make sure that people receiving these patronage appointments have some qualifications to be appointed to a given board, because if they're just going to be handing out favours to people, we're not getting good quality and in fact good public input. So I'm encouraging the minister to follow that PAO directive and to certainly make use of the most valuable services and expertise from the personnel in that department, who are able to look at potential appointees and make sure they have some experience, expertise, and background in this particular area before they are appointed by the Lieutenant Governor in Council, which is essentially cabinet, to these positions.

One of the areas that I had spoken about extensively during second reading of Bill 9 was extending the time limit for the application for individuals to access the fund from one year to two years. My comment at the time was that that was in fact bringing it into line with a number of other programs and qualifying criteria for victims. A number of the Criminal Code and I think other statutes in Alberta as well are subscribing to that two-year rule, and I think it's appropriate to bring this into line with them.

The one area that's always controversial – and I don't need to go into it at this time – is those people that are recovering memory of some trauma that happened some time ago. Then it's expected and the community standard for this is that in fact the clock starts ticking when the memory is recovered and the two years would run from there, but I think that's still an issue that's under debate by this particular government.

The sort of trade-off, if you will, in the bill for increasing the time is allowing the dismissal of frivolous claims. I understand that sometimes people just don't understand the process, and for whatever reason they hear what's being told but they interpret that in their own words to be giving them more leeway than, in fact, is there. It can be very frustrating when there are people that really do need assistance who are caught in a backlog because there are a number of applications that, in fact, are not eligible for any given program. So there has to be a way of regulating who's applying to the fund and to be able to allow the review board to dismiss frivolous claims, people that are coming back repeatedly just because they didn't like the answer no the first time.

It doesn't happen often, and certainly most people are quite genuine in the way they approach programs like this, but it does happen. Sometimes individuals can be quite tenacious and really take up a lot of time, and that's not fair to the others that are in fact waiting to have their application heard.

What I would be interested in – and perhaps the minister could just supply this to me in writing shortly – are some examples. I don't need personal information but some anecdotal material of what kind of situations the panel has found itself in where a claim was considered frivolous. We weren't really given examples of that when the minister spoke at second reading. This is not an area I'm familiar with, so I'm not quite understanding what kinds of issues are coming up that would require this section to be put into place. Perhaps the minister could give me a quick phone call or have staff just jot down some anecdotal experiences of what sorts of frivolous claims they've had. Again, I certainly don't need personal information.

Section 13.1 is around collecting personal information. I had raised a number of concerns around this during second reading, and the minister has spent some time responding now in Committee of the Whole to the concerns I was raising during second reading around this determining of eligibility and the ability of the director to seek out information, both collecting information from law enforcement agencies or people providing medical care or public bodies and also being able to disclose personal information to others to determine eligibility; for example, to parent or spouse or child or other family members or victims' services.

I always have a real concern around protection of personal information and have accused this government in the past of being a little free with putting that kind of information out and not being as respectful, in fact as vigilant of personal information as I believe they should be. Given that we now have huge databases that can in fact be accessed by unscrupulous people, we need to be constantly on guard for that.

I listened carefully, and the minister has put a number of responses to my questions on the record, which is important, because it's not immediately that this is an issue. It's three, four, five, 10, 20 years from now when people are looking at the act and some other situation has arisen and they're saying: "Well, it's not in the act. It's not spelled out there. It's not spelled out in the regulations. What really were they intending?" To be able to go back and look at the remarks on the record from the minister proposing the legislation gives us some recourse. It gives individuals and even members of the review panel such as it will be in the future some recourse to be able to understand what was intended. I'm sure there have been a number of times when we wish we could have questioned the Fathers of Confederation on exactly what they meant by putting any given clause into our Constitution, and we don't have their remarks on the record, so we're unable to determine what it was that they were attempting to get at.

9:00

So I'm cautiously satisfied by hearing the reassurances from the minister that really the idea in collecting the information is strictly within the bounds of what's proposed here in the legislation. I hope every attempt will be made to handle that information with scrupulous care and not allow it to get to any person or agency who in fact should not have access to it. I understand now – it's been clarified for me – what is being intended by the ability to disclose the personal information to any person, which I went on about at some length, because the way it was written and I was interpreting it and I think others were interpreting it, it could, you know, be publicized to anybody that was asking.

Now that I've got the minister on record as clearly indicating that it's really to be used for clarifying duplicate applications from family members or to let one parent know that another parent has already applied for it, where you have a case where there is an estranged family or multiple family members all applying for the same benefit, yes, then that's appropriate, because otherwise people just keep saying: "But it says I can get this. Why can't I get it?" Well, until you know that someone else in the family has already applied for it and received it, you just think you're being discrimi-

nated against for some reason or that you're not understanding the process. So it may well be important that you're able to receive the specific information about who has already received funds from this agency.

Now, that covers most of the individual sections I had wanted to go through in Committee of the Whole. Again, my biggest concern when I first looked at this was the use of personal information, both gathering it from various sources and disseminating it to various people. If the minister is clear and upholds the act, we are to be working within the confines of the Freedom of Information and Protection of Privacy Act and, I think, in some cases, even further than that, because I think we've already had some examples where personal information has been released under that act but in retrospect we question as being really appropriate.

Overall this is a good act. This is a good amending act. The original act is a good one. The concept that the funding comes from a surcharge on provincial offence fines and surcharges imposed by the courts under the Criminal Code has a lovely ring of poetic justice to this member's ears. I think it's quite appropriate. It's really hard these days, I think, to find a victimless crime, and certainly the intention of the government to be able to compensate people or to reimburse them for extraordinary expenses that have arisen as a result of a crime is an important part of a caring government and of one that is attempting to administer justice fairly. I think that's an important concept that I am more than willing to uphold.

So with those comments I am willing to take my seat and support Bill 9 in Committee of the Whole. I appreciate the minister coming in tonight to clarify and give answers to the questions I had put forward during second reading. I'm awfully glad to have her on the record on that.

Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. It is with pleasure that I rise to speak at committee on Bill 9, the Victims of Crime Amendment Act. I believe that the proposed changes to the Victims of Crime Act will streamline award processes and focus resources on innocent victims of violent crime in Alberta. The description of violent crime in Alberta is limited. Later in my remarks I will express my concerns about that.

In 1997 the Victims of Crime Act replaced the long-standing Criminal Injuries Compensation Act and the Victims' Programs Assistance Act. I wonder how many people would have been affected and why these provisions weren't included in the act over four years ago. Now, it's about time the application process was streamlined. I think this will be a good thing out of what is probably just a horrible situation for the victims, for the people involved. It is bad enough that people who suffer injuries as a result of violent crimes are forced to wait long periods of time to receive compensation. It's unfortunate that the government did not also review the amounts of damages for each type of injury to ensure they reflect current realities.

We need to have a look at some of the key amendments, Mr. Chairman. Certainly we are allowing the appointment of three more patronage-style appointed board members. Currently there are three. I'm very interested to know from the hon. minister who brought this bill forward if in the view of the minister its an issue of workload and an issue of overwork.

The financial benefits program was established in November of 1997 with the proclamation of the Victims of Crime Act. The total awards granted in the fiscal year 2000 was $6.7 million, according to my information. Now, my question at committee on this specific fact would be: how much of this money comes from the 15 percent surcharge collected on provincial offences fines and surcharges imposed by the courts under the Criminal Code? In respect to my earlier comments that perhaps the whole compensation package should be reviewed, it's summed up in the fact that the average award amount is $6,900. I, too, wonder how far that goes and if it's sufficient. You look at some of the reasons for entitlement that are listed in the back and you wonder how far that amount of money will go.

The number of concluded cases last year was over 1,200, Mr. Chairman. Interestingly enough, the number of cases resulting in an award was 967, roughly 75 percent. Now, that may be the reason for the feeling that there has to be more members on the review board. It simply may be a case of workload now. If I could receive in committee an explanation of this, I would be very grateful. Obviously it looks like it's a full-time job.

I see further down in section 7:

> Where a hearing is required under this Act, the chair must designate any 3 members of the Review Board to sit as a panel, which may include the chair, to conduct the hearing.

Am I correct in concluding that the workload has increased dramatically and the review panel can be divided into two teams to carry on investigations and the other duties relating to the review board?

9:10

When you look at the review board in that light, perhaps if it's going to be divided into two, at least there should be the necessary requirements of having two physicians out of the six panel members so that perhaps at all times, if need be, there is a physician available for each panel. I'm assuming here that both panels, if they're busy, could be working at the same time. This would be an excellent place for social workers; I think they would be a valuable addition to the review board. Perhaps retired police officers would be a welcome addition to the review board. I certainly hope, Mr. Chairman, that the review board is not strictly set up on political affiliation, because these are people that would be very good members. Their professional background would perhaps stand the entire review board in good stead.

The Public Inquiries Act. I'm familiar with the Public Inquiries Act because of the carnage that's happening in the workplaces of this province. I believe there should be a review of each fatality in this province under the Public Inquiries Act, because the OH and S staff are so overworked that they don't have time to do an adequate review of the accident. Perhaps I can discuss that further at another time.

Mr. Chairman, there's roughly about 25 or a little less than 25 percent of files that are denied award requests; there's no need for compensation. The first reason given here is that many of the applications are beyond the scope of the program; no violent crime occurred. Well, if a law is broken and that leads to a death, then I think we need to have another examination of this. With that I'm again referring to occupational health and safety violations where there's been a crime committed. When you consider that it may not have been a violent crime – but that's not true. It would all depend on your definition of a violent crime; for instance, if a backhoe in the winter is being operated in an illegal manner and the operator of that machine is not adequately trained and he or she turns the machine abruptly and hits with the bucket an employee who was standing nearby and that person is killed. That, in my view, is a violent crime, yet there is no recourse for family members who are left with the loss of a loved one and in some cases the primary breadwinner for the family. These are crimes that unfortunately are not covered in this Victims of Crime Amendment Act or in the original legisla-

tion, but hopefully at some time in the future hon. members of this Assembly will take a look at that.

Now, another common reason for denying award requests is that there are often duplicate applications, various family members applying for benefits relating to the one deceased victim. Well, I would like to know from the hon. minister how often this is occurring with these duplicate applications. Another common reason is that too much time has elapsed before the application. The proposed amendments increase this amount of time from one year to two years. For that reason and that reason alone I think it is notable and it would be worth supporting this legislation.

Now, the eligible offences, again I would note, are under the Criminal Code, and that would exclude certainly the accident I described previous. I believe it would also exclude, for instance, the case that occurred last year, the horrible, tragic death I believe of two individuals who lost their lives while working on a corporate farm outside Calgary. This accident is under investigation, but of course because it occurred on a corporate farm, as I understand – now, I don't have the luxury of having these accidents . . .

Chairman's Ruling
Computers in the Chamber

THE DEPUTY CHAIRMAN: I hesitate to interrupt the hon. member, but the chair wishes to make a comment. It is not allowed to wear speaker phones in the Assembly that are attached to the laptop. The only hearing aide you are allowed to wear is the one attached to your desk so that you can hear the debate that's proceeding in the House.

Hon. Member for Edmonton-Gold Bar, you may now proceed.

Debate Continued

MR. MacDONALD: Thank you very much, Mr. Chairman. Now, getting back to this accident that occurred last year. Because, as I understand it, WCB does not cover farms, whether it is a family farm or a corporate farm, these individuals would not be eligible for compensation under the victims' benefits regulation. If my interpretation of the events that led to this accident and my interpretation of the laws of this province as have been explained to me are true, then we have to do something about that. We either have to change the law so that everyone who is working for a wage in this province, regardless of where, is eligible for WCB or that people can turn to this or similar legislation, because what occurred there is wrong. Just plain and simple it is wrong.

Now, when you look at the offences that can be eligible here, there's everything from riots to hijacking of aircraft. There is careless use of a firearm, sexual exploitation, failure to provide necessaries, abandoning children, causing death by criminal negligence.

9:20

Now, that is interesting. I wonder how many people who lose their lives in an industrial accident fit under that criteria, causing death by criminal negligence. One specific case comes to mind, Mr. Chairman, and that of course is the tragic explosion that occurred in early August 1999 at Hub Oil in Calgary. There were two individuals unfortunately killed there, and what is chilling about that is that one of the individuals who unfortunately lost their life in that explosion was on a committee who wrote the best practices manual for the entire facility. When I opened that manual and saw that individual's name in there, it was certainly a sobering, chilling experience, because safety was a priority for that individual or he would not have served on that committee.

As I understand it, there were other charges to be laid there as well as the occupational health and safety charges which were laid last summer by Alberta Human Resources and Employment, but there was also contemplation of charges under the Environmental Protection and Enhancement Act and the Criminal Code.

Now, if those charges were laid under the Criminal Code, would the families of those individuals be eligible for compensation under line item 220 here, "causing death by criminal negligence," if those charges were laid and that employer was found guilty? This is all pending, and it'll have to work itself through the courts.

These are a number of offences that can happen: everything from arson, extortion, robbery, kidnaping, abduction, illegal confinement, intimidation by violence or, in other words, stalking.

Now, the financial benefits here. I believe $6,900, yes, was the average award amount, but the benefits here seem low: for a head injury a thousand dollars, shock that lasts from six to 16 weeks, lower limbs, scarring, dislocated fingers or thumbs, temporary or partial deafness lasting at least 13 weeks. This category, burns, is up to $1,250, and it doesn't seem like very much money for the pain and suffering one would have to endure. There's disfigurement again, fractured ribs. If in the act of some sort of violent confrontation there's a perforated eardrum, that's $1,500. Eyes are blurred or double vision, lower limb disfigurement, whiplash injuries with effects lasting at least 13 weeks: the list goes on and on. For an eye injury it's $2,000. A simple fracture of the skull is $2,500.

If any other hon. members of the Assembly have had the time to compare this list with the list that is provided by the WCB, I think it would be interesting, Mr. Chairman, to compare the two. A ringing noise in the ear is $3,000. A loss of four or more teeth is in this category. A fractured ankle, a fractured femur, and it goes on. I don't know where we will get to next, if there are any higher categories. Partial deafness in one ear, a compensation package of $3,500. Moderate burns on the head is $4,000. A pre-existing condition towards epilepsy is $4,500. Loss of smell, detached retina, and a whiplash injury that is termed moderate and the recovery period is a half a year – these injuries are significant.

THE DEPUTY CHAIRMAN: Hon. member, the time allocated to you has now elapsed.

MR. MacDONALD: Okay. Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. I'm pleased to address the amendments to Bill 9, the Victims of Crime Amendment Act, 2001. I'd like to indicate that I'm generally positively disposed towards these amendments. There is an area that I would like to raise some questions about, and I haven't yet had a chance to get hold of the regulations under this act, so I may be not entirely informed as to the impact of some of these sections.

If we look at section 13, it says that "on receipt of an application for financial benefits, the Director," who is an official appointed by the minister, of course, "in accordance with this Act and the regulations" determines eligibility. As I go through this and look at the various powers delegated to the director, I find they are in fact very significant. One of the things it says is that the director, subject to the regulations in this case, can "require the applicant to provide information respecting how the injuries were acquired and describing the injuries suffered by the victim," and so on – and that makes a great deal of sense – and then can require evidence to be provided, documents and so on. That makes sense.

It's under section (3) that I have the most questions, I guess. I'll just call them questions for now. It says:

(3) The Director may dismiss an application made under subsection (1)
(a) if the Director determines that the applicant or victim is not eligible under section 12,

and that makes sense. But here's where the concern is, Mr. Chairman:

(b) if, in the opinion of the Director, the applicant or victim
(i) did not fully cooperate with any investigation into the events that resulted in the injury or death of the victim, or
(ii) did not provide information required under subsection (2)(a),
or
(c) for any other reason provided for in the regulations.

Now, the question I have is whether or not an individual civil servant ought to be in the position to simply dismiss an application on the basis of an opinion without a greater context for the director to make those kinds of decisions. There's a strong element here, I think, Mr. Chairman, of subjectivity that could result in arbitrariness in the treatment of victims. I certainly appreciate that appeals are there, but I think it would be much better for all concerned if we had a situation in which there was a real context for the director to make these kinds of judgments. I would hate to see someone who had suffered grievous loss as a result of a criminal act to be denied their benefits under this act for anything less than the most objective reasons that are possible. So I think that's one of the difficulties I have.

9:30

Now, the other question.

The Director is authorized for the purposes of subsection (1) to collect and use information, including personal information, from
(a) a law enforcement agency relating to the event . . . or to determine previous conduct of the victim.

I have a concern, I guess, Mr. Chairman, that does set off some alarm bells for me in the sense that we're looking very much at the conduct of the victim, who's not been tried, who's not under any charge, I assume, in almost all cases. There's an implication here that someone who is the victim must conduct themselves in the most exemplary fashion and make no errors or not be involved in any errors of judgment, which we're all inclined to do from time to time, and if they are, the implication is clear that they can be denied benefits.

This allows the director, if someone makes a claim – and keep in mind, Mr. Chairman, that people who make claims are victims. They have suffered some sort of serious loss, injury, may be permanently disabled as a result of criminal activity. The director is then in a position to go through and inquire about their conduct to the police or other law enforcement agencies, inquire to their doctor. It says: anyone "who provided diagnostic, treatment or care or other similar medical services to the victim." So the director could interview the nurses, could interview people who'd operated an ambulance and so on, or

a public body as defined in the Freedom of Information and Protection of Privacy Act to determine or verify whether a person is eligible for financial benefits under this Act or to determine the amounts of those financial benefits.

So it seems then, Mr. Chairman, that by the simple act of applying under this act for compensation as a victim of crime, that person's privacy is seriously compromised by the provisions of these acts. The director can then go and inquire from police or nurses or doctors or virtually anyone else what exactly the situation was. Now, is that fair? This is a question I have. Is it fair that someone who is a victim of a crime should have their entire history explored without any of the normal protections for their privacy in order that they might obtain compensation? When you combine that with the earlier issue I referred to, that "the Director may dismiss an application made under subsection(1)" if the person did not co-operate or did not provide information, then it creates a situation where there's a potential for injustice at least and abuse at worst to occur to someone who makes application.

I believe, Mr. Chairman, that these amendments to the Victims of Crime Act could be strengthened considerably if we provided provisions to protect an applicant from an unjustified intrusion into their personal affairs and business by the director and, secondly, if we would provide a greater contextual basis for the director to make decisions once they've acquired the information they need. It really does seem to me there's a bit of victimization of the victim here – victimization is maybe not the right word – stigmatization of the victim, which is implied by some of the provisions of the act. So I think we ought to take a look at that.

Now, having said that, Mr. Chairman, I see that under section 14 it talks about the review board. "A person may apply to the Review Board for a review of a decision [made] under section 13 or 15." But I think that damage may already have been done at that point. I think it would be better if we strengthened the earlier section and not leave everything to the review board. It goes on to say that the review board may "require a victim to undergo a medical examination," and I suppose that is something you can't avoid. I mean, obviously somebody has to have some sort of injury and so on, and the board has a right to know the exact extent of that and draw conclusions about how it may have been inflicted and under what circumstances before they provide public funds to the person in compensation.

I'm pleased as well, Mr. Chairman, that the review board can "rescind, confirm or vary a decision of the Director as to eligibility for financial benefits." I think that's important. Otherwise, why would you have a review board at all?

Then you have a situation where "significant new evidence is provided to the Review Board," and it can "refer the matter back to the Director to review the original decision, taking into account the new evidence." I wonder if that's not just an unnecessary complication that could prolong the situation faced by somebody who's waiting for benefits. Why does it get referred back to the director instead of simply being varied or changed by the review board? Instead of sending someone back to the beginning, why can't the review board simply make the decision at that point?

I guess, Mr. Chairman, it reminds me a little bit of the game of snakes and ladders. Just when you think you're going to get to the top and you're finally getting through the system, all of a sudden you land on a snake, and you're all the way back to the bottom. I'm sure many of the members of the Assembly have played snakes and ladders as a board game as a child. Sometimes it's very analogous to politics as well. I think that's a concern. We don't want people to get caught in loops. We don't want people to be constantly thinking that they're getting through the system and then being drawn right down to the beginning when they don't expect it.

Now, the final point I want to make with respect to the provisions of the act has to do with appeal to the courts. We're seeing more and more in law people's rights to access the courts being restricted by legislation. A most notable example is the Workers' Compensation Act, where people agree – I guess there's a sort of social contract between employers and employees – that in exchange for the coverage under the WCB people's right to access the courts is eliminated or severely restricted. We've seen that there have been a lot of problems in that, Mr. Chairman. I certainly get many, many calls from people on workers' compensation who feel that they haven't been well treated and haven't got their just compensation,

have exhausted the appeal procedures and so on, and would like to challenge some of the things that have gone on in the courts. Of course, they can't. Their rights to access the courts have been taken away by the legislation that established the Workers' Compensation Board.

Here we have, again, a section that says: "The applicant may appeal a decision of the Review Board to the Court of Appeal only on a question of jurisdiction or on a question of law." Now, I'm not a lawyer, Mr. Chairman. That's for sure. Maybe there are some lawyers here who can advise me.

DR. TAYLOR: Too many.

9:40

MR. MASON: Well, I won't go there with the hon. minister, but if you put all the lawyers end to end, Mr. Chairman, I don't know if you reach a conclusion or not.

I would hope that someone would rise on the government side who is a lawyer or who at least has asked this question of a lawyer and respond to the question of what is allowed on an appeal on a question of law, which is what it says. This is the part that I would like some clarification on. It's section 14.1(1). It says: "The applicant may appeal a decision of the Review Board to the Court of Appeal only on a question of jurisdiction or on a question of law." Maybe the hon. Government House Leader could respond to that. I would find that to be an important clarification that needs to be made.

Then we have the director's decision, which is dealt with under section 15.1. It says:

> After making a decision under section 13 or 15, the Director must provide the applicant with a copy of the decision and must advise the applicant
> (a) that the applicant may apply to have the Director's decision reviewed by the Review Board, and
> (b) that the applicant may request that the review be conducted in person or by written submission.

That's an important point there, Mr. Chairman. I'm really glad to see that the act really will require written confirmation of the decision and notification of the route and avenue of appeal. I think that's essential. I guess it's probably fairly common these days, but you'd be surprised at how many avenues of appeal are available to people, and there's no requirement that they even be informed of it. So I think that's a strong section and something I can certainly support.

You know, in general, Mr. Chairman, I think that the amendments here are good ones that could be better. Certainly the Victims of Crime Amendment Act, 2001, is a good step forward. The Victims of Crime Act was of course a very positive and progressive development, and I think it's to the government's credit that it was passed into legislation, because for too long, of course, victims of crime were completely ignored in the entire process. Investigations go on and people aren't informed.

I dealt with one person – and this wasn't a victim of crime per se, but there is a criminal investigation, as I understand – with one gentleman who lost his son in the Hub Oil explosion and fire. I met with him when I was in Calgary some time ago, and he described to me in detail his struggle to find out where the investigation was around the death of his son and whether charges would be brought, what the status of the investigation was, and a whole list of questions that he of course had. He finally tried to get some further assistance, and he contacted the Calgary labour council, which deals with workers' rights, and it was the natural place for him to go when he couldn't get answers from the law enforcement agencies and from the agencies of the government.

Now, I should say clearly, Mr. Chairman, that he did contact someone who was involved in the investigation, who was a very sympathetic individual, and she was able to connect him with all the people he needed to get the information he required. The difficulty is that it shouldn't take a stroke of luck that you find a person who has compassion and is willing to work a little bit of overtime in order to make sure you get the information you need. It needs to be provided to you as a matter of course, regardless of who the individual is in the organization or in the bureaucracy or in the law enforcement agency. So the provisions of the Victims of Crime Act are very welcome, and I think it's a very positive step, Mr. Chairman.

Thank you. I'll let another member speak now.

[The clauses of Bill 9 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Bill 2
Cooperatives Act

THE DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill?

The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you. I have a few brief comments this evening on Bill 2, the Cooperatives Act. Certainly again I would like to recognize the efforts of the hon. Member for Calgary-North Hill in the exhaustive research and consultation the member did in the preparation of this bill. This legislation modernizes and replaces co-operative legislation for the first time since after the Second World War, and it's notable that it's aimed at attracting more co-operatives to Alberta. We need to ensure that the more than 400 co-operatives in Alberta – and the majority of them are involved in agriculture, the farming industry – continue to be a focal, important institution in the lives of many.

When you look at the co-operative movement across Alberta and then across the country, the 400 co-operatives in Alberta, there are more than 15 million memberships in co-operatives in Canada, Mr. Chairman. The memberships of some other co-operatives are also significant. You know, the consumer movement has 3.7 million co-operatives. Housing co-operatives: some quarter of a million in more than 2,100 co-operatives. Now, the insurance company of course is The Co-operators. This is an important company in the insurance industry.

9:50

Mr. Chairman, we think of the types of co-operatives – there are producer-owned ones, like I mentioned before, for the farmers, for the producers, for small businesses, marketing and purchasing supplies, the UFA, the Bison co-ops, Bee Maid Honey. An example of consumer-owned co-operatives certainly would be the Calgary Co-op Association, and that is considered, as I understand it, the largest consumer co-op in North America. It has nearly 40 percent of the local retail market. Mountain Equipment Co-op, for example, reported revenues of over $130 million in 1998 and has over 1 million members. As part of the consultation process in reviewing

Bill 2, I met with some of the individuals who are very active and are taking leadership roles in the co-operative movement in Calgary, and they were very supportive of this legislation.

[Mr. Klapstein in the chair]

When we think of health care, we sometimes don't think of the co-operative movement, but our sister province to the east, Saskatchewan, has been using it since 1962. Some other provinces have been using it in the last 10 years; for example, for day surgery, pharmacy, ophthalmology, rehab, health promotions, workers' co-ops for the ambulance sector, home care, nursing.

We can think of natural gas and rural electric co-ops. In fact, Mr. Chairman, it is interesting that there was one of the natural gas co-ops – I don't know where this would fit into the bill, but certainly what we need to have a look at in committee are the gas co-ops. Triple W Natural Gas Co-op – and many hon. members of the Assembly are wondering: where's Triple W Natural Gas Co-op? Well, it's east and, I understand, a little south of Lethbridge. Now, there was a possible contamination of natural gas in the distribution system of Triple W Natural Gas Co-op. When it learned that there was a potential for contaminates in the natural gas received from the co-op's supplier, naturally it became quite concerned.

I don't know where in Bill 2 such a deficiency would be addressed. There's examination, there's notice of error, there's a right to information. There are a number of categories where the citizens or the clients or the customers or the owners or the members of Triple W Natural Gas Co-op would look to seek some sort of redress or to at least answer questions about this possible contamination of their gas supply. These contaminates, as I understand it, have the potential for causing personal injury to occupiers of households or businesses to which natural gas is being supplied. The effects of such contamination can create flu-like symptoms. These symptoms include a headachy feeling and watering or smarting of the eyes, dizziness or vomiting, tightness across the forehead and at the temples, and weariness and weakness.

[Mr. Shariff in the chair]

Now, according to Triple W Natural Gas Co-op, there was an advisory put out. The advisory listed three items: that there was a potential for gas contamination in the natural gas supply, that in the event there was a natural gas contamination, there was a possibility that occupants of a building or buildings supplied with natural gas would experience symptoms that could be described as flu like, and in such an event persons should immediately consult a physician regarding such symptoms. Now, for a rural gas co-op and its board of directors, where would they go in this legislation to seek an answer? I don't know where the directors would go.

The minister in this case would be the Minister of Energy, and perhaps the minister has issued a waiver of compliance under the Gas Distribution Act regarding quality assurance of natural gas for rural gas utilities. Where would the board of directors for the natural gas co-operative go under the Cooperatives Act to find out if the minister did this? Where would they go to find out if the minister of health has issued public health warnings or bulletins to alert the citizens or the co-operative participants south and east of Lethbridge of the flu-like symptoms caused by the effects of such contamination? Where would the board of directors go to ensure that the minister, the Minister of Energy in this case, would order an investigation of the gas plant supplying gas to Triple W Natural Gas Co-op?

These are all very important issues, Mr. Chairman, and perhaps with the guidance of the Member for Calgary-North Hill we could get an answer for those people, because certainly they deserve answers. The Cooperatives Act, as good as it is, has to protect all the members.

When we think of the modern co-operative principles, Mr. Chairman, this province's legislation for co-operatives dates back almost to the time that we became a province. The co-operative principles are those established by the International Co-operative Alliance, an independent nongovernmental organization founded in 1895 to link co-operative movements in several countries and foster an environment conducive to co-operation on a worldwide scale. These principles were updated in 1966 and again in 1995.

I'm pleased to support this legislation in this Assembly this evening, but we need to look at one of the principles incorporated in section 2 of Bill 2. Now, I'll go through these briefly. Bill 2 incorporates co-operative principles in section 2(1) with the following:

(a) membership is available to persons who can use the services of the cooperative and who are willing and able to accept the responsibilities of and abide by the terms of membership,
(b) each member or delegate has only one vote,
(c) no member or delegate may vote by proxy,
(d) interest on any member loan is limited to a maximum rate fixed in the articles,
(e) dividends on any membership share are limited to the maximum rate fixed in the articles,
(f) to the extent feasible, members provide the capital required by the cooperative,

restricts use of surplus funds, and provides education on the co-operative principles.

These are noteworthy, and in the remainder of my time I think I'm going to have a discussion on the new-generation co-operatives because they're very important. Hopefully in the future there are going to be no problems, Mr. Chairman, with the new-generation co-operatives. When we're discussing them, we need to think of the free rider problem. We need to consider that since economic benefits arise through the use of the co-op, little incentive exists for members to invest in the co-op, and the co-ops rely more heavily on debt and are chronically short of capital. So we have to be careful of that. We have to also be careful of the horizon problem. Of course, some co-ops may be prone to inefficiencies because of limited patronage horizon to members. Patronage refunds, when used in the co-op, tend to support activities that maximize short-term rather than long-term returns.

There's also the control problem. Because co-op shares are not traded on open markets, share values cannot be used as a performing gauge, so operational inefficiencies can go unobserved.

10:00

The portfolio problem, the lack of tradeability in co-op shares, Mr. Chairman. This lack of tradeability in co-op shares also means that members cannot adjust their investment portfolio to reflect their own risk preferences. Consequently, members will attempt to direct the activities of the co-op in a direction that better matches their own risk return trade-off.

Lastly, Mr. Chairman, the influence cost problem. When we look at this, we have to understand that the dual role of member as owner and user can lead to attempts by groups or members to steer the co-operative to positions that will benefit them personally, and managers must spend much time building consensus for decisions. That is perhaps a tactic that would be well suited for this Assembly. Perhaps we all could take a lesson from the manager of a co-op and spend more time building consensus for decisions. Since there are very few amendments to the legislation that comes forward in this

House, perhaps it's time that in this Assembly we could better spend at other activities.

Now, those are problems that can be identified, and they certainly can be identified with the new generation co-ops. Many people may think: what's a new generation co-op? Well, the new generation co-operative, or the NGC, is the name given to roughly 200 value-added processing, closed membership co-operatives that have emerged first in North Dakota and Minnesota and most recently in neighbouring states and provinces. Many of them in this province are centred around, of course, the agricultural industry and the farming communities. They have their own problems, Mr. Chairman. There are external pressures. There are internal pressures. There are always conflicting proposals or counterproposals being presented.

When you look at property rights issues and problems, co-operatives must find a way to respond and to keep their organizations viable, and the maturity process is going to be working on the new generation co-operatives. I'm sure and I have confidence that they will adapt to this legislation, and I'm confident they will prosper. I certainly hope they prosper.

The external environment in which co-ops operate has changed because rural Alberta is changing. Rural Alberta is changing from the family farm unit, and it is a discussion that I think is long overdue in this Assembly as to what exactly is going to constitute a family farm, what constitutes a corporate farm. There has been significant industrialization of agriculture. Now, I'm not in this debate going to go as far as calling it 20th century sharecropping, but I have before, because this is what's happening, in my view, to our agricultural industry not only in this province but across the country. The farmers are simply becoming 20th century sharecroppers. We have to discuss this at length on another occasion. I realize that, Mr. Chairman.

Internally a reduction in traditional member commitment and the increasing importance of well-defined property rights to structure members' behaviour have resulted in a need for new structural features in co-operatives, and this is the new generation co-operative, in my view. When we think that the new generation co-operatives are clearly seen as organizations that are not on the fringe, I think this is positive. The model of the new generation co-ops is now viewed, as I understand it, as a serious organizational structure both among farmers wishing to form new co-ops and more traditional co-ops looking for ways to adapt. That's why I have confidence in the future of these organizations, and I certainly hope I'm proven right.

Mr. Chairman, the new generation co-ops are also viewed as necessary and legitimate by people outside the co-op sector, and who outside the co-op sector would be more important than the commercial banks? Commercial banks, for instance, are increasingly interested – and again this is positive – in funding new generation co-operative operations. I don't know about the opinion of this government, but it would be interesting to hear the hon. Member for Calgary-North Hill discuss this. Do they consider it a tool for industrial development, particularly in niche areas?

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. I'm pleased to speak to Bill 2, the Cooperatives Act, and I appreciate that this is a weighty bill in more than one sense. I would also like to congratulate the hon. Member for Calgary-North Hill for his comprehensive job on this bill.

This bill has a wide range of provisions and is very, very systematic in its approach and is clearly the result of a great deal of co-operation, Mr. Chairman. I'm sure that the member has co-operated with all sorts of co-operatives and co-operative organizations in the province, partly because he tells me so, but I have every reason to believe him. This member has approached me on not just one occasion but on three separate occasions to ask if I have any concerns or problems with the bill and has offered to meet with me and discuss the bill at any time.

This is the only time since I've been in this Assembly that the sponsor of a bill on the government's side has made those kinds of overtures, and I very much appreciate it. I think the Member for Calgary-North Hill is to be commended for that, for taking on the obligation of consulting even with the third party in this House, with only two members. I think that's commendable, and I would recommend that approach to all members opposite who sponsor legislation and particularly to those members of Executive Council, because I think we would all benefit from a much healthier legislative climate if there was rather more consultation in this Assembly. Even though we have only two seats, we represent a significant trend of thought in this province and always have, and the same can be said for our colleagues in the Alberta Liberal Party. So I think the entire province benefits if there's a degree of consultation.

Now, Mr. Chairman, certainly co-operatives have had a major role in the development of this province, and if we look back to the early days of the province, we'll see that co-operatives have always been important and have been significant. If you look at the gas co-ops in this province or even a variation of co-operatives, the electrification districts, which did more to bring electricity to the rural areas of this province than any investor-owned utility ever did, you can see co-operatives operating in many ways.

The farm sector, of course, has been one of the main areas where co-operatives had an early development in this province: the wheat pools, the various forms of organization of farmers. When it was clear that private industry was not prepared to meet the needs of small farmers on a thinly populated land area, as Alberta once was, they did what they needed to do and got together. In fact, you could say that co-operatives came from the earliest days of farming when you needed to co-operate in order to get buildings built, barns and so on. So the co-operative spirit is part of the tradition of this province. I know that lots of people like to talk about the free enterprise heritage of this province and that lots of people in this Chamber certainly talk about little else, but the co-operative spirit of Albertans has long been evident and long been an important part of our political, economic, and cultural makeup.

10:10

Now, I think I could talk a little bit about what I see as some of the areas where co-operatives can be of value. I, of course, have long since been a member of a number of co-operatives. Credit unions are another example of co-operatively based financial institutions. I participated for a number of years in a housing co-operative which is now part of my constituency of Edmonton-Highlands. I know that the past minister of education in this place under the government of Premier Lougheed – and that is Mr. King – was instrumental in assisting the formation of a number of housing co-operatives back in the late 1970s. I found that the co-operative I participated in was very valuable for a number of reasons. [interjection] It was the Sundance Housing Coop, hon. member, but there are a number of housing co-operatives throughout the city, and they have done a number of things.

The first thing they've done is provide housing to people. At a time when housing was expensive and in short supply, people were able to get together and get favourable rates of interest and participate in the planning, the financing, and the organization of their own

housing. The people benefited greatly from that experience, Mr. Chairman. They worked hard. They learned about things that they didn't know. They learned about financing. They learned about incorporation. They learned many, many things. They were able to develop housing that suited their needs. They didn't have to go to the market and say: "Well, I'll take this one. It's got what I want, but it doesn't have something else that I want." They were able to design from the ground up their own housing according to their own needs.

Secondly, they were able to get housing, Mr. Chairman, that was very low cost relative to what was available on the market at that time, and they did that by eliminating unnecessary costs in housing. Specifically, I'm referring to landlords. By eliminating the landlord, who was taking a profit from their housing, they were able to have housing that was substantially less in cost than comparable housing elsewhere on the market. So the second advantage of co-operatives is that it eliminates middlemen. It eliminates people who don't add value to the equation, and it does that by eliminating profit. By eliminating profit, they enjoy lower costs.

I think the third thing I found is that people learned to work together. They learned co-operative principles, which I think are very important. They were able to assist one another. When one person had a set of skills that was of value to someone else, they offered it without charge, without anything being required, just simply because they were neighbours and wanted to work together. Mr. Chairman, they were able under these circumstances to share their capacities, and their sense of value that they had as individuals was enhanced and strengthened. So someone who knew how to do maintenance on furnaces, for example, was able to help someone who knew how to do landscaping, and someone who was a lawyer was able to provide their skills, of course, free of charge to their neighbours and the co-operative members. Altogether everyone benefited.

The other thing I found from the experience of that time, Mr. Chairman, was that people really learned a lot about basic things that they didn't know anything about. People who otherwise didn't have skills and were at a fairly low educational level learned from the people around them. They learned how to conduct themselves in meetings, how to get things done, and how to make decisions collectively. They learned things like basic maintenance, and they learned all kinds of skills. They learned from their neighbours, and they all learned from co-operating together.

Mr. Chairman, all in all, it had a tremendously beneficial effect for many people I have seen who came into the co-op when I was there, who were not people who had a high level of skill in certain areas, and they left as self-confident individuals who were able to go out into the community and had a much higher level of self-esteem. They undertook to improve their education. They got involved in the community league. They got involved in other organizations and, generally, became much better citizens. So co-operatives have a beneficial effect for everybody that participates in them.

Now, Mr. Chairman, they sometimes have disadvantages. One of them is long meetings. Sometimes people who've been involved in co-operatives speak for a long time, and it generally takes a lot of time to administer your own affairs when you're doing it with a group of 20 or 30 other individuals.

So I think those are many of the advantages of co-operatives.

Now, co-operatives of course are important in other areas. I know that in the case of taxi drivers in the city of Edmonton a number of years ago who felt they were not getting a fair shake from their employers, which were a number of big, privately owned taxi companies, they were able to set up their own taxi company, not really a company but a co-operative. Again, they were able to eliminate the middlemen who didn't add value to the work they did and were able to get the kinds of work, the working conditions they wanted. They were able to retain more of the value of the industry for themselves and, generally, have become now the largest taxi company, the most successful that I'm aware of, in the entire city. So they took on the big companies at their own game, Mr. Chairman, and they were very, very successful indeed.

I want to ask about some specific things, Mr. Chairman, and maybe there could be some answers. A co-operative under this act, in section 7, must operate in Alberta and have its registered office in Alberta. My question is whether or not co-operatives that operate in other provinces but have a very small portion of their operation in Alberta can be incorporated here if they do have their headquarters in Alberta.

10:20

Now, I know there's a section here under investment shares, and I wonder if other co-operatives already use investment shares. I believe that credit unions, for example, do use investment shares. I'd like to ask if there has been any problem that's been documented with the insider trading of shares. [interjections] Mr. Chairman, I'm a little distracted by the conversation that's going on here, and I wonder if I could . . .

THE DEPUTY CHAIRMAN: Hon. members, the hon. Member for Edmonton-Highlands has the floor, so kindly accord him the appropriate courtesy to complete his remarks.

The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you, Mr. Chairman. I appreciate that.

Just to go back to that and repeat it, the question is, first of all, about investment shares. I understand that credit unions use investment shares. The question I have is whether or not some co-ops also already use them. I would like to know if there are documented problems with the insider trading of shares. If there are, then I'd like to hear, perhaps in the response from the sponsor to this bill, if that has been the case and what the circumstances are. If not, then the question really arises as to why it's in the bill. So those are just some of the things I wanted to talk about.

I know there's another form of co-op that I'm familiar with, and that's the equity co-op. Some of the fairly luxurious high-rise development that has occurred over the years in Edmonton has been on the basis of equity co-ops and has been constructed without the benefit of the government programs that were established for housing by the federal government and also by previous Alberta governments. Those programs no longer exist. People in co-ops were able to actually participate in the establishment of fairly nice high-rise developments on an equity basis. The question I would have, then, for the sponsor of this bill is to outline the differences between an equity co-op on the one hand and a condominium arrangement on the other. I think there must be some differences and they must be significant, but I'm not directly familiar with what those things are.

Now, I think if we ask some questions about membership in co-operatives, under part 2 it talks about becoming a member. It's got some basic things here: that the person needs to apply, that it has to be approved by the directors, and so on. It does provide for the directors to delegate "the powers vested by subsection 1(b) to one or more members or officers of the co-operative." What is the protection, Mr. Chairman, for people who wish to become members of a co-operative that they are dealt with equitably along the line so that everyone is treated more or less the same? There are instances in co-operatives, particularly in small co-operatives where people

live together in co-operative housing, where personal factors might get in the way. I think the legislation should protect and ensure that everyone is eligible and is treated the same, especially when the application for membership is delegated.

I think the legislation also talks about classes of shares. It doesn't really spell out what the classes of shares ought to be based on. I think that's something that is fairly important. You have a number of types of shares that are envisaged by this section, which I can't put my finger on just at the moment. I think it should be spelled out and particularly spelled out if there is any equity involved.

Now, Mr. Chairman, to conclude my speech on this matter, I just want to emphasize again that I believe co-operatives have had a very important role in Alberta's history, that Alberta's history is not as purely capitalistic and free enterprise as some people would like to pretend, that the province from the beginning of its settlement right up until the present day has had a strong co-operative element, and this has been most evident in rural areas. I think Albertans have always been willing to lend a hand to their neighbour in order to build the community. Albertans are very, very community-oriented people, and they're not afraid to work together in order to achieve common goals.

Thank you, Mr. Chairman.

[The clauses of Bill 2 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Bill 8
Alberta Corporate Tax Amendment Act, 2001

THE DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Rutherford.

MR. McCLELLAND: Well, good evening. We're all ready for 15 or 20 minutes from this side of the House, but not really.

Members, as you will recall, when this bill was introduced at second reading, I gave notice that there would be amendments brought forward at the committee stage. I'm going to be moving the amendments shortly, but before I do, I want to acknowledge the fact that the opposition parties were made aware of these amendments just a very short while ago, and for that I apologize. The opposition parties should have had these amendments some time ago and didn't, and for that I apologize.

The amendments that I will shortly introduce will have the effect of removing reference to the Alberta royalty tax credit. The ministers of Finance, Revenue, and Energy felt that the Alberta royalty tax credits would be best considered in their entirety separately, apart from this legislation, and therefore have removed them. The effect of the removal would be to treat all individuals the same regardless of whether they were large or small investors.

Therefore, I move that Bill 8 be amended as follows: sections 19, 30, 48, 59, and 60 are struck out.

Thank you very much, Mr. Chairman.

10:30

THE DEPUTY CHAIRMAN: We shall refer to this amendment as amendment A1.

[Motion on amendment A1 carried]

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I appreciate the opportunity to comment on this bill. It's an important bill. It's always, of course, very popular to cut taxes, and this bill will do that. It's not going to do it without a few comments from me, however.

Going through the first area where the bill reduces tax, I think it's the reduction of the general tax rate. A comment I would make here is that we need to take a long-term view of the sustainability of our tax load. The risk we face here is that under the current situation when royalty revenues are so high, we can afford very sizable tax cuts, but we all know that every boom in Alberta is followed by a bust. The risk is that when things slow down, we will not be able to afford the tax cuts that we will have made here, and that's a long-standing concern. It may well be something that comes back to affect this government, and it's a general comment I make. I think we need to look at the tax level in terms of its long-term sustainability.

We also risk becoming overfocused on the tax burden as an influence on business location. In many studies done on the factors that influence where businesses locate, the tax load is but one of a large number of those, and it's nowhere near the most important. Among the most important are issues of quality of life, issues of cheap electricity, issues of infrastructure, of educational facilities, of social stability. By focusing too much on taxes, we end up running the risk of cutting taxes and in the long run not being able to afford the kinds of amenities that really are important in bringing organizations and businesses to a location and keeping them there.

I mean, if it were as simple as low taxes being the cause of business location, then I suppose that countries like Haiti and various Third World countries with low taxes would be industrial powerhouses and New York City or Toronto, which have relatively high tax rates, would be impoverished, and in fact the opposite is the truth. So I think we need to keep that sort of discussion in mind when we look at the portion of the act that reduces the general tax rate.

As for the section of the act that reduces the manufacturing and processing tax rate from 14 and a half to 13 and a half percent, although it's not in the act, I think the ultimate objective is to keep decreasing the rate until it's at about 8 percent, which was the original recommendation of the Business Tax Review Committee. Again, we need to remember that taxes alone are not going to be what drives the development of our manufacturing sector and the diversification of our economy or attracts new businesses here.

I would actually bring in, in particular, the concerns over the electricity rates that are evident in Alberta as something of much greater importance in this area than manufacturing tax rates. Again, it's fine to cut taxes, but what's the point if people are facing greater than that tax cut in higher electricity costs? Certainly I've had calls from constituents, small businesses and manufacturers in my constituency, who are very concerned about what's happening with their electricity bills.

The section of the act that deals with small business tax rates and the increase in the small business threshold. Some of my greatest sympathies economically are for the small business sector, which is very often the most genuinely entrepreneurial, the most genuinely competitive. What we're talking about here are bakeries, for example, or restaurants or small manufacturers, locally owned businesses that employ people here not just at the clerical level but right up the chain, from their frontline employees right through to

their directors and presidents. They create more spinoffs because they employ the local law firms, the local advertising agencies, the local media, and so on. So I think that if we are to focus on anywhere in particular in reducing tax loads, I am pleased to see that much of this is in the small business area. If we are wanting to develop Alberta in a truly thorough and comprehensive way, then we should be focusing more and more on small local businesses rather than the large multinationals.

As I was reading through the bill, I found myself thinking of the old slogan that nothing is more nervous than a million dollars. While we can reassure people of our tax rates, we are less able to reassure them about stability in areas like electricity, and the price of electricity is fluctuating hundreds of percent up and down a day. If we are expecting, say, a high-tech company to develop a computer chip manufacturing plant in Alberta, there's no way they're going to do that if they can't nail down a long-term cheap supply of electricity. So I'm concerned that we should be focusing more energy on stabilizing our electricity than is happening, and we should perhaps shift some of the focus away from this bill and onto some actions to stabilize electricity.

I'm also concerned about the general trend in Alberta and across Canada that more and more of the tax burden is resting on personal incomes, on individual people rather than on businesses. If you go back several decades, you will see that the shift in the tax load from the corporate sector to the individual has been quite dramatic. I think all of us and all of our constituents would feel that shift in the taxes that are deducted from our incomes every week or every month here, taxes that at one time were shared much more broadly with the corporate sector.

So while this bill decreases taxes on the corporate side, in the process it shifts more of the tax burden onto individuals. In particular, when we combine this with the flat tax, it shifts the tax burden onto middle-income Albertans, so that is a particular point of concern for me as I approach the government's various tax policies.

This bill was developed in response to the Business Tax Review Committee, and you know we as the opposition have been advocating especially cuts to small business taxes for over seven years. We're wondering why this government took that long to undertake this kind of initiative.

With those comments, Mr. Chairman, I think I will take my seat. I think generally we will probably support this bill, but the most fundamental concern is that we are creating a situation in which our tax system is not sustainable given the long-term volatility of Alberta's economy.

10:40

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I appreciate the opportunity to make a few comments about the Alberta Corporate Tax Amendment Act, 2001. At this stage we're to be looking at the specifics of the bill. Before I do, I'd like to make some comments about the efface that seems to have been created around tax cutting in the province, not just in the province but across the country. It seems to me that one of the things in all of the tax discussions that we've heard recently is the notion that taxes can be a good thing.

THE DEPUTY CHAIRMAN: Hon. member, the chair just wishes to remind you that we are currently in committee stage, where we discuss clause by clause. Okay? You may now proceed.

DR. MASSEY: I'm prefacing my remarks, Mr. Chairman.

We use taxes as a community to finance the common goods. Our schools, our highways, policing, emergency services: those are things that I think we all agree are necessary and that we all agree we should support through the tax system. In the rush to cut taxes and conversations about no taxes at all as being a good thing, I think that responsibility is sometimes lost.

I'd like to then look at the specifics of the bill, starting with the reduction of the general tax rate. The provisions of the act reduce the general tax rate from 15.5 to 13.5 percent. Although it's not in this amendment act when the bill was announced, there are plans that will further decrease that rate to 11.5 percent in 2002, to 10 percent in 2003, and finally to 8 percent in 2004. We're reminded that 8 percent was the rate originally recommended by the Business Tax Review Committee. I guess the question I have is: why those particular rates? What was the economic reasoning behind choosing those particular numbers for reductions, particularly when you get to as fine a point as half a percentage point? So there are some answers that I would be interested in hearing surrounding the rationale for particular rates in that general tax rate cut.

The provisions of the bill that relate to the reduction in the manufacturing and processing tax rate raise similar questions. The act reduces the manufacturing and processing tax rate from 14.5 percent to 13.5 percent. For this, too, the government has a timetable projected into the future so that in 2004, 8 percent will be the rate. The question is: what's the rationale? Why those particular numbers over that particular period of time? What prompted or caused the government to select those figures?

[Mr. Klapstein in the chair]

The same can be applied to the reductions in the small business tax rate. It's interesting, because in travels across the province I've talked to a number of small business owners and asked them about this. We had a proposal several years ago that would have reduced the rate from 6 percent to 4 percent, and most small business owners said that the reduction meant very little, that it really wouldn't encourage expansion in terms of their particular business. I remember talking to the owner of a bookstore in the southern part of the province, and in terms of their particular business it wouldn't make much difference. So here we see the rate going down 1 percent and then to a goal of 3 percent in 2004. What's the basis for those projections? If my information, which I admit is very limited, is correct, why are these particular reductions here?

The increase in the small business threshold from $200,000 to $300,000 is timetabled to move to $400,000, again without any reason being given for those rates. The same with the capital taxes. Those will be changed because of the amendment tonight.

So those are some of the concerns. What was the rationale for choosing or picking those particular numbers? I noticed that one of the conclusions on one of the government releases was that by 2006 these tax cuts are projected to result in 40,000 new jobs, and that is just about 9,000 jobs more than what has been predicted are going to be lost by a number of businesses because of the high power rates in the province. So it's a rather interesting juxtaposition of tax cuts versus increased costs to industry.

With those comments, Mr. Chairman, I'll conclude. Thank you.

[The clauses of Bill 8 as amended agreed to]

[Title and preamble agreed to]

THE ACTING CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE ACTING CHAIRMAN: Opposed? It's carried.

10:50 **Bill 10**
Traffic Safety Amendment Act, 2001

THE ACTING CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. I have a few comments this evening on Bill 10, the Traffic Safety Amendment Act, 2001, as presented by the hon. Member for Calgary-Buffalo. The Traffic Safety Act itself was passed in 1999 but not yet proclaimed. The 2001 amendment will make changes to the existing act, as I understand it, so it will be ready for implementation next year. I appreciate the work that my colleague from Edmonton-Glengarry has done on this in preparing this rather extensive summary for not only myself but other members of caucus.

The highlight of the changes is the establishment of an administrative licence suspension process for new drivers under the graduated driver licensing program relating to zero alcohol tolerance. Another highlight is the fine-tuning of the Alberta administrative licence suspension program by adding an immediate 24-hour suspension for persons providing a breath sample of over .08 or for failure to provide a breath sample. Other technical administrative changes are also included to enhance the current legislation.

I think the object and the highlights of this bill are well suited and worthy of support, but this is really a cleanup of the act before it comes into force. Former colleagues of this Assembly on this side of the House expressed reservations about the police forces being able to hand out 24-hour suspensions for a person refusing to provide a breath sample. They felt at that time that suspensions should be dealt with in court and that there was room for abuse if the suspension was given for refusal to blow in the breathalyzer machine.

Now, there were general comments from many members of the Assembly at that time, but we need to think, as we review this bill in committee this evening, about section 1, the amendment to the Traffic Safety Act; section 2, the administrative cleanup because of wildlife officers and fish and game officers now being called conservation officers. Section 3 is on the administrative cleanup again. Section 4 is dealing with adding information that can be included for the inspection of an accident report. Section 5: the minister may make regulations concerning "commercial vehicles or classes of commercial vehicles to which section 11.1 applies."

Section 6: the process for appeals of a one-month suspension of a novice – and that is a learner's, or eventually it will be the graduated licensing that is going to be part of the province – the details of the hearing process, of course, and when the board must reinstate a licence and when the suspension must be upheld.

Now, section 7 deals with the administrative cleanup related to charges under section 6, and section 8 is very similar to section 7.

In reviewing section 9, the clarification for a person with a learner's licence for a motorcycle and driving on a highway, I'm not sure of the conditions of this. Perhaps that will be clarified further in debate here in committee.

Section 10: I don't know if this is requested by the federal government. I don't know what sort of consultation has gone on there, but there are changes in penalties under the National Defence Act in the Criminal Code of Canada.

Section 13: changes to section 88 dealing with licence suspensions.

Section 18, in a quick review now, referring to the regulation and description of the regulation, that the regulation is sufficient, and the provision that the statute does not have to be referred to. There are probably a few too many tickets that have been thrown out on a technicality, and this, as I understand it, will close that legislative gap with a loophole.

In section 21, as I understand it, we're going to be dealing with the administrative cleanup of the provisions for licence suspension and, when various provisions take effect, for a 24-hour suspension.

As I said before, many of these changes are administrative and sort of a cleanup in nature, and that's a sign, in my view, that things weren't done quite right the first time around. It doesn't appear that in this cleanup the government has considered its position on putting restrictions on riding in the back of pickup trucks – and this has been discussed many times – and the requirement for bicycle helmets into legislation rather than regulation. These are important issues, and I believe they'll be discussed later – hopefully later – in this session if we get time, Mr. Chairman, with a bill that's been proposed by an hon. member through the private bills process.

[Mr. Shariff in the chair]

While it's not in either of these amendments, it is important to bring up at this time the proposed changes to the number of hours that truckers can drive. We look at the simple title of the bill, Traffic Safety Amendment Act. Government officials in Canada are proposing to allow truckers in this country to drive up to 84 hours a week over extended weeks. Canada would allow up to 14 hours' driving in a shift compared to 10 in the U.S. and nine in Europe. A Canadian trucker will be able to drive up to 84 hours in a week compared to 60 in America and 56 in Europe. Now, I thought at the time that it would be good if the minister of intergovernmental affairs could talk about this entire issue.

I would at this time, Mr. Chairman, remind all hon. members of the Assembly that traffic safety, regardless of whether you know whether its exits are from the right or the left of the highway, is an important subject.

AN HON. MEMBER: Stick to the clauses of the bill, Hugh. Relevance.

MR. MacDONALD: This bill is dealing with traffic safety. It's an amendment to the Traffic Safety Act.

AN HON. MEMBER: Which is very relevant.

MR. MacDONALD: Which is very relevant.

Now, Mr. Chairman, it's not that long ago that we had senior administrators of this government not knowing which direction traffic exited off highways. And members of this Assembly are complaining about relevance? I think not.

11:00

On the issue of what should and should not be in this bill in committee, perhaps at this time it would be logical to consider an amendment. What would be a suitable amendment to the Traffic Safety Amendment Act at this time? I can't think of anything more suitable, particularly after what I read about traffic safety in Calgary. Recently inspectors pulled over truck traffic in Calgary, Mr. Chairman. It was reported in the weekend papers. I don't have the article before me, but it was astonishing the number of vehicles that were not roadworthy. Was it 80 percent of the vehicles that were not roadworthy?

Now, this notion that there would be transport vehicles in this province transporting goods to and from whatever enterprise in the province that would be using the trucks to transport goods. If you were to stop at a light in Calgary, you could assume that if there were five trucks lined up . . .

Chairman's Ruling
Decorum

THE DEPUTY CHAIRMAN: All hon. members, the hon. Member for Edmonton-Gold Bar has the floor. We are in the committee stage. If anybody wishes to speak to the bill, you will be provided that opportunity when the hon. Member for Edmonton-Gold Bar finishes. So please give him the due respect to finish his comments.

Hon. Member for Edmonton-Gold Bar, you may proceed now.

Debate Continued

MR. MacDONALD: Thank you, Mr. Chairman. Now, there is this notion that you stop at a light and see the trucks that are stopped there. After you read the inspection reports, you can conclude accurately that at least one in five is not mechanically sound. Is this the place to discuss that with an amendment to the traffic safety law, at least to bring it to the attention of all hon. members of the Assembly, particularly the hon. member who is, I believe, still the chair of the Calgary caucus? I'm sure many individual members of this Assembly who drive from Calgary to here on highway 2 now, as a result of this debate, are going to be looking very keenly at traffic on both sides of highway 2, particularly the truck traffic. When you think that we have diminished our standards in this province and are considering diminishing them further – and this is not an issue of concern for this Assembly? Again, I think not.

I would remind all members of this Assembly that it is important, when drafting legislation and the accompanying regulations, that the government ensures there are sufficient resources to enforce the provisions of the act. Reducing policing grants may contribute to provincial surpluses, but they also do not assist our police officers with working to ensure that roads are safe and our highways are safe.

Now, we look at other provisions. We look at the graduated licensing. We compare ourselves to other jurisdictions with zero alcohol tolerance and penalties. We think of what's going to happen here and in British Columbia. There's an immediate 12-hour roadside suspension, one month prohibition for the first offence, one year prohibition for repeat violators. In Ontario there's a $110 fine. In New Brunswick the minimum fine is $70, the maximum fine is $500, and there are 10 demerits. In Prince Edward Island there is an administrative 90-day suspension, and that province is in the process of enacting their graduated driver licensing program, Mr. Chairman. In Quebec we see a minimum fine of $300 and a maximum fine of $600, and in Nova Scotia there are six demerits and fines of $337.50. In Alberta the proposal is for an immediate 24-hour suspension followed by a seven-day temporary permit followed by a one-month suspension. That is I think sufficient, but we shall see.

The provisions for vehicle seizure. Currently the Traffic Safety Act stipulates that the 60-day vehicle seizure is triggered by a conviction for driving while suspended within the last three years where it is the same suspended driver and the same registered owner. Now, I can certainly be corrected if I've misinterpreted this, but the proposed change is that a 60-day seizure will be triggered, Mr. Chairman, when a suspended driver is charged a second time within three years of the first charge for the first offence. A vehicle seizure where the vehicle was released earlier will not be counted as a first seizure. This involves the repeal of the requirement of a conviction to trigger the longer seizure period. This amendment, as I understand it, will make Alberta's program similar to both Manitoba's and Ontario's, where no conviction is required for the second vehicle seizure to be for a longer period of time.

Now, in closing, there are a couple of other questions that I have regarding the carrier profile. It's proposed to enable the registrar to forward records relating to convictions, reportable accidents, and on-road inspections relating to commercial vehicles to the jurisdiction where the driver was licensed and/or where the vehicle was registered for the purpose of that jurisdiction's carrier and driver profile systems. The type of offences would include all moving violations under the Traffic Safety Act and its regulations. That would include speeding, failing to stop at a red light, et cetera, equipment violations, inadequate headlamps, inadequate taillamps.

This is where it is so important, and it cannot be considered frivolous. I'm astonished that any hon. member of this Assembly would make such light of traffic safety, particularly with the heavy vehicles and as we allow more and more vehicles and allow more and more of the trucks to have trailers and pups. In some American states, Mr. Chairman, they're not allowed to haul like that because of public safety. There's a balance there between profitability of transport companies and public safety, but after this evening in this Assembly I'll need further clarification as to the amount of concern for public safety that can be expressed by some hon. members.

The Criminal Code. With Criminal Code violations we think of dangerous driving and impaired driving. I don't know how far we can go with that. Certainly the law has to be diligent.

Now, again in relation to transport trucks, the issue of weight, the loads carried in transit. [Mr. MacDonald's speaking time expired] I'm disappointed, but I will certainly cede the floor to another one of my hon. colleagues.

Thank you, Mr. Chairman.

11:10

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. Just a few comments that I think have to be made as we look at Bill 10. We have indicated our support for Bill 10 and the provisions, but we'd be remiss if we didn't raise the objections that were raised before.

I'm looking specifically at section 90 of the bill: "If a peace officer . . . suspects that the driver of a motor vehicle who is a novice driver [has] consumed alcohol." The section goes on to indicate: "without a reasonable excuse fails or refuses to provide a breath sample when required to do so by a peace officer." I think there can be no question that we all prefer not to see people who've been drinking on our highways. That is not even part of the discussion. But the concern was that those suspensions should be dealt with in court.

If I recall, the previous Member for Calgary-Buffalo had some strong feelings about peace officers dispensing justice at the roadside. He felt that there should be other ways to handle it and that those purported violators should best be handled in a court. The provisions of the previous act that he found objectionable are now here again in section 90. It may be something that is of little consequence. Hopefully the incidents where it would be used by peace officers will be few and far between, but again it's a concern. Given the history of this legislation and the kinds of changes that we see before us, the number of administrative changes that had to be undertaken, it's a bit of a warning. We may be back here again some years down the road with further amendments that specifically address this concern with peace officers dispensing roadside justice.

Those are the only comments I wanted to make, Mr. Chairman, before supporting the bill. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. It's a big job for me to follow behind my two eminent colleagues. I won't be able to live up to their reputations, but I will bring forward my own comments here.

As I understand the Traffic Safety Amendment Act, 2001, Bill 10, am I correct in thinking that we are amending an act that hasn't even been proclaimed yet? I am concerned. We seem to be doing that a number of times in this sitting of the Legislature, and it speaks to me of the risk of rushing through legislation and then finding, after it's been passed, that it hasn't had adequate thought.

So as I look through the various sections here that are being amended, it's quite a long list. It's actually a fairly substantial bill to come forward to amend an act that hasn't even been proclaimed yet. We can go through it section by section if we want. I will, however, spare the Assembly my own comments section by section.

As I go through the sections collectively, there is always the problem, I find, of striking a balance between the need for control and social intervention on individuals and at the same time accepting as maximum an amount of individual freedom as we reasonably can. A great deal of the sections here seem to struggle with that balance as well, and fair enough. It's a balance we'll never have a final solution to.

The sections that particularly caught my eye as I think about the young drivers on the road today included, for example, section 6, which outlines a process for appeals of a one-month suspension of a novice operator's licence. I think it's probably reasonable for the bill to clarify issues around how those appeals for novice operators' licences will proceed and when the board must reinstate a licence and when the suspension must be upheld.

There is also section 9, clarifying issues around learners' licences for motorcycles. The great number of serious accidents involving motorcycles has got to be a concern for all of us. I know a number of emergency room doctors who don't call them motorcycles. They call them murder-cycles because they are so hazardous. So section 9's efforts to clarify some of the issues around learners' permits for motorcycles are probably commendable.

Section 15 addresses issues relating to alcohol consumption and novice drivers. We've got to be concerned with alcohol consumption with all drivers, but I guess we are being even stricter with novice drivers than we are with regular drivers on this. This outlines exactly how a novice driver, when alcohol is detected on his or her breath, will face a licence suspension. I would encourage this. I think it's a commendable step, as I understand it, to be exceedingly strict in terms of alcohol consumption and novice drivers.

I'm going over some of the other provisions in sections here. A number of them have to do with regulatory streamlining, and again I would repeat the point that we're already having to streamline and amend a bill this extensively – we're talking here about 15 pages of amendments to the Traffic Safety Act – when that bill hasn't even been proclaimed. It speaks to the risks of rushing legislation through.

I also wish there were a couple of other sections here, one addressing restrictions on riding in the back of trucks. More clearly, I don't believe that section is in here at the moment, and it would be worth considering.

I think, Mr. Chairman, with those comments I will take my seat, and you can look forward to me supporting this bill. Thank you.

[The clauses of Bill 10 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

The hon. Government House Leader.

11:20

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report progress.

[Motion carried]

[Mr. Shariff in the chair]

MR. KLAPSTEIN: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following: bills 19, 9, 2, and 10. The committee reports Bill 8 with some amendments. 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.

THE ACTING SPEAKER: Does the Assembly concur in the report?

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? So ordered.

head: Government Bills and Orders
head: Third Reading

Bill 1
Natural Gas Price Protection Act

THE ACTING SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. It's my pleasure to move for third reading Bill 1, the Natural Gas Price Protection Act.

Mr. Speaker, over the course of the last six months Albertans have felt the pressures of unprecedented rises in gas prices, and those pressures have been met by this government bringing in certain programs to ensure that while Albertans get the benefit of a high world price for gas, they also get some of the rebate of the royalties that we earn on that gas to help shelter some of the prices of home heating and other issues in the province. Bill 1 is a method by which this government can continue natural gas price protection into the future for Albertans.

THE ACTING SPEAKER: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Speaker. It's a pleasure to speak to Bill 1, the Natural Gas Price Protection Act, at this time. It is an amazing piece of legislation. I've said in this Assembly before that it is reflective of a government that has lost its direction. [interjection] It certainly is. You look at this bill, and you look at the *Calgary Herald* article that's dated May 4, 1974. [interjection] It's research in the newspapers. It certainly is, yes.

The Natural Gas Rebates Act was introduced, and it was suitable legislation. There is no need for this legislation. There is absolutely no need for it. No one in this Assembly is against consumer protection. No one is against Albertans receiving the benefit of the resource that belongs to all the citizens.

Now, this is what the *Calgary Herald* said in 1974. During the election – and I spoke about this earlier – it is my view that someone was dispatched, probably from the Public Affairs Bureau, and the flagship legislation had to be secured for this session of the Assembly. They simply went to this editorial from the *Calgary Herald*. It states, Mr. Speaker, in the first paragraph: it probably should be called the gas price protection plan instead of the rebate plan, but whatever the semantics, Albertans received the details of a good deal yesterday. It goes on and on, but in the last paragraph it states: Alberta is already renowned for its low home heating prices; soon the claim that domestic natural gas prices will be the lowest on the continent will be true of Alberta; it is a fitting return on a resource that belongs to the people.

These features of having low home-heating prices and the idea, the notion that the resources belong to the people are already incorporated in legislation. It's not long since we heard from the government that they were so afraid of dome disease, and that concept was that while the Legislature is in session, there are laws being created that are going to have a detrimental effect on Albertans. It even went further, that all laws that are created are in some way detrimental to some Albertans. So if we have a perfectly good piece of legislation that just needed to have its regulations updated, why are we repealing this and putting in Bill 1? I thought Bill 1 could be improved, so if we're going to be spending billions of dollars in Bill 1, why not have an auditing process in place so that we could know where the money is going? That wasn't suitable.

Now, when you think that we couldn't have a definition of vendor – and it was discussed earlier in the Assembly, this afternoon in question period, regarding the location-based contracts to gas-fired electrical stations. How many hon. members of this Assembly know whether or not fuel gas for those power plants is somehow going to be subsidized under Bill 1? We never, ever did get a definition of vendor. Rebates to vendors, but there's no definition of it, Mr. Speaker. This bill as it exists is nothing more than unlimited spending on a credit card. The Premier himself mused in Calgary at a dinner that there was going to be a $5 cap put on through Bill 1. Gas is trading internationally at about that level currently.

There's no doubt that the resources belong to Albertans, not the producers. This is a problem that many members of Executive Council have, that somehow it's for the producers, that it's not for the citizens, not for the consumers, not for the people of this province but that if it's good for the producers, it's good for the province. The producers in this case are many natural gas exploration companies that are operating in the western Canada sedimentary basin, specifically in the Peace River arch. When we look at what has gone on with this slogan bill and we have a look at what's going on in the province in the western Canada sedimentary basin, we have to be very cautious. This is why this bill, this blank cheque, is not necessary for the province, for the people.

11:30

We can look in the statutes covered. There are seven specific pieces of legislation to deal with gas exploration, distribution. There are even discussions in the statutes existing on price protection. Yet there's a huff and a puff, and we're going to have Bill 1. We're going to take an old editorial from the *Calgary Herald* and say we're protecting consumers, but the legislation, as I said, already exists.

Now, with the Canadian gas exports, Alberta gas exports, I think it is suitable at this time to take a look at the western Canada sedimentary basin. Mr. Speaker, the western Canada sedimentary basin includes most of Alberta, but significant portions of British Columbia, Saskatchewan, as well as a part of Manitoba and the Northwest Territories and certainly parts of the Yukon Territory. Within this vast area there are significant differences. You can go from plains to foothills to the high Arctic.

Now, regional geology and certainly location can also have a great impact on drilling and costs. Geological formations in the western Canada sedimentary basin dip to the southwest, resulting in increasing drilling depths and increasing drilling complexity from east to west. Many people brag about how many gas wells are being drilled in Alberta, but they are being drilled in the southeast corner of the province where you can, as they say, punch a hole in a week. They're shallow gas wells. Sure, we're drilling hundreds of them. What are the production rates of those wells? They're marginal. If you go to the Alberta foothills and to the B.C. foothills and certainly to the B.C. plains or the northwest section of Alberta in the Peace River arch, the wells are drilled deeper. There are certainly higher production rates, but the locations are much more remote and, as a result of that and the depth, the cost of drilling is much, much higher.

We think of our marketable gas production, and we hear musings again from the government that there are going to be gas exports, new pipelines, that it's going to be over my dead body or that I'm going to get my piece of the flesh or Alberta's got to get its pound of flesh. Meanwhile, what are we doing? Before the EUB right now is the proposal to sell the Viking-Kinsella gas field. Meanwhile, we want a pound of flesh from the Alaska developments. We want this; we want that.

How ludicrous does this sound when at the same time we want to sell a gas field for $490 million Canadian, I believe, to interests in the midwest? I believe it's Kansas City. Are they buying that gas for the benefit of the citizens of Edmonton or northern Alberta, or are they buying it for their own purposes in the American midwest? When you consider that part of the Viking-Kinsella gas field would be in the central region of the western Canada sedimentary basin and part of it would also be in the east region and when you look at both areas, they've had a significant production decline in the last 10 years, and that would tell me that perhaps it's an asset worth keeping.

Further on in my remarks I think I can prove without a doubt that the productivity decline of existing gas fields in this province is a lot less than the new wells. The productivity decline rates of the new wells are significant. They're much greater than what was previously thought, and that is of great concern to this member. But why, when you look at a gas field that for years has produced gas to heat the homes of Edmontonians and the surrounding communities, would we be contemplating selling it? It sits in an area of the province which, at least over the last decade, has had a 25 percent decline in production rates. It doesn't make sense, Mr. Speaker.

Despite the drilling of a record number of gas wells – and I'm going back to 1999 because I don't have the figures for the year 2000 – natural gas deliverability from the western Canada sedimentary basin increased only marginally. This is before the Alliance line was commissioned and is now sending 1.3 million cubic feet of gas daily to Chicago and with it the rich natural gas liquid streams. That's before that had happened. An examination of the production characteristics of wells connected over the last four years shows that the average initial productivity per well has been declining, in part due to the drilling of an increasing number of shallow gas wells. The declining rate of production from all existing wells is another significant factor affecting deliverability.

Now, to offset the annual decline in production from existing wells, production from new wells added in one year must amount to at least 85 million cubic feet a day in each year, or 20 percent of current production. Can hon. members of this Assembly assure me that that's going to happen or continue to happen, or are producers

going to move to another territory? Are they going to move to the B.C. side of the Peace River arch where there's a greater return on their money? If they're going to spend millions and millions of dollars drilling a well, they're going to go somewhere where they can get a return on their money, and the rich wells now are in that territory or even farther north in the Fort Liard region, whether it's on the western boundary of the Northwest Territories or in the Yukon Territory itself.

Now, the decrease in initial productivity per well within the western Canada sedimentary basin has been much more rapid than previously anticipated. I don't know how many hon. members of this Assembly I've heard assure not only myself but other members of the fact that there's an unlimited supply of natural gas. Well, there's not. There may be a lot of gas, but as to recovering it, what could we do? Perhaps it would be better than having this legislation. Perhaps we could look at a number of initiatives to further encourage production from marginal wells. A little earlier in the debate this evening there was a discussion, I believe, on the Alberta marginal tax credit. We need to have a further discussion on tax credits to see if those wells can perhaps be kept in production until all the gas that can be produced is produced.

11:40

We need to look at the solution gas from oil batteries. We need to look at the idea of solution gas as an alternative for electricity generation. But will that happen with the carte blanche here, this blank cheque? The idea that any government, but particularly this government after what we've experienced in the last 10 years with spending cuts and now more spending – this is a credit card with no ceiling. Anything could happen.

Now, gas protection for residential users, that's fine. What are we going to do with industrial users? What are we going to do with the resource companies themselves that use gas for enhanced oil recovery? Are we going to subsidize those efforts through Bill 1? You never know. This is such a brief bill that anything is possible.

I recently read in my research that there's going to be increased natural gas consumption for industrial purposes in the northern Alberta tar sands. It's becoming such a significant problem, the natural gas prices for the developers of the tar sands leases, that some of them are considering going to coal. We don't think of it very often, but there's considerable consumption of natural gas, whether it's in heaters or in furnaces in these industrial facilities for the production of steam. We look at the production of steam for heavy oil recovery with steam injection. Are we going to use Bill 1 for that? I hope not. I think not, but there's nothing in here to stop it.

Ethane that's not used in the petrochemical industry, but ethane that's used for reinjection purposes again is used to sweep a formation, Mr. Speaker. Is that going to be part of this protection package?

head: Government Bills and Orders
head: Second Reading
(continued)

Bill 20
Appropriation Act, 2001

THE ACTING SPEAKER: I hesitate to interrupt the hon. Member for Edmonton-Gold Bar, but in accordance with Standing Order 61(3), the chair is required to put the question to the House on the appropriation bill on the Order Paper for second reading.

[Motion carried; Bill 20 read a second time]

head: Government Bills and Orders
head: Committee of the Whole
(continued)

[Mr. Shariff in the chair]

Bill 12
Farm Implement Amendment Act, 2001

THE DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MR. HORNER: Thank you, Mr. Chairman. I have a few comments to answer the few concerns brought up by the hon. Member for Lethbridge-East. The first was with regard to custom operators. We have a definition for custom operator which reads:

> A person who purchases a new farm implement and uses or permits the use of that farm implement for hire or for service to others for valuable consideration to the extent of at least 50% of the annual use of that farm implement.

One primary difference for custom operators is found under section 5 of the Farm Implement Act, implied warranty. Section 5(3) states:

> A custom operator does not have the benefit of any of the warranties provided for in subsection (1)(d) and (e) with respect to a farm implement mentioned in section 1(a) that is purchased by him.

The amendment to the definition of purchaser should not change the status of custom operators. Their equipment will continue

> to be warranted to be
> (a) made of good material,
> (b) properly constructed as to design and workmanship,
> (c) in good working order.

These warranties "apply for a reasonable period of time not to be less than 1 year." As this equipment is designed for a typical farming operation, it is understandable that custom operators – that is, feedlots – would put considerably more use on equipment 24 hours a day, seven days a week, resulting in greater wear over a short period of time.

With regard to the notice of failure to perform concern brought up by the hon. Member for Lethbridge-East, it covers situations where catastrophic failure or nonperformance occurs, and this issue is separate and apart from the statutory one-year warranty provided under section 5. The intent of section 6, notice of failure to perform, is to provide farmers who are operating under some tight time constraints with quick repair to new equipment that does not perform, replacement equipment should it not be repairable, or refund of their money to allow the farmer to purchase new equipment. Time is of the essence in farming, as it is tonight, and long legal battles in court do little to help either side. Section 6 clearly sets out the guidelines for dealers and distributors responding to significant failure of equipment during its initial use.

I think that covers some of the concerns that were brought out. Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Chairman. I appreciate the comments that have just been made in terms of answering some of the questions that were raised. I think what we need to do now is make sure that we expedite the work on this bill and make sure that it is out there for farmers. As we just heard, this is important. Farmers have been asking for some of these clarifications in terms of warranty coverage and also the relationship between dealers when machinery is recalled or sent back or when a dealer goes out of business.

These are the kinds of things that we have to have in the industry, so I would hope that most people in the House see fit to support this.

Thank you very much.

[The clauses of Bill 12 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Bill 13
Farm Implement Dealerships Act

THE DEPUTY CHAIRMAN: The hon. Member for Dunvegan.

MR. GOUDREAU: Thank you, Mr. Chairman. Bill 13, the Farm Implement Dealerships Act, I want to reiterate will provide options to our farming community, and it should help to go a long way to encourage and create competition. The opposition was indicating that there were concerns about that.

Certainly it will deal with specialized equipment and equipment that would at times not be sold locally. Dealerships and distributors will still be allowed to negotiate volume discounts. Distributors will be free to give whatever breaks they wish to dealerships to be in certain communities. Finally, this will help purchasers to have options, especially with specialized equipment in our communities.

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Leader of the Official Opposition.

11:50

DR. NICOL: Thank you, Mr. Chairman. I was just listening to the comments that were raised when I talked about the bill in second reading. The answers have been provided to the marks that I've got here on my page as we went through it.

I think if we look at that, we've got to recognize that this bill's purpose is to basically make sure that dealerships can, in essence, carry short lines if they want to, that the top-down decision-making by the manufacturers doesn't put a lot of pressure on that, and that farmers then do have some choices in terms of the material they purchase, who they purchase it from, and who the manufacturer is. So I hope everybody supports this bill as well.

Thank you, Mr. Chairman.

[The clauses of Bill 13 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Bill 11
Employment Standards Amendment Act, 2001

THE DEPUTY CHAIRMAN: The hon. Minister of Human Resources and Employment.

MR. DUNFORD: Thank you, Mr. Chairman. In bringing this bill into committee, just again a reminder to all members that we're moving regulation into legislation.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. I think that certainly this is a bill that the minister is to be commended on. It's been a while coming, but it's here. It is a good bill for families. This is in committee stage of the Assembly, and hon. members are certainly welcome to participate in debate or discussion if they so desire.

At this time I think we need to have a look at this whole issue of parental leave in this province. The federal government doubled parental leave EI benefits to 50 weeks in the February 2000 budget. Eight other provinces had enough time to put in place matching legislation to protect jobs for 50 weeks by December 31. This evening I am pleased with the minister, certainly with the direction. But why was this province such a holdout?

Parental leave certainly gives both parents the opportunity to spend more time with their newborn and – I've said this before – newly adopted children in the all-important first year. We can talk a lot about supporting families. We can talk a lot about having family values, but at some point we have to put our actions where our speech is. This is a perfect opportunity for the government to act, and it did, but we have to ensure that we're going to continue to support new families. Again, why did this commitment take so long?

Of course, we had the usual consultation process. Many business representatives had reservations about this, many. I don't think their reservations were ever addressed, but I think they will learn to live with this legislation. I think they will profit from it, as a matter of fact, because when they are recruiting employees to take over from those who are on parental leave, particularly in this economy it will be easier to recruit people because they will be able to offer them suitable employment for some time.

Now, at this stage, at committee, certainly I don't feel it's appropriate to talk about what's not in this Employment Standards Amendment Act. Certainly at second reading I outlined significant deficiencies in the Employment Standards Code. The positive features of this, Mr. Chairman, are the facts that parents are better able to balance the demands of work and family experience, they have less stress, they have lower absenteeism from the workplace, and, I believe, are much more productive employees.

When the hon. minister introduced the Employment Standards Amendment Act, Bill 11, it was seen by people from across this province as a progressive step. I spoke at second reading of the mother in Calgary who had contacted my office. I think she would be very pleased. It took a while, but she would be pleased.

There are a number of questions that we need to discuss this evening.

THE DEPUTY CHAIRMAN: I hesitate to interrupt the hon. member, but according to Standing Order 60, the committee has to rise and report before midnight, so the committee will now rise and report.

[Mr. Shariff in the chair]

MR. KLAPSTEIN: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following: Bill 12, Bill 13. The committee reports progress on Bill 11.

THE ACTING SPEAKER: Does the Assembly concur in the report?

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? So ordered.

12:00

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

[Mr. Shariff in the chair]

Bill 11
Employment Standards Amendment Act, 2001
(continued)

THE DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you. How long does an employee have to work before becoming eligible for leave under this bill? Now, an employee must have 52 continuous weeks of employment with their employer to be eligible for maternity and/or parental leave. This requirement is too long. This requirement applies to both full-time and part-time employees.

The next question: when can leave begin? Maternity and parental leave can begin, Mr. Chairman, as follows. Maternity leave can begin at any time within 12 weeks of the estimated time of child delivery. Parental leave can begin at any time after the birth or adoption of the child, but it must be completed within 52 weeks of the date a baby is born or an adopted child is placed with the parent.

Now, it is interesting, Mr. Chairman, that the following conditions also apply. A birth mother who takes maternity leave and parental leave must take the leaves consecutively. When the pregnancy of an employee interferes with the performance of her duties during the 12 weeks before the estimated time of delivery, the employer may require the employee to begin maternity leave early. A birth mother must take at least six weeks of maternity leave after the birth of the child unless the employer agrees to early resumption of employment and the employee provides a medical certificate indicating that the resumption of work will not endanger her health.

Another question that I think is valuable at this time in committee is: what notice? Since there are so many violations of the Employment Standards Code in this province, it's about time we get this straight. What notice must an employee give to go on leave, Mr. Chairman? An employee must give the employer at least six weeks' written notice to start maternity or parental leave. Parents will still be eligible for the leave if medical reasons or circumstances relating to the adoption prevent the employee from giving this notice. A birth mother who takes maternity leave is not required to give her employer notice before going on parental leave unless she originally agreed only to take 15 weeks' maternity leave.

Now, what notice must an employee give to return to work? There are three issues here. The first one is that employees must give at least four weeks' written notice that they intend to return to work or to change their return date. This notice must be provided at least four weeks before the end of the leave. An employer does not have to reinstate an employee until four weeks after receiving this notice. Secondly, where an employee fails to provide this notice or fails to report to work the day after their leave ends, the employer is under no obligation to reinstate the employee unless the failure is the result of unforeseen or unpreventable circumstances. Thirdly, employees are required to provide four weeks' written notice if they do not intend to return to work after leave ends.

I'm sure that hon. members are concerned about this: can leave be extended if medical problems arise? I don't know how often this occurs, but for the information of the committee, at this time the Employment Standards Code provides for 15 weeks of maternity leave and 37 weeks of parental leave with no provisions for extensions. It would be up to an employer to decide whether to extend leave. Perhaps other hon. members of this Assembly are more familiar with employee/employer contracts than I, and they could enlighten us all.

Now, what protection is an employee entitled to during leave and on return to work? All hon. members of this Assembly know that employees in certain circumstances and particularly in certain industries have very little protection under the Employment Standards Code in this province. It's been proven time and time again. The hon. Member for Edmonton-Centre mentioned part-time workers, and as the number of part-time workers grows in the economy, she certainly is correct, Mr. Chairman.

There are two conditions here. An employer is not required to make any payments to the employee or pay for any benefits during maternity or parental leave. An employer cannot terminate an employee on maternity or parental leave unless the employer suspends or discontinues the business. At the end of the leave the employer must reinstate the employee to the same position or provide the employee with alternate work of a comparable nature at the same wages.

How do these leave provisions relate to maternity and parental benefits available through employment insurance? Now, I'm pleased to say that the new provisions bring the length of Alberta's job-protected maternity and parental leave provisions in line with EI maternity and parental benefits. It's been a long time coming, and for everyone it will mean that you will need only 600 insured hours of work instead of 700 to be eligible for maternity, parental, and sickness benefits. Not only does this apply to all Canadians but to all Albertans as well.

These increases, as I said before, are going to make a difference in families. We all know that in Alberta, contrary to opinions that were expressed during the Bill 11 debate that we have an aging population, the reality is that in this province we have a very young population, and with legislation like this I think hopefully that will continue. We have to ensure that we encourage young people to start and raise families, because there is certainly a decline not only across this country but in a lot of industrialized countries in the birth rate. This is one small way, as I said before, of encouraging families, particularly dual-income families, to perhaps feel more comfortable with the idea of taking time off from work to spend with their newborn and develop bonds that will be there for a lifetime.

That is why, in summation this evening, Mr. Chairman, I'm pleased to support this legislation. I think, as I said before, that it's progressive, and I look forward to other amendments to the Employment Standards Code. Certainly there need to be amendments to prevent the exploitation of so many of Alberta's workers, whether they're part-time or whether they're full-time. Close to 80 percent of the workforce is reliant on this code for workplace protection.

With those comments, Mr. Chairman, I will cede the floor to one of my colleagues. Thank you.

12:10

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks, Mr. Chairman. I'm pleased to be able to speak in Committee of the Whole to Bill 11, the Employment Standards Amendment Act, 2001. I am supportive of this bill.

[interjections] I'm so excited that members of the government have woken up and are supportive. Great. I'm looking forward to what they have to say to the bill.

MR. AMERY: They're surprised that you're supporting Bill 11.

MS BLAKEMAN: Well, yes, and I supported it in second reading as well. There you go.

A couple of things are concerns with me, not enough to make me not support the bill but concerns nonetheless. One is why it took the government so long. We're practically the last in line here, I think, to bring forward legislation that was coming into line with the federal parental leave program that came through in the February 2000 budget. The federal government, essentially, got the ball rolling on this one. They doubled the duration of the maternity and parental leaves under the EI program to 50 weeks, which became effective January 1 of 2001. But the federal government obviously can only compel employers that are governed by the Canada Labour Code, which leaves a lot of other folks not covered for this. So the feds' legislation essentially affected their own employees, federal construction sites, banking, transportation, telecommunications, things that were all directly controlled by the federal government.

It's essentially up to the provinces to protect the jobs of everyone else. So when the provinces get into the act, they're not talking about money. They're talking about protecting the jobs of people that take an unpaid leave essentially. Most of the provinces hopped right to it. This might have been because Alberta has come to a point recently where our fall sittings are very short, and therefore the government didn't have time to get it through, not that that's a good reason. Perhaps it's encouragement, in fact, for longer fall sittings. Alberta and Saskatchewan were the last holdouts on this, so I'm pleased to see that we are coming into line on this one.

Traditionally, we had only protected jobs for 18 weeks, which is a very short period of time, and then there was an extension for medical leave, which really only applied to the mothers, obviously, and we rather left adoptive parents out in the cold, period. So it's excellent that we are recognizing the importance of parental leave, and I'm also pleased to see that there is a recognition for adoptive parents. I am not pleased to see that there is discrimination between the two and that in fact adoptive parents are eligible for less time and also that the father is eligible for less time. I had hoped that we could come to a point where there was equity across the board on this one. If there really is support for families in Alberta, then I was hoping that the government would have dealt with this with an equitable hand, but I'm not surprised they didn't.

Now, we're essentially talking about the 37 weeks of unpaid leave time. How many people in Alberta will be able to take advantage of this? I don't have the statistical data at my fingertips to say. A significant portion of the workforce but not all by any means. A number of people will be left out of this. As my colleague was pointing out, very few people in a part-time wage position would be able to take advantage of this. They just haven't accrued the hours, and often part-time workers aren't afforded the same benefits from an employer that full-time workers are. Unfortunately, certainly in my constituency a lot of people are working several part-time jobs pegged together to give them a living wage. It makes it really difficult for them to start a family or to add to their family. So you do get into a larger philosophical argument here about whether this benefits only a certain portion of people that are in an income bracket and other factors which would enable them to take advantage of this.

Again, I spoke on this when there was a private member's bill bringing forward something similar. It's not enough for me for the government to come forward with one bill like this and go, "Yippee, aren't we sterling examples, shining examples of support for parenting and support for families?" There are a number of other choices the government has made which I think work against families.

We still have a policy in place in supports for independence where mothers with children who reach the age of six months must start seeking work. Then I look at this bill, and we're saying 37 weeks of parental leave and the additional 15 for the mothers. That's 52 weeks of parental leave. So women on SFI get 26 weeks and they'd better be back in the workforce, but everybody else gets up to a year of unpaid leave. There's a discrimination and an inequitable way of treating people based on a strictly economic basis. That's one example of how this government is inconsistent in its treatment of families.

There are a number of other ones. I can refer people back to my debate on I think it was Bill 209 last fall, but there are other examples, like the changes that were made to the funding of day care centres. It made it very difficult for day care centres to stay viable when they lost their operating subsidy and instead the subsidies were provided directly to parents.

I have some day care centres in my riding that are really struggling. I mean, they have to be prepared to have 40 kids on any given day, but they might only get three. Well, when they're having to carry all the costs of that and they're only getting the subsidies for the kids that actually show up, it's really hard to keep it going. If it's a wildly fluctuating area, which some of my areas are, the day care centres just can't stay open. So they close, and then the parents in that area just don't have access to them. Now the parents couldn't even be out getting work and accumulating hours which could contribute to their eventually being able to take some kind of parental leave and add to their family.

So there are decisions being made by the government that I feel strongly impact families, and it's based on the economic status of the family. There's definitely a philosophical underpinning here in the way different people are treated.

Specific to what is being brought forward in Bill 11, I spoke at length in second reading on this. I think what's being proposed is fine. I have to underline again that this is unpaid leave. This is about keeping a position open. This is not about any kind of financial incentive. It just keeps the job open. I think a lot of people get confused about that and what's going on with the federal EI program, so I'm underlining that again.

As I said, I wish there hadn't been discrimination between birth mothers and everybody else, which is what's happened here. I think it is excellent that we have recognized adoptive parents and their role in nurturing children in our society. I think it should have been 52 weeks, but even the 37 will help some families that are looking to contribute to society by adopting children.

There are clauses in the bill that deal with written notice about when they go back to work and when they can leave work. Most people are familiar with how that happens through the federal program, which has been running for some years, and even the shorter program, the 18-week program, that Alberta had in place before. I mean, it's just a reasonable amount of notice to allow a small business to get on with things.

I'm glad to see that the government has come through with this. It's too bad we weren't leaders in this area, that we are in fact following the pack and I think at this point are probably dead last, but I'm glad to see it. I'm glad to support the bill in Committee of the Whole, and thank you very much for the opportunity to provide those few comments.

12:20

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. Well, I think that this bill is certainly welcome. You know, I would say that this bill is an interesting contrast to the government's normal practice, record, and history.

This government is a government of firsts. This government is the first government to balance its budget on the backs of the poor. It is the first to establish labour legislation which takes away the rights of workers. It is the first government to throw the health care system into crisis. It is the first government to completely ruin the electrical generation and distribution system that has served us so well. It is the first government to export massive amounts of natural gas, including all of the butanes and the ethanes and so on, yet it's the first government to say that when anybody else's gas is passing through this province, then we want them to park the butane and other things here.

So, yes, Mr. Chairman, this is indeed a government of firsts. I will give them that. They have many, many firsts to their credit. It's unfortunate that when it comes to progressive legislation, it's a government of lasts. It is the last government to do anything about poverty, the last government to do anything about . . .

Chairman's Ruling
Committee of the Whole Debate

THE DEPUTY CHAIRMAN: Hon. member, we are at committee stage, and if the hon. member would follow through clause by clause and stick to the bill, I think that would prevent a lot of the catcalls that we're hearing. I caution you that this is the committee stage, and I hope that you will follow the bill clause by clause.

Thank you.

MR. MASON: I just thought things had become altogether too quiet in this Chamber. I did want everyone to be awake while I praised the government, because if they don't see it tonight, they might not see it for some time, Mr. Chairman.

I appreciate your comments, and I will now briefly address the clauses of the act.

Debate Continued

MR. MASON: So we have here in part 2 in section 45 that a pregnant employee is entitled to 52 weeks without pay. Mr. Chairman, I'm pleased that the government has finally come to bring forward the piece of legislation that it has which protects the rights of mothers to a full year. I think that it is a good piece of legislation. I am pleased to see the province of Alberta following the leadership of the federal government in this respect.

I see that "6 weeks' written notice" will be required unless

> (a) the medical condition of the birth mother . . . makes it impossible to comply . . .
> (b) the date of the child's placement with the adoptive parent was not foreseeable.

This deals with adoptive situations.

You know, it's a fairly comprehensive bill, Mr. Chairman. It deals with natural birth; it deals with adoption. It is the kind of legislation that I wish we would see more of from this government.

With that, I'm just going to indicate that in the third party we're very pleased to support this particular piece of legislation and commend the government for their somewhat belated enlightenment.

[The clauses of Bill 11 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Bill 7
Regional Health Authorities Amendment Act, 2001

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. Bill 7 is a bill with one or two sections that we particularly like and with a few very serious flaws in it, so it causes us some real concern.

It's worth, I suppose, giving a brief background before we go through it section by section. The government has promised – I can't remember for how many years now – that there will be elections for the regional health authorities. I think there was even discussion of that two general elections ago, and there were delays and arguments and debates and concerns about how elections could be enacted, what legislation would be brought in, what mechanisms would be provided to govern elections of regional health authorities, whether it should be under the Local Authorities Election Act or whether it should be under its own act. We end up now with the Regional Health Authorities Amendment Act, 2001, which will when it is passed, assuming that it is passed, lay out the legislation and provide a foundation for the regulations that govern the election of two-thirds of the board members of regional health authorities.

One of the dilemmas we face here is that it is only two-thirds of an elected board, and frankly that's not adequate as far as our perspective is concerned. School boards elect their full membership, municipal governments and county councils and so on are all fully elected, and our perspective would be very clearly that we should have fully elected regional health authorities. So it's a small step in the right direction, but it falls short of going the full distance.

12:30

When we look at it clause by clause, section 2 reads that section 19(1) is amended by striking out "and" at the end of clause (a), by adding "and" at the end of clause (b), and by adding the following – and this following clause is worth some note – after clause (b):

> (c) require the production for examination of any documents or records that are in the possession of a person who is or was a candidate in an election for membership on a regional health authority and that relate to that person's election finances, and make copies of them or temporarily remove them for the purpose of making copies.

Now, this is a section of Bill 7 that I, for one, will wholly endorse and support. It's crucial, absolutely crucial – and I can't overstate this – that the backers of the campaigns of people running for regional health authority membership face controls on the financing they provide to those campaigns and that the candidates themselves have to be accountable to the public for the way in which they finance their election campaigns. So this section, when combined with the proposed regulations, at least as I understand them, will have the effect of preventing the kinds of problems that we're seeing in some American health care elections in which you have absolutely enormous amounts of money being spent to influence the outcomes of particular elections.

I'm thinking here, for example, of a case that was brought to my

attention. I think it was covered in a major Boston newspaper, the *Boston Business Journal*. A number of companies including Aetna US Healthcare, Blue Cross and Blue Shield of Massachusetts, Harvard Pilgrim Health Care, and Tufts Associated Health Plans paid between $100,000 U.S. and $250,000 U.S. each to influence health care elections and particular state health initiatives that were going to be voted on. The insurers, these business groups, raised among them a million dollars for particular health care ballot.

MR. MacDONALD: That wouldn't happen here; would it?

DR. TAFT: Well, we would hope that it wouldn't happen here if this section is enacted, so that's why I'm speaking to this section in particular.

The other side of that particular election managed to only raise $5,000, and it's a dreadfully lopsided reflection on the democratic process. This section of Bill 7 is, I think, unquestionably a step in the right direction.

Similarly, the next section, section 3, reads that section 21(1) of the Regional Health Authorities Act is amended by adding the following after clause (e):

> (e.1) governing all matters related to the election finances of candidates for election for membership on a regional health authority including, without limitation, regulations
>
> (i) governing who may make and accept contributions to candidates, the maximum amounts of contributions and the time and manner in which they may be made;
>
> (ii) governing the disposition of contributions that are made in contravention of the regulations;
>
> (iii) requiring a person who makes a contribution in excess of the maximum amount permitted in the regulations to pay a penalty, and governing the amount of the penalty, the person to whom it is payable and the manner in which it may be recovered.

So we would see that the kinds of situations such as we saw in the American case I cited a few minutes ago would probably not be allowed whatsoever, and in fact people would be penalized for making that kind of enormous contribution.

The next clause:

> (iv) governing the manner in which contributions are to be held and accounted for, and the disposition of a surplus where the candidate decides not to contest the next election.

This will provide for regulations that will control exactly how election finances are accounted for.

The next clause under this section:

> (v) governing the keeping of election finances records.

Again, a good idea. Without good, solid record-keeping, how are we to be able to track election finances?

Finally, the last clause under this section, clause (vi), "providing that a member of a regional health authority who fails to submit audited financial statements" – now, not everything is audited in this government; is it? Some aspects of some bills just don't provide for audits. That's one of the things I do like about this piece of legislation. It provides for an audit. It says here:

> (vi) providing that a member of a regional health authority who fails to submit audited financial statements in respect of election finances as required by the regulations ceases to be a member, subject to any appeal provisions in the regulations.

So once again we have a section of Bill 7 here which I think is well worth supporting, and the minister in fact is to be commended for bringing in these kinds of provisions, particularly when they are brought in in conjunction with regulations.

As I understand it, the regulations for this bill are available now, and I have a copy of them here. I must say that in some regards I find the regulations a bit confusing, but I'd first of all like to commend the minister for circulating regulations along with the bill so that we can see the two together before we vote on them. Again, there are other bills before us in this session in which the regulations aren't to be seen anywhere ,and I think it's a good idea that these regulations are out there now, although frankly I have some concerns with some aspects of the regulations.

The next section, section 4, raises a bit of a question for me. It refers to, in fact, an amendment of the Local Authorities Election Act. This, as I read it, causes one of the fundamental questions I have around Bill 7, which is: why are we setting up a parallel and independent and separate structure for regional health authority elections when we could have just folded them under the Local Authorities Election Act? This section raises that issue and creates this whole parallel structure and in fact ends up with the effect of having the Minister of Health and Wellness in charge of administering the elections, including giving him the ability to appoint electoral officers, to create districts and wards, and to determine all the details of the election.

12:40

So we now have a situation in which we've pulled a major local election activity out from under the Local Authorities Election Act and have created through this section and other aspects of Bill 7 an entirely new electoral process which undoubtedly will have additional costs to it, which raises the question of duplication of efforts and raises the question of inefficiencies. It may even create situations in which I suppose at least theoretically there could be shortages of personnel, because the same election process and structure that's being run by the municipal elections and the school board elections will be competing for people against the parallel system set up for the regional health authority elections. I have yet to see anything close to an adequate justification for this particular section of the act, which creates the separate electoral body and puts the minister in charge of it.

Now, the concerns I have with that are that we very clearly have a case in which theoretically and potentially the minister of health in practice will be directly influencing the nature of these elections in a way, for example, that the provincial minister responsible for municipalities would not be able to influence the election of, say, mayors and city councillors and a situation in which the Minister of Learning would not be able to influence the election of school boards. But we have a situation here in which the Minister of Health and Wellness quite possibly is able to directly or indirectly influence the election of regional health authorities.

I could understand that occurring once at the very beginning of this process if the regional health authorities had not already been in existence for the last seven years, but these are, after all, long-established organizations now with fully functioning staff, fully functioning policies and sets of procedures. There is no reason that the regional health authorities themselves wouldn't be able, for example, to create their own wards and, if need be, appoint their own chief electoral officers. So I am concerned that this particular section of Bill 7 is an unnecessary duplication of law and bureaucracy and creates an opportunity for the Minister of Health and Wellness to unduly influence the outcome of the elections.

We even get into matters that are as specific as section 5 of Bill 7, which reads: section 42 is amended (a) by repealing subsection (1)(d) and (e); (b) by repealing subsection 2(d) and (e); (c) in subsection (3) by striking out "or district board." What this has the effect of doing is creating a lot of confusion. As I and our staff worked through this bill and spent time with Parliamentary Counsel

trying to understand it, we've had to refer back to the Regional Health Authorities Act. We've had to check and study carefully the Local Authorities Election Act. We've had to sort out how these sections correspond with each of the many pages of regulations here. It has created nothing but confusion.

We've found, in fact, that that confusion is showing up in our constituencies, because we have constituents phoning into our office. We've had two or three calls from people calling in interested in these possible elections and wanting more details. When we send them the draft regulation and the nomination forms and the legislation, we get calls back from people saying: "Gosh, I can't understand what's going on here. I can't sort it out. Can you explain to me X, Y, or Z?" Then we end up studying it carefully and find that, no, we can't explain X, Y, or Z. We've actually had to be in contact with the minister's office to help us understand and explain this bill to our constituents, and even then we found . . .

MS BLAKEMAN: Confusion?

DR. TAFT: Well, to be honest, we found some confusion there and some lack of clarity.

When we find that this bill, as I read it – and I stand to be corrected – makes the Minister of Health and Wellness responsible for things like the nature of the ballots in the election, the number of members in each area, how things will be presented in the entire electoral process, I find myself wondering if we want to be creating a situation in which our Minister of Health and Wellness is becoming a major electoral officer. When we are looking at the scale of money spent here, it will be the people elected to these boards, at least the two-thirds who will be elected, who will have a say over something like a third of the provincial budget. I am concerned that the integrity and independence of this electoral process is under some stress here.

With those comments, Mr. Chairman, for the moment I'll take my seat. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. This will not be one of those exceptional occasions where I will come to praise the government. I wish I could remember more of Shakespeare, but it is getting a little late.

I want to speak to the bill, and I want to talk a little bit about matters relating to the election finances for election to the membership of the regional health authorities. The regulations that can be made deal with governing who may make and accept contributions to candidates, the maximum amounts of contributions, and the time and manner which they may be made. All of those are within the authority of the regulation. I think, as the hon. Member for Edmonton-Riverview indicated, that there is a real problem here in ensuring the objectivity of health authorities and the importance of making sure that they are not unduly influenced by campaign contributors.

There are at stake in these health authorities enormous amounts of money. Given the wide powers that health authorities have under the other Bill 11, not the one tonight but the Bill 11 which was seared into the minds of Albertans a year ago, it allows the health authorities to contract out virtually every aspect of their operations.

12:50

Health care is a very, very expensive business, Mr. Chairman. It's billions of dollars, and there are enormous profits to be made by corporations as a result of Bill 11. Of course, the government promised when they passed the old Health Care Protection Act that they really weren't intending on privatizing it, but they've created a framework under which privatization can occur on a very broad basis. So the question of whether or not companies which stand to gain financially from the decisions of health authorities ought to be able to finance candidates for the health authorities is a really, really important issue as far as we're concerned.

Of course, as has already been pointed out, there is less control here than almost any other aspect of governance in this province. There's not even the opportunity for local electors or local authorities to determine their own rules with respect to "who may make and accept contributions to candidates, the maximum amounts of contributions and the time and manner in which they [can] be made." That's the language, and that's all up to the government. So what is to prevent a private hospital, for example, or a wanna-be private hospital – all they need is a contract from the health authority – from throwing thousands and thousands of dollars behind candidates who are going to give them that contract? That is a real concern.

The second part under 3(e.1) deals with "governing the disposition of contributions that are made in contravention of the regulations." That's a confusing clause to me, Mr. Chairman. What does it mean? If contributions are made in contravention of the regulations, what happens to the people who contravened it, and what happens to the money? What happens to the people that accepted the money if it was in contravention of the regulations?

The third subclause requires

> a person who makes a contribution in excess of the maximum amount permitted . . . to pay a penalty, and governing the amount of the penalty, the person to whom it is payable and the manner in which it may be recovered.

What does that mean, Mr. Chairman? Confusing is putting it mildly. So if someone makes a contribution in excess of the maximum amount and pays a penalty, who do they pay it to? Do they pay it to the government? Do they pay it to the health authority? Well, it's not here. It's going to be determined by the regulation. "The person to whom it is payable and the manner in which it may be recovered." Why can't these things be spelled out in the legislation? Why don't you just say that if you violate the regulations, you pay a fine and you pay it to the government? If the government wants to give it to the health authority, they can do so.

The next sections:

> (iv) governing the manner in which contributions are to be held and accounted for, and the disposition of a surplus where the candidate decides not to contest the next election;
> (v) governing the keeping of election finances records;
> (vi) providing that a member of a regional health authority who fails to submit audited financial statements in respect of election finances as required by the regulations ceases to be a member, subject to any appeal provisions in the regulations.

Now, here, Mr. Chairman, is at least a little bit of a nugget of legislation, because if you sort through all of the verbiage surrounding the creation of regulations, it does say that someone "who fails to submit audited financial statements in respect of election finances as required . . . ceases to be a member." So there's something that's set out very clearly in the legislation, and I'm pleased it's there, but why do you have to search for it? I don't know. I don't know.

I want to talk about the clauses a little bit more, Mr. Chairman. The basic question I have has to do with eliminating health regions under the Regional Health Authorities Act from the Local Authorities Election Act.

Now, here you have a comprehensive system of governing elections for local authorities. A great deal of work has been done over the years to develop a fairly good, comprehensive Local

Authorities Election Act that deals with a thousand things that aren't in this act, and that piece of legislation is completely disregarded. In fact, any relevance that it might have had has been amended out of existence by this act.

I think what we've got is the opportunity, should the government choose to avail itself of the opportunity, to have an enormous degree of control over the local authorities that govern the health care throughout the province. So the government has reserved for itself the right to determine all of the regulations, all of the controls over elections that will determine the outcome of these health authorities.

That's unfortunate, Mr. Chairman, because I don't think that it serves the interests of the people who depend on health care. The government has an avowed aim of ensuring some local control over these health authorities, yet it seems to me that with the passage of this act there won't be real, meaningful control on the part of the citizens of the local jurisdiction. The real and meaningful control will reside with the government.

I want to indicate that before the establishment of these health authorities, we had a number of independent hospital boards and we had boards of public health. I'm familiar with some of those, because the local municipalities had the authority to make appointments. In my view, those appointments were a fairly good way to select boards for hospitals, given that you had an appointment principle in place, because you got a variety of groups making appointments, different groups. I think the College of Physicians and Surgeons made some appointments. Doctors made some appointments. The city made some appointments. The city even gave the government the right to appoint a couple of members to its board. So you got a diversity on the boards that didn't exist once the government consolidated all of these boards into local health authorities and began making the appointments directly themselves. Then you got a uniformity of appointee, and quite often you would find large numbers of active Progressive Conservatives on these various health authority boards. I'm sure that's purely a coincidence, Mr. Chairman, but it was very interesting that the diversity of experience seemed to be lost.

Now, we know that the government is reserving the right to appoint one-third of the members to each health board, and we know that the government is going to make those appointments after they've seen the results of the election. We also know that the government is going to make all of the regulations relative to election financing of the candidates. If the government chose, if the government, for example, hypothetically, wanted to support organizations such as HRG in Calgary or other private health care organizations, then they could create a set of election regulations governing finances, and so on, that would ensure that those companies had enormous influence on who is elected to the health care authority. We know that money talks when it comes to elections.

So I think this is a very dangerous precedent because we could have, theoretically of course, only theoretically, a situation where you had health care boards that were very favourable to vested interests in the health care industry, and that would be a most unfortunate situation, Mr. Chairman, and one I'm sure that the members opposite would like to help us avoid.

1:00

So on balance, then, Mr. Chairman, I'm not going to take my full 20 minutes at this time, but I do want to say that I'm not prepared and we as the New Democrat opposition in this House are not prepared to support a bill which would give so much power to the government and allow the government to set rules for local elections in a way that could potentially ensure the election of candidates favourable to the government's policies. That is the fatal flaw of this bill, and that's why we are determined to oppose it, and we will certainly be voting against this bill at every stage.

So with that, Mr. Chairman, I will take my seat and yield to the next speaker. Thank you.

THE DEPUTY CHAIRMAN: Before I recognize the next speaker, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: Introduction of Guests

MS DeLONG: Mr. Chairman, I'm very pleased to introduce to you and through you a couple of constituents from my riding, Leia Laing and James Vallentgoed.

Thank you.

THE DEPUTY CHAIRMAN: I certainly have to commend the visitors for visiting us at this late hour or early hour in the morning.

Bill 7
Regional Health Authorities Amendment Act, 2001
(continued)

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Mr. Chairman, I'm pleased to inform the Assembly that I have an amendment to Bill 7. It needs to be distributed. Should we take a minute for that? You can indicate to me when you'd like me to begin speaking.

THE DEPUTY CHAIRMAN: We will refer to this amendment as amendment A1.

The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. Yes, I'll move that Bill 7 be amended by adding the following after section 3. Section 3.1, section 21 is amended by adding the following after subsection (1):

> (1.1) For the purposes of subsection (1)(e), all members of a regional health authority must be elected commencing October 15, 2001.

AN HON. MEMBER: All right. Good.

DR. TAFT: Glad to hear that.

Mr. Chairman, one of a number of profound concerns that we have with Bill 7 is the fact that it is a step backwards in the democratic evolution of Canadian society and indeed of the whole tradition of British democracy. We have under Bill 7 a proposal by the government to have only two-thirds of the members of a regional health authority elected. The remaining one-third, including – and I repeat: including – the chairman and vice-chairman, will be appointed by the minister after the results of the election are known. It's simply a distortion of democracy.

I think we need to go back through the history of the development of democracy to appreciate what a U-turn this is in our evolution as a society. If we go back to the origins of democracy, we can reasonably go back to the Magna Carta. Now, the Minister of Justice might be able to tell us when the Magna Carta – what's the date?

AN HON. MEMBER: Twelve-fifteen.

DR. TAFT: Very good; 1215. So we can go back almost 800 years. In fact, it's probably the same 800 years that our Speaker so frequently mentions as being the mandate that he uses for his rulings.

The Magna Carta, of course, was the first beginning of the devolution of powers from the monarchy to the people. Well, we know that through the Magna Carta the British barons were . . . [interjection] Maybe they were robber barons; I don't know. The robber barons came later.

The British barons were struggling with the monarchy because they felt they had a right to partake and to participate in the government of England at the time, and although there was a furious power struggle and even threats of civil war, the Magna Carta ultimately was agreed to, and we had the first steps, the very early beginnings of democracy in Britain and ultimately, if you go back through the years, in Canada.

In the course of affairs the spirit of the Magna Carta extended and grew so that it wasn't just the barons who obtained some version of democratic power. It became a larger group of the British ruling elite, and it leads us through, I suppose, to the English revolution and Oliver Cromwell and King Charles, when we saw in fact the monarchy being overthrown for a period and the establishment of a fully functioning parliamentary republic under Cromwell and his people. Again, a major step in parliamentary accountability. Of course, Cromwell proved to be a little bit of a harsh ruler, and the people brought back the monarchy, but the whole spirit of democracy reaching to more and more people was gaining momentum.

We can carry on 150 years further after the English revolution to the French Revolution, which was a major step forward in democracy. Although it was of course based in France, it had repercussions throughout all of Europe and indeed all the way around the world. The British and all the other European powers watched the French Revolution with great nervousness, because they were concerned that democracy was getting out of control. Too many people were getting a hand in things.

Actually, an interesting footnote in the French Revolution: the French Revolution is the origin of the idea of left and right in politics. The left sat to the left side of the Speaker, and they were the revolutionaries. They were the people calling for change. The right were the monarchists, who resisted change. That's the origin of left and right in politics, and it was a major step forward for democracy.

Well, we cross the ocean, and we come to Canada.

1:10

THE DEPUTY CHAIRMAN: Hon. Member for Calgary-Shaw, are you standing up on a point of order?

MRS. ADY: I'm not. Thank you.

THE DEPUTY CHAIRMAN: Hon. Member for Edmonton-Riverview, you may proceed now.

DR. TAFT: You see local landowners and farmers beginning to get the right to vote in Canada. Some of you undoubtedly will have read the book called *How the Fathers Made a Deal* about the origins of Confederation. The author there argues that at that time Canada was the most democratic country in the world. The local farmers, the local landowners, the local merchants were all involved directly in the democratic processes.

We move again a few more generations ahead, and we come to – finally, long overdue – women getting the vote, in fact a process that was led by women largely from Alberta. Am I correct in thinking that one of the first elected female officials in the entire British empire sat in this Assembly?

MS BLAKEMAN: Yes, that's right.

DR. TAFT: So we have a great heritage, a vital heritage of expanding democratic powers in this Assembly.

The last major step I can think of before the retrograde step of Bill 7 occurred in 1969 when the voting age was lowered from age 21 to age 18 in Alberta. One of the things that was argued then was that if you're old enough to fight for your country and die for your country, you should be old enough to vote for your leaders. So we have an unrelenting move towards broader and broader democracy in Alberta.

Then we come to Bill 7. Gee, I covered 800 years in eight minutes.

MS BLAKEMAN: You did.

DR. TAFT: I'm going too fast.

Bill 7 takes us to a situation in which instead of a full democracy, an expansion of democracy, we're seeing a proposal that only two-thirds of authorities should be elected. Now, we have full elections for city councils, we have full elections for school boards, we have full elections for the province and for the country. Why shouldn't we have full elections for regional health authorities? How would we feel in this Assembly if a third of the members were appointed by the Prime Minister?

AN HON. MEMBER: Kind of like the Senate.

DR. TAFT: Yeah. Is it the policy of this government to support the Senate? No.

What if the chairman of this Assembly or the chairman and the leader of the government were appointed by the Prime Minister? It wouldn't be acceptable, yet here we are not only accepting but enacting in law a situation in which a third of the people on the regional health authority boards will be appointed.

So the amendment that I have proposed here, Mr. Chairman, represents not a two-thirds commitment to democracy but a full commitment to democracy and a full confidence in the wisdom of the voters to choose wisely and to choose properly who should be governing their regional health authorities.

Mr. Chairman, I could also point out and I will take a moment to point out some of the concerns that I have with a board that is two-thirds elected and one-third appointed. I think we do run the risk of creating factions on boards, and we can all see played out in our headlines every day what happens when politics and organizations get too factionalized. They divide among themselves and destroy themselves. I think there's going to be a serious risk in at least some of the regional health authorities of a split between the one-third who are appointed by the minister and who obviously will be approved by the minister and the two-thirds who will take their mandate from the general electorate. Frankly, if I was on one of those boards – and I'm sure the minister won't be appointing me to any, but maybe someday I'll run for election – as an elected official, I would feel that I had a more rightful place to exercise my role and my authority than those who were appointed at the whim of the minister.

In fact, undoubtedly, Mr. Chairman, we are going to end up in situations where candidates who receive thousands or even tens of thousands of votes in elections are not going to be able to sit on regional health authority boards because they will be one too many for the electoral process. Their rightful place at the RHA governing table will be taken from them, and they will be replaced by an appointee of the minister. That's a sorry comment on the effects of Bill 7 as it is structured right now, and it's an effect that could be

corrected very easily this evening by all of us by accepting this proposed amendment.

So, Mr. Chairman, with those comments I thank the members for listening to the historical view of things, and I hope you all fully appreciate the weight of the democratic evolution that rests on our shoulders.

Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Rutherford.

MR. McCLELLAND: Thank you very much, Mr. Chairman. I'd like to urge members to vote against this amendment and to recall history, as the Member for Edmonton-Riverview mentioned, the Magna Carta. As I recall, the Magna Carta was all about the citizens taking into their hands some of their governance because they were tired of the King spending their money in foreign misadventures mostly. So the whole question of governance comes to taxation and representation.

The hospital boards, being a mixture of appointed and elected, should work fairly well, but we've got to keep in mind that those of us here in this room are elected to exercise judgment as regards the financial implications of the budget. We control the financial implications of what goes on on the hospital boards. All of those elected members and the appointed boards in the hospital boards are not going to be able to raise or spend 1 cent. They will only do what we give them the authorization to do. So the responsibility is rightfully right here in this Legislature. Therefore, I urge all members to vote against this amendment.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre on the amendment.

MS BLAKEMAN: Thanks very much, Mr. Chairman. I appreciate seeing a member of the government side actually participate in debate. That was very refreshing, and I thank the member. [interjection] Yeah, I guess we had to go back 800 years before somebody was motivated there.

An interesting point that was raised there, and I will come back to it.

I am in favour of this amendment A1 to Bill 7 on the Regional Health Authorities Amendment Act. To me, that has a lot to do with integrity. The regional health authorities were created as an animal of this government, and at the time I felt and I still feel that they were put in place as an entity created to do the bidding of the government and then be able to hide behind them.

1:20

For some time, if you follow question period in this House, to any questions that were directed towards the government around implementation of health policy the answer was: well, that's the regional health authorities; go ask them. Of course, we did go and ask the regional health authorities, who said back to us: well, that's the way we have to do things given the budget that has been approved for us by the government. So in fact we had an entity that was put in place that had the responsibility for doing something but did not in fact have the full authority to do it because they did not have the ability to raise the money and had to come back and petition the government for it.

Let me stop here and say that I'm in no way advocating that regional health authorities should have the power to tax. But for me, as a student of public administration and administrative law, it's a classic example of how not to set a system up. If you're going to give responsibility, the organization has to have the authority to complete the task. Therefore, we have an agency that's been created by the government as a screen, I believe, and finally we were able to come back to the government and go: "Well, don't point us towards the regional health authorities. They can't answer the questions because they're not being adequately funded." The funding comes back to the government, and full responsibility and authority is laid at the feet of the minister.

For me the integrity part of this is that we had an oft repeated promise from the government that regional health authorities would be elected, and this is the disconnect, the schism, the reality/unreality check that we get from this government between what they say and what they do. In fact, what we got was two-thirds, a proposal that two-thirds of the regional health authority members would be elected and the remaining third would be appointed by the government. In further refinement of that, the chairperson – and I will argue with my hon. member here in that I think they should be chairpersons and vice-chairpersons rather than chairmen and that they should be open to all – that position, is also to be appointed by the minister.

This is an issue of control, and this government has managed to, I'm sure with the assistance of their some 7 million dollar Public Affairs Bureau budget, put it out there that this is a government about openness and transparency. In fact, what it is is a government about centralizing control, and this is another example about centralizing control. So even though we will look to a future where two-thirds of the regional health authority members are elected, in fact the control of the regional health authorities will reside and continue to reside with the minister, but they'll be able to stand up and say: oh, yes, we have two-thirds that are elected.

You know, the situation has been created here where it's almost moot. When you have control of the chairperson, the vice-chairperson, and a third of the members, you can be creating factions, you can make the board totally dysfunctional, and given the powers that the cabinet holds to itself, probably you may well be able to make the regional health authorities a puppet of the government.

It's important, I think, that we hold the government to the original promise that regional health authority members would all be elected. I thank my colleague the Member for Edmonton-Riverview for following through on that and bringing forward an amendment that puts that out front again, holding the mirror up to the government and saying: this is what you promised, and there's a reason for it. He very carefully has gone through a progression of enlarging, expanding democracy to include all members in it.

Now, the Member for Edmonton-Rutherford had talked about the importance of no taxation without representation and pointed out that this regional health authority amendment and discussion was moot because the regional health authorities do not have the ability to tax. No, they don't, but when you look at the mechanisms of how this organization is to function, it is about responsibility and authority. We are not giving full responsibility under the two-thirds/one-third scheme, and we're certainly not giving authority for them to accomplish it.

So we continue along in a situation where one-third of our budget is spent on health care and where it's very difficult to get accountability, where it's very difficult to determine who made the decision and when and why. When I look at this legislation, once again the primary focus and concern of the government is around finances, money, and less around the implementation of a system that will work well and that will give us a well-managed health care system. Once again the option is to be concerning itself with money and not concerning itself with good management, with planning, and with a system that is set up so that it can, in fact, function.

I think that we careen down the path towards a health system that

doesn't function at all, thereby creating the market, so to speak, for the government to step back and say: "Well, you see, public health care doesn't work at all. You see that we've proved it now. Therefore, it should be a completely privatized system." I still accuse the government of strategizing to achieve that objective. I think the one-third appointed, two-thirds elected is a stepping-stone in that strategy, and I have yet to see this government do anything to convince me otherwise. I do hold this government accountable for that, and I will continue to hold the government accountable for that. We have an opportunity in the House tonight to right that wrong, to correct that, to not send us down that road, by supporting the amendment that's been put forward by the Member for Edmonton-Riverview. I was pleased to be able to speak in support of his amendment.

Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. I'm pleased to speak to this most excellent amendment. It's an amendment which would provide that all members of a regional health authority must be elected commencing October 15, 2001.

The hon. Member for Edmonton-Riverview neglected a key piece of his history. It's a history of the development of democracy that took place right in this country. It is the struggle for representative government that took place and which culminated in the revolts in Upper and Lower Canada in 1837 against the Family Compact, which dominated politics in Upper Canada. It was led by William Lyon Mackenzie. In Lower Canada, which is now Quebec, it was led by M. Papineau. This was a struggle which is fundamental to our basic democracy in this country, and it's something that happened in this country.

Mr. Chairman, members will, I'm sure, remember their history, but every time I think of it, I'm just shocked and appalled that we had unrepresentative government in this country. In fact, the Executive Council was not accountable to the Legislature, as it more or less is now. We had a situation where the governor, appointed from across the ocean, appointed the entire Executive Council of the Legislature. It did not come from the elected members. It was not accountable to them. The government did not fall when they did not have the confidence of the Assembly as a whole. That's a very important piece of the struggle for democracy in our country that the hon. member has neglected to point out but which has a direct bearing on the legislation that we're now considering and which I think is very important.

1:30

Now, the hon. Member for Edmonton-Rutherford has said: well, they don't have the power to tax. But the fact remains that they have significant powers to spend. They have a direct responsibility to the people in their community to provide good-quality and acceptable health care.

I think it's important to note that the government has indicated that these would be elected – and they've stalled a long time on implementing that promise – but that promise when it was made so many years ago was not qualified. It wasn't: we promise that we'll have two-thirds elected health authorities. It was: we promise that we'll have elected health authorities. Now it's been qualified. Why? Why has it been qualified, Mr. Chairman? I think that the answer is very clear. The government wants to retain control. It wants to create health authorities that look democratic but which are in fact not.

AN HON. MEMBER: With one-third?

MR. MASON: An hon. member across the way has raised a good point, and I thank him for that. He has said: how can you maintain control of an elected body if you can only appoint one-third? Of course, if we looked at this Assembly and if we assumed that we didn't have full independence of the voters of this province and the federal government in Ottawa could appoint one-third of the members, then how would they maintain control with only a third?

Well, I think a third is a very, very significant portion of the whole, Mr. Chairman, and it makes it very, very difficult to overcome. It gives you a tremendous foot in the door. It gives you a huge advantage right from the start, but then you've got to combine it with the other elements of this bill. It's the government that says essentially who can run, who can be financed, how much they can be financed, who can provide the financing. The government is in a position to determine the entire rules of the game. So it doesn't take very many more members of a health authority to get control.

So if you appoint a third – say there were 10 members, just speaking in very hypothetical and round numbers, on a regional health authority. Say that there were nine. That works better. [interjections] Yeah, it's divided by three. That's right. Mr. Chairman, you know, I just want to keep it simple so that everybody can follow along. I know that with the lateness of the hour higher mathematics is escaping many of us, so I'll say nine.

Now, you take one-third of that, and that is three. So the government appoints three. That means there are six that are elected. How many government supporters have to be elected in order to equal a majority?

DR. TAYLOR: Six more, Brian. We'd elect everybody. There'd be nine of us.

MR. MASON: Well, that's very good, but I think the math test is that it would take two more. All they would need is to elect two more. I mean, say that it was a by-election, and you don't do as well in those. [interjections] Two more and the government has control, and that's all that's really necessary.

THE DEPUTY CHAIRMAN: Hon. member, I just caution you. If you could stick to the amendment that's before us, it would prevent the catcalls that we're getting. Thank you.

Please proceed now.

MR. MASON: I appreciate your advice. I was just trying to be responsive to members opposite who have a number of questions about my presentation. So I will come back to the legislation.

It is really fundamental, then, that this amendment be passed so that we don't get in a situation where one-third is appointed by the government and a small minority of the elected members is sufficient to give the government's unelected members a working majority on the body. The fear, of course, from our point of view has always been the government's intention to contract existing health care services that are now publicly delivered over to the private sector, and of course the ability of the private sector to influence elections through campaign donations and so on is a real fear and I think a legitimate fear.

As we all know, there are tremendous profits that can be made from privatized health care. In fact, it's one of the most profitable areas of business in the entire economy, Mr. Chairman. I think pharmaceutical companies have amongst the highest rate of profitability of any of the sectors of the corporate world. So there are tremendous profits to be made and a great deal at stake.

Of course, if we get into profits in health care, then we all know – and the literature is very clear on it – that health care outcomes decline, waiting lists increase, and generally the situation of the health care system deteriorates dramatically.

MR. BOUTILIER: Mr. Chairman?

THE DEPUTY CHAIRMAN: If anyone wishes to rise on a point of order, they need to be in their proper seat to rise and be recognized.

Hon. Member for Edmonton-Highlands, you may proceed.

MR. MASON: Thank you, Mr. Chairman. I do want to come to some of the other elements in the existing legislation, because I think they have a bearing. We see on this that if the minister wishes, he or she is permitted to dismiss the entire board and appoint an administrator. So the control that the government seeks is present with or without this amendment. There's no real reason for the government to not support a fully elected board because they have ultimate control over the board. They've got the hammer of removing the board altogether. I think that's important.

Now, I want to try and relate a fully elected board to the question of the functions of a health board. It says in section 5 of the Regional Health Authorities Act that a regional health authority

> (a) shall
>
> (i) promote and protect the health of the population in the health region and work towards the prevention of disease and injury,
>
> (ii) assess on an ongoing basis the health needs of the health region,
>
> (iii) determine priorities in the provision of health services in the health region and allocate resources accordingly,
>
> (iv) ensure that reasonable access to quality health services is provided in and through the health region, and
>
> (v) promote the provision of health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services in the health region,

and finally

> (b) has final authority in the health region in respect of the matters referred to in clause (a).

So it's clear that it's responsible for delivering health care services to the region, and it should therefore be responsible to the voters of the region. I think it's clear that with the government's proposed amendments we will not have a health authority which is responsible to the people in the region. That is, in my view, a very important principle, one worth fighting for and one which the patriots of 1837 would have been proud to fight for, Mr. Chairman, because they were standing up for the rights of the people and acting against tendencies to have arbitrariness and lack of democratic principles in our government in this country.

1:40

Here's another one that I think is important, and it's section 11. It says here:

> A meeting of a regional health authority or community health council must be open to the public unless the regional health authority or community health council, based on considerations set out in the regulations, determines that holding the meeting or part of it in public could result in the release of [information]

and so on and so on. But clearly unless they're concerned about private information being released, they need to hold their meetings in public.

Well, what good is it for the public to come to a meeting and watch people making decisions on their behalf when they can't remove one-third of them? So what if it's in public? They can ignore the wishes of the people of that region with impunity if they're not responsible to them and not elected by them. It's another example of why this amendment is so important and so fundamental to establishing real local control over regional health authorities, which is supposed to be what the government is prepared to talk about.

Now, the hon. Member for Edmonton-Rutherford has said: well, they don't have the power to tax. I was looking as hard as I could, Mr. Chairman, for something in the existing act to refute that. At one point there was the power to levy supplemental requisitions. I regret to say – well, I don't regret to say it, but I don't find that in the legislation as it currently exists.

But it does say that the health authorities can receive grants which come in a manner that "the Minister considers appropriate." He or she can "provide grants or other payments to a regional health authority or provincial health board to assist it in carrying out its functions." That can amount to a very, very great deal of money, Mr. Chairman, so it makes a lot of sense to me to have some assurance that the money that's spent on behalf of the people of the region, whether it comes from taxes or from a government grant, is spent in accordance with the wishes of the people of the region. Once again, unless the people on the health board making those very important decisions are accountable in some way to the people of the region, it becomes very, very difficult to hold them accountable.

Section 18 of the act talks about:

> Where an enactment provides that the Minister shall or may provide grants or payments of any kind to any person including, without limitation, an existing health authority, the Minister may instead provide those grants or payments to a regional health authority and, subject to any terms and conditions the Minister considers appropriate, delegate to the regional health authority the Minister's power in respect of the provision of the grants or payments.

So here you've got a situation where the minister can delegate his authority, including his authority in respect of the provision of grants or payments.

You know, you cannot just simply say that the responsibility to the public lies only in this Chamber when it's pretty clear that it also can be delegated to the regional health authority, and the regional health authority I think has once again got to be responsible to the people of the region.

So, Mr. Chairman, I think the amendment to this bill will accomplish a number of things. It will ensure that you have a health authority that is accountable to the people on whose behalf it provides health care, that it's going to be spending money on behalf of those people. It has very, very significant financial authority, so it ought to be elected.

I think also, Mr. Chairman, that it removes any concern that might exist that the government wishes to use health authorities to promote a particular agenda of privatization. I think it would go a long way towards calming the fears of some Albertans who may feel that the government's agenda is to increase the level of private health care and introduce the profit motive into our health care system through means other than direct means here at the Assembly.

The government has given authority to these health authorities to contract out any services, including overnight stays, and that gives it a very, very broad mandate to provide health care in a private fashion. So it becomes all the more important to reassure Albertans that the government really is interested in good-quality public health care, that we ensure that these health authorities are fully elected and accountable to the people they serve.

That ultimately is the most important aspect that I see this particular amendment providing, and I must commend the Member for Edmonton-Riverview for introducing this amendment. I think it is exactly what this bill needs, because without it what we have is

not a bill that really introduces public control in any way to our health authorities. So I think that he deserves a great deal of credit for having the courage to stand up in this Assembly and introduce such an amendment, and I really hope that some members opposite would also be prepared to support it, because I know that there are many opposite who are democratic in their inclinations.

Thank you, Mr. Chairman. I had much more to say, but I'll take my seat.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm pleased to have this opportunity to support the amendment proposed by Edmonton-Riverview. The amendment addresses one of the difficulties that a number of us identified at second reading of the bill, and that is the concern with having a partially elected, partially appointed board. The amendment brings consistency with school boards in the province, who are totally elected, with municipal councillors, who are totally elected, and this amendment would have health boards in the same position.

Those other boards are fully elected for a number of reasons, Mr. Chairman. One of them is the whole business of chairmanship. What this amendment would do would be to make sure that the chair of the regional health authorities was one who had the support of the electorate and would not be put in the kind of vulnerable position that an appointed chair would be.

The chairing of these regional authorities is going to be important. The chairs are spokespeople for the board when there are difficult decisions made. Whether it's with respect to negotiations or contracts or closing or opening of facilities, it usually falls on the chair's shoulders to speak for the board and to direct the board. It's the chair who's instrumental in much of the activity of the board, and that's why school board chairs are paid extra stipends in terms of their service, as is the mayor of a city council, recognizing the extra leadership function that those individuals have to exercise on the part of the board.

1:50

Chairs are usually key in all committee appointments, so it seems only reasonable that the amendment would be supported and it makes sense in terms of looking seriously at the operation of the board. It's going to be very difficult, as previous speakers have indicated, for an appointed chair to argue it out with someone who's elected with – who knows? – 10,000, 15,000, 20,000 votes and to claim the same kind of authority that that elected member can claim.

It was interesting when the Member for Edmonton-Rutherford tried to make the point that these boards didn't raise taxes and therefore they didn't deserve to be fully elected. If I were a school board member in this province, I would start to shake, because that's exactly the position school boards are now in. They don't raise money by taxes, so is the logical next step that some of their members should be appointed by this government? If that's where we're going, then we're in double jeopardy this evening. But the member there is as inconsistent with his arguments, I would submit, as this legislation is in terms of the treatment of boards.

I guess the final point I'd like to make, Mr. Chairman, is that I would predict that we're going to be back here before our term is out making amendments to this bill should this amendment not pass this evening – and I can't believe that it wouldn't – making a similar motion, only this time it'll be proposed by the government benches.

With those comments, I urge members to support the amendment. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. I am very anxious to participate in the debate on the amendment as proposed by the hon. Member for Edmonton-Riverview and am delighted to see that hon. members from the government caucus are engaging in debate.

DR. MASSEY: One.

MR. MacDONALD: It's a start. It's a real start, and I would encourage more of that debate, because I think eventually, Mr. Chairman, it will lead to better legislation.

Specific to the amendment I have to congratulate the member. We're going to have only two-thirds of the board elected. Now, the Alberta Liberals have been calling for regional health authority elections ever since the creation of the regional health authorities going back to 1994, but equally we have been consistent in our call for full board elections in an open and accountable election process.

Now, Mr. Chairman, one of the first arguments that the government made was: oh, the elections are going to lead to political instability. I've never heard such an argument made before. Now if we have two-thirds elected, just precisely what is that going to mean with regards to political instability?

This is the same government that for its own political purposes talks about having an elected Senate. We on this side of the House have no problem with that, but can you imagine a Senate that is comprised of two-thirds elected members? Now, where are they going to come from? Are they going to come from western Canada, or are they going to come from Quebec or Ontario? The notion of only two-thirds of a body being elected and one-third being appointed is quite frankly ridiculous, and again I have to thank the hon. member for bringing forward this amendment.

Now, this is a democratic country and a democratic province, and if we can elect all members of school boards, if we can elect all members of municipal councils, why does not the same reasoning apply to regional health authorities? Regional health authorities don't have the power to tax, but they certainly have the power to spend, and that has been noted in the previous remarks of another hon. member.

This whole idea of financial accountability, as I understand from the hon. Member for Edmonton-Rutherford's remarks, is that the idea of financial accountability in the Legislative Assembly is paramount, which is true. But, at the same time, particularly during the Bill 11 debate, when this whole issue of regional health authorities and the direction in which they were going to take our public health care system was raging, the government conveniently said that they had no control over the regional health authorities, none, that they were at arm's length, that they were separate entities, so how could they dictate what was going to happen? The regional health authorities were removed from the government.

Now, when you look at the recent budget that we debated and you look at the regional and the provincial health authorities, you start with the Chinook regional health authority, Palliser, Headwaters, Calgary – the list goes on – and the total spending comes to $3.6 billion. Then in the next reference line, provincewide spending – that is spending for the Calgary regional health authority and the Capital health authority – there's another $350 million, and there's a bit more unallocated, $1.5 million, Mr. Chairman. That is a significant sum of money. That is in excess of $3.9 billion alone.

MR. MASON: How much?

MR. MacDONALD: It's $3.9 billion. That is a considerable sum of money. In fact, the health care budget in this province is close to one-third of total government spending, and we have in my view not enough control, and the taxpayers of this province have no control. Certainly it will improve with two-thirds elected, but why not go all the way and elect all regional health authority members? That would include, as my colleague from Edmonton-Mill Woods talked about earlier, the chairperson also being elected. That's a very important duty. Again, accountability and accountability to the taxpayers is the first priority. There's money – and what do the government public relations people call it? – new spending on pressure points in the health care system.

2:00

Now, there has been a worry expressed to me, and I can't understand it. Apparently there was a task force struck by the government to visit many places, but one place in particular was the province of Saskatchewan, to see how the province of Saskatchewan was dealing with elected health authorities officials. As the tour was described to me, one health authority had only physicians elected to the board. This was a problem because apparently the physicians were deemed a special-interest group, and only they had influence on this health authority in Saskatchewan.

Mr. Chairman, this notion: if you allow full elections, what happens if all the people that are elected, whether it's nine or 12 or 15, are from one special-interest group? I tried to assure the hon. member that I didn't believe that was possible. You look at boards of education, the backgrounds of the citizens who win their respective elections. They're from all walks of life. I don't think it would be possible for one specific special-interest group, regardless of who it would be, to be successful and, let's say, win all available positions in the Capital health authority elections. I don't think that's possible.

You just look at the makeup of the membership of the Assembly here. Earlier in the session the Speaker – and I was very grateful to receive this information – gave a list of the occupations and professions of all the members that were elected, and it was diverse. It was incredible. I think it's a good thing. I think the same would apply if we voted for the hon. Member for Edmonton-Riverview's amendment, and I would urge all members to strongly consider and please support this amendment, because we will certainly have a better province as a result of this.

Mr. Chairman, I would like to calm the fears of any member of this Assembly who was part of that committee that went to Saskatchewan and is concerned: "Oh, if we elect everyone in the regional health authorities, it's going to be taken over by special-interest groups." I just cannot see it happening. It hasn't happened, as I said earlier, with the school trustees, it hasn't happened with city councillors, and it won't happen with the health authorities.

Now, I can't finish my remarks without discussing that we need to ensure that if the health authorities are elected and directly accountable to the people every three years, each and every member, and meetings continue to happen in public, as they do, no one can then argue that the regional health authorities were established to serve as an administrative buffer between unpopular government health policies and frustrated Albertans, because Albertans would have the ultimate control, and that is at the ballot box. If they don't like the direction of all the health authorities, because of the hon. member's amendment they can simply replace them at the next election with others.

The hon. Member for Edmonton-Highlands was present. It was after the Bill 11 debate and in fact was on the south lawn. There was a reception held, and in the reception area there was quite a broad discussion that occurred, Mr. Chairman. After Bill 11 was passed by this Assembly, there was encouragement given to all the people who were at that reception to actively seek a seat on the regional health authorities. The reason for them to actively seek election – and I certainly hope many of them do because I think they would be outstanding board members of the regional health authorities – is that they themselves can be the watchdogs to protect the public health care system.

That is one more reason why we need to ensure that every member, including the chairperson, is elected. They can be whistle-blowers, so to speak, and alert the public, the rest of the province, all the citizens. We can pick one. We can pick the Calgary regional health authority with almost a billion dollars in funds right here, $957 million, one of the biggest budgets, and I'm sure the Capital health authority is about the same. Mr. Chairman, they can serve as whistle-blowers, watchdogs of the public health care system and talk about the contracting out if there is any going on. They can talk about the conflicts of interest. I'm not convinced that there is no conflict of interest. I'm not convinced of this. But those are the roles, those are almost the duties of a fully elected regional health authority.

AN HON. MEMBER: Couldn't they appoint whistle-blowers?

MR. MacDONALD: Well, I would like to see whistle-blower legislation established in this province.

On this amendment specifically, the fully elected regional health authorities can act in that capacity not only in regards to contracting out but if there are other inefficiencies. I don't think there would be a FOIP application by any party if all the regional health authorities were elected, each and every member. I would be curious to know how that would work, but certainly I believe there would be a lot more consultation with the citizens.

Now, there is a perception certainly – and we were talking about that earlier – that exists between the regional health authorities and the CEOs and other high-ranking administrators. The perception is that they're friends and that their positions are about politics, not about sound fiscal policy or quality health care. Mr. Chairman, that perception would be eliminated if all health authority members were elected as well. There are so many good things about this amendment that I'm surprised it's not incorporated in the original bill.

Two-thirds elected, 66 percent: I don't know where the 66 percent comes from. I don't know how much of a percentage of the vote the Hon. Joe Clark had at the Winnipeg convention. It was 66 percent, I think. [interjection] It was a little bit less than that.

2:10

Now, if we don't pass this amendment – and I urge all members to vote for this amendment – the minister will appoint the chair. That would be reason itself to support this amendment. The school board, where everyone is elected, after an election selects the chair. When we are elected to this Assembly, one of the first things we do is elect a Speaker. There's no notion that only two-thirds of us can vote in the election of the Speaker. I don't understand the rationale of just having two-thirds elected.

In closing, I would like to say to all members of this Assembly that in your decision to vote for this amendment – and I certainly hope you do – you consider the arguments I made, because I think the regional health authorities as they exist need to have a direct relationship with the voters. There are enormous sums of money being spent.

After the Bill 11 debate – and that will unfold. During the discussion on this amendment I don't believe is the appropriate time

to discuss a billboard that I saw, and I certainly will be discussing this at another time.

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands on the amendment.

MR. MASON: Thank you very much, Mr. Chairman. I'm very pleased to speak again to this excellent amendment. I wanted to talk a little bit about the election of all members of the health authority and specifically with respect to electing people who would serve in the capacity of the chair or vice-chair of the committee.

You know, the chairs of committees have very, very important responsibilities. You know yourself, Mr. Chairman, that as a chairman you have a very heavy burden of responsibility to the group as a whole. The chairman needs to maintain order, and that is of course one of the first and foremost of his responsibilities. It's not always easy to keep order among members, all of whom are strong-willed individuals, people who have strong opinions, generally quite intelligent, and sometimes just a little rambunctious. So as things progress, the chairman's duties can sometimes become quite burdensome.

[Mr. Klapstein in the chair]

A chairman also has the responsibility to make sure that the order of the agenda of the meeting is adhered to and that the group transacts the business it needs to do. A chairman has many other responsibilities: generally overseeing and ensuring that the minutes are prepared and taken and so on, that there's a secretary. All those things are important.

Often in the case of a health authority or a body like it the chairman becomes the interface between the body, that is the health authority, and the administration of the health authority. So they play quite an important role in making sure there is good communication between the policy that's set by the health authority or whatever the body happens to be – I keep wanting to say the elected group, but that's not entirely true in this case – and the administration. So they're the liaison, and that's a very important role.

Can you imagine, Mr. Chairman, if you were to attempt to provide these functions for a body in which the majority was elected but you yourself were not elected? That would put the chairman in a very, very difficult position altogether. It would mean that the chairman didn't have the same moral authority and stature as some of the members over which he or she was supposed to maintain order, preserve decorum, and generally co-ordinate the activities so that the business was transacted in a smooth and systematic fashion. So I think we need to take this into account when we consider the motion of the hon. Member for Edmonton-Riverview.

The same thing would apply, of course, to the vice-chairman of the committee, who also has to fill in for the chairman when the chairman isn't present. Again, you have a situation where they don't have the authority they need in order to maintain the high office with the dignity that it requires for the effective transaction of their responsibilities.

You can take it also from the other side, Mr. Chairman, take it from the side of the elected people who are members of this body. Suppose we had a Speaker in the Assembly who was appointed from outside. In the cut and thrust of the debate, in the tangles that sometimes occur, would they feel that the Speaker had the necessary moral authority to rule on their actions, to say, "You're out of order and here's why," or to move on a question of privilege and rule on that, whether or not it creates a prima facie case of privilege, which is the Speaker's responsibility here?

Similarly, you might find in the regional health authorities that the elected people did not have sufficient respect for a nonelected chair. I think that would put the chair at a very, very serious disadvantage. I really do. A chairman is very important to the functioning of one of these committees. So I think that's another reason, a very strong reason in my view, for members to support the amendment that is before us.

2:20

The question I really want to ask and have been hesitating to ask but I will ask because it doesn't seem that the government members are participating as fully in this debate as the opposition members, the question I have for the government is: why do you want to appoint one-third of the members? What is the reason? Have we heard from the other side a reason for one-third of these members to be appointed? I don't recollect it. I may have been briefly distracted or otherwise occupied, but I don't recall the government putting forward a coherent series of arguments in a carefully structured way that explains why they want to appoint one-third of the members to these regional health authorities.

Now, we on our side have put forward lots of arguments for electing them, and the government seemingly believes that we're two-thirds right, but we don't know why we're one-third wrong, Mr. Chairman. I think that before we close debate on this particular amendment, it would be very useful for the House to hear from the minister or some other responsible member of the government why they have chosen to limit the number of elected members at regional health authorities to two-thirds. I think that's really a fundamental precondition for persuading those of us on this side of the House that we might in fact be wrong. I'm willing to accept that the opposition can theoretically be wrong and can actually be wrong in practice. [interjection] I appreciate that; that's true.

But we haven't heard from the government why we're wrong in this case. I wonder why. I wonder if some of our speculation as to the impact of not electing the entire body might just be off base, and if the government is prepared to share that information with us, I think we could seriously consider whether or not we're in error with respect to this particular amendment. I would again encourage the government to enlighten us on this point.

I just wanted to say that I saw an analogy with something I referred to earlier, which was the situation in Canada in the early 1800s where we talked a little bit about the struggle for responsible government in the years before Confederation. I guess I would go back to the comments about the chairman and the vice-chairman. In a sense they're almost an Executive Council and have some of the functions of an Executive Council. I mean, it's just broadly analogous, I realize. It's not a direct relationship, but I think it's fair to say there is a relationship there between the chairman of a regional health authority and the vice-chairman and the Executive Council in the Legislative Assemblies of Upper and Lower Canada. So I see a similar struggle to have a fully elected and accountable and responsible chair and vice-chair of these authorities.

I think that again history is serving us well, the historical precedent that the member for Edmonton-Riverview raised going back to the early days of the Magna Carta, going back 800 years, talking about the barons and the struggle of the barons for baronial democracy. Certainly it wasn't a struggle for the serf to have democracy.

Well, it used to be that we had similar restrictions on voting rights in the past. Even within my own memory, in terms of municipal government there was a case where unless you owned property, you couldn't vote or participate in municipal politics.

THE ACTING CHAIRMAN: Hon. member, through the chair, please.

MR. MASON: I apologize, Mr. Chair – Mr. Chairman. I guess Mr. Chair is not the correct form, and I apologize for that.

So I think the fight for the gradual extension of the franchise, the gradual extension of responsible government, as outlined very ably by the hon. Member for Edmonton-Riverview, is important and can be quite pertinent to this entire matter.

I know that there's another important element. When serving as a city councillor in the city of Edmonton in the early to middle '90s, I dealt with a number of constituents who called me. At that stage the city of Edmonton still had a role in appointing hospital boards, but the government reorganization of health care had already begun. They were clearly moving towards the development of these regional authorities, but it hadn't yet been consummated. The reform, so called, of health care had already begun, so we of course had lots and lots of people that were stuck in the halls, that couldn't get admitted to the hospital. It was a very dreadful situation. So people would sometimes phone me because the city of Edmonton at that point owned the Royal Alexandra hospital and appointed its board.

One person I know, a friend of mine who was also a bus driver – I knew him from work because that's where I used to work before I got elected for the first time to city council – had been left in the hallway outside the emergency room of the Royal Alexandra hospital for over 24 hours. Who did he want to talk to? He wanted to talk to his elected representative, and I was the closest thing to that. He felt that he should phone me because I was his elected person. I did intervene. I did phone the chief executive officer of the hospital and personally raised a question. I got a response immediately, and it was because I was an elected person with some responsibility for that hospital or at least for appointing some members of the board of that hospital that I was able to get a response.

So the question of accountability arises, Mr. Chairman. Accountability is an important factor. People want to be able to phone someone who they have some control over or with or some relationship to as a result of an elector/elected type of relationship. They want to phone somebody they voted for and get some response from the administration when they don't feel they've been getting the kind of service they deserve.

I hesitate to say it, but I doubt that that kind of relationship can exist in the case of an appointed member of a health authority board. You just don't phone and demand action from somebody that you don't elect. So it makes a lot of sense from the point of view of the citizen, the citizen who's also a consumer of health services, to call the person they have an electoral relationship with, if I can use that phrase.

2:30

Why would they feel that they would have responsiveness from somebody whose job or whose position on that health board does not stem from their action as a citizen, as a voter? There's no accountability whatsoever, which is really what I'm concerned about, Mr. Chairman. There is no accountability when people aren't elected. So anybody that's not satisfied with the performance of any health authority or any of its contracted agencies will not get the type of responsiveness that they might otherwise expect from somebody who's appointed by Executive Council or by the minister. You just don't see the same kind of situation at all.

[Mr. Shariff in the chair]

You know, I am pleased with what I've been able to accomplish as an elected person, and I've always prided myself on being responsive to my electors. I try to help everybody. I'm not like the Member of Parliament who insists that you have to vote for him before you're going to get any service. I think that's just plain wrong. I've always believed that as an elected person you have a duty to everyone.

Also, it's only natural, it's only human nature that you have your primary responsibility to the people who put you there. I certainly, Mr. Chairman, have always given priority to assisting my own constituents. We do try to help other people who call, and sometimes people do call, if they can't get the assistance they need from their own elected person. We do try to help, but we always keep in mind the people that we represent. They are our primary responsibility, and I think that that's an important and fundamental feature of the elected system.

What the government is doing is saying that that's good enough for two-thirds of these boards, but it's not good enough for the other third. I don't understand it, Mr. Chairman. I think that you're really shortchanging the citizens who use those health services. You're completely shortchanging them and making sure that by omission you're creating a situation where they don't get the complete responsiveness of the board that I believe they are entitled to.

In conclusion, Mr. Chairman, I would like to say that I urge the government and all members to support this fine amendment of the hon. Member for Edmonton-Riverview. Thank you.

DR. TAFT: Mr. Chairman, I don't sense that other members want to speak at length on this particular amendment. We'll move on to others in this series, but I will just close by saying how much I appreciate the animated debate here. I appreciated the comments of the hon. Member for Edmonton-Rutherford and all my colleagues in the Official Opposition and my colleague from Edmonton-Highlands. I'm sure this is an amendment that would meet with widespread support across the province, and I would encourage all members to support it.

Thank you, Mr. Chairman.

[The voice vote indicated that the motion lost]

[Several members rose calling for a division. The division bell was rung at 2:35]

[Ten minutes having elapsed, the committee divided]

[Mr. Shariff in the chair]

For the motion:		
Blakeman	Mason	Taft
MacDonald	Massey	
Against the motion:		
Ady	Goudreau	Maskell
Amery	Hancock	McClelland
Boutilier	Hlady	Melchin
Cenaiko	Horner	Ouellette
Coutts	Hutton	Rathgeber
Danyluk	Jacobs	Stelmach
DeLong	Johnson	Strang
Doerksen	Klapstein	Taylor
Ducharme	Knight	VanderBurg
Dunford	Kryczka	Zwozdesky
Totals:	For – 5	Against – 30

[Motion on amendment A1 lost]

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I would like to present the next in our series of amendments. I guess we need to distribute these. Thank you.

THE DEPUTY CHAIRMAN: We shall refer to this amendment as amendment A2.

The hon. Member for Edmonton-Riverview.

2:50

DR. TAFT: Thank you, Mr. Chairman. I move that Bill 7 be amended by adding the following after section 3. Section 3.1, section 21 is amended by adding the following after subsection (1):

> (1.1) For the purposes of subsection (1)(e), a person is not eligible to be nominated as a candidate in an election for membership on a regional health authority board if on nomination day the person
>
> (a) is a director, officer or employee of a corporation, partnership or other association that receives income from the Department of Health and Wellness or a regional health authority
>
> (b) receives income from a contract with a regional health authority, or
>
> (c) owns voting shares in a corporation or holds an interest in a partnership or other association that receives income from the Department of Health and Wellness or a regional health authority.

Mr. Chairman, the purpose of this amendment is to strengthen the provisions under Bill 7 to control conflicts of interest. I think we need a bit of background on this particular issue. I'll read briefly from a book that I seriously recommend for everybody here. It's called *Honest Politics* – and it's not by me – and it's worth knowing what a conflict of interest is.

> A conflict of interest between public and private interests occurs when a public official is in a position to use his or her public office to gain personal benefits or benefits for his or her family or party that are not available to the general public. Conflicts of interest are unacceptable in a society that values the rule of law: the law is to be applied equally to everyone except in the case of justifiable exceptions written into the law. Morever, public officials who use their positions to provide special benefits to themselves, their families, or their political friends undermine the principle of social equality. We expect public officials – whether they are permanent or contracted public servants, elected representatives or senators – to serve the public interest. Where there is a conflict between the public interest and private, family, or party interests, the public interest should always prevail.

Now, we could go into details on different levels of conflict of interest – potential, real, and perceived – but I won't go there right now for the Assembly. There will be time later.

I am very concerned about the possibility of potential, perceived, or real conflicts of interest in any aspect of public life and in particular in aspects relating to regional health authorities. The way the bill is currently drafted and the regulations are proposed by the minister, there is an area of very great concern. Essentially the concern has to do with the allowance in the bill and in the regulations that people can run for regional health authorities as long as they do not own more than 50 percent of a business that is directly contracting with the regional health authority.

For example, in the backgrounder to Bill 7 put out by Alberta Health and Wellness on April 11, 2001, they talk about eligibility for elections, and the following are not eligible:

- Directors, officers or employees of health service organizations receiving 50 per cent or more of their funding from Alberta Health and Wellness, an RHA, or both.
- Directors, officers or employees of corporations, partnerships or other associations receiving 50 per cent or more of their gross income from Alberta Health and Wellness, an RHA, or both.

What that means, Mr. Chairman, and what is of such great concern to us all is that individuals who get 49 percent or less of their income or whose businesses receive 49 percent or less of their income from an RHA can sit on that RHA board or can seek election to the RHA board. Indeed, it allows possibilities.

There is a situation that is coming close to this in Calgary where several members of one family, each of whom may own 10 or 15 percent of a company, together might own a majority of that company. One of them is allowed or potentially, I suppose, all of them are allowed to run and hold office as a member of the RHA. Clearly – clearly – that raises perceived potential and even in some cases real conflicts of interest. It's a situation we wouldn't tolerate in other aspects of our public life.

If the Minister of Health and Wellness were here, I would like to ask him to explain his repeated comments that the same regulations and rules that apply to us as MLAs apply to members of RHAs. To the best of my knowledge we are governed here under the Conflicts of Interest Act, and that act – and I stand to be corrected here; the Minister of Justice perhaps can help me – does not apply to the regional health authorities. So although the Minister of Health and Wellness has repeatedly indicated that MLAs and RHA members are subject to the same regulations, that's not my reading. I stand to be corrected, and I hope I'm wrong, but that's certainly not my reading. The amendment as I am proposing it closes this gaping hole in Bill 7, and I'm sure that everybody here will agree that this is a real concern.

As the health care system in Alberta is developing, we are seeing the once clear line that was drawn between for-profit businesses and the public sector get blurred further and further. We are seeing that under developments under the Health Care Protection Act in which more and more services are contracted out yet on which questions persist on the legitimacy and the fairness and openness of the bidding process for contracts.

We're also seeing these problems arise in the growing number of public/private partnerships. We had, for example, just announced this week or perhaps over the weekend in Edmonton a public/private partnership in extended care in which we have I believe it's tens of millions of dollars of public money being channeled through the Capital health authority into an extended care facility and a so-called aging-in-place facility that will be run and I think ultimately owned by the private sector.

3:00

Now, the line between public and private there is very seriously blurred. It's also seriously blurred in Calgary where, for example, the Calgary regional health authority is in a large, joint venture corporation with a big multinational named MDS to run Calgary Laboratory Services, a company that I've tried to probe through the public accounts and other matters, but it's eluding that and it's eluding my questioning. It's a big company and handles, as far as I know, virtually all medical lab services in Calgary, and it's a public/private partnership. As we see those partnerships develop and expand, I think in fact we need to have stronger and stronger safeguards on conflicts of interest. Now, why do I say that?

MS BLAKEMAN: Why? Why do you say that?

DR. TAFT: Thank you. Thank you.

One of the things that public officials have and all of us here have is a fiduciary responsibility. We are under a fiduciary trust. Again

quoting from this very fine book, I'd just like to briefly indicate what a fiduciary trust is.

> Because public officials always act on behalf of the public, they are trustees of the public interest. A fiduciary relationship with the public is not a form of paternalism - we know what's best for you and it's too bad if you don't understand our superior wisdom - but rather a responsibility to protect and promote the public's best interests in ways the public is fully informed of and approves.

So all the members of regional health authorities and their senior executives, indeed all the employees and contracted officials with the regional health authorities are in positions of fiduciary trust and are under serious obligations as fiduciaries. This amendment is meant to reinforce that, to clarify the rules for them, to help those people stay out of legal problems they might end up in without these rules, because frankly there's a large body of law on fiduciary trusts.

What I hope to achieve through this amendment is a clear line demarking public interest and private interest and reinforcing the fiduciary trust that we place on public officials and precluding conflicts of interest.

Now, I think it's worth going into a few specifics on this just to reinforce for the members that this is a real and serious concern. I have mentioned to you already the case in which the Calgary regional health authority is in a joint venture numbered company with a large multinational named MDS to run all Calgary lab services. That private/public partnership raises any number of questions. Who's profiting? What are the benefits? What are the efficiencies? Frankly, it's made much more worrisome because it has created a monopoly, so there is no functioning market in the Calgary region for medical lab services. As far as I understand, all medical lab services in Calgary are handled by one corporation, and that opens up all kinds of opportunities for real, potential, and perceived conflicts of interest.

Of course, it doesn't stop there. The other day I mentioned a case in which a member of the board of the CRHA is closely tied through his family with a company called Extendicare. Extendicare has three for-profit nursing homes on contract to the CRHA. Again, this raises concerns over conflict of interest. The way Bill 7 stands at the moment, there's nothing preventing any number of shareholders and corporate directors from Extendicare running to sit on the board of their RHA, so they would be there as officials with multimillion dollar contracts to their own corporation.

There are a number of other well-documented cases here. I've mentioned a number of times the case of the chief medical officer and vice-president of the Calgary regional health authority, who is paid over a quarter of a million dollars a year to look after the public interest, who has a crucial role in determining the direction of health care delivery in Calgary, who has access to all kinds of detailed information on costs, on staffing, on waiting lists, on procedures, and at the same time he's a director or at least has been a director and a number of his immediate family members including his wife are significant shareholders in a company that has two or three contracts with the CRHA worth about $1.8 million over two years.

This raises very serious questions of conflict of interest. While there are policies in place at the Calgary regional health authority on this, they do not require that the conflict be terminated, and there is no question that there is a perceived conflict of interest there. It's not simply perceived by people on the outside. It's also perceived by fellow members of the medical staff in the Calgary region, who in some cases actually are trying to compete with their own for-profit clinics against the business that is owned by immediate family members of the chief medical officer, and they frankly at times are not at all happy with that arrangement. They feel that there is no possible way that they can compete effectively. So that's one case.

A second case involves the chief of orthopedics at the Foothills hospital, which is the main orthopedic centre in Calgary, a well-known physician who appears from time to time in the media and is at the same time a director and shareholder in a company that's known for its for-profit health care activities in Calgary, a company called HRG. HRG is already providing some surgical services to the CRHA and has been lobbying actively at times to expand that role in the CRHA. So there you have a chief of orthopedics in the public system who is paid, if public accounts are any indication, in the range of $100,000 a year or more to look after the public interest, at the same time in a position in which he can determine preferred procedures, preferred equipment, scheduling, the allocation of resources, the length of waiting lists, and so on, for orthopedic surgery. Again, there is no question that there is a perceived, potential, and even possibly a real conflict of interest in that situation.

The longer it prevails the more serious the implications are for Alberta's public health care system, for taxpayers' dollars, and indeed for the whole Canadian health care system. For once these services become privatized, there is something of a risk that free trade agreements will come into play and open the Canadian health care system to an increasingly American-like form of health care delivery.

3:10

It's worth commenting briefly here that major corporations have much clearer regulations or policies on conflict of interest in many cases than do the CRHA or the other RHAs and are frequently much less tolerant of conflicts of interest than we're seeing in the RHAs. The other day I tabled the conflict of interest policy for TransAlta Corporation. I don't have a copy of it with me here. I might go and get it, and we could talk to it later on. It was clear that real, potential, and perceived conflicts of interest were to be avoided. Period. There was no question that they could be managed over the long term or that they could be tolerated or that people could simply step out of meeting rooms. These conflicts were to be avoided.

I know from inquiries I've made that similar policies exist in other major Alberta corporations including, for example, ATCO. In fact, there was a well-known case last summer of a flight by city councillors in Edmonton to Calgary on the ATCO jet. As a result, the ATCO executive had to resign.

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thank you very much, Mr. Chairman. I'm pleased, delighted to stand . . .

AN HON. MEMBER: To try and convince somebody here.

MS BLAKEMAN: No, I don't have to convince you. I just have to know it myself.

. . . to speak in favour of this amendment A2, which is essentially trying to establish conflict of interest regulations inside this Bill 7, elections of regional health authorities. I think the key to this is that where there is big money, there is potential for big trouble, and there's certainly big money in health care. I mean, let's face it; large American firms don't become interested in the provincial running of our health care unless there's big money involved. They're not doing it to amuse themselves. Those guys are pretty canny. They don't get involved in this stuff unless they think there's an opportunity to make a lot of money. So there's big money here and the potential for big trouble.

On the other side of this equation is an issue that we all deal with every day, which is a perception by the public that politicians are not there to serve the people. Unfortunately, Bill 7 as it stands does nothing to dissuade people of that point of view, because it is allowing people to get involved in a situation that I think anyone would judge as conflict of interest. I mean, in the legislation they're allowing people to own up to 50 percent of a private health care organization or a company and run for a seat in the regional health authority.

When I started to look around for, you know, what was the history of our developing conflict of interest legislation, probably the first and the most thorough is the federal Conflict of Interest Code. That code starts out by saying that "the object of this Code is to enhance public confidence in the integrity of public office holders and the decision-making process in government." So right there that tells you that they were trying to address something that was perceived as being a problem, that the public was experiencing eroded confidence in the integrity of public office holders and an erosion in the belief of the decision-making process in government.

Now, I had spoken previously about the erosion that this government has encouraged and put in place around decision-making and accountability in government with the establishment of the regional health authorities and now the children's health authorities. This long-awaited promise was supposed to address some of that by having members sitting on the regional health authorities elected. In fact, the government was only able to come through with two-thirds of that promise with two-thirds elections. So I think for all of our sakes it's important that we understand how much public confidence in our integrity is eroding.

When we have a government that is refusing to acknowledge this either through naivete, which is a bad enough accusation, or through arrogance, which I think is a worse accusation, I think we're in trouble here in Alberta. For some time the public has been willing to accept what the government has put forward, but I think that as we have more people having access to the Internet, more people having access to uncensored, unfiltered information about what's going on – for example, they have access through the Internet to *Hansard*, and they can see what transpired tonight: who debated, what members of the government participated in the debate and who didn't. I think that's important, and it will also I think lead to more scrutiny of decision-making of government . . .

MR. DUNFORD: You said that two years ago in a speech.

MS BLAKEMAN: And I'm going to keep saying it, because it's true. [interjection] Well, we certainly have members opposite looking to participate in the debate, and I look forward to the Minister of Human Resources and Employment joining in rather than merely heckling me from across the way. I'm sure that when it comes time to vote on this one, he'll be on his feet speaking to the motion.

So there are two parts to what's happening in the public that I think are important. One is that perception of big money, big trouble and a reassurance on a very transparent process with the public that they can see who's making the decisions about their money and how it's being expended, particularly when that money is being expended on health care, which is an area that the public is adamant about leaving in the hands of government for administration. They want a public health care system, but they want to hold the government accountable for delivery of those services. They want to know who's making the decisions and who's influencing the decision-makers, and very strong conflict of interest guidelines help us see that. It puts in place a process for the public to be able to scrutinize that, to see who is, in this case, running for public office to be in charge of almost one-third of Alberta's budget and also to hold them accountable if they're an elected person, to be able to contact them and scrutinize their decisions and call them to account for it.

I think that's equally important when we have long waiting lists in certain areas, where we have yet to see truly a reorganization and a new way of delivering health care. We're still waiting for that, and I think people will be holding RHA members accountable for the decisions that they make. As I said before, even being in charge of administering this large amount of money, they still do not at all times have both the responsibility and the authority to implement what people are looking for.

Now, let me back up a bit. When you're serving on a body of a not-for-profit agency – and in this case the hospitals fit that definition. My colleague from Edmonton-Riverview had talked about fiduciary interest. There's also a duty of care, which is the other side of that coin, in that those people that accept the public office, that seek it out, have to understand that they are obliged to have a duty of care toward their work. They're expected to do a good job. They're expected to be responsible about it, and they're expected to approach the job in a way that is going to serve the public and serve the organization the best.

3:20

That's interesting, because again when I look back to the federal code, when it talks about decision-making, it says:

> Public office holders, in fulfilling their official duties and responsibilities, shall make decisions in the public interest and with regard to the merits of each case.

In other words, decisions are not to be made with anything in advance of or taking higher precedence of than the public interests and the merit of each case.

When I look farther down, it's talking about public interest:

> On appointment to office, and thereafter, public office holders shall arrange their private affairs in a manner that will prevent real, potential or apparent conflicts of interest from arising but if such a conflict does arise between the private interests of a public office holder and the official duties and responsibilities of that public office holder, the conflict shall be resolved in favour of the public interest.

Again, all of this is about making sure that as we administer public money, the public gets the best deal out of this. I think of some of the examples that have already been raised by Edmonton-Riverview, and it can be argued that those are examples where we don't have resolution in favour of the public interest.

One other part that I found of interest in this is insider information. It goes on to say:

> Public office holders shall not knowingly take advantage of, or benefit from, information that is obtained in the course of their official duties and responsibilities and that is not generally available to the public.

Now, that reflects back to the definition that was used by the Member for Edmonton-Riverview when they moved this motion, that is a definition of conflict of interest that states that the use of a public office to gain benefit for themselves or their family, a benefit that is not available to the public. This insider information is echoing that.

Those are the points that I had wanted to bring forward in support of this motion. I don't have a lot of faith that a 74-member government is going to pass this. Nonetheless, it's our duty as opposition to certainly be bringing these points forward. I'm happy to do that at 20 after 3 in the morning because I think it's important that we do continue to bring this information forward and put it out there for the people to understand the choices that the government is making and the issues that the members of the Official Opposition and the third

party have made to bring the government decisions to account.

One more reminder as I close. I think that we have to be particularly careful as we end up with more and more money in the public health care system. Where there's big money, there's big potential for trouble, and we really need to be ensuring that those that are in the position of making decisions are making those decisions with a duty of care and always in the best interests of the public.

Thank you for the opportunity to speak in support of this motion.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. I appreciate the opportunity to speak for the first time to this very good amendment by my colleague the hon. Member for Edmonton-Riverview.

Mr. Chairman, I believe that there are issues related to conflicts of interest or at least potential conflicts of interest that have been enumerated by other members. Particularly, I think that if someone who has a serious conflict of interest or potential serious conflict of interest sits on a health board, there is a situation that's created that is most serious even if that member absents himself or herself from the decisions which specifically affect their own financial interests. They are a colleague of the rest of the board, and everyone else on the board knows exactly what the interests are, and if they are in any way favourably disposed towards that person, they cannot help but be influenced themselves by that member's interests.

You know, I've served on a number of boards myself, Mr. Chairman, and certainly am aware of the normal procedures for dealing with conflict of interest. In fact, we put together on city council conflict of interest regulations that I think are substantially more strict for boards such as the EPCOR board than this government is prepared to do for its regional health authority boards. I don't know why that is. I think that the government would want to ensure that no one receives financial benefit by virtue of their service on one of these health care boards. I don't know why that wouldn't be a policy objective of the government, and maybe it is a policy objective of the government, but the government is pursuing it in a very weak and irresolute fashion. They are absolutely and without a doubt irresolute on the question of pursuing conflict of interest, particularly as it relates to these health boards.

Now, I've also not only been in a position of having some responsibility for establishing codes of conduct for boards which report to a city council; I have also served on a number of boards, and I know that they have very stringent requirements. For example, the board of Edmonton Northlands, which I served on for six years, requires everybody to disclose at the beginning of the year any potential conflicts that they have, and they must disclose in writing any conflict that they might have at each meeting.

You will find, I think, as other members have intimated, that other jurisdictions, particularly in the private sector, are much more rigorous about preventing conflict of interest situations than this government. Yet the government prides itself on modeling itself after the private sector. Of any government in the country this is a government that admires, supports, and uses as an instrument of its policy the private sector. So why, then, don't they adopt the norms that the private sector has adopted to prevent conflict of interest? Why not is the question, and silence on the relevant question is all that we hear. We hear lots of white noise, Mr. Chairman, but we don't hear any pithy, to the point comments that are germane to the issues that are being raised by this amendment, and again you have to ask yourself why that might be.

[Mr. Klapstein in the chair]

Now, let's look at the specifics of the amendment before us, Mr. Chairman. It says that

> a person is not eligible to be nominated as a candidate in an election for membership on a regional health authority board if on nomination day the person
>
> (a) is a director, officer or employee of a corporation, partnership or other association that receives income from the Department of Health and Wellness or a regional health authority.

So why would the hon. Member for Edmonton-Riverview propose this, I wonder.

Well, suppose there was a person who was, say, a director or officer of a corporation or other association that got income from Health and Wellness or a regional health authority. It would seem to me that that person would be partially dependent for their income on the same bodies with whom they wanted to do business. Could they be influenced? Well, I think we'd all like to believe people are above that, but we know that personal interests can sometimes cloud our judgment and influence our behaviour. Sometimes we might act in our own financial interests as opposed to the interests of the people we're supposed to be serving, in this case the people who are served by the particular regional health authority.

3:30

Clause (b): the person "receives income from a contract with a regional health authority." Now, if you have a contract with a regional health authority and you're on the board, almost everywhere I know of that would be perceived as a very, very fundamental conflict of interest. It just simply wouldn't be tolerated. I don't know any private corporations that would tolerate that kind of situation. I know that at the municipal level, in my experience, that wouldn't be tolerated. I don't think it's tolerated in the co-op sector. I don't think it's tolerated even in the nonprofit sector. Even when there are nonprofits, they have a stronger commitment to avoiding conflict of interest than this government apparently does. Why is that, Mr. Chairman? That's a question I keep coming back to on every point. Why doesn't the government act with the same rigour that other organizations, profit and nonprofit, do? It's the question of the moment.

Mr. Chairman, clause (c) says that the person

> owns voting shares in a corporation or holds an interest in a partnership or other association that receives income from the Department of Health and Wellness or a regional health authority.

So here we have someone who has shares in a corporation. Obviously they stand to benefit, then, if the health authority gives their company a contract, particularly if it's a lucrative contract; for example, to operate a private hospital where you might have once had a public hospital.

AN HON. MEMBER: Or a private MRI.

MR. MASON: Indeed, hon. member.

Mr. Chairman, say, for example, the government did a lot of renovations to an older hospital worth millions and millions of dollars and then sold it to their friends for substantially less than it was actually worth. Then suppose they were sitting on this fine renovated hospital, and they were just itching to be able to deliver services for the local health authority. Suppose further that there was a relationship, that some people who sat on the board – and this is all hypothetical – actually were shareholders in that corporation. How could that person serve as a director of the health authority under those types of circumstances? It's hard to believe that such a situation would not be provided for by the government if it should perchance arise.

Now, suppose that the person who had the shares was willing to walk out of the meeting or leave the meeting, declare the conflict. Is that sufficient? Is that sufficient in order to protect the public from undue influence by people who stand to benefit directly and personally? I would submit that it's not, Mr. Chairman. I certainly wouldn't think it would be sufficient, because that person then sits on the board for all the rest of the decisions. That person has a personal relationship with all the other members and would conceivably be favoured by his or her friends on the board as opposed to somebody who didn't have that sort of personal relationship. That's why this particular amendment is very important and, I think, essential.

You know, I think it's a significant omission, Mr. Chairman, that this amendment wasn't contained in the bill in the first instance, because they all seem to make such great sense to me.

[Mr. Shariff in the chair]

I know lots of people who join boards in the public sector for the very best of reasons. I have met people on a wide range of boards – whether they come from the public sector, whether they come from the private sector, whether they come from unions or have been involved in nonprofits – who are sincerely committed to the public good. They are there not to enrich themselves but quite simply to do the best they can for their community. Most of the people, Mr. Chairman, that I have worked with on boards have fallen into that type of category.

So it's naturally hard for me to imagine people who would get involved on a significant public board in order to gain an advantage for themselves. Unfortunately, in our society today it's the case that sometimes that happens, and it's very regrettable. The network of contacts that some people have with movers and shakers in our various communities sometimes lends itself to a little bit of mutual back-scratching, we could call it, and I think the government should not be unaware of those possibilities. It surprises me that they are, but I can tell them that there are situations like that that arise, and there are people who are prepared to arrange so that they benefit from their public service in a way that's not appropriate. It's not common, but it can happen. It does happen occasionally.

Given the government's connections with private business and with the many boards and their great and grave responsibility for ensuring that the administration of public business is carried out above reproach, it disturbs me a little bit, Mr. Chairman, that the government continues to play the game of see no evil. We heard it today. Just a little bit earlier one of the members said: well, you know, if you're suspicious of people, then obviously you're not the kind of person that should be trusted. Well, you know, you can rationalize these things any way you want, but the fact remains that we have health authorities that are responsible for multimillion dollar budgets, virtually a billion dollars – I think that's correct – and they stand to make a lot of money for the people to whom they give contracts to provide services, particularly if we get into the situation where entire hospitals are approved for the provision of overnight care, overnight stays, as was set out in the previous Bill 11, which was simply a bill to legalize private hospitals.

Why would the government pass a bill legalizing overnight hospitals if they didn't in fact intend for private hospitals to exist in this province? I know they call them something else. I think they call them private overnight nonhospital, near-hospital, pseudo kind of close to hospitals but we wouldn't call them one. I forget the term. Clearly, if one were to contract with a health authority for a private hospital which used to be a public hospital, one would stand to make millions and millions and millions of dollars, and that's what's at stake. Members opposite will try to laugh it off and pretend it's not really an issue. They try to pretend there's nothing at stake, but I can tell the hon. members opposite, Mr. Chairman, that there are millions and tens of millions of dollars, perhaps hundreds of millions of dollars at stake, and this government is remiss in not attending to the potential for conflict of interest and for people to inappropriately enrich themselves at public expense through inattention to the critical issue of conflict of interest.

3:40

I'd ask this question through you, through the chair, to members opposite. As great supporters and disciples of the creed of free enterprise, why wouldn't they model themselves according to the norms of these institutions for whom they have the greatest reverence? There seems to be something missing. I don't know what that missing link is, Mr. Chairman, but I think if we look through the tea leaves of this government, we might eventually find what it is that's missing. I hope that when all is said and done, what's not missing is some money. [interjection]

MS BLAKEMAN: He woke up.

MR. MASON: Yes. Well, I'm glad the hon. member has rejoined the conscious, or rejoined the semiconscious at least, because, you know, there are very weighty matters that need to be considered by this Assembly.

Mr. Chairman, I would again commend the hon. Member for Edmonton-Riverview. Although I was hoping we were going to get another trip back to the early days of democracy in the British Empire, nevertheless I think he has put forward some excellent suggestions, and I look forward to reading the book he referred to, which he did not write but I'm sure is nonetheless an excellent book.

With that I will take my seat, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. It's a pleasure to rise and speak to amendment A2, the second in a series of amendments. It certainly provides to me a clear answer from the hon. Member for Edmonton-Riverview on the whole issue of conflict of interest, that unfortunately has appeared whenever there is discussion on health care and regional health authorities in this province.

Mr. Chairman, the hon. Member for Edmonton-Riverview has obviously worked very, very hard to try to improve this bill. If at first you do not succeed, try again. When you think of the erosion – it was touched on by my colleague for Edmonton-Centre earlier – of public confidence in our health care system, leading up even to the Bill 11 debate which many of us are familiar with, but before that with the regionalization that occurred, there is this skepticism, this nonconfidence in the current government to provide public health care. This suspicion, this lingering suspicion – and I for one hold it as true that the long-term goal is to turn over to various enterprises, whether they be entrepreneurial doctors, whether they be the HMOs, the hand money over outfits, and the outfits that are . . . [interjections] They're going to be eliminated from election, and that is specific in the first part of this amendment.

We think that idea of private health care is far removed from Alberta, but it is not. Within five blocks of this Assembly there was a billboard – I haven't driven by to see if it's there lately – and ironically enough it was on a Tory blue background, and it had an advertisement for an American for-profit health care provider. Now,

what happens if an employee of that company, a citizen of Canada, a resident of Alberta, is to run for the regional health authority? Whose interests would be served here? The taxpayers of this province? The people who have faith in and want to see continue a public health care system? Would their interests be served, or would the interests of the corporation be served?

Mr. Chairman, when you think of that, it's perfectly legitimate because of all the interest that has been expressed in the relationship that is currently occurring between regional health authorities and selected interest groups. I believe these are the special interest groups. These are the groups who benefit from the privatization of our health care system.

When you think that two years ago one of the motions that was being circulated at the AUMA convention, the Alberta Urban Municipalities Association – and I listened with keen interest to delegates in the hall discuss this motion. It was a motion to prevent health care workers who were members of unions from participating in the regional health authority elections. Now, I listened to that debate with a great deal of interest, and I'm listening to this debate this morning with a great deal of interest, because it is very necessary that we have conflict of interest legislation in regards to the election of regional health authority board members.

[Mr. Klapstein in the chair]

I would like at this time to commend the member for Edmonton-Riverview, again, for putting forward this amendment. The lack of conflict of interest legislation or rules or regulation – it's been mentioned before. It does not correspond with accepted practices in the private sector or even parts of the public sector. The city of Edmonton was mentioned; TransAlta was mentioned. Since health care is the most important service government provides, Mr. Chairman, there is no better place to start.

3:50

Again, in the aftermath of Bill 11 and the fallout – some hon. members of this Assembly may not realize it, but there will be a fallout from the government's use of closure and this insistence to continue against the wishes of the citizens and increase private health care. You have to go no further than a hockey telecast on television from America to look at what the future is going to hold for Albertans. You see board advertising in every major U.S. rink for some sort of private hospital, some sort of private health care insurance plan. It's private health care, and it's on the boards for everyone to see. Will this come to the Skyreach Centre or the Saddledome in Calgary? It's coming to an arena near you, Mr. Chairman. That is the future.

The lack of uniform conflict of interest legislation applies to all regional health authorities. When you don't have any sort of conflict of interest legislation, how do you monitor and deal with conflicts, potential or otherwise? How is this going to work without amendment A2 here? It can't. It won't.

It's the whole idea that currently the 17 regional health authorities write and implement their own conflict of interest bylaws applicable to all staff of the regional health authority. I don't know how many hon. members of this Assembly have been privy to any of these conflict of interest bylaw meetings. [interjection] Someone has spoken up, but I don't believe it's in regards to conflict of interest at the regional health authorities, specifically in Calgary. No. That's what people need, Mr. Chairman, to stand up and speak out.

I see that there's a constituent of Edmonton-Gold Bar up and about at this hour of the morning and attending to affairs in the Legislature. [interjection] Definitely. Definitely. Yes.

DR. MASSEY: But not yours.

MR. MacDONALD: But not mine, no. The individual is a distinguished resident of the constituency of Edmonton-Gold Bar, and I'm pleased to see that he is visiting his local Assembly.

AN HON. MEMBER: Vocal Assembly.

MR. MacDONALD: You bet. Just down the road.

Conflict of interest rules for the regional health authorities are always problematic. The lack of a coherent strong set of conflict of interest rules for all regional health authorities is increasingly affecting the quality of public health care delivery and, again, as it was mentioned before, the level of public confidence in regional health authorities' ability to deal with these conflicts.

Now, there have been many attempts and the hon. Member for Edmonton-Riverview's is just the latest attempt at trying to settle this issue. I believe this amendment will apply comprehensive and uniform conflict of interest rules to all regional health authorities, prospective nominees, successful board members, and in a certain way also to employees, contractors, and independent health service providers that have a contractual relationship with any one of the 17 regional health authorities.

If any individuals are contemplating seeking a nomination as a candidate, then they should have a good look at this after it is successfully passed in the Assembly. This will address current and future conflicts of interest. It will provide a conflict of interest definition and a mechanism by which it prevents any future conflicts of interest. It will not exactly apply a uniform standard of rules regarding conflict of interest, but it certainly is a start since in my view there is currently none, absolutely none.

When you see something that can restore public confidence, I think you should grab it. That's why I encourage all government members to support this amendment.

There are always going to be competing interests between private and public health care. There are always situations where private health care is going to be the provider. But what was clearly demonstrated last spring was that Albertans want a public health care system. They want it administered and they want it provided by the provincial government. They don't want this notion that there is the private, the for-profit, the not-for-profit, all this mixture. The citizens know exactly what they want, and I have not been convinced that the government is sincere in its efforts to provide this. This is why, when we saw Bill 11, as it was forced through the Assembly, become law – the whole debate was coalesced around Bill 11 and the public health care debate. The whole issue was crystal clear. It was crystal clear.

Now, after those comments, Mr. Chairman, I would have to say that it will be full speed ahead with privatization. Maybe the cat is finally out of the bag, and Albertans will see firsthand, up close that if we do not pass this amendment, we will have increased privatization of our health care delivery system. When we have that increased privatization without this amendment, again it will be a blank cheque. In recent months serious concerns have arisen of potential, apparent, or real conflicts of interest between the private interests of personnel, individuals, entrepreneurs engaged in health authority business and the public interest, which health authorities are created to serve. That's the public interest which I noted before.

[Mr. Shariff in the chair]

4:00

Now, these concerns are especially apparent with respect to the

Calgary regional health authority. The Calgary regional health authority I think is in a world of its own, and it's very ably outlined in this book, that I've had the pleasure of owning. This one is even signed by the author. It's "all the best," but certainly that was not all the best for our public health care system after the debate and the direction that that bill took us last year. The Entrepreneurial Doctors is the title of this chapter, and it goes on and mentions Dr. Gimbel. Now, under this amendment, Mr. Chairman, Dr. Gimbel would be eligible to be nominated as a candidate in an election for membership on a regional health authority board if on nomination day the person . . . I'm not going to go any further. This amendment would apply to Dr. Gimbel. It would also apply to – let me see; I'm going on here – Dr. Peter Huang, Dr. Ian Huang. Now, there are more individuals here, lots more, and they're all part of this . . .

SOME HON. MEMBERS: Give us their names. Read them into the record.

MR. MacDONALD: Read them into the record. That was one of the arguments that used to be used. There was this taunt, this tease: name names. Well, we did name names, and it's on the public record.

The debate on Bill 11 on public health care versus private health care: this is not over. This is certainly not over.

AN HON. MEMBER: Over for the next four years, Hughie.

MR. MacDONALD: No.

In regards to public health care, I would urge particularly the hon. Member for Cypress-Medicine Hat to support this amendment.

Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm pleased to stand in support of this amendment to the Regional Health Authorities Amendment Act, 2001. I think that when we look at the amendment, there are a number of questions that we should ask ourselves, some questions that I guess underline any public policy debate.

The first that comes to mind, of course, is: what is the evidence that there is a problem? I think that the evidence is very, very clear. The Calgary health authority has raised serious questions in terms of where the line between self-interest and public interest should be drawn. I think that in the case of that authority there's fairly good evidence that it's being blurred if not downright ignored. I think that the mere fact that the authorities will be responsible for spending huge amounts of public dollars through contracts that are let and salaries that are being paid, that those huge amounts in themselves will be too much of a lure for some individuals to resist.

I think the other evidence that there is a problem is the fact that a number of public bodies, including this one, and certainly a number of private corporations like TransAlta and many other larger corporations that operate in this province and in the country have strong and very clearly worded conflict of interest laws that lay out very carefully the behaviour of individuals that are working on behalf of those corporations. So there is some considerable evidence that this is a problem.

What this amendment attempts to do is prevent people being involved in any kind of a conflict and thus prevent the problem from occurring in the first place. I originally had some questions about the amendment. I supported people who were working for a particular authority, not running for that authority, but initially I wondered if it wouldn't be appropriate for them to run for another authority, one in which they didn't have a direct interest. Yet if you look at the geography of the province, the possibilities that it could still exist I think preclude that happening.

So I looked at the evidence that there is a problem, and I looked at the assumptions on which this amendment sits. There are some fairly obvious assumptions. One is that public institutions must be protected from those who might possibly be in a position to use that position for personal gain to the detriment of the public body that they are supposedly serving.

I think another assumption is that we shouldn't put individuals in a position where they would make judgments that were not in the public interest and were in their own self-interest. The best way to avoid that is to have the kind of legislation that's embodied in the amendment we have before us.

A third assumption is that we can't afford to have the public interest forfeited at the expense of an individual's self-interest being promoted. So three assumptions that are valid assumptions to make undergird this particular amendment.

If you look at the values that underline this amendment, I think there's a concern for fairness on a number of fronts, a concern for fairness for taxpayers, that the money they pay into this system will be appropriately used and not be open for abuse by any individuals. I think there's a concern for fairness in terms of patients and fairness in terms of the hospital staff, that the staff will not be placed in a position where they have divided loyalties. I think another value is loyalty itself, that board members should have only one loyalty and that loyalty is to the regional health authority that they're serving, that they should not be faced with divided loyalties in terms of either serving or being loyal to the authority or being loyal to their own self-interest. I think there's a huge concern in this amendment for integrity, that we must do everything we possibly can as legislators to protect the integrity of public institutions and public bodies. The regional health authorities will be one of the pre-eminent ones in the province, one that to this date will be at least partly elected.

4:10

In looking again at critical questions for public policy, one of the questions we have to ask is: whose interests are going to be served? With this particular amendment I think it's rather clear that the interests of individual citizens, the interests of taxpayers, and the interests of a public institution are being well served by the amendment. I think that the interests in terms of our system of governance and the health care system are also well served by the amendment. I think we'd do well to try to protect that system. There's ample evidence from elsewhere of what happens when a system becomes tainted. We only need to look to the provinces both east and west and the political systems there that have become tainted when self-interest overcame the public interest. We look at the resulting fallout and the lack of confidence that people in those provinces have in a political system that has somehow or other let them down.

One of the things that we can be proud of in Canada is the confidence that the citizens have in various institutions. I'm not sure about health wards, but I know, for instance, that in terms of trust, school boards are high on that list. Unfortunately or maybe fortunately, it may be much higher than members of Legislatures or the federal government, people who are elected to those positions. There is a high degree of trust in local authorities like school boards and city councils, and I think we would do well through this amendment to make sure that that trust is protected and maintained.

I think with those comments I would like to conclude. Thanks, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I'll just make a few brief comments to wrap up. I appreciate everybody's participation. I feel this is a fundamentally important bill, not for just the specifics of this case but for setting precedents throughout the public service of Alberta and also for protecting the integrity of not only Alberta's health care system but Canada's health care system. So I do hope that those of you who are still awake and listening will seriously consider supporting it.

Thank you, Mr. Chairman.

[The voice vote indicated that the motion on amendment A2 lost]

[Several members rose calling for a division. The division bell was rung at 4:14 a.m.]

[Ten minutes having elapsed, the Assembly divided]

[Mr. Shariff in the chair]

For the motion:

Blakeman	Mason	Taft
MacDonald	Massey	

Against the motion:

Ady	Goudreau	Maskell
Amery	Hancock	McClelland
Boutilier	Hlady	Melchin
Cenaiko	Horner	Ouellette
Coutts	Hutton	Stelmach
Danyluk	Jacobs	Strang
DeLong	Johnson	Taylor
Doerksen	Klapstein	VanderBurg
Ducharme	Knight	Zwozdesky
Dunford	Kryczka	

Totals: For – 5 Against – 29

[Motion on amendment A2 lost]

THE DEPUTY CHAIRMAN: Do we have the question? The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. It's with great pleasure that I present another amendment to Bill 7, please.

THE DEPUTY CHAIRMAN: We shall refer to this amendment as amendment A3.

The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I move that Bill 7 be amended in section 4 by striking out subsection (4). This is a briefer amendment and probably would have been unnecessary if the previous one had passed. However, given that the previous one wasn't upheld, then this one is an attempt to provide some of the same precautions that were in the previous one.

Basically, what this amendment proposes to Bill 7 – well, the way Bill 7 is currently presented, it strikes a section of the Regional Health Authorities Act, section 22. The relevant portion of section 22 reads:

> (1) A person is not eligible to be nominated as a candidate in any election under this Act . . .
>
> . . . if on nomination day
>
> (j) in the case of a district board election, he or his spouse
>
> (i) is a physician and a member of the medical staff,
>
> (ii) is a dentist and a member of the medical staff or dental staff, or
>
> (iii) is an employee
>
> of a hospital or nursing home in respect of which the election is being held.

this Act being the Regional Health Authorities Act of some years ago,

4:30

Now, Bill 7 repeals that particular subsection, and my amendment would keep that subsection in. The reasoning behind that is simply that again we are very concerned about conflicts of interest. We are concerned, for example, about situations in which a member of the medical staff might also want to run for the board of the regional health authority. If that medical staff, say, were a chief of a medical department, then they would end up in a real conflict of interest being both on the board of the organization and a chief of a medical department. The same applies, of course, to employees. So we would prefer that Bill 7 be amended so that those limitations are kept in place rather than eliminated.

I thought it might be helpful to just elaborate a little bit more on conflict of interest, Mr. Chairman, to drive home the case. We use the term very generally, and sometimes we use terms such as real or potential or apparent, but it's worth becoming more clear on those. I am again referring to a book, *Honest Politics*.

> Public officials may find themselves in a conflict of interest, according to the conflict-of-interest code they are subject to, without actually benefitting from it. If someone could benefit unfairly from their public office (for example, by being in a position to influence the awarding of a contract to a company they have an interest in or to a family member . . .), then that person has a duty to remove himself or herself from that situation. This official could sell certain assets, for example, or delegate decision making to someone who would not have a conflict of interest. If public officials fail to remove themselves from a potential conflict of interest, then they are guilty of what is known as a real conflict of interest, even if they do not receive any benefits.

That's an important point. So you don't need to receive any benefits to be in a real conflict of interest.

There's also the question of the appearance of conflicts of interest. That's the kind of thing that this amendment tries to get straight at and that, in fact, the previous amendment did as well. It says here:

> Even if all the rules are complied with, most conflict-of-interest codes state that public officials have a responsibility to show publicly that they are attempting to act impartially, in addition to actually acting as impartially as possible.

In other words, of course, justice must not just be done; it must be seen to be done.

Finally, there's a little more elaboration here on a potential conflict of interest.

> A potential conflict of interest exists when a minister "finds himself or herself in a situation in which the existence of some private economic interest could influence the exercise of his or her public duties or responsibilities . . . provided that he or she has not yet exercised such duty or responsibilities."

Again, it says here:

> A potential conflict becomes a real conflict unless a minister takes action to avoid the situation by disposing of relevant assets or withdrawing from certain public duties or decisions.

Now, both this amendment and the preceding one take a firm stand precluding conflict of interest from being allowed to persist. There are certainly situations in which we can all understand that in the normal course of events a onetime conflict of interest might arise coincidental to some other activity, and in those kinds of circumstances it is normally acceptable for the person in the conflict to

remove themselves from the decision temporarily. However, in situations where conflicts are ongoing, such as being an employee, which is what we're dealing with here in this amendment, or being a chief of a medical department, then stronger steps need to be taken, and that in this particular case means that the person needs to resign their position, in effect, or in fact not run for office in the first place or else they would have to sell their assets.

I'll read one last passage from this book. It talks about the difference between simply creating a blind trust and actually being forced to divest themselves of assets.

> Because blind trusts frequently fail and because forcing members to sell non-personal assets is often unfair and might discourage people from running for elected office, the emphasis should shift to broad public disclosure as the cornerstone of modern conflict-of-interest rules.

Well, so far it sounds okay.

> The premise is that a "healthy measure of public vigilance," made possible through public disclosure, will eventually result in greater confidence in the integrity of elected officials, as long as they stay away from conflicts of interest.

Now we get to the really crucial part here.

> From this perspective, ministers should be required . . .

Here they're talking about ministers, but it would apply to all public officials.

> . . . to sell assets only when these assets would be likely to result in a potential conflict of interest so frequently as to seriously interfere with a [person's] ability to perform public duties (for example, a minister of transportation with a heavy investment in a bus company).

Well, a minister of transportation with a heavy investment in a bus company is, I think, a parallel example to a chief medical officer having a heavy investment in a medical service delivery company.

That I hope continues to drive home the notion here that we're up against a fundamentally important principle in Canadian public life and that we are going to take every step, including carrying debate through until 5 in the morning, to drive this message home.

An example that hasn't been discussed in the House concerns yet again the Calgary regional health authority and the chief of ophthalmology in the Calgary regional health authority, the person who's occupied that position now for several years, I believe unofficially since the authority was created and certainly officially for the last four or five years. He and two of his brothers and other family members are owners of a company that bought the Holy Cross hospital in Calgary and then converted it to a private, for-profit clinic especially providing ophthalmology surgery at the same time this person was and remains the chief of ophthalmology for the Calgary regional health authority.

He is responsible for setting all the standards for the delivery of eye surgery, for determining who gets how many eye surgery procedures, how many go to his company, how many go to his competitors. Curiously enough the decision was made in his early days as chief of ophthalmology that all public-sector cataract surgery in Calgary would be shut down permanently so that in Calgary, unlike in Edmonton, there is no public facility for undertaking cataract surgery.

4:40

There's internal correspondence at some length back and forth within the CRHA, and there's been extensive public debate on this. Clearly, there is an ongoing conflict of interest here. Under Bill 7 this person could now run to sit on the regional health authority board, as I understand the legislation and the regulations, further intensifying the conflict of interest. So there is no question that we need stronger legislation and stronger regulations here. Again, I repeat for the record – and if the Minister of Health and Wellness should ever read this, I would welcome him to respond and correct me if I'm wrong – that the rules on conflict of interest that govern us as MLAs do not apply to regional health authorities. I think that's a matter of legislation despite the fact that the minister has said otherwise, and I stand to be corrected.

So, Mr. Chairman, I commend this amendment, amendment A3, to the Assembly. I think all of us would agree that we need to control and preclude people such as doctors, chiefs of medical departments, nurses, and other employees of RHAs from standing on RHA boards.

With those comments, Mr. Chairman, thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thank you very much, Mr. Chairman. I'm rising to speak in favour of amendment A3 to Bill 7, the Regional Health Authorities Amendment Act.

I think that this amendment was necessary if the previous amendment didn't pass in that part of what we've tried to do here tonight is to show the flaws and the setup around Bill 7 in that we're supposed to be now electing regional health authorities. The first amendment was to elect all, not just two-thirds of them; secondly, to set up strong conflict of interest regulations so that not only was it done but seen to be done and clearly transparent to any member of the public that wished to scrutinize that.

This government is very reluctant to put conflict of interest or any kind of restrictions in place that would narrow someone's ability to take advantage of public office for private gain. I've never heard an adequate explanation from the government as to why they're so reluctant to be putting that in place. I think that doesn't speak well for them, but that's their choice obviously. Therefore, we've come to this amendment in which essentially . . .

MR. HANCOCK: We just don't think that everybody is dishonest.

MS BLAKEMAN: No. I don't think everybody is dishonest, but it's important that as legislators and as carriers of the public trust, we ensure that we do everything we can to make sure that that system is in fact transparent. My version of transparency and the government's version of transparency are worlds apart obviously. So no. I'm in fact one of the people that's up here saying: why is such intrusive legislation being put in place in this government and in a number of other instances, not trusting Albertans to make the right decision on their own? I do trust them to make that, but the process has to be in place for them to be able to do that investigation. It's why I repeatedly speak against shell legislation in which everything will be decided behind closed doors by the government through regulations, which is every difficult for people to get access to and find and make up their own mind about it.

We've come to a point, I think, in certainly the western sector where the potential to cross over between those positions of trust and abuse of power and money has become more possible to us. That didn't used to be so much of an issue, for a number of reasons that I'm sure some academic could chase down. That is a factor for us nowadays. So in not passing an amendment to put in strong conflict of interest regulations, the government has set us on a course where we feel the need to inoculate against those potential and real conflict of interest situations by bringing forward an amendment that essentially removes that sector of people, in other words health workers, who would be most likely to find themselves in a position of conflict of interest regarding the awarding of contracts and provision of services in regional health authorities.

It's certainly not my preferred method of approaching this problem. I in fact would have preferred that there be involvement from health workers in the governance. I think in fact that's important, but I'll give that up because I think conflict of interest is more important and more of an overriding principle.

I remember when the government did the health roundtables, which were the first of the so-called public consultations. In fact, the health roundtables very much invited people handpicked by the government to participate in these discussions. Interestingly enough, there were no health workers that were involved in this. I think, in fact, health workers, doctors, nurses, and other health care professionals were specifically excluded from serving on the health roundtables. [interjection] Well, the minister is welcome to get up and debate back to me, given the hour, rather than just heckling me.

THE DEPUTY CHAIRMAN: The hon. Government House Leader on a point of order.

Point of Order
Questioning a Member

MR. HANCOCK: Under I believe it's *Beauchesne* 482, would the hon. member permit a question?

MS BLAKEMAN: Thank you, but I would look forward to the member's participation in the debate. No, I will not permit a question. Get up and debate. There's lots of opportunity. We're in Committee of the Whole. I urge the Minister of Justice to participate. I welcome your debate, and I'm sure your colleagues would be ecstatic at the thought of you contributing.

Debate Continued

MS BLAKEMAN: Now, the health roundtables. We have to put forward a proposal here to limit the number of people that would find themselves in a conflict of interest. So this is an inoculation amendment to try and address the fact that there is no clear and strong conflict of interest legislation in place around this.

I know that the minister has spoken and said that the 17 different conflict of interest regulations that are in place checkerboarding across the province are based on the conflict of interest regulations that apply to MLAs. There's a long way between based on and the same as, and certainly what the Official Opposition has been trying to do is to encourage the government to put that same expectation upon other elected representatives and that same high standard of behaviour and stewardship and trusteeship in place for other elected officials.

[Mr. Klapstein in the chair]

We have conflict of interest that's in place for school boards and certainly for elected officials in the provincial government. We know there's very strong legislation for the federal government and beyond that to their deputy ministers and senior workers. I think it's important that that be extended to all levels where we're dealing with someone who is in a position to use their insider knowledge or their position to gain access to a benefit that's not available to everybody else. I mean, it's the underlying concept of equity and access to equity that is not being served here, which is what is so troublesome to me.

No doubt that being 74 members strong, the government is certainly in a position to defeat this amendment, but I sure wish they wouldn't. I think it's important that we pay attention to what processes are being put in place here and to set the bar high, to show leadership and high expectation of ourselves and of others that are to be serving the public and to be serving the public good.

With those brief comments, I will once again state my support. I wish I didn't have to be speaking to this amendment. I wish we could have passed the previous amendment on conflict of interest, but the government doesn't choose to do that, so I will support this one.

Thank you.

4:50

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. It's a pleasure to again get to try to convince members of this Assembly to support conflict of interest legislation, again as proposed by the hon. Member for Edmonton-Riverview. The member came prepared this evening for debate with a backup plan in case the first was unsuccessful on the conflict of interest legislation, which is certainly needed. This amendment, I believe, was labeled A3 on Bill 7, the Regional Authorities Amendment Act, 2001.

Now, we need to look at – and the hon. member touched on it – what the Alberta government and its agencies, including all hon. members of this Assembly, have regarding conflict of interest laws and regulations. Across Canada governments at all levels have conflict of interest rules intended to promote impartial decision-making by public officials and to ensure that public officials do not receive any special favours because of their public office. These rules are based on legal principles, and they were discussed earlier: the rule of law and fairness, et cetera. The rule of law argues that a democratic society needs unbiased judges and administrators who provide impartial decisions. Last week I talked about that, and I was quite concerned about certain members of the House of Commons and their view on the independence of the judiciary.

Mr. Chairman, I believe that public officials try to exercise their authority evenhandedly to everyone and that the law is applied equally to everyone, unless exceptions are reasonable and justifiable and clearly spelled out in the law. Fairness is a legal concept that has been developed by the Supreme Court of Canada based on an older common-law practice. We had, I thought, an excellent walk, a brief walk, perhaps too brief a walk through history earlier this evening. According to the Supreme Court, under the doctrine of fairness all public officials who make decisions about the application of law must be impartial. They should not be in a position to gain financially from one of their decisions and should not be in a position to favour close associates.

Now, when you look at Canada and you look at the conflict of interest laws and regulations that we have in Alberta, the Alberta government and its agencies have a range of laws, codes, and guidelines addressing conflicts of interest including the following. We're all familiar with those, so I won't go into them in detail, but there's influence, insider information, decisions furthering private interests, use or communication of information not available to the general public. We all know those, and I'm quite sure that all members of this Assembly understand them and, I'm confident, abide by them.

Regional health authorities as agents of the provincial government and servants of the public interest: now, there's no doubt in my mind that the regional health authorities are agents of the provincial government. Others may deny it, but it is clear to me. It is clear from a review of the legislation and regulations that regional health authorities, again, are servants of the public interest, and the public interest in this case is the provision of health care through public hospitals.

The regional health authorities must act within the terms of the regional health authorities legislation, regulations, and the directives of the Minister of Health and Wellness. They also have a limited scope for independent decision-making. The act and the regulations provide a solid foundation for concluding that members of the regional health authority have a duty to act in the best interests of the public, are required to conduct the business of the authority with impartiality and integrity, and should ensure that there is no conflict between the private interest of any personnel involved in conducting the business of the authority and the public interest. This is why it is vital that section 22, as is proposed in this amendment, be there.

Now, Mr. Chairman, the members of the authority are persons who manage public money and public property, in this case hospitals. Therefore, they exercise a high standard of care in regard to public money and property, no doubt. But it is also well established in law that employees or agents have a duty to their employer or principal and should not improperly use or allow others to use confidential information to further private interests.

If we are to understand this fully, we should have a very good understanding of the creation of the regional health authorities. This goes back several years. The minister of health at the time, in late 1993, designed and implemented a regional health authority system across Alberta, and this is where we're going to have the 17 different elections. The hearing committee of the project, whose members were appointed by the minister, released a report at the end of January 1994. The health plan co-ordination project action plan called for the establishment of the health boards to govern all aspects of provincially funded health care services in Alberta within those geographical regions, which are outlined and we're all familiar with. The health plan co-ordination project recommended the geographic boundaries of the health care regions to the minister.

Now, later on, in March of '94 into this Assembly was introduced the Regional Health Authorities Act. This bill, of course, was the legislative vehicle, Mr. Chairman, and each regional health authority was to be administered by a board consisting of persons either appointed by the government or elected. Well, the elections are a long time coming, are slow in coming, but they're going to be here. I'm disappointed that we're not going to have the full boards elected. We had a chance this evening to act on that decisively. I thought that was a superlative amendment, but unfortunately others did not. In June of 1994, of course, the Regional Health Authorities Act was assented to.

Section 22, that the hon. Member for Edmonton-Riverview is so keen to preserve – it's almost like the hon. member is a custodian. If you look at section 22, it empowers the minister to make regulations, and this is why it's very important that amendment A3 be accepted by members of this Assembly. Section 22 empowers the minister to make regulations governing the regional health authorities including regulations to establish standards and guidelines in regard to the provision of health services, the undertaking of capital construction – that would be contracts of many descriptions – the operation of facilities, the selection of auditors, and the amount regional health authorities may charge as fees for goods and services that they may provide.

5:00

AN HON. MEMBER: Oh, that sounds like taxation.

MR. MacDONALD: Sounds like taxation of a sort.

However, Mr. Chairman, both the provincial cabinet and the minister have exercised their powers in the legislation to make regulations. Of note, for example, are some of those regulations. One regulation provides that the regional health authority bylaws are not affected until approved by the minister, if necessary, after the minister directs the amendments to be made and that regional health authority bylaws may not conflict with the act or regulations. Now, if this is not true and an hon. member in this Assembly knows better than I, I would appreciate hearing from him.

There's also a regulation that will prescribe the regional health authority fiscal year – and this would require regional health authorities to apply generally accepted accounting principles – empower the minister to prescribe policies or rules with respect to keeping and preparing financial records, and concern the eligibility of auditors and the compensation packages of members of the regional health authorities. I can see why the hon. Member for Edmonton-Riverview, when the staff and the member researched this, decided on section 22.

[Mr. Shariff in the chair]

There's also a regulation concerning the use of requisitions and donated funds by regional health authorities, concerns regarding the availability of minutes for inspection by the public. That regulation certainly would lift the veil of secrecy from the proceedings that occur at the regional health authorities. Now, I have had the opportunity of attending regional health authority meetings in the Capital region but unfortunately not outside the region. After the elections in the fall perhaps the Official Opposition health critic will allow myself to accompany him on a visit to some, because there are going to be very interesting aspects as the chair is selected. [interjection] The chair of the regional health authority is not going to be selected. Excuse me; it's late. I'd forgotten; it's going to be appointed now, because amendment A1, a superlative amendment, was defeated unfortunately.

However, Mr. Chairman, there are also regulations that concern the contents of annual reports to the minister. Now, the regulation is going to determine the annual report and the contents. Am I just of a suspicious nature, that there's going to be information that's not going to be in the annual report that perhaps should be in there? How much contracting out has been going on? I don't know, and if any hon. member of this Assembly has that information, I would appreciate if they would enter in debate on this amendment A3 and provide that information not only to this member but to all members of the Assembly.

Again on this list is a regulation that the provincial cabinet can, will, and probably did make concerning the disclosure of remuneration and benefits payable to management personnel of regional health authorities. Now, I find that also very interesting in section 22, because when you think of the regional health authority in Edmonton and the one in Calgary and the compensation packages, there's a significant difference between Edmonton and Calgary. Edmonton's regional health authority CEO makes significantly less. Now, it's early in the morning, but I think it's $70,000, Mr. Chairman. I don't know why that is. The budgets are about the same for both health authorities. The hon. Member for Edmonton-Centre is not here, but I hope it's not based on . . . [interjection] I apologize, Mr. Chairman; I certainly do.

I hope that decision is not gender based.

Now, there's also the possibility of regulations to require a regional health authority to adhere to prudent investment standards in making investment decisions. There's also a potential regulation under section 22 to require ministerial approval for purchasing, leasing, or disposing of land for demolishing facilities above a specific value and for entering into capital development projects above a specific value – demolishing facilities such as . . . I cannot remember the name of that hospital.

MR. MASON: Which hospital? Where?

MR. MacDONALD: The one in Calgary in Bridgeland that just collapsed in a cloud of fine cement dust.

MR. MASON: The General.

MR. MacDONALD: The General hospital. That's the name of it. How could I have forgotten that?

There are regulations – I didn't know this – for demolishing facilities above a specific value, and the value of that hospital to the citizens of Calgary, I think, was enormous. Certainly to the Member for Edmonton-Highlands it had emotional value. There are also regulations here that could be used to establish that no regional health authority may confer a benefit on or transfer of property, including money, to any person unless the regional health authority receives fair value in exchange for the benefit or transfer.

There's also a regulation here under section 22 to establish that regional health authorities are required to comply with ministerial directives. Well, I hope they do but at the same time if they get directives after the municipal elections to contract out to the HMO, or the hand money over organizations, that they say, "No; this is not in the interests of public health care." Perhaps some of these individuals who are going to be successful in the election will be the same people who were on the steps of the Assembly last spring and expressed their democratic rights by opposing the health care privatization act, or the old Bill 11.

There's also a regulation here, in the time that I have left, Mr. Chairman – as I understand it, the Capital health authority and the Calgary regional health authority bylaws indicate that the minister controls the compensation levels of the board members of those two respective regional health authorities.

5:10

Now, in summary, Mr. Chairman, members of regional health authorities must exercise a high standard of care and must act always in the best interests of the public. The Regional Health Authorities Act and related regulations and directives provide a firm basis for concluding that members of a regional health authority have a duty to act in the best interests of the public and are required to conduct the businesses of the authority, as I said before, with integrity. They also, at the same time, must be impartial. That's why we must accept this amendment again as proposed by the hon. Member for Edmonton-Riverview specifically dealing with section 22. It is interesting that we can have . . . [Mr. MacDonald's speaking time expired]

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Highlands on amendment A3.

MR. MASON: Thank you very much, Mr. Chairman. I'm pleased to speak to this amendment. I referred to the hon. Member for Edmonton-Riverview's first amendment as a most excellent amendment, and I referred to his second amendment as a very good amendment, and I'm going to refer to this amendment as an adequate amendment. I'd be pleased to explain to all members present why I am less enthusiastic about this amendment than I was about the other amendments proposed by the hon. member.

It has to do with my history of getting involved in politics for the first time. Some hon. members may know that I was at one time making my living as a bus driver for the city of Edmonton. At that time there were provisions – I believe it was the Municipal Government Act rather than the local authorities act – that said that city employees along with bankrupts, mentally deficient persons, and judges, I believe, were ineligible to seek a nomination for municipal council. That caused me quite some pain and discouragement, Mr. Chairman, because I wanted to be a politician, not in the worst way as some other hon. members opposite want to be a politician, but I did want to be a politician. So I sought redress through the courts and argued that it was very unfair that I shouldn't be permitted to be nominated while I was an employee of the municipality. Now, we weren't successful in that application, and the nomination day intervened before the appeal could be heard.

Mr. Ray Speaker was the Minister of Municipal Affairs at that time, and when the hon. Member for Edmonton-Highlands at the time, who was Pam Barrett, stood up and asked that minister questions about it, he readily agreed that there was an injustice and agreed to bring forward amendments to the Municipal Government Act. So after I had resigned my position with the city in order to run and been elected, the wheels of government ground on, and changes were brought through the Legislature amending the Municipal Government Act so that city employees could run without resigning their positions. Some have subsequently done so and been elected to councils in Edmonton, Calgary, and I believe some other municipalities. So the government can at times be responsive and sensitive and actually, although not quickly, with minimal delay at least bring about the changes that are sometimes desirable.

Now, the point of all of that, Mr. Chairman, is that I do not believe that in every case an employee of an organization should be completely prohibited from seeking to have a position on the board or council which has the responsibility for operating that entity. So it brings us to the question here, and the section that would be repealed by Bill 7 – and that section would be deleted by the hon. Member for Edmonton-Riverview – says that

> a person is not eligible to be nominated as a candidate in any election under this Act if on nomination day
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> (j) in the case of a district board election, he or his spouse
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> (i) is a physician and a member of the medical staff,
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> (ii) is a dentist and a member of the medical staff or dental staff, or
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> (iii) is an employee
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> of a hospital or nursing home in respect of which the election is being held.

This causes me some difficulty because I don't believe that someone who works for an organization should necessarily have their democratic right infringed and curtailed in order to seek election as a citizen to a democratically elected body of any kind. Being an employee per se does not in my view represent a conflict of interest except and in particular that the employee, if they are elected, would need to abstain from any matters that might pertain to their employment. That is to say contract negotiations, collective agreements, and so on.

The question of conflict of interest is a little bit different. If someone is doing business with an authority and the decisions being made would mean a financial benefit for them or for the company they work for, that is clearly an example that I think has to be dealt with by the government sooner or later. We only have to wait for an inevitable unfortunate development to become a matter of public knowledge. Some sort of scandal or another will eventually emerge if the government fails to take proper steps to deal with conflict of interest for health authorities.

The government is the one that is going to be embarrassed. It won't be the opposition. The opposition will probably jump all over it. I mean, I wouldn't, but I know some members might and make a lot of hay out of it. The government is going to pay a price for neglecting a serious approach to conflict of interest. Sooner or later it's practically inevitable, because the lack of strong conflict of

interest guidelines in this legislation is an invitation to trouble. It's an invitation to people feeling that they can push the limits and get away with something that they ought not to get away with, and it's going to come back to haunt this government. Mark my words. This government is going to pay a price for refusing to deal with the amendments that have been put forward by the hon. Member for Edmonton-Riverview and supported by both the Official Opposition and the New Democrat opposition in this Assembly. I think it's too bad, but it certainly won't be on our head.

5:20

Now, if I can return to the amendment before us, Mr. Chairman, it would remove a section. I'm not sure this section ought to be removed. If someone is a physician or a member of the medical staff, does that automatically place them in a conflict of interest? An employee of any kind: does that mean someone who works in the cafeteria or in the laundry or on the ward or just as a secretary or someone in an administrative position?

AN HON. MEMBER: Just a secretary.

MR. MASON: I should correct myself. I should not say "just as a secretary", I should say "as a secretary." What I'm trying to convey is that people work in organizations that are very distant from influencing or making administrative decisions. They're far from being counted as management or having large influence over management types of decisions. I think we ought not to preclude those people from exercising their democratic right to seek nomination and election for those positions that are established for the administration of public affairs.

So as I'm going along, I'm getting a little bit farther from supporting this amendment than when I started out, but I still think it's worth discussing. I'm pleased to discuss it this morning. I think that in general we need to draw a distinction between people who are employed by an organization and people who stand to benefit as a result of business transactions with that organization. That is a traditional definition of conflict of interest which I think ought to apply in this regard.

Now, Mr. Chairman, I think that I've covered most of the points that I want to cover. If I can find the actual amendment, I could sum up. Well, I'll talk a little bit more about it.

On balance and given my experience, I find that this amendment attempts to do in a rather different way what was attempted by the previous amendment, but the previous amendment was much stronger and it was much clearer. It specified what there was by way of positions that would put one directly in a conflict of interest. So it was a more positive, a more direct approach that I think had a lot of merit. I don't mean to debate an amendment that has already been before the House and has been defeated. I just mean to contrast the two approaches.

The approach of the second amendment, which I called the very good amendment, was very direct. It said that someone who is a director, is an officer who receives income, who owns voting shares is ineligible. That is a positive, direct, and very clear statement of policy which makes a lot of sense, very good and practical sense. Not just health authorities but any organization could benefit a great deal by having this kind of system. In fact, there are many organizations that do have that particular approach, and I think it has a great deal of merit.

Now, if we contrast that with this approach, it is just to maintain the wording of the present section 22, which the government proposes to remove from the legislation as part of Bill 7. So, again, the government is weakening the control, but I think they are at the same time taking out language that may deal with people who are not directly in a conflict of interest situation. As a result, I think that we would not weaken the legislation. We would not weaken the existing Regional Health Authorities Act by removing this section, as the government proposes.

So I finally come to a conclusion, Mr. Chairman, as to how I stand with respect to what I called the adequate amendment by the hon. Member for Edmonton-Riverview. I regret to say that I cannot support this particular amendment and will have to stand with the government when we stand in a few minutes. That will be harder for me than for the other members opposite, I assure you all. Nevertheless, I think one has to do in the House what one's conscience dictates, and based on my experience, I certainly would be loathe to restrict the rights of employees to participate in democratic forums that we have in our society. As a result, I cannot support the amendment, as well intentioned as it is.

I perfectly understand the intentions of the hon. Member for Edmonton-Riverview. He is simply attempting to retain even the slightest semblance of protection under conflict of interest that may have existed in the old legislation. I admire him for that. I respect his attempts to do that, because having defeated the other two amendments – by those I mean the excellent one and the very good one. I've come to realize that he has been frustrated in those attempts, and I'm sure he is very frustrated but not perhaps as frustrated as some other hon. members.

Nevertheless, he's grasping at straws in attempting to find some way to do that which ought to be done but which is being frustrated by the government side when they stand up to protect legislation that is clearly inadequate. So I understand where the hon. member is coming from, and I certainly appreciate it, but I regret to say that I cannot support this somewhat less than adequate amendment that he has put forward.

With those comments, Mr. Chairman, I will take my seat and invite other fresh voices to enter with vigour into this excellent debate.

Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm pleased to have an opportunity to speak in support of the amendment before the House, an amendment that would try to address the conflict of interest concerns that we've raised in the last number of hours. What it does is try to reinstate the current section 22, which outlines a number of individuals who are not eligible at the present time to be candidates for election to the health boards. Specifically, it includes physicians and members of the medical staff, dentists and members of the dental staff, and employees of a hospital or a nursing home who are working for the authority where election is being sought. This, as has already been indicated, is a second best alternative to the previous amendment.

[Mr. Klapstein in the chair]

5:30

One of the things it does raise is: why was this section deleted from the act in Bill 7? Obviously, in the previous legislation there was a need seen for addressing conflict of interest, and then suddenly it has been dropped. I know to this point that we haven't heard an explanation for that from the government.

If you look at the need to be very careful in terms of those individuals and their role in a regional authority and if you start and

look at the job descriptions of the individuals, for instance, a chief of a department, who is typically under contract to the hospital or directly to the regional health authority and is paid according to that position – in a large organization that pay can range from perhaps $30,000 per year for a smaller and simpler department to over $200,000 for the position of chief medical officer of a regional health authority.

The time commitments of those individuals to the authority can be quite complicated and quite extensive. So they're deeply involved in the operations and are in a position to have great influence on the work of the authority. To put them on the board seems to be, first of all, making life difficult for them in knowing exactly when they are and aren't in conflict, but also for the unscrupulous it puts them in a position where they may take actions that are not in the interest of the authority or in the public interest.

The chief of a medical department has a range of roles and responsibilities. They work on the day-to-day management of the departments. They're scheduling times for operating rooms and diagnostic facilities. They do a lot of the planning and trying to match services to the demand that comes their way. They're closely involved in budget decisions although they may not have direct budget control. For an individual like that to be elected to the authority, again, seems to place them in a very clear conflict of interest.

On the last amendment I looked at some of the questions that are commonly asked when we look at the public policy question or an amendment such as the one before us, and that's looking at the exercise of power. If you look at how power is exercised in terms of this amendment, the whole amendment is designed and aimed at avoiding the abuse of power, trying to make sure that individuals are not placed in a position where they can abuse the power that they have been given by being either appointed or elected to a regional health authority.

I think the amendment recognizes that board members on those regional health authorities are going to be in a unique position of power. I've given some examples of some of the employees and their involvement in the day-to-day operations. They are going to be in a position where they'll have knowledge and they'll have access to decision-making that could be used for personal gain or gain for others and, again, not in the public interest. Those individuals hold power that obviously other members of the public do not and are in a position where they can exercise that power for good or for ill.

I think the Member for Edmonton-Highlands raised a good point in questioning the range of individuals that are included in this particular amendment. You can ask yourself exactly how much power some of these employees exercise, and certainly for a lot of them it would be far less than a physician or a member of the medical staff. Many of them would be very remote from any situation that would possibly put them in a conflict of interest. But I think, as has been indicated, this is a second best amendment in terms of trying to deal with the problem and to highlight the problem of conflict of interest and I think for that reason alone deserves support.

We've been through a lot of amendments, a lot of discussion this evening and this morning, Mr. Chairman, and it seems to me that the point has been made time and time again that conflict of interest is a major concern with Bill 7. Unfortunately, to this point the amendments that have attempted to deal with those conflicts have been rejected.

I can only echo the words of a previous speaker, and that is that we're going to be back here dealing with this legislation again, because what Bill 7 does is open the door to possible abuse. You can only be in the halls of power for so long before someone will try to take advantage of that. I think that that will be unfortunate for the health care system, and it's unfortunate that the opportunity to make, I think, a couple of very good proposals in terms of avoiding conflict of interest was lost so far in the debate on this bill.

I think that with those comments, Mr. Chairman, I'll conclude. Thank you.

[Motion on amendment A3 lost]

[The clauses of Bill 7 agreed to]

[Title and preamble agreed to]

THE ACTING CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE ACTING CHAIRMAN: Opposed? Carried.

5:40 **Bill 16**
School Amendment Act, 2001

[Adjourned debate May 8: Dr. Massey]

THE ACTING CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Calgary-Mountain View.

MR. HLADY: Thank you, Mr. Chairman. It gives me great pleasure to rise this wonderful Tuesday morning and see all these cheerful faces to speak to the School Amendment Act, 2001. I did have some amendments that I would like to hand out to everyone, so if we could get those out, that would be very helpful. I'll wait for a moment till we get those out to everyone.

THE ACTING CHAIRMAN: We'll refer to this amendment as A1.

MR. HLADY: Okay. Most members have them now. The first section is 5(b) of Bill 16 that we're looking at an amendment for. The Alberta School Boards Association expressed a concern about the proposed amendment, section 24.21, and asked that it be clarified that the applicant for the establishment of a chartered school is limited to relying upon the same request for an alternative program that was made to the school board in making the application to the minister.

The next amendment is for sections 13, 14, 18, 19, 20, 27, 28, and 30 of Bill 16. All of these sections will be amended to indicate that only separate school electors in the newly expanded areas of a separate school board within a separate school region will be able to elect to remain a public school resident and elector or to become a separate school resident and elector.

[Mr. Shariff in the chair]

The next is under section 15 of Bill 16, and that's an amendment to section 90.

> A superintendent of a school board or the operator of a private school or charter school shall make a report in writing to the Registrar regarding the suspension, termination, resignation or retirement from employment of a teacher if the . . . [employment action] results from conduct that brings into question the suitability of the teacher to hold a teaching certificate.

The next section, Mr. Chairman, is section 33(a) of Bill 16: "(2)

A Regional authority must be composed of at least 3 members and not more than 7 members," who represent proportionately the number of separate school electors and public school electors in the region but at least one of whom must be a public member and one of whom must be a separate school member.

Under the next section the Alberta Catholic School Trustees' Association has proposed that the word "composed" be changed to "comprised." So it's housekeeping really, Mr. Chairman. I think that's a big part of it, and that last amendment certainly affects a number of subsections and so forth.

That's pretty much the substance of the amendments, Mr. Chairman. I'll take my seat and let other members speak to the amendments.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm pleased to have an opportunity to speak to the amendments put forward to Bill 16. There has been a tremendous amount of discussion about Bill 16 and the provisions, the concerns about the naming of charter school programs or the application for charter school programs being first an application to a local board as an alternative program. I've not heard a great deal of discussion. There seems to be, I think, general concurrence that it was a good move to have those seeking an alternative school to first apply to a local board and expect that the local board would take them under, that they would be able to be umbrellaed and looked after, and that the interests of the parents that want a charter established would be looked after by a local board.

One of the questions I did have and that I took the opportunity to ask the minister was on the loss of the ability of a local board to declare a charter. That has been taken away. Local boards will no longer be able to issue charters themselves. If charters are issued, they'll be done by the minister but only following an unsuccessful bid to have the charter recognized by a local board as an alternative school.

In terms of teachers who may be in difficulty with a board and in terms of having those difficulties reported to the registrar, I think that has had wide support. I think the Teachers' Association, trustees that I've spoken to, everyone agrees on the provisions that would have a teacher who for some reason or other had come into difficulty in terms of employment with a board, no matter what that difficulty was, whether they had been suspended for a time from the board, whether there had been a termination, some reason for a teacher being in difficulty with a board – that difficulty would be recorded centrally and available to all boards in the province and throughout the country for future employers so that a teacher who has had some sort of action taken against them in their role as a teacher would not be able to move from jurisdiction to jurisdiction without the knowledge of an employing board. Again, as I said, there has been a great deal of support for that kind of registry.

Mr. Chairman, given the limited time we've had to look at the amendments and have not had an opportunity, unfortunately, to share them with a number of interest groups to see if they go any ways to satisfy the objections of the various groups that we have heard – there have been some very strong and heated objections. Should Bill 16 have been passed in its original form, I think that some of those objections would have resulted in some court action. As I said, I haven't had the opportunity to study at length the kinds of amendments that are before us and the changes that they actually make to Bill 16, but on first glance they don't seem to meet the kinds of objections that we've heard.

5:50

The concern as I heard it expressed from the Catholic community was that on regional boards the Catholic members of that board had to have full sway over the Catholic schools. That included having the power to appoint the superintendent. It included the power over programs that were offered in the school. There was a plea from the Catholic communities for complete control over the Catholic schools that were part of a blended authority. Again, as I said, I've read these quickly, but I don't see these amendments in any way answering that concern from the Catholic community. If that's the case, then, I think that we're going to find ourselves in a great deal of difficulty in terms of the provisions of this bill and the wishes of the Catholic school supporters.

One of the concerns from the public boards was that the provisions of the act didn't allow for a Catholic population to say no to the establishment of a division. There was a consultation, to be sure, with the public board, but once the process was under way, there was no point at which the majority of Catholic electors in a region could stop the formation of a division, and that is unlike the legislation that is in place at the current time.

I'm sure that all members of the Assembly have heard the objections from both Catholic and public school supporters, particularly in some rural and smaller centres of the province, in terms of what the provisions of Bill 16 will do to their schools and to their communities. A number of them are concerned that given the few numbers of students they have, if a division is formed, the small population that they have now attending one school will be split into two and result in the school no longer being viable and the youngsters in a community having to be bused off to centres elsewhere. We've heard that most strongly from public boards, who are really concerned and concerned, too, that those decisions will be made when the division is formed by electors that can be very remote from the community in which they live. There's worry about that decision-making.

Now, I think for their part, as I've heard the Catholic supporters answer that, they indicate that it's in their best interest, too, to have viable schools. Certainly they have no interest in taking and splitting apart a student population so that neither the public school nor the separate board can offer programs that are needed by youngsters in a region. They point out that the practicalities involved in establishing a school division would lead them to not establish a division in those areas where there isn't a viable population in terms of the Catholic school. If that was the case, then likely the same would prevail for the public school system.

So there are concerns that I don't see initially addressed in the amendments before us. I think that I'd be interested to know from the government if these amendments were shared with the Alberta Catholic School Trustees' Association, the Alberta School Boards Association, and the Public School Boards' Association, the three groups who have been most involved with this legislation. I think if the amendments weren't passed by them, that would be a tremendous mistake. Their interests in this run deep, and they're quite emotional. Maybe someone on the government side can let us know just the extent to which that consultation has taken place.

A major objection was the understanding by the Catholic School Trustees' Association that the matter of choice in being able to choose either a public or a separate district would apply only to the new divisions that were created, that it wouldn't be a choice for established areas. Again, I don't see that having been changed from the original bill. I haven't had a chance to look at it that closely, but I expect to be able to do that shortly. I would like to know how that could not be in an amendment, because it seems to me that the Schmidt case has established and reconfirmed the notion that

Catholics are born into a Catholic school district, where those districts exist, and constitutionally that is the way the Catholic minority is protected. It cannot be a subject of a piece of legislation like this. It can't be changed by legislation.

I would be interested in knowing, Mr. Chairman, the arguments that have been used to not include that as one of the amendments to the act. Again, it's an issue on which I've had a few words with the minister. The position he had at the time was that this was democratic and that the provisions prior to Bill 16 were undemocratic. So concerns about the ability of Catholics to choose and the concern about the provisions that were in Bill 16 and the issues that were raised.

6:00

Now, I know that the three associations were providing the government with amendments on Bill 16. Again I would ask the Government House Leader or the presenter of the amendments if those amendments were considered by the government and if in any way the amendments we see before us today are a reflection of the positions that were put forward by those bodies. If they weren't, Mr. Chairman, I would think it very unfortunate if we were to proceed through committee consideration of Bill 16 without having heard from those associations and the positions they put forward.

I think it has to be remembered that those three groups came together to meet with and to offer to the government some solutions, some changes for Bill 16. Unfortunately for some of the amendments, they fell apart at the last moment, but they have been intimately involved in trying to come up with a solution to some of the problems that Bill 16 was to embody, so I think it would be extremely unfortunate if we proceeded through committee stage of this bill without some assurance that those groups have been contacted and have at least been made aware of the provisions that we see before us this morning.

The concerns about regional authorities – and I'm looking for the section on the Francophone authorities, Mr. Chairman, because there were, again, a number of concerns raised about the composition and the jurisdiction of those authorities and the kinds of protection it provided for the Francophone population and how far it went in terms of meeting the amendments that had been agreed to by the members as they took part in the discussions that the government had put together. There's some mention of the separate school members under 223.34, but on first scrutiny that's the only mention I can see, and again there were a good number of issues raised before Bill 16 was introduced.

I think with those preliminary comments, Mr. Chairman, I'd like to conclude and have an opportunity to look a little more closely at the amendments that we have before us and then have an opportunity to speak again.

Thanks very much.

THE DEPUTY CHAIRMAN: The hon. Minister for Human Resources and Employment.

MR. DUNFORD: Thank you very much, Mr. Chairman. I want to rise today in support of the amendments that have been brought forward by the Member for Calgary-Mountain View. I want to assure the House that the amendments that have been raised and brought forward today are based on discussions with school boards, with trustee associations, members of the community, and of course members of the church.

The recommended amendments include some changes simply to enhance clarity. For example, under the section related to charter schools we are proposing to include the words "the request" to make it clear that the application forwarded to the minister is the same request that was sent to the school board.

We also propose to clarify the section dealing with teacher conduct by designating the school superintendent responsible for reporting as well as clarifying the scope of reporting a job action to a suspension, termination, resignation, or retirement. This change, Mr. Chairman and hon. members, is consistent with the protocol that's been adopted by the Council of Ministers of Education Canada relating to the suspension or cancellation of a teacher's certificate in order to provide further protection for students.

More significant amendments are proposed to the sections of the bill relating to Francophone governance. The amendments being brought forward will make the number of Francophone public members relate to the number of public and separate school electors. It also allows the separate school members to sit as a separate corporation within the regional authority corporation. These changes have the support of the majority of trustee associations and the Francophone and Catholic communities as these changes respect both minority language educational rights and separate school rights as guaranteed under the Constitution of Canada.

These changes will ensure that Bill 16 accomplishes the goal it set out to do, which is to clarify a number of administrative and governance processes for the benefit of Alberta students. I urge all members to support the amendments to this bill.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. I'm pleased to get an opportunity – this is my first opportunity – to discuss Bill 16 but specifically the amendments before us. As I understand it, there is a series of amendments here early in the morning: A, B, C, D, E, and F.

MS BLAKEMAN: Fourteen different sections.

MR. MacDONALD: I'm told by my hon. colleague from Edmonton-Centre that there are 14 different sections as presented by the hon. Member for Calgary-Mountain View.

I believe it is a significant change to the Assembly, and I'm very interested to know the discussions that have occurred around these amendments with the various school boards and organizations across the province. I certainly have received literature, letters from the Edmonton public school board: with respect to your deliberations on Bill 16, please be advised that the board of trustees of Edmonton public schools has previously expressed the position that the Minister of Learning not change the School Act provisions relating to the formation of separate school jurisdictions.

Now, I would much prefer, Mr. Chairman, to deal with the amendments specifically, one at a time – we could call them quite accurately the group of six – but I doubt if that will happen.

6:10

There are other groups. The Public School Boards' Association of Alberta informed all members of this Assembly that "the majority of public school boards are opposed to the proposal for the expansion of minority jurisdictions." How are they going to feel about these amendments at this hour? This is also a question of the suggested new process. They certainly outline their main objections. They believe in an inclusive system, and they mention here the constitutional protection.

> The constitutional protection at issue does not exist for only one minority faith; it exists for two, and any new mechanism must treat the two even-handedly. The proposed new mechanism does not

> treat both potential minorities (Protestants, as well as Roman Catholics) even-handedly.

In the brief time that I've had to have a look at this, I see particularly with amendment – I'm going to label them if no one else is. With amendment E, section 34 is amended by striking out the proposed section 223.33, and it is to be substituted under the "designation of schools" with "A Regional authority must designate each school either as a public school or as a separate school" and the "responsibility and authority of Regional authority." Now, if I'm looking at this correctly – and any hon. member can please point out if I'm not – that is a significant change. We need to look at that, and we need to look at it in the context that it was presented. I believe that when you look at the designation of schools – there's a lot of paperwork around here now – the proposed amendment E states: "is amended by striking out the proposed sections 223.33." That is, I think, significant.

When you look at this entire matter and you look at some of the questions and some of the answers that have been presented and you look at, for instance, the "duty to report," the onus has now shifted, in my view. It has shifted from "a school board or the operator of a private school" to "a superintendent of a school board or the operator of a private school or charter school." What sort of consultations went on with this? Now, it's unfortunate that there are not many members present, but I would be interested to know what led to this amendment, what led to this precise change.

You know, it's amazing. As it's described here in the expansion, it's a separate school education in Alberta, but in casual conversation the word "right" is often used in ways that suggest that all rights are the same. They're not. Perhaps we are forgetting in our haste that separate school rights are not Charter rights. Every Canadian has the right to enjoy free speech and freedom of religion, but not every Canadian has the right to enjoy a separate school education. I don't think that we would know it by this legislation. In fact, the separate school system which is provided in Alberta is only available in one other Canadian province, and that is our sister province to the east, Saskatchewan. In Manitoba, B.C., New Brunswick, Nova Scotia, and P.E.I. there are no separate schools.

Now, earlier in the evening we were discussing regional authorities, and I notice the frequency with which they're mentioned and discussed here. Is this the ultimate goal of this government with this bill? Is the ultimate goal to change around the board of governance for our education system and turn it into regional authorities, very similar to what we have with health care? Are we going to dismantle the school boards and set up this system of regional authorities? I look here and I see we're going to start amendment D, Mr. Chairman: "A Regional authority . . ." A regional authority again and again, again and again, and yet again. Am I to conclude that this is the ultimate objective of the School Amendment Act? Because this is the first stage in a fundamental change of our delivery of education – public education I would like to say, but it's also for charter schools – to the students of this province.

Now, I think we need to take a breath here and hold on, because if this is the case, then I would have a lot of concerns and cautions about this. If there is this notion that we're going to set up a regional authority format for delivery of education, what will be next? As night turns into day, we get these amendments, which are significant, and what is the next stage in this? This is certainly a large majority that the current government enjoys, and I don't know if this is a prudent or a wise use of that majority, Mr. Chairman.

MR. DUNFORD: Well, you should have thought of that about seven hours ago.

MR. MacDONALD: I hear an hon. member speak, and certainly that is their democratic right.

We need to ensure – and I don't know if these amendments do it – that there is a strengthening of all education systems across this province, reaffirming the government's commitment to separate schools, providing Francophone education in a way that supports minority language rights and separate school rights. Are these amendments going to do that for the charter schools? There are many parents interested. In fact, Mr. Chairman, they will line up well into the middle of the night to enroll their children in charter schools because class sizes are lower. That's an issue that certainly is not dealt with in this amendment, and the government for whatever reason or measure is very reluctant to deal with it.

6:20

It's astonishing the parents that will line up in the middle of the night to ensure that they can secure a placement for their child in the charter school in my neighbourhood. That's their choice if they like, but are these amendments going to ensure that groups must apply first to the school board – I think it does – to be included as an alternative program?

Now, I don't see in here in the time that I've looked, if it is turned down by the board, the duties of the minister.

Last week I received a letter from the Francophone community. These amendments, specifically that the separate school members of a regional authority "are a corporation under the name of" – this continues, I think, to allow Roman Catholics to claim minority status both for language and denominational rights, but eventually we will get to the bottom of these amendments. There's no doubt about that. If the hon. member who moved these amendments could possibly explain "separate school members" and how that will affect blended authorities within a region.

Now, getting back to my earlier comments on the superintendent and the duty to report, this is going to change. Yes, it's the superintendent's or the operator of a private school's duty to report any employment action. That's still going to mean that the record is available to employers not only across the city but I believe across the country, and teachers in trouble will not be able to move to other schools with their record following them. The Member for Calgary-Mountain View perhaps could clarify that.

With those questions, Mr. Chairman, at this time I would like to review my preliminary look at these amendments. Again, I would like to express my dismay. This important legislation I certainly hope isn't a reflection of the government's view toward our public education system nor the children in it. The problem with this is that my questions regarding the governance of the Francophone education by religious minority I believe are unanswered.

With respect to the expansion of the separate school education, I don't believe that this is an adequate proposal to some of the concerns that were expressed, but the manner in which this has occurred certainly is astonishing. If the view of this Assembly is to propose new legislation and to improve existing legislation, then I can't say that there is a great deal of interest in the consultation process. Who was consulted? I went through a list of individuals. The Public School Boards' Association of Alberta: I'm interested to know how extensively they've been consulted. Diane King, Nicole Buret, the Francophone community again, individuals across the province which have the charter schools, the religious communities: how exactly have they been consulted?

Now, there was some concern that the process to develop this legislation was divisive, and the manner in which these amendments were put together in a group like this and presented to the Assembly at 6 in the morning I think is going to add to that feeling, Mr.

Chairman. There certainly is the idea, again, that this is a government that is marching to the beat of its own drum, not to the stakeholders that I mentioned previously. [interjection] I hear from the hon. member from Medicine Hat that they have the mandate to march but I don't think in this manner, Mr. Chairman.

I look forward to more on this issue. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I begin by noting that we are, as I understand it, debating a series of amendments, I believe 14 altogether, that are amending an act that amends an act. So maybe we should be considering amending the amendment to the act that amends the amendment act. Anyway, I think it's a worry that we are amending the act when it's still at this stage of debate. The government is amending their own bills. Maybe they're rushing them through too quickly. It's a sign of hurried and sloppy legislation.

So as we read it through paragraph by paragraph, section 5(b) is struck out and the following is substituted: "(b) by repealing subsection (2) and substituting the following."

There's at least one grammatical error in the next sentence. It says:

> An application may be made to the Minister only if the board of the district or division in which the school is to be established refuses to establish an alternative program under section 16 as requested by the person or society.

Now, it's I suppose ironic that this is a school amendment act because there's a need for whoever drafted this to consider the use of commas. If we read this sentence as it stands now without a single comma in it, it's not clear which phrase the word "only" refers to. So it may read: "An application may be made to the Minister only, if the board of the district or division in which the school is to be established refuses to establish an alternative program." On the other hand, it could be interpreted as: "An application may be made to the Minister, only if the board of the district or division in which the school is to be established . . ." I suppose I should propose an amendment to the amendment, and my amendment would be to insert a comma at whichever was the suitable point decided by the sponsoring member, who I'm not sure is even here at the moment.

6:30

THE DEPUTY CHAIRMAN: Hon. member, it is not customary to refer to anyone's presence or absence in the House. I'd just caution you on that.

DR. TAFT: Thank you. So there's the first reaction here. I think we need to decide where the comma belongs and maybe amend the amendment.

In section B section 15 is amended in the proposed section 90.1 by (a) striking out subsection (1) and substituting the following:

> 90.1(1) A superintendent of a school board or the operator of a private school or charter school shall make a report in writing to the Registrar regarding the suspension, termination, resignation or retirement from employment of a teacher if the suspension, termination, resignation or retirement, as the case may be, results from conduct that brings into question the suitability of the teacher to hold a teaching certificate.

Now, right away the question comes to my mind when the superintendent makes a report in writing: what's the nature of that report? Do we need to be concerned? Undoubtedly, if they are making such a report, it's going to end up, I imagine, before some kind of a tribunal or appeal committee. We may want to consider the nature of the report, what the report would include, whether it's a report that will be subject to legal consideration. So there are those kinds of questions on this particular portion of the amendment.

As we carry along through the amendments, I now move to section D. Section 33 is struck out, and the following is substituted. Section 33, section 223.3 is amended (a) by repealing subsection (2) and substituting the following:

> (2) A Regional authority must be composed of at least 3 members and not more than 7 members.

Now, I assume this is the clause in which the word "composed" replaces the original draft, which said "comprised." Certainly the use of those two words is commonly confused, and I will accept this as a reasonable amendment.

Then we move on to the very next paragraph.

> (2.1) Subject to subsection (2.2), the number of public school members of a Regional authority must, if practicable, be in the same proportion to the total number of members of the Regional authority as the total number of public school electors in the Region is . . .

I think there's probably another comma missing there. It should be "is," I think.

> . . . to the combined total number of public school electors and separate school electors in the Region.

Now, aside from the problem with commas in this clause, I tripped right away over the only two words that are offset by commas, which are "if practicable." In what circumstances would it not be practicable to implement this? By leaving those two words there, it seems to me to render this particular amendment virtually pointless or meaningless. Who is to determine if something is practicable? On what basis do they determine it?

Frankly, if we have legislation that has clauses in it that refer simply to whether something is practicable, then it strikes me, at least, as a pretty weak statement. If it's not practicable, then this legislation, this particular clause won't apply. It's about as big a loophole as I can imagine in something. So that particular section of these amendments probably needs more attention.

We move on. "A Regional authority must have at least one public school member and at least one separate school member." So we could have one person out of seven, say, one public school member and six separate school members or one separate school member and six public school members. I'd propose that we correct this or improve this particular paragraph by not speaking in terms of absolute numbers but speaking in terms of proportions. You may want to say: a regional authority must have at least one-third of its members who are public school members and at least one-third who are separate school members. It's one thing to have one public school member on a regional authority if that regional authority has a total of three, but it's quite another matter to have one member if there is a total of seven. So I think we might want to reconsider the structure of that particular amendment and switch from absolute numbers to a proportion there.

The next clause, I think, is probably pretty straightforward: "The Minister may appoint the first members of a Regional authority." Fair enough. Once the regional authority is established, there'll be another mechanism – I'm not clear what that is – for selecting members. Section (2.3) as presented here seems sensible.

Finally, we have:

> Subject to subsections (2) and (3), a Regional authority has the responsibility and authority to ensure that both minority language educational rights and the rights and privileges with respect to separate schools guaranteed under the Constitution of Canada are protected in the Region.

Well, once again there's a problem in grammar here. I'm not sure who drafted this, but it's unclear to which phrase the word "both" refers. Does it refer to both minority languages – I don't know if there are more than two – does it refer to both minority language

rights, or does it refer to "both minority language educational rights and the rights and privileges"? The word "both" is lost in that sentence, and it again should be sent back for a careful editing.

> A Regional authority has the responsibility and authority to ensure that both minority language educational rights and the rights and privileges with respect to separate schools guaranteed under the Constitution of Canada are protected in the Region.

So there's confusion in that particular amendment.

Let's try the next one.

> Subject to subsection (3), the separate school members of a Regional authority have the responsibility and authority to ensure that the rights and privileges with respect to separate schools guaranteed under the Constitution of Canada are protected in the Region.

That seems clearly enough presented.

> If a Public Regional authority and a Separate Regional authority are established under section 223.31 or continued under section 223.32,

6:40

> (a) the Public Regional authority has the responsibility and authority to ensure that minority language educational rights guaranteed under the Constitution of Canada are protected in the Region . . .
>
> (b) the Separate Regional authority has the responsibility and authority to ensure that both minority language educational rights and the rights and privileges with respect to separate schools guaranteed under the Constitution of Canada are protected in the Region.

So we have here different authorities and responsibilities, dependent on whether the regional authority is a public one or if it's a separate one.

It looks to me like the separate regional authorities will be carrying a heavier burden than the public regional authorities, because the public regional authorities merely have the responsibility and authority to ensure that minority language education rights are guaranteed. In addition to that, the separate regional authority has the responsibility and authority to ensure that the rights and privileges with respect to separate schools under the Constitution are guaranteed. So there's a distinction there between public regional authorities and separate regional authorities, and it makes me wonder if the separate regional authorities may be granted more resources to carry this extra burden. They may well, for example, be caught up in legal appeals and legal arguments and may be needing to proceed as far as the Supreme Court of Canada for their activities.

Now, I have on my desk an extensive amount of correspondence on Bill 16. I can see why the government seems in a hurry to push this through, because there is a great division of opinion on Bill 16. The amendments that we are currently debating are not likely, I don't think, to sort out some of the concerns. Indeed the government is in a genuinely difficult spot on this one. I don't think, for example, that the amendments, if they go through once they're edited and corrected, are going to address the concerns of one of the correspondents I have here, a senior player in the education sector in Alberta, saying that they're opposed to provisions of Bill 16 which relate to the expansion of separate school jurisdictions throughout the province. Will the amendments address that? Not that I could see, but maybe the sponsoring member would address that for me.

I'm also concerned that the amendments may not address the issues brought forward by another major player in Alberta's education sector, who wrote: it was with considerable surprise that our board received the news that the Minister of Learning is under the impression that our organization is a strong supporter of the proposed changes to the School Act regarding the establishments of school districts as introduced in Bill 16, currently before the Legislative Assembly. In other words, the writer of this is surprised that the minister feels that he has their support and clearly feels that the minister doesn't have their support. So I don't see how the amendments we have here are going to address those kinds of concerns.

[Mr. Tannas in the chair]

I'm also noting that a number of other groups have serious questions on various angles of Bill 16, and I don't see any way in which the amendments we're currently debating will address these concerns. One of them, for example, is an erosion of local decision-making. Again I stand to be corrected, but as far as I can tell from my close reading of the amendments, they do not address the concern over the erosion of local decision-making.

So, Mr. Chairman, with those comments I think I will take my seat and hope that whoever drafts the amendments will take my comments to heart. Thank you.

THE CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm somewhat alarmed at the tone in terms of these amendments from the government side. These are very serious amendments and very serious changes to the School Act. I think they're deserving of the kind of serious debate that the individuals who've been involved in trying to bring about these amendments to the School Act expect them to be given. So I just express that concern.

The minister indicated, if I recall, in his remarks that this had the support of the three groups involved. I find that rather interesting, Mr. Chairman, because if I take a look at the amendments that the government has presented and I compare those amendments to those that were presented by the Public School Boards' Association and those that were presented by the Alberta Catholic School Trustees' Association, I don't see those amendments reflected in what the government has put before us this morning.

I'd like to start with those amendments. The first amendment that was proposed by the Alberta Catholic School Trustees' Association was to amend section 2(b) of Bill 16. They would have the preamble to this bill amended, and the amendment would be adding "the following phrase in the fifth recital after the words 'in the Region' and before the words 'and'." The amendment they had proposed was "such that the principles of francophone educational governance are distinct from, not transferable to nor a precedent for the anglophone educational system." Now, that's a proposed amendment by that association to the preamble. I don't see that reflected nor did the minister in making his comments indicate what the disposition of that suggestion from the association was.

6:50

A second amendment that has been suggested by the Alberta Catholic School Trustees' Association was in terms of section 13 of the bill. This is one of the most controversial sections in terms of the Catholic trustees' presentation. Their suggestion was:

> Delete section 13 of [the bill] in its entirety and substitute the following:
>
> (a) by adding 'Except as provided for in Division 2.01 of Part 8,' before 'Where a separate school district is established . . .'

They would put in that phrasing as a substitute for section 13 of Bill 16.

I would be interested in hearing from the government their response to the Catholic trustees' association. This was one of their major concerns, because section 13 now allows the elector, whether they are Protestant or Roman Catholic, to

> elect in a form prescribed by the Minister to be a resident

(a) of the separate school district or a regional division made up only of separate school districts, as the case may be, or
(b) of the public school district or division, as the case may be.

So this section is one that I know was very important to the association when it made its presentation, yet if we look at the amendments that are before us today, section 13 has been skipped over completely, and the first amendment applies to section 15.

I would be interested in knowing, Mr. Chairman, what happened to the amendment that was put forth. The minister indicated to me that there were going to be amendments accepted, and certainly I thought that that was one that would be looked at, if for no other reason than the possibility of this one ending up in the courts following the constitutional rights of Catholics and the Schmidt case, where the Roman Catholic citizens were deemed born into a school district where a Catholic school district existed. To ignore that advice without some explanation I think is unfortunate.

If we look at a further suggestion for amendment, the suggestion was that section 14 would be deleted in its entirety and, furthermore, that section 18 of the bill in its entirety be deleted and the following be substituted: "Section 132 is amended by adding 'Except as provided for in Division 2.01 of Part 8' before the word 'When'." So again a wording change suggested by the association, and I don't see that reflected in the amendments that we have before us, Mr. Chairman.

A proposal that section 19 of Bill 16 be amended by deleting section 19 in its entirety was also put forward and seems to be not part of the amendments that we have before us. The suggestion had been that

> section 134(5) [be] amended by adding the following phrase at the end of section 134(5)(b) after the words 'established the separate school district.'

What would be added is:

> or, as provided for in Division 2.01 of Part 8, he has notified the Municipality that although he is a member of the same faith as those who established the separate school district, he continues to support the public school district.

Again, an important provision, and one that's not included in the amendments as we have them put forward by the government.

Mr. Chairman, I hope that I heard the minister right when he said that the government had the support of the three associations involved, because it's very difficult to understand how these amendments are supported by those associations when there's such a discrepancy between what was shared with the Official Opposition and what appears before us.

There was a proposal that section 20 of Bill 16 be amended and in turn section 135(1) of the School Act. The proposal was that section 20 be deleted and that the following be substituted: "Section 135(1) is amended by adding 'or, as provided for in Division 2.01 of Part 8, public school purposes,' after 'separate school purposes'." Again, a lack of attention to that suggestion in the amendments that we see before.

The next suggestion. The government has an amendment for section 31, but there was a proposal that section 21 be amended and in turn section 150 of the School Act. That was the suggestion that

> detailed wording is to be left to the draftspersons in Municipal Affairs, Assessment Services because of the technical nature of the necessary wording. What is proposed is that these amendments utilize "live assessment" as provided for in the Municipal Government Act, and as applicable to public school jurisdictions, so that calculations as between separate school ratepayers and public school ratepayers are made upon the same type of assessment, with the same calculation date and amount of assessment base, so that they will be at all times equal.

I think that in Bill 16 that was the thrust of the bill. I think there was uneasiness with the language as it existed. I think the intent was clear that both the Catholic and public systems, as far as taxation is concerned, would be equally treated. I think there would be a concern that that has been left unaddressed in the amendments we see before us.

The suggestion that section 22 of Bill 16 be deleted. That is the section, Mr. Chairman, that deals with the enrollment of a resident student of another board as requested by a parent of the . . .

THE CHAIRMAN: Hon. member, I'm having some difficulty following. I am, as you know, a relative newcomer here. Amendment A1 is what we're talking about, not what should be in there but what is and why you dislike it. You seem to be referring to sections that I can't find here.

7:00

DR. MASSEY: I understand that, Mr. Chairman. What I was trying to point out was that we were assured by the minister that the amendments that had been proposed by the groups that have been most closely involved in this bill had been considered and that these amendments somehow or other accommodated those requests. It seems to me that what I tried to point out is that there's a great discrepancy between what was submitted to the government in terms of changes and what has appeared in the act as it's here in the amendments, and I was asking for some explanation, if we could, in terms of why those particular items were omitted from the amendment.

So that was the line of reasoning I was using, Mr. Chairman, in trying to, I guess if nothing else, put forward the case that was made so eloquently by the three associations. Albeit on many of the points they disagreed, they did work hard. They've been part of the consultations right to the last minute on this, so I thought that they at least deserved the airing of those suggestions.

I looked for the suggestions that section 27 be deleted and the suggestion:

> . . . where a separate school district is established, is of the same faith as those who established the district, whether Protestant or Roman Catholic, and has elected to be an elector of that separate school district.

And the suggestion that

> in the case where a separate school district is established, is of the same faith as those who established the district, whether Protestant or Roman Catholic, or, as provided for in division 2.01 of Part 8, has notified the municipality that although he is Protestant or Roman Catholic, as the case may be, he continues to be an elector of the public school district.

This goes back again to the concerns about choice, Mr. Chairman.

The amendments don't take into account the concerns that section 28 be amended, nor do they take into account – I'm sorry; they do.

Chairman's Ruling
Decorum

THE CHAIRMAN: I know that some of you are anxious to fill in the newcomers with all of the wonderful details of how you've spent your night, but we still are in committee, and it would be appreciated if we could be able to hear the hon. member speak without being drowned out by the conversations that seem to have sprung up in all corners of the Chamber. So if we could be a little courteous, that would be helpful.

Hon. member.

Debate Continued

DR. MASSEY: Thank you. Just for clarification, if I might, Mr. Chairman; I was out of the Chamber for a minute. Were the amendments split into six discrete amendments, or are we talking to

all? I assumed we were talking to all six of them, that they hadn't been split.

THE CHAIRMAN: That's the reason why we were allowing a little bit more of a ramble, because we didn't have discrete items. There are three pages of amendments, and it is amendment A1, the whole lot. So go ahead.

DR. MASSEY: I appreciate that. Thank you.

There were proposals amending sections 31, 33, 34, 35, and 36 of the bill, and in the amendments we have a proposal that would address three of those sections: 31, 33, and 34. The suggestion was that sections 31 and 33 through 35 in their entirety be struck. Of course that hasn't happened, and we have not had an explanation as to why that advice was ignored.

The suggestion was that section 31, section 223.1 of the act, would be amended

> (a) by adding the words 'Public or Separate' before the words 'Francophone Education Region' in subsection (1) and in the first line of subsection (2);
> (b) by adding the word 'Public' before the words 'Francophone Education Region' in the fourth line of subsection (2).

That was part of the amendments that were put forward and that we don't see as part of the proposal by the government.

Again, as I proceed through this analysis, Mr. Chairman, I am most alarmed that the really very important issues have not been addressed.

Point of Order
Admissibility of Amendments

MR. MASON: Mr. Chairman, I rise on a point of order, and I would cite *Beauchesne's* 698(4)(b): "An amendment may not make the clause which it is proposed to amend unintelligible or ungrammatical." I would bring to the chair's attention that as the hon. Member for Edmonton-Riverview had pointed out in his remarks, there are two ungrammatical sentences in the amendment which render them unclear at least and I think indecipherable.

Section A says that section 5(b) is struck out and the following is substituted.

> (2) An application may be made to the Minister only if the board of the district or division in which the school is to be established refuses to establish an alternative program under section 16 as requested by the person or society.

Now, there needs to be a comma before or after the word "only" in the first line to indicate if it is "the Minister only" or "to the Minister, only if the board of the district in which the school is to be located." So this is unclear, very unclear. It has two meanings without the comma.

The second one, Mr. Chairman, relates to section 223.35(1), and it says:

> Subject to subsections (2) and (3), a Regional authority has the responsibility and authority to ensure that both minority language educational rights and the rights and privileges with respect to separate schools . . .

and so on. As it's written, this refers to "both minority language education rights"; for example, two such rights. Or it could say, "both the minority language and the rights . . ." and then there would be a proper parallel construction. So clearly in this one, Mr. Chairman, we don't know if it's both minority language education rights, as in there are two of them, or both minority language rights and the rights and privileges with respect to separate schools.

Again, because of the construction of the sentence it's not clear, Mr. Chairman, what the meaning of the mover is. I would therefore request under *Beauchesne* 698, The Admissibility of Amendments in Committee, 4(b) – which, I repeat, says, "An amendment may not make the clause which it is proposed to amend unintelligible or ungrammatical" – I would ask that you rule these amendments out of order.

Thank you, Mr. Chairman.

7:10

THE CHAIRMAN: The hon. Deputy Government House Leader to the point of order.

MR. STEVENS: Obviously, it's a well-drafted amendment, and I don't agree with the comments of the hon. member.

THE CHAIRMAN: Hon. Deputy Government House Leader, we can assume that you don't agree with it. What specifically? We're dealing with a specific point. For instance, if you go back to . . .

MR. STEVENS: As I understand it, you listened to his comments, you've heard mine, and you rule. The point is that certain representations were made, and it's up to you. My point is that there's nothing wrong with the amendment.

THE CHAIRMAN: On the point of order as raised by the hon. Member for Edmonton-Highlands, we've consulted with Parliamentary Counsel. I don't know whether on your copy you have it, but the Legislative Counsel of the province of Alberta has also indicated that they feel this is adequate, and, with such powerful legal advice as that, the chair would be in concurrence with them. Perhaps as a former teacher going through them, trying to look at them, they seem to mean what's intended, and on the basis of that, then I'll rule no point of order.

Point of Order
Explanation of Chairman's Ruling

MR. MASON: Mr. Chairman, pursuant to the standing rules I would ask for an explanation of the ruling. Specifically, which of the two meanings is meant in the two examples that I've cited in the government's amendments?

THE CHAIRMAN: Well, first of all, I think I've given the explanation after seeking Parliamentary Counsel's advice and my own reading of it and, secondly, knowing that in the original copy, which is up here, Legislative Counsel has indicated that this meets his approval and meets the standards. Those are the two things.

Now, with regard to the second request then: which of the two understandings that you may have? I would deem it to read as follows, in the absence of anyone from the government telling me anything to the contrary: an application may be made to the minister, only if the board. So it's "to the minister," would be my reading of it, but you're asking me to be the grammarian, and I'm not. What this is is a legal description, and that's better suited for lawyers. As I say, the two legal advisements that have been given to me would be that it stands as it is. I don't know that it's the role of the chair to be arbitrating with regard to grammar in these issues. It's more of a legal part, so I don't think there's anything further on that. Although, as I say, from my scan of it, it looks fine to me as well, but for all intents and purposes that's a gratuitous remark on my part.

Debate Continued

THE CHAIRMAN: Are you ready for the question? No?

The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thank you very much, Mr. Chairman. Well, a

surprise amendment A1 that we are dealing with, brought in after a night where four of the Magnificent Seven and one Lone Ranger have kept the government at bay while important things were debated. And at quarter to 6 in the morning a surprise amendment is brought in, which is what is before us now, an amendment that contains no less than 14 changes, 14 suggested amendments contained in six different sections amending Bill 16. Interesting, because the first question that springs to mind is: why was the government in such a hurry that they had to rush this through at the end of a night in which five people have been trying to uphold democracy and put this in front of them? But the government seems to feel a need, with its 74 members, to crush and annihilate and not to respect what's being done on this side. [interjections] No, no. They're trying to crush and annihilate. We are not being crushed or annihilated on this side; we're ready to go.

So we're looking at an amendment with some 14 different sections that are being amended here and are of some grave concern. Our stalwart Official Opposition critic on Learning, having had a bare 90 seconds to examine a three-page document containing, as I said, 14 different sections being amended while the proposing member spoke in a very cursory faction about what was in here, was able to get to his feet and attempt to make sense out of this. A dishonourable action, I believe, on behalf of the government to bring this in in this manner and to give a critic absolutely no time to look over a three-page, 14-section amendment. For shame. Nonetheless, it is morning. We have had a cup of coffee. It is 20 after 7, and I shall plow forward in looking at this amendment.

7:20

The Member for Edmonton-Mill Woods had already expressed concern that what is being proposed here is going against what was put forward by various school boards. We are still seeking confirmation from members opposite that in fact the government has secured support for this three-page, 14-section amendment which is making some substantial changes to the intent of the bill.

Now, it's interesting that the bill itself was brought in, very little debate at the beginning, and then disappeared off the Order Paper for some two or three weeks, and now we were in a big rush to get it passed through second reading earlier in this day, which is now going into its second day, and now we're in a rush to pass it through Committee of the Whole. So I have to question what stakeholders have been consulted pursuant to this amendment and whether they are supporting this.

Certainly the documentation that we've received from a number of different stakeholder groups on this – and without digging too deep in my pile here, I have information from the Edmonton public school board, the Public School Boards' Association of Alberta. I'm sorry; my French is very poor, but the Conseil scolaire du Sud de l'Alberta – so I'm taking that as the southern Alberta scholarly council or school council – is expressing a number of concerns about Francophone education. Plus we have additional concerns from the Sturgeon school division, Fraser Milner Casgrain. So a number of concerns had been raised, and that's what struck me about what's happening here, that there have been a number of very strongly held opinions and very strongly held concerns around this bill, and I am deeply suspicious of a process which tries to push through an amending bill in the wee hours of the morning.

Another member has joined us. There seems to be great celebration that someone on the government side can manage to get out of bed. I suppose that's something they need to celebrate.

Now, starting from the beginning, we have section 5(b)(2), the change being:

> An application may be made to the Minister only if the board of the district or division in which the school is to be established refuses to establish an alternative program under section 16,

And the new part to this is: "as requested by the person or society." The Minister of Human Resources and Employment did manage to get up about half an hour into the debate and give us a bit more background on this bill, which I thank him for, because it was a bit more of an explanation than we got from the person who moved the bill, who managed to put in about 60 seconds of description on this before it was sprung on members of the opposition.

So one takes it that somehow a person or a society requesting that a school establish an alternative program makes a load of difference to this. I haven't noticed specifically, in what I've looked at thus far out of what's coming from the different stakeholder groups, that this was an area that was of particular concern. It may well be of particular concern at this point, because I think it is substantially changing what's been proposed.

Now, we're working back and forth between three documents, which was the original Bill 16, School Amendment Act, 2001, and that itself is amending the original School Act – most of the sections that I see here that are being amended are, in fact, a little bit of a change to what's already in here, and as I said, our critic has already expressed severe concerns that there are substantial changes being made here. So my question is: why the substantial changes? If the bill had been researched, had gone out to consultation with the groups that are concerned with this, and legislation had been developed, why do we end up with such a massive amending document coming forward to us in the last few hours or perhaps the last few days of this spring sitting? Again, I'm looking for: who was requesting this? What has been the feedback loop from the stakeholders involved? What was the great cause for concern that the amendments are attempting to deal with? Those questions have not been answered by the members opposite, and I would like to hear what their reasoning is.

Now, when I look at section B, which is the second of six sections, we have "striking out subsection (1) and substituting the following." What seems to be of particular interest in this is that what's been added is "a superintendent of a school board" rather than "a school board." Well, the superintendent is a paid staff member as compared to a school board, which in fact is an elected board of people. So we have a very different take on how something is being delivered.

The substance of this amending section is that a report shall be made in writing to the registrar regarding a teacher being suspended, resigning, or retiring if this is resulting "from conduct that brings into question the suitability of the teacher to hold a teaching certificate." So I'm taking it, then, that if this is a concern that is significant enough to require that a teacher retire early or be fired or resign, this report is to be made to the registrar. But it is substantially different if you have a paid employee, this superintendent, making this report as compared to an elected body, the school trustees, making that report. It may appear subtle to some, but in one case we have a group of people who are elected and are responsive back to those who elected them. In the second case the superintendent is hired by that elected body and reports only to them.

What we've done, depending on how you look at it, is taken away a layer of accountability or put an extra barrier in the way there. It used to be that the elected body did the report. Now we're saying that the person that reports to the elected body makes the report. So what's allowed there is that if there is influence or direction to be coming from the school board trustees to their employee, the superintendent, in the way the report is written or how the matter is in fact handled – I think that's an important difference.

For example, here in the Legislature we've often said that the chief commissioner of the Human Rights Commission should report

directly to this Legislature as do other legislative officers, like the Chief Electoral Officer or the Privacy Commissioner or the Auditor General, so that information from their reports doesn't pass through any minister. Currently with the Human Rights Commission it very much passes through a minister, and there's an opportunity for the minister to influence or change, add or delete what's in the report. #So it's a very similar situation. You've got the Human Rights Commission, which is supposed to be a somewhat arm's-length group, but with them having to report through the minister to the Legislature, it's a very different line than having an independent Human Rights Commission report directly to the Assembly with the elected official. We have been given no explanation as to why that significant difference has been instituted in this amending document.

7:30

The second part of that, which is really interesting, is partway through where it's talking about the "employment of a teacher if the suspension, termination, resignation or retirement, as the case may be" – now, that's another new phrase that's going in there – "results from conduct that brings into question the suitability of the teacher." Again, that's an interesting little phrase to have in there. What's the significance of it? What is trying to be captured by that, and why? Who requested it, and which groups have had time to react to this? Is this responding to one particular group and the other groups haven't seen it, or have all groups seen it?

Also, under section 15 we have subsection (4)(a) adding "superintendent" again in front of "school board".

> No action lies against any of the following in respect of any report made under subsection (1) in good faith when acting or purporting to act under this Act or the regulations.

Oh, my goodness. We're not being very successful in writing legislation in plain English. But that's section (4). Under that we had previously just:

> (a) a school board,
> (b) the operator of a private school or a charter school,
> (c) a person appointed as an official trustee,
> (d) the executive secretary,

et cetera. Now instead of a "school board" we have "superintendent of a school board" inserted there. That's again making the same change in definition and in reporting structure that I was just discussing in 90.1(1). We're under section 15(b), which is in the amending act, which is in fact amending section 90.1 in the School Act, again making a significant change, and we don't have an idea or an understanding why. That may well be perfectly legitimate, but as I pointed out, given a 90-second overview, we don't know why this is coming or what the reaction to it is.

I suppose we'll be able to get on the phone in about half an hour and start phoning back some of these stakeholder groups to find out exactly what their reaction to this is.

Then we have an entire section that is essentially correcting a typo. In the amending act there were significant references to section 31 of Bill 16, which is amending section 223.1. There were references in the amending act that keep referring to "223.34." That's all the way through this section. I think it turns up in (a), (d), and (e). So in those sections, obviously a mistake was made there. Boy. You know, you'd think with all of the resources the government has in these departments and all the amount of time they have – the government totally controls the agenda about when these bills come forward, when the amendments come forward, and that they would make a typo like that shocks me. I guess better proofreaders are needed. So that's correcting what's appearing as 223.34 to 223.33.

I believe that what that's doing is changing the reference from 223.3(4). We've got:

> The board of a district or division required by the Minister to do so must enter into an agreement with the Regional authority respecting any matter the Minister considers necessary, including, but not limited to, dealing with assets and liabilities and the transfer of employees.

So now I think what they're saying is that it applies to:

> Members of a Regional authority appointed under subsection (2) hold office until the first organizational meeting of the Regional authority held after the first general election held after the Regional authority is established.

Good heavens, can't they write this in plain English? I think that's what that's supposed to mean. It's not subsection (4) that's being looked at. It's subsection (3), but I'm asking for clarification on that, please, because it makes a significant difference here. One of them is talking about organizational meetings, and the other one is talking about entering into agreements on financial agreements, assets and liabilities, transfer of employees, which is significant, so I'm looking for the explanation there.

Now, you see, my time is getting close to up, and I've just managed to get through not even three of the six sections in 20 minutes. So I'll obviously have to come back to follow up and complete my scrutiny of the other half of these.

In section 33 of the act this is interesting. Who approved of this? What's being suggested here is that

> a Regional authority must be composed of at least 3 members and not more than 7 members, at least one of whom must be a public school member.

That last clause has been cut so that it would now read: "a Regional authority must be composed of at least 3 members and not more than 7 members," period. It doesn't say anything about them being a public school member or a private school member or anybody associated with the teaching or the learning profession. It just says "members" without giving us any further definition of who the member is supposed to be representing, and that again gives me cause for concern. I mean, obviously this was being set up in such a way that we would have some representation from the school or some representation from somebody working in that area.

I've run out of time, but I'll be coming back to speak on this more.

THE CHAIRMAN: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman, and good morning, everyone. It's nice to see that this is what a deal by the government looks like.

AN HON. MEMBER: How are you this morning?

MS CARLSON: I'm just fine. I can't believe that this government who has such a vast majority would care to run roughshod over such a very small opposition and try to drive legislation through this quickly and also to not keep to a deal, which is very interesting, very interesting. Bill 16 was not supposed to come up. We were supposed to be finished when Bill 7 was done.

THE CHAIRMAN: Hon. member, deals that are made between House leaders and so on have nothing to do with the chairs, and so we are unable to enforce or uphold or deny any such arrangements.

MS CARLSON: Thank you, Mr. Chairman. As I recall, negotiations made between House leaders certainly come into the House leaders' agreement and certainly do have relevance when we come to talk in debates at this time in the morning and on issues, but I will stick to amendment A1 in my comments, Mr. Chairman, and thank you for that direction. It is still very amazing to see that a government can be scared by such a small opposition and feels that it must push

legislation through and amendments through in this fashion. So we see before us . . .

AN HON. MEMBER: We're not scared.

MS CARLSON: Well, then, what are you still here for? What are you still here for?

On amendment A1, Mr. Chairman, we see a series of amendments before us, in fact one, two, three pages of amendments on a very significant bill in this Legislature. The problem with seeing these amendments at this late stage of an evening sitting is that there is no opportunity for us to get any feedback from the groups who are keenly interested in what's happening in terms of this legislation. What we see before us is a piece of legislation that has been quite controversial in the community. Once again this government has had no problem with pitting Protestants against Catholics and bringing through legislation . . . [interjections] Well, then, stand up and defend it. Don't just sit there and whine. Stand up and defend it.

Chairman's Ruling
Decorum

THE CHAIRMAN: Hon. member, if you choose to involve everyone individually in debate, then you get this back. The procedure in the Chamber and in committee is through the chair, so if you could address your remarks to the chair, that may eliminate many of these other extraneous interruptions.

7:40 **Debate Continued**

MS CARLSON: Certainly, Mr. Chairman. I was provoked. I'm quite happy to keep it clean and honest and on the point, which is that we have a lot of problems with this bill out in the community. This government should know that if they were listening to the feedback they've been getting. We have people who are very upset with the legislation who have . . .

AN HON. MEMBER: Speak for yourself.

MS CARLSON: Well, I am speaking for myself, and I am speaking for the feedback that we have heard throughout the province, Mr. Chairman. I'm sorry to engage, but I'm being provoked, certainly, and I'm happy to go . . .

THE CHAIRMAN: Ignore the provocations, please.

MS CARLSON: Yes, Mr. Chairman.

On this amendment we have got many, many groups who are very upset with the legislation and who have been keenly waiting for the amendments to come forward. When this bill was in second reading, we had people on both sides of the gallery yesterday afternoon come forward to hear what was being said and who were expecting the amendments to come from the minister at any point in time. Exactly what they expected was that they were going to see the amendments, that they were going to have a chance to give some feedback on them before they came to the floor of the Legislature to debate.

But not this government; no. What did they do? We see them roll in here at about 6:15 or 6 o'clock in the morning, and they're going to stay here until they're done. Now, tell me how any of these groups who have interest in these amendments have a chance for any feedback. That is exactly the tactic of a domineering government who doesn't want to listen to any feedback. [interjection] I have a right to say that.

Mr. Chairman, I have a right to make those comments on behalf of the people in Alberta who would like to participate in these amendments and who now will have no chance. By the time they get to work this morning, they're going to see that these amendments have been passed in this Legislature . . . [interjections] Nice to see you're all awake again. Thank you for that.

THE CHAIRMAN: Hon. members, there's only one person standing and talking recognized at a time. I wonder if we could show the courtesy to allow the member to continue her remarks on amendment A1.

MS CARLSON: Thank you, Mr. Chairman. So now we have a situation where these people will get to work this morning, and they will find that they have absolutely no chance to participate in what should have been participatory democracy because this amendment will have been passed. So we're going to get their feedback, and I hope that the members of the Conservative caucus also listen to that feedback when they get it. I don't think they're going to be too happy.

What do we see before us in this package of amendments? Minor changes, Mr. Chairman. Minor changes that don't address the key issues that are still outstanding in this legislation. You know, there was an opportunity with these amendments to correct what were some quite critical flaws in this legislation, and at that point we would have been quite happy to support it. But what we see here are minor changes, mostly technical in detail, that don't go a whole lot of the way to addressing the outstanding issues.

What we see here also, with the introduction of this amendment in the manner it was introduced, is a lack of respect by the Minister of Learning for my colleague from Edmonton-Mill Woods, who he knows is the critic of this particular area. What normally would happen in a situation like this on a controversial bill is that the minister would have the courtesy to contact the critic in the area and discuss the amendments with him. When that happens, Mr. Chairman, we try to be absolutely as accommodating as possible. We'll stand up in the Legislature and congratulate the government on work well done where we agree with them, thank the minister for taking the co-operative effort to get together and thoroughly discuss the intent of the amendments, and then point out the differences we would have with those amendments that we feel don't meet adequately the needs of the legislation.

But not this time, Mr. Chairman. Not in accordance with what had been agreed upon, we see this bill introduced back in at committee. We see the government bring in two and a half pages of amendments that mostly are minor in nature without any explanation, without any discussion or debate, and they're just going to try and ram them through. Of course, they can run several shifts in here to try and wear us down and get through this legislation as fast as possible.

MR. MacDONALD: Debby to the rescue with Tim Horton's muffins.

MS CARLSON: Were they good?

MR. MacDONALD: Yes.

MS CARLSON: Good.

Mr. Chairman, what happens then is that we get a little cranky, too, and we're not quite as eager to pass amendments without a thorough scrutiny. That's what we're going to see here this morning: a thorough scrutiny of every line in amendment A1 as it comes through.

So now I will start with that specific scrutiny. Let's talk about the first section that's being amended with this particular amendment, and that would be section 5(b). If we take a look at it, what it talks about is that section 5(b) is struck out and the following is substituted, (b) by repealing subsection (2) and substituting the following:

> An application may be made to the Minister only if the board of the district or division in which the school is to be established refuses to establish an alternative program under section 16 as requested by the person or society.

That's interesting. All it is, it looks like to me, is a beefing up of the wording, Mr. Chairman. Nothing substantive there at all. What we had there before was "the charter school," and we are substituting "an alternative program under section 16."

So there are some words that have been added. The part added is:

> An application may be made to the Minister only if the board of the district or division in which the school is to be established refuses to establish an alternative program under section 16 as requested by the person or society.

In essence, what we have here is the addition of who's doing the requesting: an individual person or a society.

What if the representation, Mr. Chairman, is by a group? In terms of this, I know in my constituency we have the Singh Sabha gurdwara, which is a large Sikh gurdwara right on Mill Woods Road, on Gurdwara Road. They have recently done an addition to that gurdwara at the back of the building, for which they got some support from the government, CFEP grants, and I thank them for that. Certainly they're going to be at the government's door again as things progress in terms of where they're going.

What they're wanting to do is establish a charter school there. That charter school will be teaching children in their first language – for most families, that would be Punjabi – and the key part of the school would be religious training in Sikhism. So while they'll certainly meet with all the conditions and requirements of the educational mandate as seen in other systems, what they really want to be able to focus on is carrying on the traditions, the culture, the training, and the language of their native region, which is the Punjab in India, and basically their religion, which is the teachings of the gurus. What they are doing in the process is looking at the kinds of options they have for moving forward, and what they have seen in the past as one of those options is charter schools. So let's see how this particular amendment applies to their particular circumstances, Mr. Chairman.

Now, what it's saying here is: "as requested by the person or society." When they are at a stage where they've got to make the request to the government, what happens? Does a person or the society come? Is this charter school actually going to be run by the society that runs the church, or is it going to be somewhat independent of that and be another kind of organizing body? What kind of an organizing body could that be, Mr. Chairman? They could be an incorporated organization. They could be a partnership that comes together. They don't necessarily have to be, I think, an incorporated society. It certainly wasn't ever my opinion that that would have to be a requirement.

7:50

So they would have to take a look at whether or not they fall within that particular mandate, Mr. Chairman. They could send a person, a representative. Well, I'd be a little concerned about that in terms of whether or not that would meet more overreaching and overriding criteria. If you're just sending one person to make an application to the minister, as is established here, first of all what they have to do is go to the board or the district or the division in which the school is to be established. So what you're saying with this is that one person on behalf of that gurdwara could go first to the public board, make the application, and potentially be turned down. Can one person properly, then, in fact represent the interests of the group? What are the chances of one person coming before a board like that and actually being given the mandate to pursue a school which would be on behalf of many children?

If I were sitting on that school board, I would look a little apprehensively at a single person coming as a representative of an organization to incorporate a charter school. So if a person comes, then I would think that likely they would be turned down. Then they would go to the separate system and perhaps have the same circumstances occur.

Then they've got to go to the minister. How does the minister establish the criteria for deciding the validity of a single person coming to them for an application for a charter school? What kind of background material does that individual have to bring in order to get the minister's okay in terms of independently establishing a school? That would be a question that I have in that regard.

So what you're forcing people to do is either come as a society or come as an individual, and I'm wondering if in fact this bill is enhanced by that particular aspect of the mandate. It would have been nice to have an opportunity to talk to the minister about this, but unfortunately we weren't given that opportunity, and he doesn't seem to be willing to participate in the debate of the amendment at this stage. It'll be interesting to see what he has to say about that.

Mr. Chairman, has this been discussed? Have any of the pros and cons been debated here in the Legislature or within the minister's office or within outside groups in terms of those organizations who may not wish to be affiliated with one of the existing school boards? Has there been any discussion on this amendment in terms of that? What if an organization clearly only wants to be an independent charter school? Would this amendment A1, section A, section 5(b)(2), address that specifically? There is no provision now for people who don't want to be affiliated with either the public or the separate system for whatever reasons. I can see not wishing to be affiliated with the separate system based on religious grounds, and that certainly fits the criteria of the example that I have in my constituency.

Would they want to have some ties to the public school system? Well, Mr. Chairman, that's a good question. I don't know the answer to that question. If these amendments had come out for discussion and review and debate prior to this morning, I would have had the opportunity to take the amendments to the gurdwara and to call a meeting of those people who are organizing this charter school and ask them what they thought about this. It would have been very beneficial to get the feedback of this organization in terms of where they wanted to go on this issue. You know, they would have appreciated that. I know that anytime I have gone to that organization with questions or concerns, they have very much appreciated the opportunity to be participants in what we call democracy here in this province. They like to be asked their opinion, they like to be asked for feedback, and they particularly like the opportunity to be able to improve legislation that will in some way affect their lives and the lives of their children.

Unfortunately, it's not the case with this particular amendment. I'm going to certainly take the copy of *Hansard* that I have and run it by them, and I apologize in advance if there are any omissions or errors in the descriptions that I have made in terms of what their expectations are or the direction they are taking. I do know that they will be starting the first of their educational services this September. If I remember correctly, there will be kindergarten classes starting in that addition. It's at the back of the gurdwara, and there are certainly entrances through the gurdwara. That's really as much information as I have about what's going to be happening there.

I know that over time they expect to expand the school to a level which encompasses all the grades. I have to applaud their dedication and their thought with regard to what they're doing, Mr. Chairman. They've spent several years now starting to get that school ready and jumping through all the appropriate hoops with the minister of education. Then they're caught off guard a little bit when something like this amendment comes along, when something like this legislation comes along. They have to stop in their tracks, take a look at what they're doing, and evaluate the progress they've made so far with the legislation and with the amendments, amendments that they will have no opportunity to refer to or to have any input on in terms of what happens with this legislation.

They're going to have to adjust. Instead of being participants in this form of democracy, they're going to take a look at this amendment and are going to see that it really does not matter what they think about it because it's already a done deal. So what they're going to have to do then is sit down, call a meeting of those organizers within the gurdwara, and decide how these amendments and these changes are going to affect them. Will it alter the progress they've made so far on this school? I certainly hope not. I would think that if it does, it will only be specifically section 5(b)(2) in part A of the amendment that affects them. I haven't really had a chance to read through the rest of the amendments at this stage, but I'm sure I'll have many more opportunities before the morning is over to do so, and I'll be happy to do that.

In fact, I expect to go through this amendment A1 with a magnifying glass and address every particular word that may apply to constituents' concerns or other concerns that I have heard throughout the province. Fortunately, I got a good night's sleep, so I'm certainly ready to have many discussions in this regard on this particular issue and be able to review them.

So as soon as I get out of here today, I'm going to fax off a copy of this amendment A1 to the gurdwara and ask for their feedback on it and express my concern that I hope it doesn't impede their progress with what they're planning to begin this fall and which they have spent many years planning and organizing for. [Ms Carlson's speaking time expired]

I'll be back.

THE CHAIRMAN: The hon. leader of the third party.

DR. PANNU: Thank you, Mr. Chairman. Nice to see you early in the morning, the first time, I guess, in my tenure here in this Assembly for the last four and a half years. Nice to see you all. Good morning.

Mr. Chairman, it's interesting to be sitting here early in the morning starting debate on a bill when most of those who are going to be impacted by the bill are still asleep. At 6 o'clock, I guess, it started. In my speech yesterday and then during the second reading on the bill I drew the attention of the House to the widespread, broad-based opposition from major stakeholders of our public education system, who are stakeholders in the system, and they have very serious reservations and concerns about this bill. I was arguing yesterday to the House, trying to get the message out to the government and to the minister, that we need to slow down the pace at which the government appears to want to move on this in order to engage in consultations, take seriously the concerns of those stakeholders, and then incorporate perhaps new elements into the bill, make changes to the bill, make amendments to the bill as it presently appears before us, and then proceed.

Public education is one of the most critically important enterprises in our society. To deal with it in such haste, in such a cavalier fashion, I think, is not becoming of any government that sees itself accountable ultimately to the people that it represents.

8:00

It's regrettable that we have come to a stage where we are forced as an Assembly – certainly those of us in the opposition feel absolutely under duress in engaging in discussion on this bill, when, in fact, the people of Alberta, whose interests are at stake in terms of what's in this bill, are sleeping. It says, I think, a great deal. It sends a symbolic message that this legislation is being proceeded with by stealth.

THE CHAIRMAN: Hon. member, just so that we could be on the same point, we're dealing with an amendment called A1.

DR. PANNU: I have that in my hand, Mr. Chairman. Thank you. I will be certainly paying some attention to it in a few minutes.

The amendment certainly deals with the very – part of the amendment. It's not one amendment. It's obviously five, six amendments bunched together, and that's another reason, Mr. Chairman, I wanted to draw attention to this fact that there is some terribly indecent haste apparent here with which this bill is being pushed through. Six amendments in amendment A1 dealing with six different sections: A, B, C, D, E, and F. Six amendments under one amendment.

That in itself, the procedure that's adopted here by the government, is quite intriguing. It shows a degree of desperation that I haven't seen on the part of the government in this House to get this bill through, to get these so-called amendments debated as one package in such a short time so that those who are concerned about the bill outside of this House, those who have expressed serious concerns, those who are opposed to certain important sections of the bill that are embodied in the so-called amendments or referred to at least in part will not have any opportunity to influence the course of events.

That's not how democracy works. That's a way, in fact, of abandoning democracy. Governments, when they become so entrenched, forget that democratic processes do require that citizens, that stakeholders have an opportunity, are given an opportunity, are afforded an opportunity to speak to the pieces of legislation that they think they have a great deal to say about and that they want changed.

People want to see legislation subject to public hearings in certain circumstances where the legislation is so important that it will impact greatly. This legislation, Mr. Chairman, and these amendments here are about communities, about residents of those communities being able to live together in harmony. It's about young children growing up in those communities not only as former residents of those communities but growing up as friends, growing up as citizens seeing each other's interests, binding them together. That's what public education's role is.

That's why how many schools we have in a community, whether we want all children to go to one school or two or three different schools, is of concern to all citizens. The role of the local communities to be able to make those decisions is exactly the one that's at stake in this bill, the inability of residents of particular communities to determine locally by debating with each other, by sitting together, by consulting with each other what kind of school they want, where they want their school, whether they want their children to go to one school in the community or they want them to be shipped out of the community to some other school that's been designated as appropriate for their use by legislation. I think those are the matters that are entailed in this bill.

Amendment A1 simply doesn't address any of those concerns, and that's why I find it particularly objectionable that we are sitting here at 8 o'clock in the morning. We have been at this bill, I understand, since about quarter past 6 while Albertans, whom we are supposed

to listen to, whose views we are supposed to be receptive to and respectful of, are being ignored, not even being sought, unaware of what's happening with respect to the debate on this bill. We are here engaged in pushing this bill through, and in order to do that, the government has decided to put six different amendments under the amendment here called amendment A1, that's under discussion.

[Mr. Lougheed in the chair]

The changes that are being sought through this amendment A1 are certainly not substantive. They don't change the substance of the bill. They are cosmetic. They are poorly worded. I'll give you just one example. Here we have amendment 5, I would call it, or amendment E as part of amendment A1. The language is quite strange. I don't know exactly what it means to say when the amendment phrases the matter in the following way. It says, "Subject to subsections (2) and (3), a Regional authority has the responsibility and authority to ensure that both minority language educational rights . . ." What are "both minority language educational rights"? The reference here, the language of the drafting is misleading; it's confusing. It will cause more problems than it will solve down the road.

I don't understand why we are rushing through this bill when in fact we haven't even got right the language of the amendments that are before us today. So to be able to seriously discuss and debate the proposed changes in the bill, one has to first be clear what those amendments mean. If the amendments are so poorly drafted that that meaning is in itself in contention, if that in itself is in dispute, then obviously the whole exercise tends to become fruitless.

Mr. Chairman, the contents of amendment A1 will impact lots of players in the field of public education. Let me just mention a few. The Alberta School Boards Association is concerned, has raised serious objections about this bill. This association includes all the school boards in this province. Its president is Lois Byers, and its executive director is David Anderson. I had the opportunity to talk with Mr. Anderson just a few days ago, and they are very concerned about this bill, and this amendment A1 doesn't address their concerns at all.

8:10

Another player is the Alberta Catholic School Trustees' Association, exclusively a Roman Catholic school board. The president is Lois Burke-Gaffney, the executive director Stefan Michniewski. Again, representatives were present there, and they were sympathetic to the concerns that were being raised by their counterparts on the other boards and associations.

The Public School Boards' Association: again, I put on the record yesterday their concerns, a two-page letter in which they detailed the concerns and, based on those concerns, their opposition to this bill in its present form.

The other stakeholders: Alberta Teachers' Association, Catholic Bishops of Alberta, Francophone school regions. There's the Northwest Francophone education region No. 1, the Greater North Central Francophone education region No. 2, the East Central Francophone education region No. 3, and the Greater Southern public Francophone education region No. 4. Again, I read from the letter from region No. 4 representatives yesterday to draw attention to the serious concerns that that group has with respect to the bill, and this amendment, so-called A1 with six different amendments in it, falls, I'm afraid, terribly short of addressing those concerns.

There are a whole number of charter schools in this province, some of them just struggling to stay alive. Again, yesterday, while speaking during second reading of the bill, I made the point: why do we bother to continue with an experiment which has clearly failed? Should we not, in fact, rather than amending the approval procedures and processes for charter schools, moving them right into the hands of the minister, simply say that this experiment has failed and it's no longer necessary for us to pretend that it's working and therefore simply take out of the School Act any reference to charter schools? We can have alternative programs in public schools. We have those programs; they work. They keep our children together, and they provide choices as needed relative to the specific needs and preferences of parents and their children. So why continue to talk about these schools?

Mr. Chairman, it really is, I think, quite distressing to see a government which claims to be very responsive to public input, which claims that it solicits public input and respects this input and integrates this input into its legislation, a government making those kinds of claims, ignoring clear, vocal, broad-based, widespread opposition from so many of the stakeholders in this province whose interests are really tied to what we are doing here in such a way that they found it necessary to go public, not just lobby the government side or the minister privately, but they have taken the risk of going public to put pressure on the government to stop meddling with a system that's working, to stop changing it in such a hurry, that whatever changes are desirable to be made have yet to be agreed on.

Consensus has to be developed on those changes. Therefore, they're saying that it's premature and it's unnecessary and it's in fact offensive to the norms of democratic ways of establishing and proceeding with legislation.

It is this kind of concern that they have a broader concern about now, the fact that they're not being heard, that they're not being listened to. They're being ignored. They see problems down the line. They see problems particularly in smaller communities and rural areas where this new legislation dealing with the establishment of separate schools will lead to all kinds of potential divisions within communities and could put new physical demands on young children who have to sit in buses and travel, be bused 50 or 100 kilometres away from home just so they could go to a school that now fits the definition of the changes in the legislation, changes that have been made without full consultation with those communities, with the parents. Three persons in one jurisdiction or one little community somewhere could simply cause all this disruption in the lives of individual families and in the lives of communities across this province.

When the stakes are so high, Mr. Chairman, Albertans expect this government to come up with legislation which shows and reflects a consensus, if not unanimity, a broad-based consensus, on what changes need to be made in order to fix the minor problems that have continued to be seen as of some consequence by some members of the minority religious communities in this province. But what's been proposed in the bill doesn't by any stretch begin to address those problems. The amendments that are being proposed here to those sections of the bill, particularly those sections in the bill that deal with the establishment of separate schools, simply are not addressing the issues that are a matter of concern.

Thank you.

THE ACTING CHAIRMAN: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Chairman. I rise today to speak to the amendments that we've been provided with for Bill 16. I just want it to go on record that it's really kind of unacceptable in terms of democracy to have almost five pages of amendments stuck in at 6 o'clock in the morning for the opposition. They don't get a chance

to see them before then, and if you expect any kind of a reasonable presentation of an analysis of what these mean in the overall context of the bill – that has to be reflected as absolute arrogance on behalf of a government that does that kind of stuff. They could at least have given us these, you know, a couple of hours earlier. They would have obviously known that this is the trick they were going to play on democracy, that they were going to try and bully through these kinds of things. So they should have been able to provide us with these with at least a couple of hours of review on them.

Basically, what we have now are five different significant amendments to a bill that is very controversial, yet when we look over these amendments, not one of them addresses the issues that are being raised by both the public school boards and the Catholic school boards across this province. They want to be able to say that they're reflecting what the interests of the community are and the kind of approach that the community has in the context of how they get a choice to deal with the constitutional authority that allows for the minor religion in a community to have a school system that reflects the appropriate structure, whether it's a separate school board or a public school board.

8:20

When we end up now looking at how this is going to work in the context of bringing forward these kinds of changes, what we see is basically a situation where the amendments that we see here now in the five sections don't really address the concerns that were being provided to us from the participants in the community, whether it be the actual members of the boards or individuals from school councils, individual parents, or even individuals who have historically had an interest in the appropriate structure and administrative process for education in Alberta.

When we looked at this, we wanted to make sure that within the separate school boards there was some degree of stability created, and those separate school boards have basically created a situation where what they wanted was that stability for the existing boards even though new boards would be able to come in and deal with the choice that they have in terms of offering education to their children under the chosen administrative structure. We would expect some of those kinds of concerns to be reflected in these amendments and they aren't. There were a lot of concerns, and they wanted to be able to have time to explain this to their members, to their communities so that there would be appropriate input given to the government as they dealt with these kinds of changes. What we see now is basically the structure that's going to be put in place not reflecting what either the public school boards or the separate school boards in this province have been asking about Bill 16, and we have to look at it.

Mr. Chairman, as we go through and look more specifically at some of these amendments, we want to look at them in the context of how they improve, or not, the operation of the bill and the choice that's there for Albertans in the administration of their school system. What we're basically seeing here is that the choices even further erode the flexibility that exists under the current system.

When we look at amendment E, they're talking about the Francophone schools. The situation that we see here is that the regional authority under which they operate has to designate every school as either a public or a separate school. This is basically telling the regional authority that they have to be making choices for the people rather than allowing the individuals to do it on their own basis, and you would think that the rest of the act is set up so that members of the community have the authority to designate within their own choice, their own wishes, their own beliefs about the structure and the form of education, that they're the ones who get to set up what's going on and how it comes together. So I think that we're looking here at a situation where really very little is happening that will give us any kind of confidence that these amendments are strengthening Bill 16.

If we want to look at what happens in the communities, essentially the parents who are making the choices in terms of how their children are going to be educated, the structure under which they'll be educated, still don't have the ability to deal with it in the context of their community and the community's wishes.

[Mr. Tannas in the chair]

When we look at how the former process and this process came about, we look at the public school systems that are out there now, and basically they cover all of rural Alberta. The separate school boards are not yet all inclusive of the province. The school boards that have come along and talked to me have said that what they want to do is have the option so that communities can have a say and that what, in effect, we're doing is creating a situation here where before we can have a separate school board established in a community, then we have to have consultation with the public system. I guess that's kind of implying that the new boards won't have the same freedom to establish and provide education of choice to their children the way Albertans had prior to Bill 16. So I think what we're looking at here is essentially a bill that will erode the opportunity for the free choice that has been part of the premise or part of the basic aspect of our education system and the parental right to have their children educated in the school structure that they choose.

If we look at the way that this might impact on some of the rural communities, we end up with a new separate school being formed, and what we're going to have is some of the children that are currently attending public schools in what are small communities – then what we've got is basically a further reduction of the size of the school, a further slippage of that school's utilization characteristics. Probably this could result in the closure of some of these rural schools if they end up having to split the children into two different school facilities and two different school administrations.

What we want to do, then, is look at what that means in terms of the cost of education. It further adds to the transportation costs, because what you'll have are children designated for the separate school board now being transported to a school facility that will provide them with their education under the structure of the separate school board. That will leave a school in the public system that is potentially going to be closed because of the utilization factor, and then we'll end up transporting those children. I guess this is the kind of thing that we have to look at in terms of what some of these decisions mean in the context of the overall operation and structure of our education system.

The thing that we see here also, as I understand it and as it's been presented to me by the separate school boards and I guess with agreement of the public – the original 4 by 4 concept is still there. It still does provide, in essence, a double standard for the process in the sense that what you end up with are the individuals who are potentially part of a separate school board – if they move and choose to have their children stay with the public system, they can then make a choice and further weaken the opportunity for a separate school board to have the appropriate control over the funding of the residents and the children that are associated with their faith in the context of the establishment of that kind of offer in terms of the education system.

Mr. Chairman, as I look at the rest of these amendments, we basically see that they don't do much in terms of changing some of the aspects of the bill, but also in other areas we see that they do basically further add to the complexity of the kind of approach that

has to be taken. The thing that we have to look at here is whether or not the bill reflects, I guess, the current thinking, the current trend, the current wishes of a lot of people in Alberta, where they basically recognize that there has to be the choice between the public and the separate schools. There needs to be the ability of parents to have their children attend whichever kind of structure of school that they believe will best suit the educational needs of their children.

8:30

We also want to look at it in the context of what in effect is the issue of how we go about creating some degree of buy-in from the participants that are there as we deal with how they come about in terms of the choice. What we're looking at here is essentially the process that might come up in the context of Bill 16 and dealing with how it works. Basically, we're now going to have a set of separate school regions or separate school areas that have the jurisdictional function of what would be the equivalent of a separate school board in today's format. What we want to do is look at it from the perspective of how that gets administered, and when you allow for a region to be created that overrides or encompasses an existing separate school board, what you're going to have is, effectively, the parents having to make choices: do they want them to go to the current school board, or do they want them to go to a school region? How do they make sure that their children have that choice?

The issue that we have to look at there, then, is how these kinds of inconsistencies can be worked out. I don't see anything in these amendments that deals with that kind of concern that has been raised by some of the members out there in the community. This is I guess the focus that a lot of them have expressed in the context of how they wanted to approach that in terms of making sure that as this bill went through, they had a chance to inform their members and get feedback from them. I guess if there was one thing that was common from all of the people that I talked to or that approached me over the last couple of weeks about Bill 16, it was that what they would like to see is a chance to have this bill held over till fall so that they could have a chance to get input to the government and express their concerns.

A lot of them felt that their major organizations were effectively trying to negotiate in too much of a hurry without consulting back with the local boards. What they would have appreciated would have been more of a chance to have some input and to go out and consult with their members, consult with the participants, and come back and decide whether or not they truly wanted to support it in this format or whether they wanted to work to suggest some real changes.

I guess as we go through and deal with the idea, what we're going to look at here in the section D amendments is the creation of the regional authorities that are talked about here. This is going to be some mix of public and separate school members. The interesting part here is that we're falling into the same trap that we fell into with the regional health authorities in the sense that we give the minister the option to appoint the first members of a regional authority. I don't see why. If we're going to go through the process of striking a regional authority for education, then why not give the members within that regional authority the chance, as part of that process, to develop and hold their elections rather than have the minister come in and say, "Gee, we're going to tell you who you can have on your board"?

In many cases what you'll see is that the people who are going to be appointed to the board are the ones who approached the minister to establish the regional authority. What we'll then have is a situation where in essence the input from the other members who will be affected by that regional authority will not necessarily have a chance to be participating in the founding structure because this will be done by the people who originally approached the government to create that authority.

Mr. Chairman, I think we recognize that this is within the context of the Francophone discussion. What we need to do is look at it in the context of the traditional school board or school authority. Now we're dealing with it in the context of the Francophone authority, and we have to make sure that those individuals have the same degree of choice and the same degree of opportunity as what is presented to Albertans that want to have their education system administration reflected through the normal either separate or public school authorizations.

The other interesting aspects that we don't see in some of the changes here in these amendments include some of the questions that came up about how the relationship was going to be maintained between charter schools and the public school system. I had a couple of individuals approach me about the conditions in here that will basically require charter schools to initially apply through the local school boards to be an alternative program. What we end up with is the option, then, that some of them wanted to be able to apply directly to the minister. So these kinds of concerns were raised. I think we have to make sure that these kinds of issues that are being raised by Albertans get a chance to be heard and do in essence then become part of the debate on how we're going to structure or put together the aspects of how our education system will best meet the needs of individuals and best meet the needs of the structural changes that we're proposing in the amendments to the amendment bill of the School Act.

[Mr. Lougheed in the chair]

I guess as we look through it in the context of the other aspects that come up, section E of the amendments deals again with the Francophone area. What I read this to mean is that what we're going to see is that the Francophone and the public regional and separate regional boards have to deal with some kind of joint responsibility and issues that work out for them.

Thank you. I'll continue later.

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Chairman. It is a distinct responsibility and of grave importance that I rise today to speak to the amendments to Bill 16, the School Amendment Act, 2001.

As I look forward to speaking to the chair and through the chair to all members of the Assembly, I see that the hon. Member for Calgary-Lougheed is wearing her Graham tartan, I believe. What a fitting tartan, because the Scots were long proud of their tartans, and the red tartans were worn by the hunters. That is exactly what we're doing today: we're hunting for good legislation for our school boards. We certainly are hoping that all members of this Assembly do join in this debate, because it is critical to the future direction of education in this province.

In speaking to amendment A1, I certainly want to commend those four members of Her Majesty's Official Opposition who spent the majority of the night here as well as the Member for Edmonton-Highlands, who also spent the night here, and spoke so proudly to keep this major issue progressing and at the front of our deliberations today.

8:40

Now, then, as other members have said, amendment A1 was a

surprise amendment. When we have such a major amendment, members of this Assembly generally are afforded the opportunity to look at these amendments. They are afforded the opportunity to take amendments to the stakeholders. They are afforded the opportunity to bring different views and different ideas for consideration by members of this House. In all of this whole process this certainly hasn't taken place with members of this Assembly. I think that the public at large in this province are being cheated in the fact that they are not going to get the best possible legislation that they could.

As well, Mr. Chairman, I look here and I see that there are some 14 changes covered under amendment A1. It covers six different sections of the bill, and it really is a massive set of amendments which have come forward and have come forward very, very quickly. When I look at government bills that are proposed here in this spring session – and there seems to be such a huge, huge push on to get out of this House – I see that of the first 16 bills leading up to the School Amendment Act, 2001, 11 are amendment acts. If we know that we are making changes, changes in bills and changes that this particular amendment A1 covers, if we are looking at massive changes through so many bills, of which this is one, then what is the haste? Why are we so desperate to push this through without giving all stakeholders, without giving the Alberta School Boards Association and the Alberta school trustees the opportunity to look at these changes and to comment?

The number of us that attended the informative session of the Alberta School Boards Association, zones 2 and 3, last Thursday certainly heard from those people that they do not agree with Bill 16. They certainly haven't had the opportunity to see amendment A1. Therefore, what I'm having difficulty determining right now is why we've taken this approach of damn the torpedoes, it's full speed ahead, and we're going to ram this through no matter what.

Now, as well, Mr. Chairman, I noticed with a great deal of interest, when we were discussing the budget and line items that saw the teachers set at a 6 percent raise over the next two years, at 4 percent and 2 percent, how proud the Premier was to stand up in this Assembly and note how many educators were in his caucus. Yet we have not heard one person, not one of those educators speak to these amendments and the impact it's going to have on education. We had a provincial election a few months ago. We had people that said: "Oh, well, I can be your voice. Even though I'm a backbencher on the government side, I'll be your voice. I can contribute more." Well, where is the contribution?

I look forward to the Minister of Learning arriving and to hearing his comments on this particular bill and this particular amendment. I think it is absolutely critical, since he is the one responsible for overseeing education in this province, that he as well provide his comments, not only to make comments but to defend these massive changes, to defend the fact that members of this Assembly were not provided these amendments earlier and that all the stakeholders throughout this province were not afforded the opportunity to witness these amendments, to study them, and to make suggestions.

In dealing with this amendment, Mr. Chairman, I was very happy to see that people throughout this province had responded, had taken the time to write some very good letters to a number of members. I see a letter here to the Member for West Yellowhead from the Grande Yellowhead regional division that certainly outlined their problems with this bill. I saw a letter to the hon. Member for Barrhead-Westlock constituency, and this was written by the Pembina Hills regional division No. 7. I see a letter in here to the hon. Member for Leduc from the Black Gold regional schools. I see here a letter to the Minister of Learning from Aspen View schools. I see letters in here to the MLA for Redwater, again with concerns about this bill. They also wrote to the hon. member for Lac La Biche-St. Paul, for Athabasca-Wabasca. I see a letter here to the hon. Member for Wetaskiwin-Camrose from the Wetaskiwin regional public schools. This list continues to go on and on.

All of these, Mr. Chairman, are outlining grave concerns with Bill 16, yet these concerns, as far as I can see, have not been addressed in any of these amendments under amendment A1. Why have people in this province been shut out of this process? This expediency certainly doesn't seem to serve democracy well, particularly when we think of this Assembly and what it affords each and every member. It affords us the opportunity of free speech. It affords us the opportunity to get on our feet and make our views known. It affords us even more the opportunity to speak for the people of this great province. This type of expediency, this type of democracy is not what we were elected for.

So I think this is a very symbolic message to the people of Alberta. It is a strong message as well. It is a message that we in this House are not prepared to listen to the people of Alberta, and because of that we can say that this legislation is not going to be as strong and as good as it could be. It would not surprise me at all, Mr. Chairman, for us to be back in here with other amendments, again because we have rushed through and we have not done the job that we were given the responsibility to do.

Now, then, as I mentioned earlier and as I mentioned in debate yesterday, many members of this Assembly had the opportunity to attend a function just down the hill here at the Royal Glenora Club with the Alberta School Boards Association, zones 2 and 3. I can honestly say that in all the functions I've attended in the past four and a half years, I have never had concern about any piece of legislation exhibited to me to the same extent the people in that room did. These were people that were involved in both public and Catholic education. These people did have grave concerns.

8:50

It's amazing to me, Mr. Chairman. I was at a forum last fall. It was an educational forum on the establishment of a new high school very close to the constituency of Edmonton-Glengarry, one that would have served a number of my constituents very well. I heard a prospective candidate that wanted to represent people in this House express his concerns about how he would make a difference if he were elected. So I look forward to that person making comments in this House so he can reinforce and support what he said at that meeting. Certainly with his grave concerns on education I would think that he would certainly be more than willing to take the opportunity to get on his feet and comment about amendment A1.

As well, when I look at amendment A1, what we have here is a total disregard for the local governments that we have elected to take care of our schools, our local school boards. It continues to be a disregard, in my estimation, of the respect that some of us hold for public education. There are substantial changes here in the way education will be administered in this province by, first of all, the bill, the School Amendment Act, 2001, and more specifically by amendment A1 to Bill 16.

Again, with so many amendments, Mr. Chairman, it certainly indicates that we are drafting legislation which has not had adequate consultation. We are drafting legislation which has been rushed. We are drafting legislation here that is not complete and does not meet the needs of Albertans. So why are we here in an all-night session introducing amendment A1, to the best of my knowledge, at 6 a.m.?

I thought the Member for Edmonton-Strathcona made some excellent points when he said: here we are debating amendment A1, which is going to affect all children in this province and their education, yet the rest of the province is asleep. Why are they not

afforded the opportunity to look at this legislation? Why are they not afforded the opportunity to speak and put forth their recommendations to amendment A1? We know they are interested. This group of letters that I referred to earlier from all across this great province urge the government not to speed through this, to seek input.

In drafting these amendments I think we are making a huge mistake. We are doing a disservice to Albertans when we do not afford them the opportunity to scrutinize the amendments, particularly when we look at the amendment to section 5(b), where we certainly have the opportunity to deal with grammatical errors that could drastically change the intent. Yet we have not put the brakes on. We have not said, "Well, are there mistakes here?" Should, in fact, that comma be placed after – and I'm looking at section 5(b), subsection (2) – "An application may be made to the Minister only . . ."

Now, then, in hearing the chairman rule previously, he said that the way it is written is correct. So what does this mean? Is the minister the only one that can deal with an application now? Or do we go on and say: an application made to the minister

> only if the board of the district or division in which the school is to be established refuses to establish an alternative program under section 16 as requested by the person or society.

So we have ambiguity here and no clear direction. Therefore, I think this is one of the sections, Mr. Chairman, that we would be well-advised at this point to stop debate on to allow for further clarification. Of course, that would also give the stakeholders, the people that are affected by open and responsible government, the opportunity to speak to this amendment.

Now, then, as well, Mr. Chairman, I see that under these amendments – and it was mentioned earlier by one of the speakers – separate school boards presently do not go across this province. When we look at the reason, there is a very good reason. The major reason that we do not have separate school boards across this province is population.

At the reception last Thursday it was very evident that Catholic members who spoke to me were quite concerned about the impact of this legislation on small communities and the long-lasting effects that it would have if in fact separate schools were established where their population is very, very small.

Now, as well, Catholic education in this province also has some very serious concerns when we start dealing with blended jurisdictions. What these amendments will do is remove control over Catholic education in blended boards across this province, and this certainly is not in keeping with what is presently in the act and the powers that have been given to Catholic boards in this province.

When we look at amendment A1, the changes that it will make, it also eliminates the choice for electors. When this proposed legislation was sent out to these particular boards, the choice for the electors was only for newly formed divisions, yet I see that with amendment A1 this provision will be removed and it will be for all divisions in the province.

So, Mr. Chairman, as my time winds down here for comments on amendment A1 to Bill 16, I would like to urge all members of this Assembly to stop, to allow all Albertans to have an opportunity to speak to these amendments. Thank you.

THE ACTING CHAIRMAN: The hon. Member for St. Albert.

MRS. O'NEILL: Thank you very much, Mr. Chairman. I wanted to speak to the amendment A1, A through F, and to urge everybody here to hasten our consideration of these amendments. I'd like specifically to address some of them in particular: section A, subsection (2). There has been some discussion this morning on the grammatical correctness of section (b)(2), and I'd like everybody to go back and remember what happened when you took grammar in grade school. Quite frankly, "only if" is a recognized conjunction, and "only" here is not used as an adverb. So it is a grammatically correct sentence.

I would like everyone to recognize the fact, too, that the substance of this amendment speaks to the fact that we are looking for co-operation and for consideration among the parties involved, and if they are not able to arrive at it, then at that point the minister would assist them in their decision. So it is a very wise and judicious amendment that is being proposed here.

Section B speaks to the duty to report. I have spoken to a number of people in my constituency, and section 90.1(1) does make reference to some action of duty to report. When I spoke to the people in my constituency, they said: surely to goodness this is already in the School Act; provision for this kind of action and, in fact, red-flagging this issue is there. I told them it wasn't, and they said: well, thank goodness, then, that this proposal is to be put into it.

9:00

I'd like to make reference, then, to section D: 33(a),(b),and (c). They again speak to the proper proportional representation that would be there on the regional authority so that there could be harmonious and direct resolution to issues that would be all-encompassing for that area. So definitely there is attention being paid in these amendments to what must be the detail of how these boards would function.

Section E: 223.35(1), (2), 3(a) and (b) all make reference to the responsibility and the authority of the respective regional authorities to make sure that the respective groups mentioned in our Constitution and the rights of the minority are respected. So I take great umbrage at the fact that someone earlier this morning made reference to the fact that we were pitting Catholics against Protestants or public against separate. Quite frankly, this is in recognition of the rights and privileges that are inherent in the Constitution with respect to separate and public and also, I would add, further in the act with respect to the Francophone in section 23 of the Charter.

[Mr. Tannas in the chair]

So, Mr. Chairman, I would like to urge everyone here to look at the wisdom of these amendments, to stop making reference to what might happen under the worst scenario, because quite frankly these amendments are put here so that the wrong things will not happen and the right course of action and procedure will take place. They are good, they are appropriate, and I would ask everyone in this Assembly to support them.

THE CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I was pleased to listen to the previous speaker and the comments that were made. The fact that the amendments don't address the key issues in the ongoing debate, I think, has not been properly noted by that member.

I was remiss the last time I spoke in looking at section 33 under the amendment D on page 2 of the amendments. It talks about the representation on a regional authority and the proportions of that representation and then goes on in section (2.2) to indicate that "a Regional authority must have at least one public school member and . . . one separate school member." As I went through my list of things that weren't there and were expected by the Alberta Catholic

School Trustees' Association, I was remiss in indicating that this in fact was an amendment they had suggested, and the wording is almost the wording that was provided by the Alberta Catholic School Trustees' Association. That was my expectation, Mr. Chairman, that we would see more of the proposals put forward by the three associations and that that would be reflected in the amendments before us. We could look at an amendment and say, yes, that was put forward by the Public School Boards' Association or the Alberta School Boards Association and we can see the reason for it being there. That, I guess, is the failing we see, or at least I see, in the process we're involved in in the consideration of these amendments.

I think underlying the amendments was a set of proposals from the Public School Boards' Association. They set forward a set of principles which I thought would've made it easy for the government to draft these amendments. They had, as I said, a set of principles, and there were six of those principles. One of the very first was that they did not support any legislation that promoted the separation of students one from another or which promoted the fragmentation of community interests. If you look at the provisions of the amendments and of the bill itself, that fragmentation is actually promoted, and I'm sure the Public School Boards' Association had some suggestions as to how that might have been relieved in the legislation.

A second principle they had was that both potential minorities, Protestants and Roman Catholics, be treated evenhandedly, and that would seem to be a reasonable principle to work on. Again, Mr. Chairman, as we look at the amendments in A1 and the bill itself, I think that's not a principle that's being adhered to by the drafters of this legislation.

In the provisions we have, another principle they thought was important was that the minority faith have the opportunity to say no to a separate education for their children. Again, I'm sure there were amendments they would bring forward for consideration that would have addressed that principle. Mr. Chairman, as with the Alberta Catholic School Trustees' Association, I didn't put them forward as amendments that had to be supported, but I put them forward as examples that have come from highly interested organizations and suggestions that had been ignored.

A further principle that the Public School Boards' Association thought was important was that decisions about education and minority faith should be made by people living in those communities and not in communities remote from them. They gave as an example Jasper, and they raised the question: why is it better to have the decision about separate school education in Jasper made by separate school trustees who live 50 or 250 miles away rather than the residents of Jasper itself? So that was a further principle they had put forth as being one they would like considered as adjustments to Bill 16 were undertaken.

One of the further principles is that any process in place should be fairly simple, that we shouldn't make the whole process of forming school divisions and of dealing with minority rights a complicated and convoluted process. I think they would maintain that that is still the case with Bill 16 and that the amendments we have before us do little to alleviate that.

9:10

The last principle they had drawn to the government's attention as being an important principle to follow was that any process that is put in place should reduce conflict. I think this is a matter of disagreement, and I think the government would maintain that by putting an alternative into the formation of four-by-fours, they have in fact reduced conflict in a community. The Public School Boards' Association for their part would argue that conflict is going to be increased as a result of Bill 16 and the amendments to it.

So unfortunately, Mr. Chairman, we don't have the specific amendments from the Public School Boards' Association or the Alberta School Boards Association, should they have them. The Catholic school trustees were quicker off the mark and did have their amendments in, but I think it's unfortunate that the timing is such that all those amendments weren't gathered and considered and made part of the amendments we now find ourselves considering in A1.

As I indicated before, the process has been from the outset one that sought to bring groups together to resolve differences. Unfortunately, that effort broke down with one of the partners near the end of the process, and all three of the associations weren't able to endorse a common set of changes, but there was a feeling among those groups that an effort should be made to resolve differences. I think this was an opportunity lost when the government failed to wait for all three associations should they have wished to provide suggestions in terms of how Bill 16 could better meet the needs of children and citizens in this province.

My fear is that the amendments, as they exist now, are going to cause more controversy. Hopefully not, but having ignored the fundamental beliefs, seemingly, of the Catholic School Trustees' Association and the Public School Boards' Association, it would seem to me that conflict is a real possibility. We've all heard from – and in fact government members have tabled in this Legislature letters that indicate their unhappiness with the provisions of Bill 16 and, particularly, their unhappiness with the creation of divisional boards that have the potential of changing quite dramatically their communities and the kind of education their youngsters receive. Instead of being a goal that we finally reached in the long-standing difficulties with the provision of minority education, this seems now to have just become one more mark along the road and again leaves both sides unhappy with the legislation they're going to have to work within.

I think that concludes my comments, Mr. Chairman, and I again would like to express my disappointment that the efforts that had been made by so many in the associations and school boards across the province were seemingly ignored in the formation of these amendments.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Mr. Chairman. When I spoke earlier – it must have been about 7 a.m. – I commented at the end of my remarks that there was far too much and I would have to return, and I have.

This is a right shemozzle, this is. It's no wonder it had to be brought in at 5:30 in the morning, hoping that no one would notice or be awake, but wrong, wrong indeed. We have the Magnificent Seven and a replacement Lone Ranger to indeed speak for the people . . .

AN HON. MEMBER: On the bill.

MS BLAKEMAN: . . . which is what I'm going to do here, on the amendment. Heavens, no. We're to speak to the amendment here.

What's interesting to me is that now that we've been able to pull together the various bits of information we have on this, I hear the Member for St. Albert saying: support this with haste. That always makes me wonder. What's the haste? I guess that has to do with bringing this in at 5:30 in the morning.

MS CARLSON: What are they afraid of that they've got to do it with such haste?

MS BLAKEMAN: I don't know what they're afraid of that they have to do it with such haste. Boy, they're in a hurry for it. I guess they're hoping before the switchboards open at the school boards and they find out what has happened here. [interjection] Oh, I think . . .

THE CHAIRMAN: Hon. members, I'm sure a conversation can be held at some time out in the lounge, but right now we're in debate, and if only one member would debate at a time. Edmonton-Centre has the floor.

MS BLAKEMAN: This is not a conversation; I'm translating. But thank you for that reminder. It's instant translation.

The issue here is doing the right thing. I look at a stack of letters that have been mentioned previously, some indeed addressed to the Member for St. Albert, from various regional school divisions going: please don't do this; we object so much that we're asking you to please table this letter in the Assembly to prove that we don't want you to do this. They're asking for one set of things. I'm looking at what the Francophone schools have expressed as concerns, and they're asking for some different things here. Then I'm going back and looking at some notes from the public schools, and they're asking for different things again. So we have a right shemozzle here.

The amendment, three pages long I might add, 14 different sections that are being amended here, had to be snuck in at 5:30 in the morning, giving our critic a grand total of between 60 and 90 seconds to review this before he had to speak to it. Not the actions of honour, I would say.

When I look at the issues that the Francophone regional authorities have brought up – this came to mind when I was reading through the three-page amending document, and it's amending sections 33 and 34, which of course is what I'm speaking to specifically, Mr. Chairman. This is where we're talking about regional authorities. What they had been concerned about with the regional authorities – we're talking specifically minority language rights here with the Francophone regional authorities.

I'll just stop and point out that the Francophone regional authorities include the following. The Northwest Francophone education region No. 1; St. Isidore has 268 pupils. The Greater North Central Francophone education region No. 2; Edmonton, with 1,426 pupils. The East Central Francophone education region No. 3, in St. Paul, with 476 pupils. The Greater Southern Public Francophone education region No. 4, at Calgary, with 223. The Greater Southern Separate Catholic Francophone education region No. 4 – I wonder if that isn't a typo for No. 5 – in Calgary with 691 pupils. So it's the strong preference of the Alberta bishops that there were no blended authorities for the three northern Alberta Francophone regional authorities.

9:20

Now, I am not seeing that reflected in what's being put forward under sections 33 and 34. The board of directors had noted that even if the provincial government rejected the bishops' proposal for no blended authorities, it would have been in the alternative appropriate for Bill 16 to reflect the newer model of blended authority recommended by the Ducharme committee, which met between the 4th of April and the 11th of April of this year. I agree it's disappointing that the amendments negotiated with the Ducharme committee between April 4 and April 11 have not been reflected in Bill 16 or in fact in this amendment. If you scrutinize this amendment to section 33 and section 34, we're not getting that at all. We don't seem to be getting anything from the Ducharme committee, and I'm assuming that that's reflecting the Member for Bonnyville-Cold Lake. That doesn't seem to be in here either, but I can be corrected. I hear the Member for St. Albert making comments, so I'm sure she'll be up and on the record again.

MS CARLSON: She could be recruited to our side if she'll get up a few more times.

MS BLAKEMAN: Yeah, that's true.

Now it's the choice of separate school electors in new expansion areas to support either the new Catholic separate board or an existing public board. So the board of directors were looking for and supporting amendments proposed in Bill 16 which allowed the creation of separate school regions and the expansion of separate school districts to fill entire separate school regions, either by agreement with public school boards or by a process that's already in the School Act. I'm not seeing that in these amendments either. So how did this group get consulted? How were their strongly stated preferences and the issues that they definitely did not want included – how do I find these reflected in these amendments showing up under section 33 and section 34?

I mean, what we are getting out of that is the issue I raised previously about cutting out that "a Regional authority must be composed of at least 3 members and not more than 7," and that used to include a public school member. Now we've got

> the number of public school members of a Regional authority must . . . be in the same proportion to the total number of members of the Regional authority as the total number of public school electors in the Region is to the combined total number of public school electors and separate school electors in the Region.

Man, I love this stuff. Somebody wrote this one very late at night. Perhaps they wrote it very early this morning, which would account for the language used in this.

Again, that's not reflecting the issues that have been brought forward. We're looking at: "A Regional authority must have at least one public school member and at least one separate school member." Well, that's very equal of them, but again I'm not seeing that reflected in what anybody had been talking about.

"The Minister may appoint the first members of a Regional authority." Now, that's obviously to get a grand kickoff here and make sure that the government has control over the people and chooses the people they want to fulfill their wishes.

Then we move into section 34, which is amending Bill 16, which amends the School Act. Just so everybody is tracking here, we've got a triple layer thing happening. You know, specifically what we've got are amendments that look like they were possibly drafted in the wee hours, brought in at 5:30 in the morning with no chance for the opposition to really have a look at them or consult with anyone, seeing as no one was up at that time. These amendments are amending Bill 16, the School Amendment Act, which in turn amends the actual School Act. That's how you're getting the triple layer here.

I'm going back and looking at section 34: "A Regional authority must designate each school either as a public school or as a separate school." Well, certainly when I started with this with the notes from the Francophone regional authorities, they wanted blended authorities rejected, or if they had to have the blended authority, the newer model. What we've got here is: "designate each school either as a public school or as a separate school." I look at "separate school members of a Regional authority are a corporation under the name of" blank, and then you fill in the blank. "The Separate School

Members of the Regional authority of" blank, and then you fill in the blank, "Francophone Education Region No." blank, and you fill it in again there.

Then

> subject to subsections (2) and (3) [above], a Regional authority has the responsibility and authority to ensure that both minority language educational rights and the rights and privileges with respect to separate schools guaranteed under the Constitution of Canada are protected in the Region.

Hang on a second here. We've got minority language rights, minority language education rights, and languages and privileges with respect to separate schools. This is an interesting dilemma here. Is there an assumption that a minority language right is French? What happens if you've got a school area where a minority language is in fact not French or where the minority school is not a separate school? Do they get the same choices that are being laid out? That's not how this is reading. The choices only go when there's an assumption that the minority language is French and the minority school division is separate. So in those areas that have either/or or a combination – a minority language that is English, for example, or a minority school district which is a public school – those people are not granted the choices that are being put forward elsewhere, if I'm reading this properly.

Well, you know, I'd hoped that members opposite would get up and clarify, but I think I've stopped hoping for that. It just doesn't happen.

Okay. So continuing on, we've got that

> separate school members of a Regional authority have the responsibility and authority to ensure that the rights and privileges with respect to separate schools . . . are protected.

Oh, here we go. Here's the blended stuff. This is going backwards here. Section 34(3):

> If a Public Regional authority and a Separate Regional authority are established under section 223.31 or continued under section 223.32,
>
> (a) the Public Regional authority has the responsibility and authority to ensure that minority language educational rights guaranteed under the Constitution . . . are protected in the Region, and
>
> (b) the Separate Regional authority has the responsibility and authority to ensure that both minority language educational rights and the rights and privileges with respect to separate schools guaranteed under the Constitution . . . are protected.

This isn't doing what was asked, so what was the additional consultation that took place with the Francophone schooling group? This is not what they were asking for.

Now, I'll admit that this is my 13th and a half hour in the Assembly and I may not be tracking this with quite the usual sharpness I have, but this is not reflecting what's been asked for. In fact, the Francophone groups are noting that Bill 16 went well beyond the granting of choice to separate school electors in the expansion areas. First, it granted choice to all separate school electors. Secondly, it required that those wanting to support the separate school board be required to give notice to the municipality to that effect.

Well, from a constitutional perspective, legal counsel advised that under the provisions of chapter 29 of the North-West Territories Ordinances, which is now under the Alberta Act, whenever a separate school district is formed or expanded by use of constitutionally mandated four-by-four expansion provisions, all persons of the same faith as those who establish the district, whether Protestant or Roman Catholic, are required to be residents of the new separate school district.

I think what's happened is that's no longer there. In fact, I think this is going to cause a real problem in rural areas. If this is opened up, we'll have Catholic students that were attending a public school that could now be looking for their own school to be set up, which is going to draw students away from the already small public schools. You're going to have a bunch of one-room schools here with six kids in them. I thought the government was moving away from that, so I don't understand why these provisions have been brought in.

9:30

Now, I go back and look at what was brought forward with grave concern from the public school board. They point out that the amendments assume that the only faith minority entitled to separate school education is Catholic, where Catholics are the minority. This is the point I was making earlier. Indeed, there are communities in Alberta where Protestants are the minority compared to Catholics, and the amendments make no provision for this reality. Well, there you go. That's what I was talking about. These amendments, in effect, discriminate against the Protestant minority, and they also assume that local members of the minority faith invariably want separate school education. So there's no provision for these people to say no to separate school education.

There's a transfer of control of this issue from local electors to politicians who do not even live in the affected community. There's a lot in the letters that have come with concern around that issue, that decision-making is moved from local electors to politicians who could be miles away. Again there's schizophrenia, a disconnect in choices that this government makes. You know, it's supposed to be about flexibility and empowering on a local level, and then we see some of what is being talked about here being put into place that works against it. It works against citizen control. It works against local control. I really am coming to believe that this government is all about centralizing control and having absolute authority over things but dispensing the responsibility for providing service, whether it's to a regional health authority or a children's authority or in this case now these new kinds of school divisions. But it really is about the cabinet sitting behind closed doors with all the threads in their hands pulling and tweaking, I suppose, at the expectation that somewhere out there school boards and interested, committed parents and people affiliated with the school system are going to dance like puppets.

You know, as the members like to point out, they had lots of people vote for them, but I'm also conscious of the fact that 70 percent of the people didn't vote – I mean, half the people didn't vote that were eligible to vote. You can halve that 60 percent that the government did get, and that comes down to 30 percent, and that tells me that 70 percent were not supportive of what's going on here or in truth we don't know. We just know they didn't vote for them. Well, who knows? We'll see in the next election if people wake up and care as to what kinds of things are being put through here. They are obviously concerned about fragmentation, and I can certainly see that. We don't have local autonomy that somehow rolls up into a larger coalition or a matrix structure. We do have fragmentation that all seems to be controlled by the central Wizard of Oz. It is Oz-like; isn't it? It's not quite Emerald City, but certainly everybody's wearing funny-colored glasses.

Now, the provision of separate school education within the Francophone governance model. This is again coming from the public.

Oh, I'm going to run out of time right away. I may have to come back on this again, because I certainly haven't managed to get through the issues that I wanted to raise. I see that my time is up.

Thank you very much for the opportunity.

THE CHAIRMAN: The hon. leader of the third party.

DR. PANNU: Thank you, Mr. Chairman. I'd like to speak on amendment A1. This amendment is to Bill 16. Bill 16 is about our public education system, K to 12.

You know, Mr. Chairman, I've kind of been reflecting on this. This bill came before this House early this morning, in the dark of the night, and I asked myself: is this a way of keeping people in the dark? Is this what this government is doing?

It also kind of reminds me of all kinds of historical events. We seem to be making history in this Legislature today by continuing this debate, starting debate on a bill as important as Bill 16 in the way we have, as I said, in the dark of the night, in the middle of the night, so that Albertans don't get an opportunity to watch what we're doing, to oversee and monitor how we operate in this Legislature, and such interesting symbolism of darkness, keeping people in the dark about your real intentions about the debate that's so vital to their interests.

I tried to think of some metaphors to understand why this is happening, you know, what's going on, and Pearl Harbor comes to mind. It's a legislative Pearl Harbor. That's the only way I can encapsulate my feelings about what's going on. We are under attack; Albertans are under attack.

So this is one way, I guess, of remembering this night, this morning, today, Bill 16, and this sort of clandestine way in which this government has broken all the rules, all understandings, and come to attack just as the attackers came to wake people in Pearl Harbor that night with their destructive force. I guess it's the Pearl Harbor of our legislative process here. That's a quite a memorable way of thinking about it.

[Mr. Lougheed in the chair]

Mr. Chairman, A1 as an amendment I think mocks at the concerns of Albertans as they have been expressed. It makes a mockery of public participation, of public consultation, of listening to Albertans. Why this mocking? I guess it comes from the presumptuous view that this government has taken, that since 60 percent of those who voted in the last election voted for the government, it has now the licence to ignore the other 40 percent.

What a strange way of looking at democracy. What a strange way of building consensus in the province. What a strange affront to many decent values of democracy that all of us, I presume, subscribe to. So it's quite an assault. It's quite a frontal attack on those basic understandings of how we should govern.

I think the people of Alberta, while they understand that there are 74 government members sitting over there, won't undertake legislative debates in a way which look indecent, which smell of arrogance. So when Albertans wake up this morning, they have quite a shock for them, news for them, that what's happening in the Legislature is happening behind their backs, when in fact we're supposed to be accountable, answerable to them, accessible to them, transparent and public about what we do, but, no, we have turned this Assembly, it seems to me, into a private club which closes doors on everybody.

9:40

It's ironic that we are talking about closing doors, this government side trying to shut the doors in the face of Albertans while it debates this important bill, and the bill itself is about opening minds. That's what education is about, opening up and caring. The very word education comes from the Latin language and is about awakening, opening up our minds. What we have here is the opposite happening in this Assembly, happening opposite in this province, as we speak to this amendment to Bill 16.

I want to refer to a couple of letters, Mr. Chairman, with your permission, and these are letters that are quite telling in their poignancy, in the kind of language that they use and the concerns that people express. I was speaking with a member of Sturgeon school division No. 24 last Thursday. This trustee stopped me as I was about to leave – some of my colleagues from the government side were with me at the time – and she was trying to access their ears as well. She reminded me, she said: you guys who live in urban areas have no understanding of the challenges that we who live in rural Alberta face. She said: I want to remind you that there are lots of Albertans who live in rural areas, and their concerns better not be ignored; we'll remember that. [interjection] I'm glad the Minister of Energy is listening to this as well. Being a member from Calgary I'm sure he knows the problems and the concerns that rural Albertans have, which is very good. I'm glad that members of the cabinet as well as backbenchers are attentive. They are not asleep, and we are all paying attention to matters of vital importance.

MR. SMITH: Point of order, Mr. Chairman.

THE ACTING CHAIRMAN: A point of order.

Point of Order
Inflammatory Language

MR. SMITH: Citation 23(h) and (i). There are no members of the Conservative government that are referred to as backbenchers. All members are private members, and I would ask that the member retract his statement.

DR. PANNU: Mr. Chairman, the point of order clearly is not of much consequence. I mean, we use the language, you know, the metaphors, the idiom that's common. I'm willing to call them private members. Many of the members sitting on the back benches on the government side see themselves as private members, so I take the point that maybe I should call them private members. With your permission, I would like to continue.

The private members, so-called, on the government side, sitting on the back benches as opposed to the front benches – I'm referring to those private members, and indeed there are those benches all around, some in the very back of the House. Such a specious metaphor. You know, when we use these metaphors, we're trying to use habitual ways of looking at things. I think it's quite appropriate for us to do that because that facilitates communication. I'm using these terms essentially to make my message rather simple, rather than use some obscure jargon to refer to those who don't get a chance to be sitting there in the front benches.

With that, Mr. Chairman, I hope . . .

THE ACTING CHAIRMAN: Are you finished on the point of order?

DR. PANNU: I'm finished with answering the point of order. May I continue with your permission on A1?

THE ACTING CHAIRMAN: Thank you for your contribution to the point of order. I think the point is well made. It would behoove you to speak directly and clearly and accurately in all cases, and we'll expect that you would continue as you resume your speech.

DR. PANNU: Thank you, Mr. Chairman, for your generosity. Thank you for your forbearance. Thank you for your understanding. You have been very lucid in what you said. Thank you for that.

Debate Continued

DR. PANNU: I want to refer to two letters here, Mr. Chairman. The

first one is dated May 22, just about seven days ago. It was written by Judy Muir, chairperson of Northern Gateway regional division No. 10. This division falls within the constituency of the hon. Member for Whitecourt-Ste. Anne, I believe, and this is about Bill 16, the School Amendment Act, 2001.

[Mr. Tannas in the chair]

I want to read this short letter into the record of the Assembly.

> The Board of Trustees of Northern Gateway Public Schools discussed the above noted act and the particular section dealing with Separate School District formation at its regular May 22 meeting. The Board asked me to raise the following concern about pending changes to this section of the School Act. Many of our rural schools are finding it more and more difficult to maintain programs and even to keep some of them viable. Further fragmentation of our student populations in rural areas will cause greater hardship. Our Board would ask . . .

And this letter is addressed of course to the Minister of Learning.

> . . . that you reconsider this legislation as it can easily decimate some of our rural schools.

Mark that word, Mr. Chairman: decimate.

As I said, I heard from a trustee from the Sturgeon school division and her language, her message was just as powerful and poignant as this brief letter that I've just read into the record.

Another letter here, Mr. Chairman, that pertains to the concrete fears that rural Albertans have about the consequences of the further fragmentation that they fear may result from these particular provisions in the bill. This letter is a bit longer, but I'd like to again read this into the record of the House. It's from Renee Seitz from Medicine Hat, and it's also to the Minister of Learning. It says:

> I'm writing you this letter as a concerned parent in southeast Alberta. My children attended Manyberries School and because of budget cuts my children will be triple graded next year. This makes me very angry when we live in a province that prides itself in a provincial surplus this year. Should we really be bragging about a surplus when there are schools out there such as ours that are fighting to maintain an adequate education for our kids. I don't think so.
>
> This year and for many years we have been double graded and this seems to be workable. It has been workable due to the fact that we have an excellent teaching staff as well as some paraprofessional help.
>
> This year we have 7 teachers including our kindergarten teacher. We can not count her into the picture because our kindergarten will more than likely become private next year or non-existent due to the fact 2 years ago our board decided that they would not fund any schools who have a kindergarten program of less than 10 kids. We also have 2 paraprofessionals on staff right now taking care of secretarial duties, librarian, and also aiding teachers in the classroom. Included in these 7 teachers is our principal also. So his time is split among administration and teaching.
>
> Next year with these cuts our school will be left with 4.25 staff. This includes 3 teachers for the triple grades, our principal who will still split his time between administration and teaching, and 1 paraprofessional who will become the secretary, librarian, and aide all in one. This is a skeleton of a teaching staff in my opinion.

9:50

The writer continues, Mr. Chairman.

> Sure the numbers do show that we have a great pupil teacher ratio, but not when you take the whole picture into context. Our school will not even have a full time secretary to answer the phone or just monitor the comings and goings in the school. As a very informed person you should know . . .

The reference is to the Minister of Learning.

> . . . that in this day and age with all that has been happening in our schools (e.g.: bomb threats, shootings) that we need to be in contact with the schools at all times and should have someone in the office to report any strangers or incidences.
>
> Have there been enough studies done to prove that being triple graded does not harm our children educationally?

That's the question that she asks.

> If there has been any research done to prove my fears wrong about triple grading I would like to see that research. I need some convincing that it will not harm them. It is also a possibility that our children from grades 1-6 could be taking option classes together. To me that does not make sense mentally or physically when you are dealing with a child in grade 1 and a child in grade 6 [at the same time].
>
> The teachers in our school that we have now are wonderful teachers who enjoy their jobs. What will happen to them teaching three grades together, having little or no preparation time, and no help from an aide that they can count on when they need the help? I feel that this is a fast recipe for teacher burn out. Once our teachers are burnt out how do we attract new teachers to our school with working conditions like this?
>
> With possible teacher burnout and the lack of attracting new teachers to our area who suffers? Our children are the ones who suffer. Is this fair to them when all they are trying to do is obtain a good quality education? Our children already lack in the area of options due to the fact that there are just not enough children to offer a variety of programs. Options to me are totally different than core subjects. Core subjects are needed to further their education and to just have a solid educational background.

In the concluding paragraph, Mr. Chairman, Renee Seitz says:

> I am asking you as the Learning Minister to take a serious look at the situation because it is a very serious situation. Please do not let our children become guinea pigs in a society that is supposed to be ahead not back in time. Rural children's educations are just as important as urban students are. We all have the same educational right in this province no matter where we live. Children are our future.

Mr. Chairman, I read this letter into the record of the Assembly because I think it speaks to those very fundamental concerns that I have heard about directly from trustees who represent their rural constituents on school boards and school divisions. There are these concerns about how the rural schools are doing even before the changes that are anticipated in this act after amendment A1 goes through. Given the fact that these problems exist already, if further fragmentation of our public school system were to arise from this bill as it becomes law – and amendment A1 doesn't seem to give us the slightest assurance that the potential for fragmentation that's implicit in this bill will be in any way remediated, mitigated, or reduced – then I think it's important for this Assembly to ask: why go that route? If we go that route, what we will do will be doing a serious disservice to our rural communities and our children who are going to schools in those communities where triple grading and double grading are already a reality.

It is deplorable that our government is allowing such conditions to obtain in our rural communities. It simply says to rural residents that their concerns are not the primary concerns of this government, that it will do things regardless of the concerns that may be expressed by ordinary concerned citizens, by parents, by teachers who teach in those schools, and by the community leaders in the rural areas.

Amendment A1 is a serious disappointment to the people, and furthermore, Mr. Chairman, the manner and the speed with which we are discussing these amendments give no opportunity whatsoever, deny any participation to these very concerned voices that are desperately trying to speak to us before we proceed any further with this bill.

So, Mr. Chairman, I implore this Assembly, I call on the Minister of Learning to stop this bill at this stage, engage in consultation, bring this bill back after having consulted and having made changes that will meet these concerns from rural communities in our province.

Thank you, Mr. Chairman.

THE CHAIRMAN: Hon. members, I wonder if we might consent to briefly reverting to Introduction of Guests.

[Unanimous consent granted]

THE CHAIRMAN: The hon. Member for Edmonton-Centre.

head: Introduction of Guests
(reversion)

MS BLAKEMAN: Thank you very much, Mr. Chairman. I'd like to introduce to you and through you to members of the Assembly some special guests who have traveled from outside the province to visit us here. We are joined by a group of 44 junior high students who have come from Fort St. John. B.C. They regularly attend Dr. Kearney school, and I would ask them all to please rise and receive the warm and traditional welcome of the Assembly.

Bill 16
School Amendment Act, 2001
(continued)

MR. CAO: Mr. Chairman, I move to adjourn debate on Bill 16.

[The voice vote indicated that the motion carried]

[Several members rose calling for a division. The division bell was rung at 9:58 a.m.]

[Ten minutes having elapsed, the committee divided]

[Parliamentary Counsel began calling the standing vote. Several members entered the Chamber accompanied by the Sergeant-at-Arms]

THE CHAIRMAN: This is quite a different procedure, that we're not familiar with. The committee is voting. Now, I know there are two functions going on at the same time, so with your indulgence I think we'll all sit down and we'll start again because we ran through the middle of *O Canada*.

10:10

The committee was asked to have a standing vote. Normally, for those that are in the gallery, no member is allowed to come back in when the bells finally stop ringing. However, we did have another formal function here in the Legislature at the same time, and actually our bells rang right through the middle of the national anthem, that we didn't know about here but was going on outside.

So what I would ask is unanimous consent for us to begin the division again.

[Unanimous consent granted]

THE CHAIRMAN: Okay. Now to explain the division. We are having a standing division on a motion by the hon. Member for Calgary-Fort that the committee do now rise and report progress.

For the motion:

Abbott	Hlady	McFarland
Cao	Jablonski	Norris
Danyluk	Jonson	O'Neill
Ducharme	Knight	Pham
Evans	Lord	Renner
Fischer	Lougheed	Smith
Forsyth	Lukaszuk	Snelgrove
Friedel	Lund	Stevens
Fritz	Magnus	Tarchuk
Gordon	Mar	Vandermeer
Graham	Marz	Woloshyn
Graydon	Masyk	Yankowsky
Haley	McClellan	Zwozdesky
Herard		

Against the motion:

Blakeman	Carlson	Pannu
Bonner	Nicol	

Totals:	For – 40	Against – 5

[Motion carried]

[The Deputy Speaker in the chair]

MR. LOUGHEED: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following: bills 11 and 7. The committee reports progress on Bill 16. 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.

THE DEPUTY SPEAKER: Does the Assembly concur in this report?

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

Before we commence with third reading, I wonder if we might have consent for a brief introduction of guests.

[Unanimous consent granted]

THE DEPUTY SPEAKER: The hon. Member for Lac La Biche-St. Paul.

head: Introduction of Guests
(reversion)

MR. DANYLUK: Thank you very much, Mr. Speaker. It is my honour to introduce to you and through you to the Assembly a young lady named Rebecca Demoissac. Rebecca is our summer student in our constituency. Rebecca is attending Grant MacEwan college this fall. I would like to say that I did meet Rebecca as a volunteer in our constituency. She did all the data input for us and all the research and phone surveys, and I can say that she was .3 of a percent out. So, ladies and gentlemen of the Assembly, I'd like to introduce Rebecca Demoissac.

head: Government Bills and Orders
head: Third Reading
(continued)

THE DEPUTY SPEAKER: Before we commence third reading, just

to refresh our memories and refresh mine as well, debate on third reading is similar in process but not in kind to second reading. "Debate on third reading . . . is more restricted than at the earlier stage, being limited to the contents of the bill." This is from *Erskine May*, and you can go on to read the rest of it.

The point is that we can't talk about, as we do in second reading, what might have been, should have been, and isn't in the bill. We can only talk about what is in the bill. With that, we'll commence third reading on Bill 1.

Bill 1
Natural Gas Price Protection Act

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Speaker, and thank you for the clarification in terms of what the parameters are for speaking on Bill 1 in third reading.

This is, of course, the Premier's flagship bill, a flagship bill that comes in after the fact. We had the regulations passed and the moneys spent long before we saw the legislation, which is really the way this government likes to do business these days. It isn't very informative, it isn't participatory, and it isn't really democratic, if you ask me, but that's the process they like to pursue.

This bill comes to us now in third reading, which is the final stage, so we're going to see royal assent to it very quickly and it becomes legislation for this province. It looks like this week, Mr. Speaker. In fact, the way this government is going today, it could be tomorrow.

It's interesting to see the process of how we got to third reading of Bill 1 today, which is really the continuation of Monday's business. We haven't had Tuesday yet because we haven't recessed, and all the commitments we thought we had in terms of progress in this Assembly were for naught. We're now talking on final reading of a bill.

10:20

MR. WOLOSHYN: A point of order, Mr. Speaker.

THE DEPUTY SPEAKER: The Minister of Seniors is rising on a point of order.

Point of Order
Relevance

MR. WOLOSHYN: Mr. Speaker, you just instructed the House that the debate must remain on the content of the bill. I do believe that since the speaker started, we haven't referred to anything in the bill yet.

THE DEPUTY SPEAKER: On the point of order, Edmonton-Ellerslie.

MS CARLSON: Yes, Mr. Speaker, on the point of order. Certainly I have talked about a number of issues: this being the Premier's flagship bill, this dealing with legislation that is being put in place after we've seen regulations made and moneys spent.

I will refer that hon. member, who understands the rules very well, to *Erskine May* on page 378 in terms of relevance. I took the Speaker's ruling to heart in terms of sticking to the matter of the bill, but I would remind that hon. member that if we take a look at "Relevance in Debate," the appropriate sentences for us to consider are:

> A Member must direct his speech to the question under discussion or to the motion or amendment he intends to move, or to a point of order. The precise relevance of an argument may not always be perceptible but a Member who wanders from the subject will be reminded by the Speaker.

We have had many instances in this Assembly, Mr. Speaker, where it's taken nearly the full 20 minutes to get to the point. In fact, hon. Speaker Kowalski was one of those members in this Legislature who liked to expand on his points.

So I would like to state that there is no point of order, Mr. Speaker, because I did preface my remarks directly referenced to the bill, and I am shortly to get to the point of my comments on it.

THE DEPUTY SPEAKER: The chair would observe that much of what the hon. Member for Edmonton-Ellerslie has said is correct so far. I think the hon. Minister of Seniors was making the point that we are, as the chair had reminded all hon. members, dealing with the bill as it is. To a certain extent one was beginning to stray, but I'm sure that you were going to bring back very quickly the point and remain on the point for the rest of your talk.

The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Speaker. You're absolutely right. I was soon to get back to the main points in here, and it's nice to see that the minister was paying attention to my comments, so I thank him for that. [interjection] Perhaps some of the rest of you would like to participate in this debate too. That would be great, because that would help us out with the timing of when this gets passed.

Debate Continued

MS CARLSON: Mr. Speaker, the object of the bill was to establish in legislation the ability to provide rebates to Albertans for high natural gas prices. Already done. Already accomplished. We look forward to seeing what kinds of regulations get passed in this blank cheque bill as we move forward so that we can see what kind of support and sustainability Albertans will see in the coming winter season when prices will be high.

What we saw with this bill was really it being introduced to follow up on the government's promise to provide long-term protection for Albertans from the high natural gas prices. Good news, except that this government was partially responsible for those high prices. We had talked about, way back in 1995, what they needed to do in terms of ensuring that there was some security in the marketplace as deregulation moved forward so that producers could in fact know they were in a position where they could bring new production on-line. That didn't happen. As a result, these producers didn't bring new production on-line to meet the anticipated needs to the extent that was required. In fact, I would suggest that it would be very hard for them to have secured financing in the kind of unsettled market they were dealing in.

So what happens is that we get into a real crunch, Mr. Speaker. Not all the fault was the government's, for sure. No doubt world prices had some impact, I would even say perhaps up to two-thirds of the impact, on the instability in the marketplace. But certainly there is some responsibility at the government level.

Interestingly enough, they didn't react very fast. If we remember back over the Christmastime period, there was a great deal of unsettlement in the marketplace and concern by consumers and producers alike, and the government made several comments that caused great concern on both sides and then decided to go forward with some changes. Some of the changes were those that directly follow on this bill and that being the rebates themselves.

The government has already provided the two $150 rebates to every Albertan 16 years of age and over who has filed an income tax

return. Interestingly enough, they couldn't even get that right, Mr. Speaker, because we've had some significant problems with people receiving their cheques. So while the legislation is being passed at this stage, we still have some people with outstanding issues. Most of those are being worked through. I certainly know of a few people who haven't received any of the money yet. Primarily those were people who didn't file a tax return in the year because they had no income, but of course that was the requirement for receiving the rebate.

There have been a number of situations where there has been an interesting management of this process by the federal government. I think they were wrong in the way that was handled in most cases. They're correcting the problem, but interestingly enough they're taking their sweet time doing it.

I just talked to someone yesterday, a young man who has been trying to pursue his rebate. Filed the return sometime in November of last year with nil income and didn't get the January rebate and still hasn't got the January rebate. We heard from the minister here that even if they didn't get their January rebate because of some sort of problem, they would get the April rebate on time. Mr. Speaker, guess what? He didn't get that one either. So after repeated phone calls trying to find the appropriate department people to talk to, he called our office. We were able to get hold of the minister's office and get a direct line, so I thank her department for having put in process a number that could resolve these issues in a somewhat speedy fashion.

I say "somewhat" because subsequently what's happened is that he's found out that even though he had never filed a tax return before and the return he filed was with his current address, the cheque was sent to his former address. I'm not quite sure how that works, but that's what happened, and of course he didn't get it. So that was the January cheque, and then the April cheque went to that address too. Subsequent to that, he filed this year's tax return some time at the beginning of April, and they realized that there's been an address change, and that's why the cheques had come back to Revenue Canada. So they were just sitting in his file.

So he filed the first week of April. He called on, I guess it was, Monday, May 28, and was told that – and they already processed his 2000 tax return, Mr. Speaker, and apparently he got the rebate cheque for that. They've said that they will begin the process of reissuing the two $150 cheques now that they've talked to him, even though they had all the information in place, and that he should receive the money some time by the end of June.

Well, that's quite an interesting process, Mr. Speaker, not very timely and not very efficient. I'm wondering in retrospect if the minister wouldn't have preferred to have issued the cheques directly herself from her department to Albertans, that that might have been a better process. It would have eliminated the other problem, and that was people who filed their returns owing some small amount of money and whose cheques were withheld or the amount of tax owing was deducted prior to getting the April 30 rebate. Her opinion on that would be interesting as we pass into the very final discussions of this Bill 1 in third reading. So that's an interesting process that people have had to go through to receive their money here in this province with regard to this particular bill. Not very efficient.

You know, Mr. Speaker, we didn't have an opportunity to ask all the questions we would have liked on Bill 1. I would like to put a couple of them on the record that speak directly to the content of the bill, and I hope the minister, who is acting on the Premier's behalf on this bill – the Premier is the sponsor of the bill – will address some of the issues for us.

10:30

We heard lots of concerns about this bill being a blank cheque. It's a very thin bill. It doesn't have very many specifics in it. Certainly in two separate cases within the bill it talks about all decisions being made by regulation, which of course is of some concern to us, Mr. Speaker. In section 7 it states that through regulation any rebate program can be brought in through orders in council, which bypasses all legislative scrutiny. So we have an issue with that. One, we think that money bills, particularly, should always be brought into the Legislature and debated. This rebate is clearly a money bill and clearly fits that kind of criteria. It's a great deal of assumption the government takes on with the idea that Albertans are quite happy to see money bills, the degree of money and how and when the money will be spent, being passed through orders in council rather than having at least some cursory examination of those issues made here in the Legislative Assembly.

So our question to the Premier and to the minister who is responsible for the enacting of this bill is: why do they want to skirt the legislative process by determining all the details of the rebate program by orders in council rather than through legislative approval? There's got to be some reason why they want to be able to make these decisions behind closed doors. Perhaps it's an issue of timeliness, deciding what the caps are going to be, but I don't buy that argument, Mr. Speaker. We saw the decisions being made and the cheques sent out before it was brought in here for approval, so it can't be timeliness, because they'll just do what they want any time they feel like it anyway.

Why couldn't they bring in the issues of what the dollar amounts were going to be and the other regulations through legislation for debate? It could have been a much more substantive bill, Mr. Speaker. We could have seen the details in this bill. Certainly the government had enough time, and certainly they have enough resources. When they can spend over $19 billion a year, certainly they have the resources to be able to put the meat into a bill like this rather than us opening it up and seeing that it's really just a blank cheque.

Another question for the Premier and the minister is: how can they bring forward such legislation that clearly eviscerates the role and responsibilities of legislators? Where is the accountability, and what is there to hide? You know, as legislators we have a responsibility to scrutinize what happens in legislation, the kinds of rules and regulations and laws that this government wants to pass. That is a part of the democratic process. It is the right of Albertans to hear what is happening, the detail of the kind of legislation the government is passing. It is the right and in fact the responsibility, Mr. Speaker, of the Official Opposition and any other oppositions involved in the Legislative Assembly to scrutinize legislation, to be the watchdog of what government is doing, to report it back to the people, to have enough time to get feedback from the people and to hear what parts of the legislation they support overtly, in great numbers, mildly, or not at all.

Mr. Speaker, if we have a situation where people do not support the legislation, then we have an additional role as the opposition to oppose that legislation and to ensure that through the processes available to us through debate and through amendments, we have an opportunity to either have the government withdraw the piece of legislation or amend it adequately to meet the bare-minimum needs of Albertans. When the government takes that role away from the Legislature, then what they're doing is undermining the responsibilities of legislators.

We don't hear much from private members on the government side on some of these bills, and the question is why. Certainly we heard throughout the campaign in the last election that they said they would be the people's voice in government. Part of their role is to be that voice here in the Legislature. We haven't seen that happen on this particular bill, Mr. Speaker. My question to those folks is

why. How do they explain that, or do they just skirt over the issue when they go back into their communities and choose not to address it?

You know, we've heard them talk about how they can have a say in their caucus and how they can talk to the ministers and so on. All good, Mr. Speaker, and we don't disagree that that's an effective way to understand the issues and to find out more information on them, but they have a legislative responsibility to have their voice heard on behalf of their constituents and on behalf of other Albertans here in the Legislature. The floor of this Legislature is where they need to put their comments on record. Even if they're completely in agreement with what their cabinet is doing, then it's important, I think, for their constituents and for Albertans to hear that.

We look forward to in another session, because this one will shortly be over, having more participation by private members in this Legislature on legislation that comes forward, and we would hope those people would take the message back to their government that they also support legislation being debated in full, not blank cheque legislation as we see in this particular bill but comprehensive legislation, so that very little needs to be done behind closed doors and in regulations.

My third question on this bill, Mr. Speaker, is also to the Premier and the minister who's directing this bill through the Legislature. Can they tell us how a government that says it believes in market forces can work to create this kind of blank cheque for interference in the market? We've had some degree of debate about that in this Legislature in second reading and committee, and I'd just like to remind members of this Legislature why it's a problem for us.

When governments directly interfere in marketplaces, you skew the marketplace and create an artificial environment, and in the long run that hurts everybody. It hurts players in the market for a variety of reasons. One, what happens in this case is that when you give the rebates, what you're doing is artificially deflating the cost of energy at the time. What does that do to providers of energy? There's no incentive for them to find efficiencies in their operations. There's no incentive for them to support putting research and development dollars into alternative sources, and there's no incentive for them to incorporate alternative sources into their process. So in the long run what does that do? That puts them at a disadvantage in the global marketplace.

I know that Canada has a long history of protectionism in terms of its industries and regulations and imports and the ability for other companies to move in and be competitive. So on the one hand we have this real protectionist kind of environment that Canada has historically lived in, and on the other hand we have a government here that says it's going to deregulate the market in order to open up the market. Well, those two systems are incompatible. While the government is saying that they're deregulating and that this bill meets that need by temporarily providing a rebate for people, what they're really doing with the rebate is enhancing the protectionist mind-set of the government. We have seen traditionally over the decades that that is precisely what inhibits Canadian businesses from moving forward and being globally competitive. We may be a G-7 country, but in fact on many levels we aren't competitive. We just need to take a look at our labour costs in comparison to other countries', and we can see that there is a problem here. If you look at it historically, that is the reason why.

So, Mr. Speaker, we have to talk about rebates in that perspective. Is it really what we want to do for the benefit of companies in this province, to provide a level of protectionism or a blanket on top of market forces which will inhibit their ability in the long run to compete globally? I don't think it is. The government has decided that it is, but I don't think that is a reasonable place to be going.

The second reason why this is a really bad idea is because it inhibits research and development. We know that gas is a nonrenewable resource. Members of the government and I have had many debates over the years in terms of how nonrenewable it is. I think gas has about a 10-year life in this province. We've seen a real change happen in terms of the kinds of pools of gas they're finding. Instead of large, deep pools, now we're finding a scattering of shallow pools around the province, so that's really the beginning of the end, Mr. Speaker. I know that a former cabinet minister of this government, Steve West, would argue that there are 50 to 75 years of gas left in the province, but I don't think that's true.

10:40

The government has also said that gas and other resources are available from the territories and so on. That's true. However, it doesn't help us in terms of long-term sustainability in this province. It certainly doesn't help companies who need to be taking a look at alternative sources or supplementary sources for energy production to have the markets artificially deflated.

I wish I could be back, Mr. Speaker. Unfortunately that's all the speaking time I have at third reading.

MR. SMITH: Mr. Speaker, I feel compelled at a quarter to 11 this morning to rise and move third reading of Bill 1. For those who have spent many hours in the House in the last day, day and a half now, I say particularly to the members of the opposition party that there is a bright world out there. Just about everybody in Alberta is working. Alberta's business forecast for growth this year is 4.2 percent. It's going to lead the nation. It's not gloomy out there.

As Bill 1 clearly points out, there is a need for a commitment to the protection of natural gas rates in this province. From the time that the member from the opposition speaks about this, Alberta gas exports were about $2 billion. This year there will be over $10 billion in natural gas revenues and crude oil revenues accruing to this government, this province, and to all Albertans.

Not only do Albertans benefit from the royalties of world prices but also from the economic benefits that accrue from having those world prices. In fact, in the time the member speaks about, there was a syndrome or a situation known in the marketplace as a gas-on-gas problem. This gas-on-gas problem did not allow for world market prices to function in Alberta. The Alliance pipeline helped ameliorate that. We're now exporting more gas than ever before. We're exporting enough gas now, Mr. Speaker, that we are the number one importer to the United States, the largest energy-consuming market on the globe. Alberta is responsible for 15 percent of that natural gas. This year Canada replaced Saudi Arabia as the number one crude oil importer to the United States.

Mr. Speaker, the oil and gas reserves that we have in this province are of tremendous benefit to all Albertans and to all members. Whether you're from Grande Prairie-Smoky and you're looking at the tremendous oil reserves that are there or you're from Drayton Valley-Calmar and you're looking at the important gas reserves there, you see that there is a market functioning out there that brings in investment, that creates jobs, that creates opportunities and allows Albertans to develop a world-best technological sense of skills and of being able to develop these resources as they are appropriate to the benefit of all Albertans.

Bill 1, Mr. Speaker, simply enables the government to react to situations that accrue quickly. If the member can speak, on the one hand, about being here in the Legislature and looking at the scrutiny of the legislative process and then at the same time be able to keep this group of good government members in action for well over 24 hours, it tells me that they're asking to find another way to move

quickly into the marketplace. Bill 1 does exactly that. Bill 1 enables the government to react to gas spikes, a spike that last September was at $3.35 an mcf and then went to as high as $12.20, $12.35 an mcf by Christmastime.

If this member of the opposition speaks to this bill and doesn't realize the importance of setting up in a clear and transparent manner the way in which the government can react quickly to a situation to assist Albertans in an Arctic climate who need relief from high prices during a period of high consumption, then clearly, Mr. Speaker, as the number of representatives here from the past election proved, they just don't get it.

In fact, that's what the bill intends to do, Mr. Speaker, allow people to move quickly, with direction, with transparency, with a series of regulations that indicates the amount of protection that would move forward. Bill 1 simply enables us to move towards the development of this set of regulations. It's done in a very normal legislative fashion. The bill is an enabling bill. The regulations follow it. They're developed after the passage of the bill. Clearly, there's no concern. To see the amount of Legislature time taken up in comments about one particular bill out of 1 million households – we can deal with that on an off-line basis. We can deal with that issue with dispatch and, may I even say, alacrity.

So it's very clear in my mind that any further debate in third reading by the members of the opposition would simply be more of a time stalling, a delay tactic, more evidence that the Liberal opposition party is not here to advance the causes of all Albertans. It's not here to talk about the difficult issues that exist in Edmonton and Calgary and the problems of rural Alberta. They're simply here to try and get the next headline in the newspaper, and they've been eminently unsuccessful in that, and that's why they are actually looking at debating third reading of Bill 1, Mr. Speaker, which is a topic I am very pleased to represent, very pleased to move third reading of. I think there should be no further debate and we should move along.

THE DEPUTY SPEAKER: The hon. minister has mentioned both earlier on in his talk and now at the end that he cares to move third reading. We thank him for that, but the hon. Minister of Justice moved it earlier in the day and it only needs the one moving.

The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Well, I think I'm in my 15th hour here, but I'm glad to have the opportunity to speak in third reading now on Bill 1, the Natural Gas Price Protection Act. The Speaker was very kind in pointing out as we commenced this that in fact third reading is examining the effect of the bill, and I take his wise words to heart. I was also very interested to see that the Minister of Energy did indeed rise and join in the debate. Most commendable of him. I wish I would see more of his colleagues rising and actually participating in debate so that the public got a chance to see how in fact the government is considering this bill and what their thoughts on it are, because it's always a bit of a mystery. We get a bill put out and a press release and silence thenceforth.

One of my issues around the effect of this bill, the way its been presented and the information that's been provided, is that in fact we don't know what the effect of the bill is. We have tried repeatedly through the debate to get some answers. We brought forward amendments which were attempting to clarify definitions that were included in this bill so that we would have some idea of in fact what the government intended. It is not clear from anything that's in here – almost 100 percent will be decided maybe by the minister and through regulation or decided as an order in council by cabinet. That's what we get out of this bill.

So the Official Opposition and certainly this member have repeatedly asked: what exactly is the government intending here? Are there going to be rebates? If so, what kind of rebate is it going to be? If it's going to be distributed through a vendor, what's the definition of "vendor"? If it's going to be distributed to individuals, how is that distribution going to happen?

10:50

The member for Edmonton-Ellerslie told the story of a constituent who repeatedly tried to get the first installment of their $150 rebate, which I think was released at the end of November to most people, a nice little pre-election cookie there. Actually, I'm one of the members who are calling the special 1-877 line looking for information on exactly what's happened to rebates. I will, if the Speaker will allow me, note that the staff are prompt in answering that line and very friendly and do their best to be very helpful, which tells me they've had a lot of practice answering that line, but in fact credit where credit is due on that one.

There's one example of a rebate program that was set up to work in a certain way and in fact a number of stumbles have appeared – a hitch in their git-along is another way of putting that – to get the rebates sent out and to explain to people exactly why they might have had money deducted at source. That was happening in cases of chronic nonpayers for maintenance enforcement, chronic nonpayers of student finance, and in some cases the federal government got a piece of it where they were able to by law collect on arrears owed to the Crown.

We don't know if that's the kind of rebate that's being planned here, because when I look at that section, section 2, "the Lieutenant Governor in Council," which is cabinet, "may authorize a rebate to eligible consumers" – well, we don't know who the eligible consumers are or what the definition is there; there was never any elucidation on that – "under the regulations to assist eligible consumers in the cost of marketable gas." We have not had any of this clarified. We still have a bill that is full of: we'll do this by regulation; we'll define it by regulation.

So for Albertans that are trying to determine the effect of this bill – I am getting tired; I almost used a colloquial expression that would have been expletive deleted there. It started with an S and it had three letters. Okay; I didn't do that. But essentially any Albertan that was trying to determine exactly what the effect of this bill is going to be would have a very difficult time determining that.

Now, we can have people download and look at the bills off the web site www.assembly.ab.ca, which is excellent innovation. But much harder to find are the regulations. It's very difficult to track and be able to discover when a regulation in fact comes out from cabinet and then to follow up and be able to actually get your hands on the regulation and understand how it applies back to the act. This is a reoccurring issue that I have with this government. It reinforces that things are done behind closed doors. It reinforces that there's a secrecy there. It reinforces that the government does not want to communicate this kind of information directly to Albertans. So that is one of the effects of this bill that has been clearly reinforced over and over and over again through all stages of reading of the bill.

The Official Opposition did try and clarify by bringing forward a motion that there be a definition of "vendor" included in the legislation, not merely left to the regulations, and that of course was voted down by the government. We were also looking for an audit, a very good idea. It certainly would assist the government in being transparent and accountable. Again, voted down by the government. Not interested in audits, not interested in accountability, not interested in transparency obviously.

The other issue that was continually raised, the effect of which we

cannot determine from this bill, was the section at the end which is talking about making regulations for other kinds of substances, which was meant to cover things like propane. The hon. Member for Edmonton-Gold Bar raised a number of times what was happening with propane and more specifically ethane, which in light of what we've just had in the news over the last couple of days about stripping substances out of natural gas as it pipelines its way through Alberta becomes increasingly important to us. One of the effects of this bill is that we cannot tell if as Albertans we are going to be getting the full value of the natural gas that's under our feet or whether it gets into a bullet line and leaves the province without our being able to strip anything out. We already know that the Alliance pipeline is a bullet line through Alberta, and again, we're not able to strip anything out.

So when I look at the effect of this bill, Mr. Speaker, very few questions are answered by this. It's a shadow bill. I'm tired of the cliches that are coming forward about it, but frankly cliches exist because they're true and because people get an instant identification and grab hold of what's going on here. We do have a shell bill, a blank cheque, a shadow bill: all those things are absolutely true about this.

The Minister of Energy had said that the opposition members are spinning doom and gloom. No, not so. We were looking for clarification. We were looking for a piece of legislation as per promises of this government some time ago that it was going to be something that would be written in easy to understand language and that all Albertans could get access to it and understand it. We're still waiting for that to happen.

The minister talked about: it wasn't gloomy; it was creating jobs, and it was creating opportunity. That may well be very short term, but one of the effects I see as I examine Bill 1, the Natural Gas Price Protection Act, in third reading is that we have no sense of the long term with this bill. We have no sense of the sustainability that's built into this. We have no sense of the stability that's built into this act. Lots of talk from this government about family and intergenerational and blah, blah, blah. In fact, we don't get any sense of what's being anticipated here when we look at this bill. It doesn't seem to be long term.

There seems to be a willingness to pull as much gas out of the ground and ship it off to wherever as fast as possible. But again, we can't tell. Nothing is spelled out in this bill about what is being planned. I would like to be more specific, Mr. Speaker, but I can't be specific about something that ain't here. So we don't know long term. It doesn't look like it's sustainable to me, and if we're looking at an intergenerational effect, if we're looking at, you know, whether we can guarantee our kids or our grandkids that there's going to be a natural resource there for them and that we the legislators have in fact been responsible with this, it's not in this bill. The effect is not here.

11:00

Now, the minister at the same time was complaining that we were at 24 hours. I think he was indicating that we'd been 24 hours on this bill. For a point of clarification there, in fact since 8 o'clock last night – and it's now 11 o'clock – I'm the only member still here that was on at 8. I'm still standing and haven't slept.

In fact, in a period of nine and a half hours between 8 o'clock last night and 5:30 this morning we covered 12 bills, including one bill that had three amendments. So I don't want to hear about how there's been any stalling here. That's pretty quick business, moving through approximately one bill every 45 minutes. We are still here. That is now five hours later. I'm speaking to points that were raised by the Minister of Energy in debate on this bill. So if it's relevance, it should have been called on the Minister of Energy for raising it in the first place. I'm certainly entitled to debate it now that he's put it on the floor.

Again, since 5:30 this morning to 11 – that's another five and a half hours – we've spent some time on Bill 16, and we're now on Bill 1. So indeed there has been a great deal of progress made, and I felt it necessary to clarify lest anyone misinterpret the remarks of the Minister of Energy that we had spent 24 hours on Bill 1. Not true. We in fact have spent – I don't know – 15 hours or something on 14 or 15 bills. I'm losing count here.

Now, going back to the specifics of this bill, what doesn't this bill do? What is the effect that is not covered here that was looked for? It certainly doesn't make any attempt to promote conservation.

Speaker's Ruling
Relevance

THE DEPUTY SPEAKER: Hon. member, you're starting into the second reading speech. That's what second reading is: what this bill misses, what it should have done, that kind of thing. Third reading is on the bill itself, what it is and what it does. You don't go into what might have been, could have been. Is that okay?

MS BLAKEMAN: Yes. That's fine. Thank you.

Debate Continued

MS BLAKEMAN: There is no effect that would be promoting conservation. Certainly the effect on my constituents in Edmonton-Centre is a continued puzzlement over the discrimination on rebating. There continues to be in this bill a discrimination regarding rebates for people who are living in high-rise condominiums and apartment buildings in that rebates that are forthcoming – not that they're spelled out in this bill. The act has not corrected the discrimination that exists. Therefore, the effect of the bill is that the discrimination continues to exist, and that is a real concern for, I think, every Member of this Legislative Assembly, because we are knowingly allowing discrimination to go on with our constituents, for anyone in what should be considered a residential unit. It's where people live. It's their home.

There is a different history here of treating the way people who live in single-family residences are able to get pricing and get rebates. There is a different pricing level and there is a different rebate system for those who are in a high-rise condominium or apartment building because they are being classed as commercial. When I have asked questions in question period, trying in fact to determine the effect of this bill, as to why there was the choice that these high-rise apartments buildings and condominiums would in fact be classified as commercial and rebated and priced as that, the minister was unable to tell me. I think the effect of this bill is to clarify none of that.

The other issue around the effect of this bill is equitable distribution of the royalties. The bill does not have as an effect a determination of how we value the natural gas under our feet. It doesn't determine or set forth for us whether all Albertans own and share in that natural resource. The effect of this bill, in other words, is that it's difficult to determine if the plan being chosen is an equitable one for all Albertans. Are we going to rebate based on every Albertan having a piece of this, every Albertan getting an equal rebate? That is somewhat what we saw with the rebate that was announced in September. The first $150 cheque came to some people in November and slowly trickled out to the rest of the people. The second $150 rebate cheque came in late April, and that was essentially saying every Albertan over 16 that filed an income tax return, was

resident in Alberta on such and such a date, and wasn't in jail. So that attempted to be an equitable distribution. All Albertans shared in that.

We don't know what the effect of this bill is. We don't know whether it's choosing to be across the board, that all Albertans would share in these rebates, or whether in fact it's going to be a rebate that comes out saying: this is a user rebate; those that use it are going to get some kind of rebate back. Well, I think there's an argument there that we have yet another discriminatory effect of this bill, then, because if all Albertans truly share in that natural resource, then why are some people getting it because they're users but other people wouldn't get any of it? I think there's an argument there about discrimination.

We've got discrimination in the way the pricing and the rebates work depending on where people have their residences. We have discrimination there in the way the benefits of the money would be distributed amongst Albertans or amongst users. The effect of this bill is, I think, that we've got a hybrid which doesn't work for anybody.

I think the effect of this bill is confusing. I think it allows the government to do whatever it wants, yet again behind closed doors, without consultations with Albertans. I don't know that that's necessarily a gloomy thing, as the Minister of Energy seems to think, but it certainly is a shady thing, all done in the shade of a closed room behind a closed door. There's a real disconnect between what this government says and what this government does – and I think this bill is a perfect example of that – all this hullabaloo about how we were going to have a rebate bill, but in fact none of us can figure out what the rebate is about because nothing is spelled out in the bill. So once again it underlines more than anything this government's disdain for Albertans, for equity, for respect for our nonrenewable resources.

Thank you.

[The Speaker in the chair]

THE SPEAKER: The hon. Member for Edmonton-Glengarry.

11:10

MR. BONNER: Thank you very much, Mr. Speaker. Good morning. It is a fine morning. We get to debate Bill 1 in third reading, and I do enjoy the opportunity to speak to Bill 1 in third reading.

Now, when I'm looking at Bill 1 here, Mr. Speaker, I see that it is enabling legislation. It will come into effect when this act is passed and given royal assent. It will come into force on July 1, 2001. Also what Bill 1 will do is that our present method of supplying rebates, the Natural Gas Rebates Act, will be repealed upon this proclamation. So that brings us to the many, many interesting points the hon. Member for Edmonton-Ellerslie and the hon. Member for Edmonton-Centre have brought to our attention here in third reading. I might add, as well, that I enjoyed the Minister of Energy getting up and offering some insights into Bill 1.

One of the things I want to address in third reading of Bill 1 is that this is the flagship bill. This is Bill 1, the first bill on the floor of this Assembly in the 25th Legislature. It was sponsored by the Premier. For a bill of this nature, for a bill of this importance, I would have loved to have heard comments from the Premier in support of the bill he had sponsored. It appears that we are not going to have that opportunity, and that is unfortunate, because this particular bill will certainly have a huge impact on Albertans.

In looking at the bill and speaking to it in third reading, I think we have to look at this whole idea of rebates. Rebates certainly do distort market value. We have all seen that gas prices over the last year have increased dramatically. When we are looking at rebates, we also have to look at whether they are equitable, whether they are available to all. I think the hon. Member for Edmonton-Centre certainly raised a number of those issues when she talked about whether Bill 1 was equitable and whether this enormous resource, that makes windfall profits for this province, and the advantages and the benefits that we get from our royalties are in fact being distributed throughout our population equitably or whether some people are not sharing in those profits.

Certainly when we see what has happened in rents across this province and what has happened to the cost of housing across this province, we have to look at both sides, Mr. Speaker. Whereas it is good that we are having construction booms in this province and are having rapid development, certainly people that live in high-rise condominiums or apartments, as the hon. Member for Edmonton-Centre pointed out, by definitions in this bill presently are not sharing in those benefits. So I think we have some spadework to do on this bill even yet, even though it is in third reading. Those people are not sharing in the benefits. We are putting the rebates in the hands of the owners with the hope that in fact this will be passed on to all the people in the apartments. From the phone calls I've had from constituents in Edmonton-Glengarry, they certainly don't feel they have that opportunity.

The other thing is that when I look at this bill, I have to say: is a permanent rebate a bad thing? Is this a long-term solution? What is the cost of this program? Those are certainly very, very important questions and questions that again we don't have a clear answer to. Particularly when we look at nonrenewable sources such as natural gas and we look at what our reserves are in this particular province, then I think we have to look at what is best for Albertans not only today but in the future. We do have to be cautious as we move forward in this regard. We certainly know the advantages of research and development. We know that for us to have a prosperous and bright future, this segment of our industry must have the benefit of a great amount of research and development and particularly when we look at the reserves of natural gas here in this province.

Now, then, Mr. Speaker, we have the majority of the western Canada basin situated in Alberta. Part of it, of course, cuts into the northeast corner of British Columbia and also touches up into the Northwest Territories. So in looking at what has happened in Alberta, I think we have a number of concerns, and certainly one of those concerns is how much gas we really do have in this province.

Now, then, looking at our reserves, there are in the western Canada basin approximately 307 trillion cubic feet of natural gas and 2.8 billion cubic metres of oil. The western Canada basin is the largest on our continent, in North America. It certainly was not by coincidence, I think, that President Bush, when he was mentioning his energy blueprint for the United States, included to work closely with Canada to develop new energy supplies.

Now, I also noticed that when the minister was making his comments on the third reading of Bill 1, he mentioned that we had, I believe it was, a $10 billion industry that we had many royalties from last year. Not only did we get the royalties, but we got an additional number of benefits from the support services to this particular industry. Again, that is reflected to some extent in Bill 1. But my concern with Bill 1 is the speed with which it allows us to move forward with this particular protection act, and as I see it, there isn't a great deal of protection.

Earlier the hon. Member for Edmonton-Gold Bar certainly raised the point that even though we have branch lines coming from many parts of the province and those sections that are included in the

western Canada basin, presently this gas entering the Alliance pipeline is not being stripped. It is shooting down to Chicago. It is in the United States where we are stripping all the additional things out of that gas and leaving the methane for distribution throughout the north-central and northern parts of the United States. Of course, the Alliance pipeline did provide investment and jobs and opportunity, but it also increased the amount of flow going out of Alberta, and it increased it to a great extent. It also, in doing so, allowed a great amount of our reserves to be shipped out of this province without being stripped.

11:20

I also noticed here that when the hon. minister was talking, he said that we have surpassed Saudi Arabia as one of the suppliers to the United States for more oil. Again, that comes at a huge price, because we are finding in this province, Mr. Speaker, that even though we had more wells drilled last year than ever before, we haven't had any increase in production, so it tells us that our supplies are starting to be tested and that they won't be here in the future. As well, the wells that we are drilling continue to be deeper and deeper. Yet when we look at Saudi Arabia and some of the other members of OPEC that do a tremendous amount of drilling, they can drill and hit oil at 150 feet, and they can extract that from the ground much, much cheaper. So my concern with Bill 1, the Natural Gas Price Protection Act, is the fact that we haven't looked long-term, that here we are using up our reserves extremely quickly and yet other nations in the world that have greater reserves than we do are not using their reserves to the same extent.

Again, I think that if we are going to protect what we have here in this province for future generations, we have to have a very, very sensible method in which we allow those reserves to be drilled and a way in which they are distributed not only to Albertans but to other people here in the province.

Now, then, I think Bill 1 was a very, very quick reaction to a situation that certainly people in Alberta did not react well to. I look at, for example, the fact that last winter we had somewhere in the neighbourhood of $4 billion in rebates given to Albertans. I have to say that I certainly enjoyed mine, and I know many people in this province enjoyed theirs. But, Mr. Speaker, where were our legislators, where were our people with an eye on the future that said, "Hey, we know the Alliance pipeline is going to increase the price of natural gas here in this province, because there's going to be such a great amount of demand for it"?

Now, I also noticed when it was announced within the last two weeks that we are going to have a Mackenzie Valley pipeline that is going to be shipping gas down to the States – it has just a huge demand – that our aboriginals who have unsettled land claims in northern Canada certainly were front and centre. They were there to protect their rights. They were there to be a player in negotiations. They were there to protect their people. Without that, this Mackenzie Valley pipeline wouldn't have gone ahead. But where were we when the Alliance pipeline was proposed? Where were we in protecting Albertans with these enormous costs that we have witnessed in the last six months alone?

I look at and refer back to comments made by the Minister of Energy, that we certainly do get as a result of our natural gas industry in this province a great amount of investment. Any number of new jobs have been created because of this and opportunities for our youth to work, and we certainly wish that. It is certainly one of the benefits that a resource of this nature gives us, but as well how long are those benefits going to be here?

I look at our huge petrochemical industry in this province. We have Joffre, Union Carbide, Dow Chemical, and all of them have a huge stake in this province, particularly with the natural gas. What have we done to protect them?

Now, we did hear the Premier speak earlier of how any pipeline that passes through Alberta – they are going to strip that methane and use those products to develop industry here in the province, yet we let an enormous opportunity with our oil and gas flow into the Alliance pipeline. Every bit of it. We did not strip any part of it. So grave concerns here in third reading of Bill 1.

Now, then, in looking at Bill 1 in third reading, I again have grave concerns over regulations. As I glance through this, in section 1(b) we have a reference to regulations; in section 1(b)(ii) we have a reference to regulations. In part (d) we have a reference to regulations. In part 2 we have a reference to regulations.

Again, if we are open, if we are accountable to the people of this province, particularly with a resource that is nonrenewable, then why are Albertans not given the benefit of an open and free discussion in this Legislature? Why do we have to rely on regulation?

Again, as the hon. Member for Edmonton-Centre spoke, she said certainly that in trying to find on the web where all these regulations were, they were very difficult to find. Not only were they very difficult to find; they were difficult to track. When you're trying to compare your regulations back to this particular bill, there is just a huge, huge difficulty. So I do have concerns with Bill 1, the Natural Gas Price Protection Act, in regards to the continued reliance on regulations to let Albertans know just how things are going to be implemented.

With those comments, Mr. Speaker, I see that my time on Bill 1, the Natural Gas Price Protection Act, is running out. As I said, we still have many, many concerns with Bill 1 and how this enabling legislation is going to be of total benefit to all Albertans, in residences, in businesses, and more importantly how it's going to impact our future generations.

Thank you very much for this opportunity, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Speaker. I rise to speak on Bill 11 in its third reading, rushed as all these debates are.

THE SPEAKER: Actually, hon. member, we're on Bill 1.

DR. PANNU: Bill 1. I'm sorry. I was talking about Bill 1. Okay. All right. All right. I stand corrected, my colleagues.

11:30

Mr. Speaker, supporting the amendment of Bill 1, the Natural Gas Price Protection Act, in its present form would be reckless, I think. To do so would undermine the Legislative Assembly and its powers and the duties that each of us, as representatives of our constituents, have here. The specific provisions of Bill 1 set out in sections 1 and 2 give way too much discretion to the provincial cabinet in making regulations. These sections of Bill 1 are nothing more than an empty shell. They do nothing more than delegate from the Legislative Assembly to the provincial cabinet as to who is eligible to receive rebates, the amount of these rebates that they will receive, and when they will receive those rebates.

I'm really quite concerned about the fact that the government hasn't sought a more clear direction and authority from the Legislature with respect to these matters. As I said, the bill has very little substance to it. The substance will be determined in the process of drawing up those regulations, so the debate then becomes somewhat meaningless if we can't deal with the substance of these issues. So I can't, obviously, go on to support the bill. I don't think it surprises

my colleagues on the opposite side. The bill that we would have been able to support would have required major changes in it for which there was very little opportunity.

I want to make a note here, Mr. Speaker, that there was an understanding, I understand, among the three House leaders with respect to the fact that when Bill 1 is brought back into the House for study in committee, all parties will have an opportunity to propose amendments to it. It was brought in in contravention of that understanding at a time when we couldn't respond to or introduce amendments of our own in the House. So that's regrettable. That breach of trust, I think, is something that will take some effort to restore.

What the government is asking the Assembly, of course, by way of this bill is to give it a blank cheque to the provincial cabinet.

What this bill does is give power to the provincial cabinet to decide, based on considerations – I guess political considerations primarily – when, how much, and to whom the natural gas rebates will be provided. This bill fails the test of good governance, in our judgment. A feature of good governance is that the legislative bodies, the Legislative Assembly of Alberta in this case, cannot pass a law that transfers the powers of making laws to other hands. The specific provision of Bill 1 fails to limit the discretionary powers of the provincial cabinet. That, I think, is a serious flaw in this bill. This Assembly should never, never willingly, voluntarily, give away its powers to legislate to the executive branch of this government.

Why do I say that the provisions of Bill 1 fail to meet the test of good governance? Well, Mr. Speaker, section 1(b)(ii) of Bill 1 allows the Lieutenant Governor in Council discretion to decide both who is and who is not an eligible consumer. If rebates are to be given from the public chest, the Legislative Assembly should decide who is eligible. For example, is it the cabinet's intent to only make residential consumers eligible? Will rebates also be provided to farmers, to small businesspersons, to school boards and health authorities, or even to large industrial consumers? Or will the eligible consumers depend on how close we get to the next important political event, be it an election or whatever, or who exerts the most political pressure? Who knows? You sure won't find any answers to these questions in Bill 1.

Section 2, again, raises similar kinds of questions. We are in third reading, but I'm drawing attention to why I don't think this bill represents or meets the criteria for good governance. Section 2 deals with when a rebate might be provided. This sections reads:

> Where, in the opinion of the Minister of Energy, the Alberta price is or is likely to be greater than the amount prescribed in the regulations, the Lieutenant Governor in Council may authorize a rebate.

Provisions like this are not delegation but rather abdication of our responsibilities as legislators of our powers. Here again, we are faced with a provision that allows the cabinet wide discretion on matters that should properly be put within the bill itself and should receive careful, detailed scrutiny on the floor of this House. That has not happened. That's not likely to happen given the nature of the bill, so I harbor very, very serious reservations about this bill. There's no formula set out whereby there is any indication of what the rebate levels will be or at what price levels they will kick in.

Additionally, the bill is named the Natural Gas Price Protection Act, but a careful reading of section 1(d) and section 4(1) indicates that an elevated price of "other substances" might entitle one to a rebate. However, "other substances" are not clearly defined. Section 1(d) states: "'other substances' [include] propane, heating oil and any other substance used for heating purposes."

Again, "heating purposes" is not defined within the bill. What does this mean: home heating, heating of schools and hospitals, heating of greenhouses, heating for the purposes of generating electricity, or some other industrial purpose? Again, who knows?

So this really is an indication of the highly flawed nature of this bill, a bill that is going to mean fairly sizable expenditures of public money. It's going to mean demands on the public purse, on taxpayers' money in this province, and for the Legislative Assembly to give these powers away without satisfactory answers to the questions that have been raised in this House, including the ones I raised moments ago, I think would be the wrong thing to do.

In conclusion, Mr. Speaker, this bill, Bill 1, is riddled with serious flaws, with gaps and holes, and it would be irresponsible to leave solely to the provincial cabinet the discretion to fill these gaps and plug these holes instead of providing some certainty to Albertans about what kind of protection they can expect to receive from high natural gas prices. This is strictly a political bill, which gives the provincial cabinet a blank cheque to decide who, how much, and when politically motivated rebate cheques can be sent out. Therefore, I will not be able to support this bill.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Grande Prairie-Smoky.

11:40

MR. KNIGHT: Thank you, Mr. Speaker. It's a pleasure for me to rise today. Actually, I didn't even rise this morning.

I do want to address Bill 1. This bill has absolutely no association whatsoever with straddle plants, ethane-plus stripping, petrochemical feedstock, or any of the myriad of possibilities to do with an international delivery system crossing our province. The bill deals with fair, equitable, and transparent handling of possible future rebates to Alberta consumers. If some people don't understand how it works, ask a consumer who paid a utility bill this past winter and they will undoubtedly say it works very well.

Further, Mr. Speaker, this bill is absolutely unassociated with Alliance. Where were we when the Alliance pipeline was being built? We were there with a billion dollars worth of investment in the province of Alberta in jobs and continuing technology with respect to delivery of natural gas compression equipment and maintenance of the same. The Alliance pipeline also, I would have to point out, was 65 percent plus full of gas before it reached Alberta's boundary. It doesn't predominantly carry Alberta gas; it's B.C. gas.

The price spike that we had over the winter was not due to Alliance but due to a number of factors. We had an increased demand from Alberta's business industry and residential growth, severe climatic conditions in the eastern U.S. and central Canada, and, I might add, a rebound effect in the United States from Kyoto that encouraged some electrical generators to burn natural gas.

Those are some of the points, Mr. Speaker, that have been a bit muddied here with respect to Bill 1. I would encourage every individual in this Assembly to support this very worthwhile piece of legislation that does now and will in the future assist all Albertans.

Thank you.

THE SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. I take this opportunity to rise and speak to third reading on Bill 1. Bill 1 is kind of one of these pieces of legislation that you look at from one perspective and say: yes, this has a lot of potential. You look at it from another perspective and say: what's this bill all about? When we look at it, really, it's a bill which says the government – if it wants to, when it wants to, how it wants to – can do something about natural gas prices and

the associated prices of fuels that are used as substitutes for natural gas or are component parts of what we normally think about as natural gas.

I guess the end result is that if we were truly trying to reflect to Albertans that this was going to be a true price protection bill, in the debate and the evaluation of how this bill is going to be applied, what we would do is include information that would reflect on how the consumer can develop expectations as to the application of this bill. With that in mind, Mr. Speaker, I would suggest that this bill needs to include in it a strong statement about what constitutes a base price that we're going to try and deal with. Does it include a mechanism for providing the support to Alberta consumers when prices get too high?

I agree with the last member that spoke who said that we did get protection last winter. But, Mr. Speaker, I would suggest that protection – even though it was necessary, Albertans appreciated it – was given in the wrong way because it didn't send any signal to the consumer. What we should have done was separate those payments from the actual price and bill that the consumer had to pay. When you go out there and talk to Albertans now – and I've done it with a number of people in my constituency and people across the province as I've traveled – they all say: well, gee, you know, my gas bill didn't go up this winter. No, it didn't, because they had $150 support on that bill. What we should have done was send a signal to those consumers that, yes, we're giving them $150 to help them in their high gas price scenario, but here is your gas bill.

In my case, as an example, Mr. Speaker, I got a bill that said $158 when it should have been $308. That would have told me: Ken, look at what you're doing in terms of using natural gas and in terms of how you should be thinking about conservation. Then over here I get $150 that says: we as a government, we as the people of Alberta are looking out for each other; we're trying to protect each other from this spike that occurred because we didn't send the right direction to the Alberta Energy and Utilities Board last summer when we should have. So, in essence, it was a whole combination of events that resulted in what we saw last winter, but we're going to help ourselves as a group, as a society to get through it.

Now, that sends two messages. One is that we're a compassionate society, that we need to look out for and help each other. That's what Bill 1 potentially says. But if we make the payment in association with the utility bill, then I look at my $150 bill and say: gee whiz, that's actually $40 less than it was last year. We as a family undertook a lot of effort this winter to reduce our consumption, so our bill wouldn't have gone up in proportion to the rise in the price because we already undertook some activities for conservation.

If we deal with that kind of signal system, we still could have used the utility companies to distribute the bill, to make sure the bill went out in an appropriate way. What we also could have done was say: "All right. You send out your bill, and the next day you send out another envelope with a cheque for $150 in it, and we'll even pay you the 46 cents for the stamp." This separates the situation and basically creates an opportunity for the consumer to recognize that there are two issues they have to look at in the context of what we're doing.

I guess, Mr. Speaker, what I'm saying is that as we deal with the implementation of Bill 1, we have to not interrupt what in effect is the market signal system that has to provide for consumer price responsiveness. We don't want to be out there saying that what we're going to do is send a market-distorting signal like we did this winter. It doesn't help when people don't get the message. If the message comes with a separate $150 cheque and a high bill – and in the case of some individuals for a period this winter the $150 was more than their bill. They could actually take some of that money and invest it in conservation measures so that when the rebate program ends, they would then also benefit from their conservation activities. In essence, we would have provided them with both the signal and the means to act to conserve energy. I think those are the kinds of things we should be dealing with as we look at where this is going.

The other signal that I want to make sure we look at as we put this into implementation, Mr. Speaker, is: what do we set as a baseline price? This bill doesn't address that. It doesn't talk about at what level we are going to deal with the protection of Albertans from high gas prices or high heating costs or whatever you want to put into that collective measure that includes all the gases that are going to be looked at under the options that are provided to the minister as they set the regulations and as they apply the regulations.

The thing we want to make sure of, first of all, is that we don't set the price in Alberta too much out of line with the price that we see and that is experienced in adjacent jurisdictions, whether that's the other provinces in western Canada or whether it's the northwestern U.S. We've got to make sure that the price signals we're sending to Albertans fall in line with the price signals that are being received by those other individuals in those jurisdictions so that we can in essence make sure our process deals with the idea that we have to look at that in the context of how Albertans respond.

11:50

Now, the other part is that we have to make sure that price level we're going to protect is contingent upon and tied to the price we use in the budgeting process for revenue generation and revenue estimation within the province. If we set the level of protection at or about the level we expect for the price that's associated with natural gas exports, natural gas sales, what we'll do is always be sure that the excess royalties, the royalties we haven't committed to other expenditures in our budget, are available to provide support in terms of the payment that's necessary to deal with the rebate, the price protection value that we're going to pay out to Alberta consumers.

So as we look at how this gets implemented, those are some of the signals that are really important to convey to Albertans to make sure they look at the context of how they appreciate and recognize that Bill 1 is, first of all, a protection bill, but it's also one that's not meant to distort the marketplace in the sense of the price signals that get sent, and it also doesn't create a lot of angst, if I might say, within the context of the legislative process.

If we go ahead and estimate the price of natural gas for our budgeting process at $7, let's just say, and we want to start protecting the price at $5, what we've got is a $2 margin there that we basically either have to put into our budget to debate the dollars that are necessary to cover that difference between what we're expecting out of revenues or else we have to be able to make sure our forecasts are such that, in essence, we've covered the expectation. Otherwise we'll end up running a deficit budget, and in Alberta we don't want to do that.

So the aspect we have to look at here is: how do we make this bill operational without influencing or without disrupting what is a strong commitment to a marketplace economy and a process that effectively gives us a chance to deal with the issues that are important to Albertans and a sense of stability?

Mr. Speaker, I guess the other aspect I want to address as we close out the debate on Bill 1 is the whole process that surrounds where the bill came from and how it was put in place. We've heard on a number of occasions already the fact that within our legislative agenda we already had legislation that would have allowed us to do basically everything that's available here within Bill 1 with possibly

just a couple of small regulatory changes. So what we end up with is a situation here where we're debating a bill right now and dealing with sending out signals to Albertans that we're living up to a commitment that was made in the context of an election campaign when energy prices and the cost of energy was a significant part of that debate.

The other option we could have undertaken was the fact that, yes, in the process of the election debate and the heat of discussion there was a commitment made to make sure that under the new legislation there would be a price protection process in place. I guess it would have been just as easy to have stood and said: "You know, we're going to revise the old piece of legislation; we're going to review the regulations; we're going to make sure that it works," in effect saying that all we're going to do is modernize and bring forward a version of legislation that already exists and make sure it's consistent with the intent.

To go ahead and make sure we actually go through the whole process and the whole debate of undertaking a bill that effectively creates a scenario that's already existing in another bill, and we repeal that bill as part of the process – it seems that, in essence, what we've done is send a message out to Albertans that either one of two things occurs when we're doing this. First of all, we didn't know that we already had a price protection bill in place or, two, that what we're dealing with is a situation of just playing to public image. I don't think that either one of those is an appropriate way to deal with constructive legislation and constructive development of the issues that are important to the role we want to play in conveying to Albertans the fact that we think there are situations and there are scenarios where price protection and the ability for us as a province to share with Albertans the ownership of the resource is really quite important.

I guess the other thing I would comment on in terms of the application and the implementation of this bill deals with the idea that as we go through the process of developing the regulations, one of the things, again, that's left up to the minister is the definition of who's actually going to get the payments. In the last round of this, this winter, we made sure that that went out to individuals that were basically consumers of the natural gas or the heating fuels that were necessary to carry them through the winter.

I guess the thing we want to look at here is: what is the intent? From the base title of the bill we're out there to protect consumers from the high costs of natural gas. So, in essence, this is not a royalty rebate program, and we have to make sure that the terms we use are truly reflective of the concepts that are going to convey our intent to Albertans. We shouldn't be talking about royalty rebates in connection with Bill 1. What we should be talking about is what it is, a subsidy to the price of natural gas or natural gas substitutes for consumers in the province. We have to make sure that as we implement this, we end up with a true sense that the consumers and the people who experience the out-of-pocket cost of the gas are the ones that truly receive the dollars that are portrayed here.

This is one of the things that, you know, we've talked about in connection with some of the other activities of the session, this period, in the sense that what we've got is a commitment here that a vendor, in other words an intermediary, must pass on the rebates. If they are the ones who receive it, they must pass it on to the person who actually writes the cheque or digs into their pocket and brings out the cash to pay for the natural gas. I would suggest that that kind of concept, Mr. Speaker, might be appropriately applied in some other areas of our policy as well.

As an example, when we make the acreage payments for farmers, we should pass it on to the appropriate name that we have recognized with a piece of land with the provision that under law they must pass it on to the current farmer of that land. I have received a number of complaints where individuals who were actually farming the land are not the ones that get the money. This bill provides us with a very straightforward mechanism for defining a vendor and consequences of that vendor not passing the money on. That same concept could be applied in some of the other aspects that we deal with in terms of our ability to be up front and to be directive in terms of who we are targeting our support programs to, and that makes it important for us to deal with this.

Mr. Speaker, looking at the clock, I see that my time is just about up. I just want to conclude by saying that . . . Oh, I got a signal that I've got another four minutes yet, so I've got a couple more ideas to deal with in the concept of where to go.

12:00

I think the most important thing that we want to look at is how the bill can be put into play and make sure that the signals that are sent out to Albertans are really appropriate. As we pass this bill into law in Alberta, I think it's truly appropriate that we look at the aspect of how to deal with the issues that are important to Albertans and the issues that are important to the concept that we are dealing with in terms of Alberta and the way that these kinds of issues are being brought forward.

I think I catch the signal from the table that I've got a few more minutes than I really was expecting. I guess the Official Opposition leader gets a few more minutes in the normal speaking process.

What we can do is look at how this bill can be brought forward in terms of how to, I guess, satisfy the whole concept of Albertans in terms of our election commitments and our approach to sending the appropriate signals that are necessary for the appropriate time that we can deal with. I guess, looking at the little memo here, I didn't come prepared to speak quite that long, but I'll continue with a few more comments.

The main aspect that we have to look at here is kind of the message that we're sending out to all Albertans in the process of our legislative approach to dealing with the signals that are provided to them. What we want to do, then, is make sure, as we go through this, that the definitions are clear, that a lot of the controversy that was associated with last winter's legislated rebate program actually gets cleared up in terms of how we want it to apply.

I guess, Mr. Speaker, given the situation and that I've covered almost all the issues that I really wanted to raise on this, I will conclude by saying that what we're looking at here is a bill that probably wasn't necessary in the context of our existing legislative agenda. It's a bill that is sending signals to Albertans that as a society we're going to effectively look out for each other. I just hope that as we make sure that this bill gets applied, we don't disrupt the basic belief that we have and that Albertans have that a market economy has to operate and that the signals of that market economy truly get through to everybody, whether they're a buyer or a seller of a product.

We want to make sure that the regulations that are allowed, in the context of the section at the end where "the Lieutenant Governor in Council may make regulations," really reflect that kind of a commitment to Albertans, you know, the ability to deal with how we want to reflect our commitment and our ability to be up front and to create expectations for Albertans, that they can look at it from the perspective of being sure that they're getting the right message, that they're basically going to be involved, with an understanding that the signals that are coming shouldn't be built into kind of their everyday decision-making.

You know, in the context that the bill doesn't delineate on a very definite basis an absolute price that we're going to deal with, I think

that's a good part of the bill. But we also have to have within the context of our legislation and our operation as lawmakers an ability to understand when Albertans should be encouraged or not encouraged to ask for this bill to be triggered. I say that in the sense that if we are trying to make sure that Albertans appreciate when this is going to happen or when this bill will kick in, they can say: "Okay, anytime there's a 10 percent increase over last year or anytime there's a 50 percent increase over last year or anytime we get out of line with the other residents in associated jurisdictions, then it can trigger."

I think one of the things that's kind of missing even in terms of the regulations is that what we've got to do is make sure that Albertans understand when this bill can come in, how it can be targeted, and that in the context of how Albertans operate, their decisions, we're not going to be using the section that talks about who can get the rebates and who may not be eligible to get the rebates, that we don't start creating inside and outside conditions, people who are eligible and people who are not eligible, who are, in the context of my comment just now, people meaning consumers. That's one of the important things that we need to start reviewing and dealing with in terms of how these approaches get put in place, because if the bill gets applied with appropriate definitions of who are the recipients and who are not, what we're going to potentially do is create discrepancies in the industrial sector or even in the consumer sector, the residential sector.

We saw a lot of conflict come up this winter with the issues that were there: how do we deal with a residence that happens to also be a condominium, which also happens to be zoned commercial? How do we deal with those in comparison to a single-family dwelling or a condominium that has individualized meters instead of a common meter or a condominium that has a different zoning regulation? What we end up with there is a whole series of discriminatory situations arising that allow for some individuals in the province to have a sense that they're not getting equal access to the dollars. We also have to look at it again in the context of the industrial sector.

Mr. Speaker, one of the things that's important, as we go through looking at how the industrial areas will use this rebate process or rebate eligibility, is that we have to watch and make sure that we don't disrupt the comparative advantage of competing firms in the industrial and commercial sectors. As an example, if we start providing, as is provided for in the bill, options that would allow for, say, gas-fired electricity generators to receive a rebate, what we're doing is not sending the appropriate signal to potential new entrants into the electricity generation market that they have to be aware of the fact that there probably will exist in the future in Alberta a much more volatile gas market system than there would be if they were using another energy source such as coal or wind power. What we've got to do is make sure that we don't use this bill, in essence, to create a stability in a market that doesn't send the right signals to the industrial and commercial consumers in that market.

That's why it goes back to what I said earlier. We have to make sure that we deal with the issues that are important in sending the right signals and make sure that the signals don't disrupt the decision-making process. We wouldn't want to use this bill to make sure that individuals or companies that might be interested in coming to Alberta and generating electricity with natural gas have a sense that, "Well, if the price of natural gas gets too high, what in effect I can do is rely on a government rebate," and they build that into their decision-making process. That's not good economic or business relationships with our government.

The government is there to make sure that within our base beliefs of a free market system of commodity exchange, those commodities have to reflect both the absolute price but also the volatility of that price so that the signals get sent that deal with uncertainty and with the issues of how to compensate for that uncertainty. You know, if businesses assume that they will be getting support through this program to deal with their commodity management, their price management, they will not be out into the marketplace hedging the way they should. If they're not out into the marketplace hedging the way they should, they're not sending the signals to the speculators that are there that then get transferred back into the decision-making of all consumers of that industry, because you don't see the appropriate volatility showing up in the pricing system in the way that the system operates so that the total cost of that input is built into their decision-making.

12:10

These are important factors that I just wanted to bring out in the context of how we deal with identifying the relevant people or industries or consumers that are going to be given a chance to participate and be included in the recipient groups of the kind of program that gets put out.

Mr. Speaker, also in there under the regulations section we talk about the ability of the Lieutenant Governor in Council to, in essence, put in limits that would control the amount of rebate that an individual could get in the context of any single payment. Recognizing the flexibility of a lot of our business community and the organizational options that exist for them, it seems to me that we have to be very careful when we start putting structural limits on how we deal with the payment that goes out.

In a previous role that I had, I worked extensively with the U.S. government in evaluating some of their farm programs. They always had these maximum amounts of payments that could go out to individuals who owned or operated business ventures. The ingenuity of some of those individuals in terms of how they could take a very large enterprise and operate that enterprise under a number of, if you want to call them, corporate identities was quite interesting. We actually uncovered a case where there was a little two-year-old individual who was the sole owner of a very significant agriculture corporation, but it was operated under an umbrella of another corporation that was controlled by the father.

In essence, what we've got to do is make sure that as we go through the process of putting together these regulations that will deal with how we're going to control the recipients and send a signal that might indicate that there could be a possible maximum amount of dollar payment, we have to make sure that within that framework we don't allow for – we might put it in one way as ingenuity in developing corporate structure. What we want to do then is make sure that if there is an umbrella corporation, that umbrella corporation becomes the identity that has the maximum payment associated with it rather than a set of subsidiary corporations all operating and dealing with the same kind of product output, if you want to call it that. Resource input, I guess, is even a better way of putting it, because we're dealing specifically with the purchase of a resource on input.

I guess the other thing in here that we can also look at is the issue that the Lieutenant Governor in Council will be able to deal with the timing and the frequency of the rebates. Here what we've got to do is make sure that as we deal with that, we don't in any way, I guess, create natural burdens on one group of consumers as opposed to another in the sense that if we're making them on a quarterly basis or an annual basis, the financing charges end up becoming part of the business cost associated with that activity. We've seen that, Mr. Speaker, in the electricity industry this winter, where with putting in price caps, effectively we've forced into the business decisions of those industries a deficit financing situation.

Well, we could do the same kind of thing with the improper timing of rebates here, where the business or the resident that is buying the natural gas in effect has to finance it from the perspective of making the payment up front and then at a time later getting their payment. This is, you know, an issue that has to be tied very closely as we put them together with the concern that I raised earlier when we talked about the idea that the separation of the utility bill from the rebate or the support payments sends a signal of conservation. But we also want to make sure that that separation is not time sensitive to the point where we can actually create economic hardship for individuals by making them finance the ongoing cost of their utility. For most of us, Mr. Speaker, that's probably an insignificant financing charge, but when we look at individuals on a very fixed income or corporations that are very large consumers of our natural gas or eligible products, then what we end up with is a situation that will reflect the necessity of basically making sure that they don't get themselves into a financial difficulty because of the financing that's associated with having to wait for that support payment and maybe a competitor is getting it because they fall under a different class or a different classification.

An interesting point on section (k) is where you're looking at the administration of those rebates. I guess this is where we're going to look at how pass-through conditions would occur, how pass-through requirements may be enforced or be suggested as they build to working with the relevant recipient of the dollar and how they have to be applied. I think that what we want to make sure here is that if there are administrative charges associated with that rebate, they become part of the rebate program rather than be a charge that gets passed on to the actual recipient of the dollar and it comes out of their pocket. This is, you know, consistent with the comment that I made earlier when I was talking about that separation. We might want to pay even the postage stamp to the company so that they can send out an additional envelope with a cheque in it as opposed to having it go out as a deduction off the bottom of the utility bill.

The issue here also is the fact that they would probably have to run their computer for a specified period of time so that they can make sure that the costs associated with that are reflected, because what we end up with is a situation where the marketers of our eligible products may find that if they're going to participate or if they're going to be expected to participate as the delivery agent for the government, then what we're going to deal with is their aspect of how to make sure that they're not put in a financial difficulty for the operation and the actual application of the program in terms of their participation. So those are some of the issues that we need to talk about.

12:20

I guess the final comment that I want to address is the second section of the regulations for the Lieutenant Governor in Council. There's a lot of leeway when you look at the first set there, where effectively the minister under the umbrella of the Lieutenant Governor in Council can make designations of other substances. I wonder if this might be an opportunity for a minister to become innovative in the context of support for new technologies, you know, the fuels that are necessary to run some of our emerging fuel cell technologies, maybe hydrogen-based support.

You know, are we effectively saying to the minister that they can be that flexible, that broad in the context of how they look at "other substances"? I guess we want to make sure that here what we're dealing with is making sure that as we go about this, the true balance of the competitive market and the price signals that get sent are reflected in the way that we as a society want to use it even if that might mean that this kind of program becomes part of a process of providing incentive support to an emerging idea like the concept of using grain alcohol as a substitute for gasoline in terms of some of our fuel-based consumption.

The interesting idea that comes out under this section (2) is the whole idea of looking at other substances, and the process that's associated there is a matter of extending the whole idea of what we're, I guess, normally thinking about in terms of Albertans' perception of what Bill 1 is all about. Bill 1 was kind of presented to them from the perspective that this was going to be a bill that would protect their interest in stability, their interest in a sense of security that the fluctuating prices of natural gas and the gas-associated products wouldn't create a hardship for them.

But this second section of the regulation provision of the act basically provides the minister with a true ability to expand the whole mandate and the premise behind the bill to one of providing economic incentive and becoming effectively an economic development tool for the province. I don't know whether that was the intent of the bill originally as we look through and see what approach and what the implications of the wordings are that are put into the bill, to see whether or not it effectively will deal with the possibility of providing Albertans with that kind of price protection and other aspects.

That's the part that really comes out in terms of the application and the potential uncertainty that surrounds this bill in terms of what was the real intent of the government, first of all, in putting in Bill 1 when they already had a mechanism to protect Albertans specifically from high prices of natural gas. But when we're specifically identifying a whole section of the bill that allows the minister to extend way beyond the price protection of natural gas, how this bill can be used and where it can be applied – and I think we want to look at maybe whether or not some concern should be put on the record that we have to make sure that if we're going to step broadly away from this basic public idea that Bill 1 is a natural gas and associated fuel price protection bill, then we should have provisions in there that would deal with the idea that that application of this bill will have some focus of a public debate before it actually gets out and being used in this way so that it deals with how Albertans perceive it.

The final section there, Mr. Speaker, deals with the aspect of how to make regulations so that the bill can in essence be retroactive. I guess this is kind of a situation where we're looking at a final clause in the bill that basically says: well, the bill is going to come into effect on July 1, 2001, but between the period of the end of the current rebates, at the end of April 2001, and the implementation of the possibilities of this bill, if we really want to and if we really have to, we can use this final section of the bill to actually step out and go back and deal with some of the concepts that are associated with trying to protect either residential consumers or the industrial consumers of natural gas during that interim period. I think that if that is the intent of that section of the bill, then what we've got are a lot of Albertans that will be looking at this and saying: yes, this actually provides us with an alternative.

What it does also, Mr. Speaker, is make sure that we end up in a situation where the process is open to political influence. What we're going to have is a situation of a whole number of people coming out and saying: "You know, we were under the impression that this bill wasn't going to apply in the interim period. Now we in essence have to become political activists to deal with the interim period, between the end of April and the 1st of July."

I don't know whether that's the kind of signal we wanted to send. Wouldn't it have been much more appropriate to basically say that instead of dealing with that, let's make sure that this particular piece of legislation has a starting date that would have been consistent

with the ending date of the current rebate program? In effect, what we could do is say: "Look; even though it's now almost the end of May when we're finally giving third reading to this, we're in a position where what we're dealing with is a one-month period."

As I was saying that, Mr. Speaker, I also thought of an opportunity: is there something more here, where we're looking at a possibility that the ability of this section of the bill will be to allow the government to go back and in essence review what happened under the rebate program that's been in place for this winter and use that section of the bill to effectively correct or to redirect or to add to some of the subsidies and some of the support that was provided even prior to or inclusive of that period of support from January to April? I guess that kind of creates a whole open area that we have to look at in the context of how the bill is going to be dealt with and how the bill is going to reflect the true commitment that we're making to a degree of certainty in the process.

Mr. Speaker, as we've gone through the bill, we've had a lot of debate about what the real meaning of the bill is and some of the applications of it. What we have to do is look at the perspective of how we are now going to use this bill in terms of our protection of Albertans from escalating prices. I think the important part of it is that in the not too distant future the regulations be publicly debated, the regulations be publicly discussed so that we send the right signals to Albertans both in terms of their expectations about what conditions might be out there to trigger this bill and what conditions within the bill's framework would identify them as a recipient of this kind of support. I guess I would just encourage the minister to deal with the development of those regulations in a very open way, in a way that is put together to form a consensus-building process around Alberta. One of the ideas, if we see a reasonable stability in our gas prices for the summer, is to tie this possibly to some of the debate of the Future Summit, when we start looking at how Albertans will have input into determining our Alberta over the next five, 10, 15, or 20 years.

With those comments, Mr. Speaker, I think I'll take my seat and allow the debate to move on with others to participate. Thank you very much.

12:30

THE SPEAKER: As we enter our 24th straight hour, let me call on the hon. Member for Edmonton-Highlands.

MR. MASON: Thank you, Mr. Speaker, for those encouraging words. I'm pleased to rise to speak to third reading of Bill 1, which is really the bill that started it all, if the truth be known. Maybe a little bit later I'll get a chance to explain to members opposite the key role that this bill and the government's handling of it have played in bringing us to the point we're at this afternoon.

I am pleased to address this bill. This bill has as an objective the establishment of protection for natural gas and other heating substances, price protection for those commodities on behalf of the people of this province, who might otherwise have to pay exorbitant prices for their own natural resources.

[Mr. Lougheed in the chair]

So, Mr. Speaker, it brings me to the point of asking why the bill is necessary in the first place. That's a very good question. That's a question that I've thought a lot about. It seems to me that we ought to all have a good understanding of why this bill is necessary in the first place before we give it final approval in the Assembly. One of the main reasons – and the Minister of Energy said it yesterday in some of his responses to questions put in question period. He repeated essentially the same thing that I had said several weeks ago in the Assembly, which brought about a very, very vigorous spate of heckling and unofficial denials across the way. But when the minister said it, in almost exactly the same words, there was an appreciative silence on the part of the government members, and that is that the Alliance pipeline has created a continental energy market for our natural gas.

Mr. Speaker, I think that's an important statement and an important acknowledgment from our Minister of Energy, because that's precisely what the New Democrats have been saying since the by-election in Edmonton-Highlands last June. The reason that Albertans are being asked to pay natural gas prices that are three to four times higher than they were just two or three years ago is because the government has supported the creation of a continental market for our extremely limited resources of natural gas. The result is that all Albertans end up paying prices that you would expect to pay in California or in Chicago for our own natural resource. Of course, the government didn't do anything about that until they were faced with an election. We certainly raised it as a major issue in the Edmonton-Highlands by-election, which is very nearly a year ago now. We certainly trounced our opponents and particularly the government opponent in that riding.

What happened was the government decided to bring about some policies. Now, it was clear that the government's policies were being developed very much on the fly, so to speak, and they were kind of making it up as they went along. It wasn't until we on our side had raised this as a significant public issue that the government glommed onto the fact that they needed to do something about it not only to protect consumers but to protect their hold on power. The government proceeded to introduce a whole series of different rebates for energy.

Of course, they had the same problem, which also was a self-inflicted problem, and that was around the prices of electricity. By messing up a perfectly workable electricity system in favour of radical experimentation, they had created not only high natural gas prices for Albertans . . .

THE ACTING SPEAKER: Edmonton-Highlands, we have a member here rising on a point of order.

Point of Order
Relevance

MR. MARZ: Yes, Mr. Speaker. *Beauchesne* 459, relevance. I've been listening for the last five minutes. I've heard very little, if anything, that is relevant to the effects of this bill, and that's what we're discussing in third reading.

MR. MASON: Well, I'm sorry if I've wandered, Mr. Speaker. I was attempting to deal with the reasons behind the need for this legislation, but I'll try and focus more closely on the legislation itself if that's your wish.

THE ACTING SPEAKER: Are there others on the point of order?

Seeing that no one else is concerned about this issue, it's encouraging that the Member for Olds-Didsbury-Three Hills was listening so attentively and noted that you strayed perhaps a little bit. So keeping that in mind, to the bill, please.

MR. MASON: Thank you very much, Mr. Speaker, and of course the point of order will not be deducted from my time, as per the rules.

Debate Continued

MR. MASON: So I guess what I want to do, then, is talk about how

the bill deals with it. The bill deals with it in a way that is wide open. In fact, as I said at second reading, I think this isn't so much a piece of legislation as a framework for regulation. It's simply a superstructure put in place to allow the government to do almost anything it wants around rebates. I know that that's pleasing to members opposite, but it disturbs this hon. member and I'm sure many others who have some familiarity with the principles of responsible government.

We heard last night from the Member for Edmonton-Riverview an excellent elucidation on the development of responsible, democratic government in Canada. This flies in the face of it, and this is why we're fundamentally at odds with this piece of legislation, Mr. Speaker. The principle that ought to be contained in legislation is the principle that it is the people's elected representatives – the people who are elected here as a whole, not just who is the government but the Assembly itself – that have got to have the responsibility for overseeing the expenditures of the government.

Here we have a situation where the government has recently spent, not just on natural gas rebates, of course, but on rebates of all types to fix the energy mess that they've created, $4 billion – $4 billion – enough to run a small country. They have spent that in order to achieve whatever goals they may have, including possibly the protection of Albertans from high energy prices.

12:40

Now, the government has got in this piece of legislation a whole bunch of references to regulation, and I think that it flies in the face of the tradition that the elected members of this Assembly or of any Assembly have a right to oversee expenditures by the government. These expenditures ought to be made by the government in a responsible way, and the rules, the regulations, the restrictions, and all of the other important factors around the expenditure of significant amounts of money ought to be spelled out in the legislation, not left to government regulation.

[The Speaker in the chair]

I would point out that the act mentions "regulations" at least seven times. For example, in section 1(a) the Alberta price is "determined in accordance with the regulations"; in 1(b) "'eligible consumer' means, subject to the regulations"; in 1(b)(ii) "with reference to other substances, an eligible consumer as defined in the regulations"; and in 1(d) "'other substances' means propane, heating oil and any other substance used for heating purposes as specified in the regulations." So the government can determine what types of fuels or substances can be subsidized without the authority of the Assembly except indirectly.

In section 2 under price protection "regulations" appears a couple of times. It says:

> Where, in the opinion of the Minister of Energy, the Alberta price is or is likely to be greater than the amount prescribed in the regulations, the Lieutenant Governor in Council may authorize a rebate to eligible consumers in Alberta under the regulations to assist eligible consumers in the cost of marketable gas.

Then we go down to section 4(2). It says:

> A rebate under this Act made to an eligible consumer for marketable gas or other substances consumed or used in Alberta for industrial purposes is subject to the maximum amount of rebate prescribed in the regulations.

Then again in section 7. This is the regulations section, Mr. Speaker. It says that "the Lieutenant Governor in Council may make regulations" concerning a long list of things. There are, in fact, 16 subjects of regulation in this act. So if you talk about the number of references to regulations in the act, which is seven, and the number of things that are the subject of regulation, which is 16, it comes, according to my arithmetic, to 23 things that are regulated.

I did have a chance to pull out the Natural Gas Rebates Act, under which previous rebates to consumers were made. I found that in that act, which this one is intended to replace, there are far more protections for the principle of responsible government, far more protections for the taxpayer, far more restrictions on the government's arbitrary use of regulations than there are in this bill. So the question I have is: why does the government want to take a piece of legislation that, notwithstanding its serious limitations, at least provides some control over the government expenditure in this area and replace it with a bill that has virtually no restrictions over the government's authority to issue rebates in any way they want, to whoever they want, for virtually whatever they want? As long as, I'm assuming, it can be burned, then it can be provided for under this act.

Mr. Speaker, I wanted to just mention, in fact, that it's very unfortunate that this bill is required in the first place, because I think a better approach for the government to follow is to fix the actual problem that we're dealing with, and that's high energy prices for the citizens of Alberta.

I think there are ways that they could go that would render much of this unnecessary. If they in fact wish to provide a cap to the price of natural gas as it affects at least domestic consumers in Alberta, we believe they could do that, and we wouldn't have to have the government making decisions around the cabinet table about when and where they're going to apply taxpayers' money to this. They could provide some permanent protection for Albertans. Alberta New Democrats suggested that on a number of occasions: that it's a better approach, that the government could actually control the prices paid instead of simply coming up with expenditures to offset these high costs, which merely reside temporarily in an individual's chequing account before they are then passed on to the gas company and through the gas company to the natural gas producers.

It could be financed, Mr. Speaker, in a very simple fashion. As we all know, for every additional dollar that the government receives from natural gas revenues, the oil and gas producers receive somewhere between three or four additional dollars, so the natural gas producers are making out very, very well in this particular market. I'm sure that that excites some members opposite no end, but for us it's a concern because a lot of that money is coming out of the pockets of Albertans. So if the government introduces a rebate program as envisaged by this act, they simply take some of that royalty revenue or some general revenues from the government and send it by way of a cheque to people who then put it in their bank account who then write it to the gas company.

So all of these rebates are simply hidden subsidies for energy companies. That's what the government's price protection policy amounts to. It is simply an indirect means of subsidizing energy companies. It does that very simply because the money goes into our pocket, into our account, and from there it gets written as a monthly cheque to the gas companies, who have to buy the gas at higher prices so then they have to write a cheque to the gas producers who are the ultimate winners in all of this subsidy that's taking place. The people of Alberta know this, Mr. Speaker. Even though they're very pleased to get the money – many of them are – to get $150 before the election and then another $150 after the election, it isn't lost on many of them, that this money ultimately ends up in the bank accounts of natural gas producers in our province.

So our approach, on the other hand, would be to see a small increase in royalties. That's not a bad thing. I'd recommend it to the government. Certainly places like Alaska and so on have much more rigorous royalty policies than Alberta, and it hasn't stopped

exploration and development in those places. What I would say, Mr. Speaker, is by slightly increasing the royalties, and only slightly, you would be able to provide permanent price protection at the level of two years ago, which is $3 per gigajoule for every Albertan, yet the government has rejected that approach, and I can't understand why the government would reject that kind of approach. I think it's shortsighted for the government not to take a more holistic and systematic approach to dealing with the actual costs instead of using taxpayers' money essentially to subsidize high energy prices and high profits by oil and natural gas producers in this province.

12:50

I think it's very unfortunate, but I would just in conclusion say, Mr. Speaker, that this particular bill flies in the face of 800 years of British parliamentary democracy, which has a cardinal principle that it is the Assembly that has control over the expenditures of the government. This is a real play around the authority of the Legislature, giving enormous power to spend money to the government without reference to the Assembly, and that I think, is a serious thing, something that ought not to be dismissed lightly, because it has been a principle of our governments for a very, very long time. In fact, it's the foundation of this place and the reason this place came into being and had a life and a vitality that has served the citizens in our type of political system very well for a very long time.

Mr. Speaker, I would like to . . .

THE SPEAKER: Hon. member, your time has now expired.

[Motion carried; Bill 1 read a third time]

Bill 2
Cooperatives Act

THE SPEAKER: The hon. Member for Calgary-North Hill.

MR. MAGNUS: Thank you, Mr. Speaker. The Cooperatives Act updates 53-year-old legislation to keep up with substantial shifts in the co-operative sector and recent changes to legislation in other provinces. It has in fact seen a wide-ranging consultation during the formation of this bill, and frankly I believe the co-operative sector is anxiously awaiting the passing of it.

With that said, I would like to move third reading of Bill 2, the Cooperatives Act. Thank you.

THE SPEAKER: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Speaker. I'm happy to participate in third reading of Bill 2, the Cooperatives Act. It comes as a surprise to us that this was the next bill on the agenda. In spite of a history of co-operation in terms of listing what bills will be next up for debate in this House since I have been here, which is since the spring of 1992, we have now been told by the government that it's a surprise package in terms of what comes up next for debate.

It is important to establish what's happening here today, as we're in our 24th hour of debate, nearly twice having seen 1:30 since Monday afternoon in this Legislature.

SOME HON. MEMBERS: Speak to the bill.

MS CARLSON: I am quite prepared to speak on whichever bill comes up in third reading this afternoon. I'm quite prepared to deal with a government who refuses completely to be co-operative. It's too bad that that's the process that happens, Mr. Speaker, because it means on Bill 2, a bill which in essence we support, we will have everybody in our caucus speak to it. I'm sure that the other opposition party, the New Democrats, will also be putting that forward.

AN HON. MEMBER: Assumption.

MS CARLSON: Assumptions are allowed in this Legislature, and if you want to respond to it, you have every opportunity to get up and speak.

In terms of Bill 2, the highlights of this bill are . . .

AN HON. MEMBER: You sit down, and I'll speak.

MS CARLSON: We'll see. We'll see when I sit if you do get up and speak.

The highlights of this bill, Mr. Speaker, are that they modernize and replace co-operatives legislation. They are a good idea. I would like to applaud the member who has introduced this, the Member for Calgary-North Hill. He has worked quite diligently in terms of trying to get our co-operation on this particular bill.

It's unfortunate that in a Legislative Assembly where we have seen so many bills, some of them of a very substantial and significant matter, we have had little time to devote to this particular bill, which certainly in terms of outstanding issues is a lower priority. The Member for Calgary-North Hill has lobbied us aggressively and repeatedly in terms of any outstanding questions or issues we have with the bill so that it could see a relatively speedy passage in this Legislature. We appreciate his efforts on that behalf. If we had seen that kind of co-operation from other members who are sponsors of bills, I believe that we would see a much speedier passage of legislation in this Assembly at all times. We perhaps didn't give him due regard in that process because of our small numbers and the large numbers of legislation being passed this spring in a very speedy fashion.

It's amazing to note, Mr. Speaker, that we are now on the 14th or 15th bill that we have debated since 8 last evening. While we have heard many people complain about the length of time that we have been in here, in fact that doesn't even average an hour and a half per bill. What we have seen being forced on a very small minority opposition by a bully government is closure. There are many ways to bring closure into a Legislature, and we see that this is one of them. What we are seeing now is a large number of third readings by a government who is so arrogant that they don't even care to share the order of the bills that will be debated next. Bill 2 is one that comes up to mind.

REV. ABBOTT: Unparliamentary terms.

MS CARLSON: If you don't like it, stand up on a point of order, my friend. Otherwise, be quiet.

THE SPEAKER: The hon. Member for Drayton Valley-Calmar on a point of order. Citation please.

Point of Order
Parliamentary Language

REV. ABBOTT: *Beauchesne's* 489.

THE SPEAKER: Please proceed.

REV. ABBOTT: I believe "arrogant" is an unparliamentary term.

THE SPEAKER: I appreciate that the hon. member has referred himself to *Beauchesne*, and I suspect that he's done a thorough

reading and will continue to do a thorough reading of *Beauchesne*. In section 489 it says, "since 1958, it has been ruled unparliamentary to use the following expressions," but nowhere on the list is "arrogant." The hon. member might wish to refer himself to section 490. In section 490 it says, "since 1958, it has been ruled parliamentary to use the following expressions," and "arrogant" is one of those words that is acceptable.

No point of order. Please proceed.

MS CARLSON: Thank you, Mr. Speaker. I am quite happy to withdraw that particular word and replace highhandedness and indifference, if that suits the member better.

Debate Continued

MS CARLSON: So to continue on with my comments on third reading of Bill 2. I would like to take a look at this bill which in essence we support, certainly the streamlining process, the updating that has gone on here, the providing of a variety of tools which will help these co-ops to compete with business corporations and take a look at an area of co-ops, I think, that is very important for us to understand as legislators and to support, Mr. Speaker, and that's aboriginal co-ops in Canada, their current situation and potential for growth.

1:00

In referencing the comments that I'm about to make, I would like to refer to the report on Aboriginal Co-operatives in Canada: Current Situation and Potential for Growth by Dr. Lou Hammond Ketilson, associate professor, management and marketing, College of Commerce and Centre for the Study of Co-operatives, University of Saskatchewan, and Dr. Ian MacPherson, director, British Columbia Institute for Co-operative Studies, University of Victoria, dated March 2001. We see that there are many co-ops in Alberta. If I have read the notes correctly, we have about 400 or so in this particular province. In terms of aboriginal co-ops, there are 133 throughout Canada whose membership is predominantly aboriginal.

Most of these can be found in the northern regions of the country, and they are different from the majority of the co-ops in Alberta, which primarily focus on agriculture. Most of the aboriginal co-ops serve a wide variety of needs, the most common being the provision of food and supplies in remote communities. Also, they've become important as marketers of arts and crafts, wild rice, fish, and shellfish, and some have been acted on in terms of the possibilities for housing in urban communities, which is interesting, because that seems to be where the most participation has been in Alberta at this particular point in time. This is, I think, a critical need, urban housing, and it has a considerable future and potential in this province, particularly when we see the kind of shortage of affordable housing that we have in this province and we see particular needs in the aboriginal community for this kind of housing. It is, I think, important for us to understand that this legislation that we will pass in Bill 2 will move forward to some degree enabling the aboriginal community to work within the framework of a co-op and help to facilitate some of those key needs.

I would hope that the sponsor of this bill will continue to take an ongoing interest in what happens to co-ops and new co-ops coming on-line after the bill is passed, and perhaps he could directly focus his interests on the aboriginal community, because I believe that this is a key issue and that we can find here, in supporting these co-ops, a key answer to identifying and solving some outstanding issues in the community. We see that aboriginal co-ops are very important within the history and the development of the Canadian movement of co-ops but also very important to their own community.

In total, co-ops in Canada have more than $169 billion in assets and more than 15 million memberships in Canada, so that's very interesting to see. Housing co-operatives house some 250,000 people in more than 2,100 co-ops with nearly 90,000 units. Pretty significant, Mr. Speaker, and something we need to take a look at as a reasonable solution to the housing crisis that we have for the low income and working poor in this province.

Aboriginal co-ops are members of both the Canadian Co-operative Association and the French counterpart, and they've done some serious work in this area in terms of solving some issues. The suitability of the co-operative model for what aboriginal leaders say about the kind of economy they wish to encourage is important. The paper that I'm looking at actually drew upon the findings of 11 case studies to make a series of conclusions and recommendations about the potential of growth for co-operatives owned by aboriginal people for their own purpose.

So why is this important in terms of Bill 2, where we've seen some changes in the legislation? It's important because aboriginal people in Canada, as we know, have an unacceptably low standard of living and consequently suffer from a range of complex social problems, all of which I hope the government is serious about addressing. We've heard some indications of that, and we'll see what happens over time on some of these issues. There have been a number of efforts by governments to encourage economic development among aboriginal peoples, but they haven't achieved the desired results.

You know, we see a small number of people who are just having phenomenal success, but we still have vast issues outstanding in the communities, not just in Alberta, Mr. Speaker, but I would suggest that we need to take a look at our neighbours in Saskatchewan and Manitoba, where the issues are perhaps more outstanding than what they are in Alberta. We need to, whenever we can, support our neighbours in helping them to help themselves and find a way out of some of these issues.

We've heard aboriginal leaders expressing a preference, Mr. Speaker, for economic development in a kind of process that takes into account their history and the kind of framework that they naturally work within, which is really a collective kind of framework. I'm quite familiar with the collective framework having worked in the women's movement for many, many years, and it's very much a similar kind of framework as to what aboriginal communities work very well within. That certainly is the kind of framework that co-ops fit in. Co-ops then can be adapted to address the underlying realities of each aboriginal community, which is also important. This approach can conform well with aims and preferred methods for the community development, as we hear from the aboriginal communities themselves, in terms of what they wish to accomplish and how they wish to accomplish it.

So if we take a look at what's happening in terms of conclusions of what aboriginal co-ops are doing so far in Canada, we see that the 133 co-ops, particularly those in the Arctic, are very successful. They make significant and substantial economic contributions to the communities they serve through local businesses and through the wholesales they own, which return surpluses back to them, which is, of course, a bonus, not only to sustain a reasonable standard of living for those people who work within the co-ops and contribute to them but also profits back to them. We see also that co-ops are major employers of aboriginal people, and they have made and are making significant contributions through the training and education they provide their elected leadership and employees. So also a very positive movement. There's no one here in this Assembly, I don't think, who isn't quite dismayed by the high unemployment rates faced by aboriginal communities and look toward solutions to solving that as an issue.

So what can happen in the future, and how can this bill relate to facilitating that, Mr. Speaker? If you think about further success in this regard, you can talk about what is an existing barrier right now. The system we have now, in terms of a very complicated political and policy environment, really is a barrier to economic and community development to many people in the province but particularly disadvantages this community. The barriers help explain, I think, the mixed success rate and low take-up of the co-op model over the past few years. Some of the barriers have been eliminated in this legislation and replaced by some facilitating aims. One of those certainly is the access to better capital financing that we see in this act. Aboriginal communities often don't have direct access to start-up funds, and this will help streamline processes and give some increased flexibility and look at harmonizing legislation, all things that will significantly, I think, facilitate this.

What we don't see particularly addressed in this legislation but that would have helped and that perhaps the sponsor will take a look at are things like more educational development material on co-ops so that people can get a good grounding on them, and then they can take that information and customize it to their own individual realties and to their culture. If we could take this act one step further and build some frameworks and provide some examples of existing aboriginal co-operatives, we would be well on the way to giving a hand up to a community that is really looking to solve conditions for themselves, and I think that would be very positive.

1:10

We've seen that most provincial and territorial representatives contacted have suggested that co-operative federations need to do more work in outreach and advocacy. Certainly, that's the next step that could happen in a bill like this, and it really looks like it might be a logical step there. Of course, what can happen is that with our new resources, staff and specialists in aboriginal economics can make links and promote the model to communities. We've seen some excellent pilot projects being conducted by industry players in terms of working with aboriginal communities and providing this kind of assistance to them. The one that always comes to mind immediately for me is Al-Pac. I think they do some outstanding work in that regard, but there is no doubt that the government could easily be a facilitator in this regard.

We need to see aboriginal development corporations play a centre role in controlling decisions over community development and then subsequently a crucial role in the success of co-operative enterprises. Formal links should be encouraged between co-operative federations and aboriginal development corporations. The views and priorities of these corporations with regard to co-operative enterprises should be identified in the next phase of research on aboriginal co-ops. That next phase is the next logical step for this bill to take.

We've seen that they've started to develop co-operatives to meet clearly identified needs and to address pressing needs in the community. This is important not only in terms of solving outstanding issues but in terms of determining future success. If you can provide a framework and a little bit of assistance when people don't know how to carry on with the framework or they fall outside of the mandate and if they can see examples of systems that have worked in the past and if you can link them up with contact people, to successful co-ops, what we end up getting, Mr. Speaker, is a huge phenomenal success, and that's really good and positive for the community.

There are huge contributions, then, that they make in the areas that they're in. They contribute to the physical infrastructure of communities by contributing to better transportation, communication systems, employment, and essential services. Those are all significant and not to be sneezed at. We've seen them contributing substantially to the social capital of communities. They do that by enhancing educational programs. People learn skills, business management skills and employment skills. Community action often falls out of this kind of work. They work with other cultures and communities, so they learn how to negotiate and compromise and find solutions. Those are all important.

But, Mr. Speaker, there still are a number of challenges. Secured funding is still important. This bill goes some direction in talking about that in terms of providing better access, but secured funding is fundamental. So we need to see a greater collaboration of the government on this. We'd like to see some dedicated dollars in one of these upcoming budgets in terms of that issue. We need to see some more research on the issues of co-ops. This is a good start in terms of reforming some of the legislation and updating it, but more research is needed. Education is important in terms of educating potential memberships.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Speaker. I enjoy the opportunity here this afternoon to rise and speak in third reading to Bill 2, the Cooperatives Act.

I would like to compliment the Member for Calgary-North Hill. Obviously a tremendous amount of work went into this piece of legislation, and he did exhaustive research. He had many, many consultations. Not only that, but he lobbied for any concerns or questions with the bill. As such we do have a very good piece of legislation here.

As I said, I welcome the opportunity to make a few comments on Bill 2 and to certainly say that I do support Bill 2. It is legislation, Mr. Speaker, that modernizes and replaces co-operative legislation that has been in this province for quite some time. I heard the Member for Calgary-North Hill indicate when he was introducing this legislation that it is 53 years old and that this will modernize it and bring it up to date and not only bring it up to date but provide a clear path for co-operatives in the future. I think it is something that all members appreciate, that all Albertans, particularly those involved in the co-operative movement, welcome.

As well, what this legislation will do, Mr. Speaker, is attract more co-operatives to Alberta. Historically when we look back at the role that co-operatives have played in the development of not only this country but this province, we see the need for the continued growth and the continued development and prosperity of co-operatives.

Now, we see that we have more than 400 co-operatives in Alberta. The majority of these are involved in agriculture, farming, industry, and definitely some in housing. Co-operatives continue to play a very important role in the lives of many Albertans who certainly wouldn't have the financial resources themselves to be involved at this particular level. I see that in Canada there are more than 15 million memberships in co-ops. So that is why I think we do have such a piece of extensive legislation and very good legislation.

Again, when we look at the success of co-operatives in this province, they do have some challenges. They have some challenges in regards to their sustainability. They have challenges in membership. They have challenges in how they pay back profits to their members. So when we look at this particular bill, I'd like to make some comments, and these primarily will deal with membership and how people in this province can join co-operatives and how they can use the services of the co-operative and who is willing and able to accept the responsibilities of and abide by the terms of this membership.

As well, my comments this afternoon will, Mr. Speaker, indicate how people can vote and how each member or delegate can vote. Also I notice in here that no proxies are allowed in voting.

Again, as the hon. Member for Edmonton-Ellerslie said, one of the major challenges faced by co-operatives today is investment income. What this legislation does as well is spell out the responsibilities of any member on a loan, and the interest on any loan is "limited to a maximum rate fixed in the articles." It also spells out in this act, Mr. Speaker, that "dividends on any membership share are limited to the maximum rate fixed in the articles," and finally, "to the extent feasible, members provide the capital required by the cooperative." As I said earlier in my comments, this certainly is a major challenge for all co-operatives.

1:20

Co-operatives as well provide education on co-operative principles. These are noteworthy, Mr. Speaker, and I think I would like to speak in regards to these as I'm making my closing comments here on Bill 2, the Cooperatives Act. Hopefully this legislation will clear up any problems that the co-operatives are facing.

In looking at the bill and specifically part 2 of the bill, Membership in Cooperatives, what this legislation will do is provide protection for all Albertans who are involved in co-operatives. It spells out accountability; it spells out the responsibility of members. As well, it spells out who can use the services of the co-operative and who is willing and able to accept the responsibility of and abide by the terms of membership.

Now, another very important part of this particular piece of legislation is that we can have a delegate system of voting, and it is provided for in the bylaws of a co-operative. "A member has one vote on all matters to be decided by the members." Again, I think this is a very important part of this legislation.

As well, the legislation goes further as to how we will have a redemption of membership shares and loans. So this, again, is very open. It is spelled out very distinctly so that members know exactly the rules and regulations they are bound by not only when they enter membership but also the responsibilities in regards to shares and loans when they leave.

The legislation has done much in the way of spelling out the termination by directors of any member that they feel for whatever reasons they do not wish to have anymore. As well, what I see is that there is a right of appeal. So the rules of natural justice in regard to co-operatives are certainly open, they are equally applied to all members, and they are transparent, certainly totally different legislation here than we see when we see legislation that we discussed earlier today.

Now, then, the termination of any member does not release debts. So, again, we have this whole idea of sense and fairness and reasonableness not only to the members that are involved in a co-operative but also to the co-operative itself. Mr. Speaker, when we start talking about how loans are repaid and dividends, again it is a very well-balanced approach where the directors can provide a redemption of the shares of payment, and they can do that as long as the financial well-being of the co-operative is not jeopardized. I think that is very key, particularly for co-operatives who, as we said earlier, do not have a huge financial investment, who rely on membership, and as well in many cases have to rely on debt, on the borrowing of money in order to grow.

Again, Mr. Speaker, looking at Bill 2, I think it is a very good piece of legislation. I think it is a piece of legislation that all members in this Assembly should support. I certainly see that with this piece of legislation co-operatives in this province not only have a magnificent past; they have rules that are governing them that are going to give them the direction to continue in a very positive direction in the future.

With that, Mr. Speaker, I will conclude my remarks and listen to those of other hon. members. Thank you.

THE SPEAKER: Hon. members, before recognizing the hon. Member for Edmonton-Highlands, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: Introduction of Guests
(reversion)

THE SPEAKER: I call on the hon. Deputy Speaker first.

MR. TANNAS: Thank you. It's my pleasure today to introduce to you and through you to members of the Assembly a group of nine STEP students who are working in the Legislative Assembly Office this summer. Tiffany Ferguson is with the office of the Clerk, Warren Maynes with the Legislature Library, Catherine Nissen with financial management and administration services, Helen Park with Parliamentary Counsel, Terris Schultz with human resource services, Vincent Tong with security and ceremonial services, along with Kathia Legare, a Quebec/Alberta exchange student, Debra Weibe with information system services, and Brian Storseth, who is assisting in your office, Mr. Speaker. They are seated in your gallery, and again on your behalf I would ask them now to rise and receive the warm, traditional welcome of the Assembly.

THE SPEAKER: The hon. Minister of Infrastructure.

MR. LUND: Thank you, Mr. Speaker. It gives me a great deal of pleasure to introduce to you and to the members of the Assembly some 23 grade 12 students. Incidentally, they held their graduation last Saturday night, another very good event. Along with their teacher, Mr. Darren Brick, and parent helper Dale Murray they are seated in the members' gallery. Mr. Brick has brought students to this Assembly each year for many years, so we want to thank him for that. I'd ask them to rise and receive the traditional warm welcome of the Assembly.

THE SPEAKER: The hon. Member for Edmonton-Castle Downs.

MR. LUKASZUK: Thank you, Mr. Speaker. It is indeed a pleasure to introduce to you and through you to all members of this Assembly a remarkable 12 year old from the constituency of Edmonton-Castle Downs. This young man spends most of his free time making little clay pins which he sells as a fund-raiser for the Cancer Society here in Edmonton. I would ask the young man, Taddes Korris, to rise along with his grandmother, Emilia Karosas, and his mother, Nejolla Korris, and receive the warm welcome of this Assembly.

Thank you.

THE SPEAKER: The hon. Minister of Transportation.

MR. STELMACH: Thank you, Mr. Speaker. It is indeed a pleasure this afternoon to introduce to you and through you to members of this Legislature 33 visitors from Chipman school. They are accompanied today by a teacher and president of VALID, Mr. Allen Dubyk and teacher assistant Mrs. Brenda Lesoway, and by parents Mrs. Janet Effa and Mrs. Karen Schickerowsky, and bus driver and also councillor in the village of Chipman and carpenter

extraordinaire Mr. John Stribling. I'd ask the students and the parents and the company to please rise and receive the traditional warm welcome of this Assembly.

THE SPEAKER: Would there be additional hon. members who have introductions at this time?

1:30

head: Government Bills and Orders

head: Third Reading

Bill 2
Cooperatives Act
(continued)

THE SPEAKER: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Speaker. I'm pleased to rise on third reading of Bill 2, the Cooperatives Act.

I think this act is, quite frankly, a fine piece of legislation. I commend the Member for Calgary-North Hill for his comprehensive approach to this legislation and for his consultative approach. I think I indicated at second reading, Mr. Speaker, that I certainly appreciated being buttonholed by the hon. Member for Calgary-North Hill on three separate occasions outside this Chamber demanding to know if I had any issues, and if there were any real issues that I had, he would fix them. I appreciate it. That's how I think we ought to do business. If we had more consultation like that, I think we would have fewer late sittings. So I really recommend it to all members opposite, including those who are members of Executive Council and ministers responsible for various departments. I think some consultation with those of us on this side would not only improve the legislation, but it would certainly speed the passage of pieces of legislation through the House and allow us all to get on with life.

[The Deputy Speaker in the chair]

Now, certainly there is a great deal of comprehensiveness evident in this bill. It begins, of course, in part 1, division 1, with spelling out the steps that need to be undertaken by a group of individuals who wish to form a co-operative. It says who can incorporate a co-operative, how they are to apply for incorporation, what needs to be in the articles of incorporation. It talks about the capital structure that needs to be in place, and it talks about the various conditions for incorporation and the director's decision. Those are really important things, Mr. Speaker.

I have actually been involved at a relatively early stage in the formation of a co-operative. You often have people from very diverse backgrounds with different levels of experience and different expectations, and if they don't have a clear set of rules laid out as to how they're going to go about it, then they can pretty easily get into trouble. If they don't get into trouble, then they certainly run the risk at least of wasting quite a bit of time as they sort these things out. So I find the section that deals with that to be quite comprehensive and quite strong, and I really think it's a good piece.

Now, division 2 of part 1 talks about bylaws and, of course, the ability of the people entering into a co-operative to come to an agreement about how they're going to run it, who's going to be responsible for what. What the accountability is for financial affairs, for membership, for the operation of the organization is critical. It's fundamental to the future success of that co-operative. Also to see in the articles clear language about the adoption of bylaws, about the content of bylaws, how you make or amend the bylaws, when the bylaws come into force – because that's sometimes important. You need to be clear. If you pass a motion to change the bylaws, you need to know when in fact that's going to come into effect. That's an important piece. The need to provide copies of all the bylaws for everybody in a timely fashion, to maintain them in records, including not just bylaws but any unanimous agreements and contracts that might be entered into prior to the incorporation of the co-op.

We all know that sometimes the process of creating a co-op is a lengthy one. People come together and talk for a considerable period of time. They have a number of steps and hurdles that they have to overcome before they can actually become incorporated. In the process of getting to that point, you will find that it's quite clear that they will actually have to enter into contracts and other agreements before they're incorporated. This is a really important piece of the legislation as well, Mr. Speaker, because it recognizes that co-ops just don't spring into being at the will of the members, that there's a long and sometimes a little bit rocky road before they actually become officially a co-op. The fact that this is taken into account in the legislation is another reason why I commend this particular piece of legislation to all members of the Assembly.

Now, of course, names have become increasingly important. Branding is important in the commercial world. Your name is your badge; that's what you're known as. Particularly for co-ops that may be involved in commercial activities and so on it's very, very important that the use of names be clearly regulated and well defined. So we have a section that deals with the names. It talks about the ability of people forming a co-operative or in a co-operative to actually reserve a name and protect their name, and it protects people who have a name for their co-op from people who would otherwise usurp their legitimate name. I think that's very important especially for co-operatives that are involved in commercial activities. It also deals with the names that are prohibited. So, again, we see a systematic approach to the legislation, and that's quite a good thing.

I guess I could talk just a little bit about co-operatives. Some co-operatives are for the simple purpose of providing services to a small group of members; for example, a housing co-op or a food co-op. Some co-operatives exist where they buy food collectively and obtain lower prices for their members by buying in bulk. Those kinds of co-operatives I think are valuable, but a name would be less important to those types of co-operatives than it would be for a co-operative that's engaged in competitive, commercial activity. Some of those take place on quite a large scale, Mr. Speaker.

For example, the Federated Co-op is a very significant force, I know, in many parts of the province. Not so much in Edmonton, but I know it's a major player in the retail grocery business in Calgary. In Calgary, which is considered the heart and soul of the free enterprise ethic in this province, you actually have a very, very successful co-operative organization that is able to compete with and sometimes outcompete very large multinational corporations that provide groceries in our society. I commend the people who have worked over the years to build a strong Federated Co-op movement in Calgary and in other parts of the province. I think that it's really appropriate that they be given some very strong protection for their name and for their brands and so on because they're actually out there competing in the private sector against, in some cases, much larger corporations.

1:40

There is a section here, division 4, that deals with the legal capacity of co-operatives. It also deals with a very, very important question, Mr. Speaker, and that is the personal liability of members and shareholders in a co-operative. People want to know, when they participate in some kind of co-operative organization, whether or not

they are somehow going to become liable for decisions that they have no role in making. I think it is essential to people freely entering into co-operatives in our province. They need to know that their liability is well protected. I think that's a key thing. I'll just briefly quote section 26:

> The members and holders of shares of a cooperative are not liable, by reason only of being members or holders of shares, for any liability, act or default of the cooperative except as provided in this Act.

That's a very, very comforting statement to have enshrined in the legislation. It lets people know that they can join a co-op and can participate in good faith as members of that co-op and receive the benefits of the co-op without incurring liability for decisions that they have nothing to do with. So I again commend the member for the comprehensiveness of this particular piece of legislation.

Division 5, of course, deals with some of the corporate elements, that are very important: the importance of keeping a registered office, keeping good records, how the records need to be kept, lists of memberships and shareholders, and so on, and of course the corporate seal. Those are all important pieces in the type of commercial environment that co-operatives work in.

Now, that brings me to part 2, which is the key, the heart of co-operatives, and that's the members. Without the members co-operatives just don't exist. They don't have any kind of existence at all. They're about members. They exist by and for their members in order to provide some service or financial advantage to their members. So it's really important that the membership section be very strong and very comprehensive. I believe it is, Mr. Speaker. I believe that we have bylaws which govern the membership, how you apply to be a member, your right to vote, which is very important and needs to be specified, because we don't want to take away the right of anybody to vote on anything.

It even provides for members under 18 years of age. I thought that was a really interesting section. It's section 35, and it says: "Subject to the by-laws, an individual under 18 years of age may be a member of a cooperative and may vote at meetings of the cooperative." Then it goes on to say that the bylaws "and any unanimous agreement are binding on a member who is under 18 years of age." I think that's good. I think it's a good thing to recognize that many of our young people become actively involved in organizations in a responsible way before they reach the age of majority, so I think that's a good piece and an important one.

Division 3, of course, deals with the terms in office for the directors. It talks about what happens when a vacancy exists on a board of directors, it deals with the unexpired term of the director's office, it specifies the right of directors to attend meetings, and it talks about their continuation in office. So, again, we see the comprehensive approach of the legislation evident, Mr. Speaker. I think I'm satisfied with the whole way the act deals with membership. Of course, it deals also with the resignation and the termination of directors, talks about when they cease to hold office, how they're removed, what has to be in the statement of resignation, and that notice of changes have to be provided, so I think that that is beneficial as well.

Now, we come to the question of the directors, the quorum, and the meetings of them. It deals with where directors' meetings can take place, what needs to be in the notice, when notice can be waived. It deals with quorum and how a quorum is constituted. It even provides, Mr. Speaker, for an electronic meeting. I think that's a really modern feature of legislation and it's good. It talks about what kinds of actions on behalf of directors are valid and what kind of resolution can be put in place of a director's meeting.

We come back to the question of liability, Mr. Speaker. I think that's an important element, because even though you want to protect the members completely from any liability, you want to make sure that the board acts responsibly and acts within its authority and acts in the interests of its members. So there has to be a section dealing with the liability of the directors. Of course, if the directors perform due diligence and act according to their constituted authority, act in a democratic fashion, and act in the best interests of their members, having followed their duties of due diligence and their other duties, then of course they need to be protected from liability. If they don't, then they can incur liability either individually or collectively, and I think that's a very important thing. Anyone that takes on the responsibility of managing what could be a very large organization and is responsible for handling a great deal of money needs to be aware that they have to perform their duties in a responsible fashion and with due regard to their obligations both under the law and to the membership.

Now, we come to an interesting section here because it relates a little bit to some of the things we were talking about under Bill 7, which is the whole question of people having other interests and how you protect people when there are people sitting on the board who may have an interest that could tend to create a conflict with their responsibility on the board. It requires and quite appropriately so, Mr. Speaker, that the people on the board must disclose those interests. It says when they must disclose their interests. It talks about disclosure of interests by the officers. It provides access to the disclosure so people have a right to know what the interests of members of a board might be and changes to procedural requirements.

It talks about voting on contracts and transactions when there is a conflict. It requires disclosure to be continued, to be provided on an ongoing basis, and it deals with the effects that disclosure could have. It allows the courts to set aside any transaction that they may feel is in violation, and I think that's important. It talks about the appointment of a managing director or a committee. It talks about the deemed consent of directors, the defence of directors, and the remuneration, and that's important. It talks about indemnification, and I think that's important. It talks about unanimous agreements, the rights of members, financial information that needs to be provided when an annual meeting is not required.

Now, it talks about capital. That's important, because one of the weaknesses of co-operatives in our economy is that they have a reduced access to capital as compared to joint stock companies. That's something that needs to be dealt with. If that were effectively dealt with, I think we would see a significant increase in co-operative forms of economic endeavours in our province.

Well, that's my time, Mr. Speaker, and I would just like to thank the hon. Member for Calgary-North Hill for producing a most excellent piece of legislation.

Thank you.

1:50

THE DEPUTY SPEAKER: The hon. leader of the third party.

DR. PANNU: Thank you, Mr. Speaker. It's nice to hear some compliments from the other side, a good exception to the rule, I guess.

At this time of the day on a normal day we would be engaged in holding the government to account. That's what question period is about. We have been deprived of that opportunity today – I just want to make note of that – and Albertans are the poorer for it. The government must provide time for the opposition, for elected members to hold it to account, to ask questions, tough questions, and seek answers, although we never get them, particularly from the

Minister of Environment. He always sidetracks and sidesteps the questions.

However, I rise to speak on this very important bill, Bill 2, Cooperatives Act. I also want to compliment the Member for Calgary-North Hill. He and I worked together on an all-party committee which held public hearings on justice across this province, and I certainly enjoyed working with him and several other colleagues from the 24th Legislature of this province on that venture. That showed how we could all work on some common goals in a very co-operative way.

In spite of a bit of an eerie feeling today that we are talking about specific bills at a time when we should be asking questions, a sort of surreal sort of context in which we're talking about it, I want to certainly say that this act in a sense underlines and reaches out for us to remember the long history of co-operation in this part of Canada, particularly in western Canada. The co-operative movement arose very much as part of the history of the settlement of this part of the continent under other difficult climatic and other technological conditions, and co-operative spirit, co-operative values played a very significant role in making us into what we are today. So co-operatives do have a long history and I think a history that we can be proud of.

Similarly, I guess, Mr. Speaker, I should just lay out in context when we are talking about Bill 2 in its third reading – fishing villages along the east coast had similar ventures, co-operatives. Fishing families, communities, fishers used to join their resources together to not only catch fish but also then market and profit from it in the pursuit of their collective interests.

We are living in an era where in a sense competition and market competition have been put on a sort of pedestal. It's been turned into almost a sacred value. In the context of this, it's refreshing to see a fairly comprehensive piece of legislation, the details of which have been referred to and discussed at some length by my hon. colleague from Edmonton-Highlands, so I won't go into those. I really want to put myself on record in terms of what in my view co-operatives represent in terms of our collective experience in the past and values that not only were good for us in the past but we need to keep alive and indeed nurture if we're going to remain vibrant, healthy human communities in the long run. So the values of co-operation in which this bill is embedded, the values that have historical roots in this province will benefit from this piece of legislation. Once you have those values incorporated, embodied, in a comprehensive piece of legislation, then each interacting with the other helps to strengthen those values and those activities that make use of those values to do business.

The co-operatives movement, of course, also represents and in a sense is based on a participatory model of decision-making. Members of co-operatives have rights, they have obligations, and the rules are nicely set out here to help them conduct their business and work within that framework. That framework is healthy, and I think it certainly reflects that there is room even in today's world for a participatory model of democracy and decision-making. Certainly my hope is that this bill will strengthen those values and those tendencies in our society.

Co-operatives and public enterprises and institutions, you know, have a sort of common heritage, particularly in a province like ours. You know, public enterprises such as Alberta Government Telephones, Alberta Treasury Branches, ATB – these are two really outstanding examples of how the spirit of co-operation, the ability to work together to put in place services that would otherwise not be available – have resulted from this experience of co-operative movement. The building of co-operatives as business entities allowed us to take some innovative steps in the form of establishing, not shying away, public enterprises simply because it somehow challenged the sacred value of profit and competition.

Mr. Speaker, this bill, again, in my view reinforces those traditions and those commitments that Albertans and western Canadians in particular have to the use of public enterprise, the use of public resources and means in order to achieve our collective goals. The collective interest, the public interest, again, I think is reinforced, emphasized by the traditions of the co-operative movement and the co-operatives themselves through their operating procedures and business activities in Alberta and neighbouring provinces.

The bill itself I think provides a good road map for Albertans when they decide and seek to set up co-operatives, be they nonprofit or profit, be they in the area of agricultural rural communities or in the urban areas, dealing with housing, low-cost, low-income housing. These rules and procedures outlined here in law will provide, I think, a very useful road guide and road map for Albertans to undertake such ventures.

I want to close by saying that I'm supportive of this bill and want to congratulate my colleague from Calgary-North Hill for shepherding it. May I take this opportunity, not to forget of course, to compliment and thank those people who always remain in the background but who are responsible for preparing this very complex piece of legislation: our staff, the LAO, and others. So I thank them for the hard work and effort that they have put into this.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Leader of Her Majesty's Loyal Opposition.

DR. NICOL: Thank you, Mr. Speaker. I rise this afternoon to speak to Bill 2, the Cooperatives Act. Maybe what I should have said is that I rise this continuing evening to speak to the Cooperatives Act.

I want to address a couple of issues. I just came back across from the Annex, and for all that have been in here quite a while, it's actually raining outside. It's really beautiful out there. That is probably doing as much for the mood of people in the area as anything. So what we need to do is look at how that mood that gets generated by the nice rain can be conveyed to dealing with the issues here in looking at Bill 2.

2:00

Mr. Speaker, this is a bill that has been developed over, I guess, almost a couple of years of working with members of the community, members of the different co-operatives in Alberta, the associations that have affiliations from across Canada. What we've got to do is basically look at the process it went through. I guess it works out to be quite convenient for all of us here in the Legislature in the sense that the Alberta co-operative association had a little get-together not too long ago. We got a chance to chat with the board members and the executive of a number of the co-ops across Alberta.

I can tell you that one of the things that was common to almost every discussion and every hello that was said there was: how's progress coming on the Cooperatives Act? As legislators, most of us responded with: "Well, it's in the Leg. It's moving. What do you think of it?" It was quite rewarding and a real compliment to the individuals that were involved in developing the act that there were very few if any concerns raised about how the act was going to impact on them or whether or not they found any conflicts in it that wouldn't be consistent with the kind of operation their co-op was actually undertaking or some of the extensions their co-ops wanted to move into. I guess the approach we have to look at as we deal with evaluating whether or not the act accomplishes the objective is to look at it in the context of that kind of response.

One of the interesting things we can look at is all the flexibility that's built into this act in the sense that as we talked to the individuals at that meeting, there were members there from almost all the different kinds of structural co-ops and situational co-ops that you could imagine. In the process of discussions in the last year or so I've talked to individuals in the input and the output and also in the service types of co-ops. All of them felt that the basic idea of what was involved here was very useful to them and very supportive of where they wanted to go with their organizations.

When we look at the structures there, one of the things that came out that I found quite interesting was when we got to the back part of the bill and started talking about specific types of co-ops. One of them was even defined as a kind of new-generation co-op. I'm not so sure if this was really the term the associations were putting to their own structure. Really what it amounts to is that it basically means it's almost like an equity co-op as opposed to the standard partnership, pass-through type of co-op. The share structure and the value of those shares are determined by market tradability and market valuation, where in a normal co-op the value of your participation in the co-op is a function of basically your accumulated retained capital and your equity in terms of unpaid shares.

So the idea that this new-generation co-op actually gets into some type of market valuation and market reflection of where the worth of that co-op is going does create quite an attractive structure. I guess the thing we have to watch here is that what we're seeing a lot of now in terms of some of the co-ops is their trying to convert their organizational structure into the corporate model basically to facilitate the idea of capital financing and capital availability so that they can actually have the capital that's necessary for them to expand and to move forward.

I think what we're seeing here in this bill is a real proposal that is going to give us a structure for co-operatives in the province that will truly reflect almost every possible concept of how a group of people in Alberta would like to get together and organize to achieve their end. We can see within the model structure that is provided here both where we're going from the perspective of the board of directors that control the votes, the memberships, and also the patronage part of it that comes out with the volume of service. This reflects essentially a real flexibility that's going to be there so that the group can put together under this act any kind of joint venture they see as being important to them.

Mr. Speaker, it was interesting to note that in the one section we were looking through, with all the debate that's gone on in other associated areas, division 7, section 80 of the act really goes through and at length defines the structure that has to be implemented to deal with the conflict of interest and the disclosure of possible benefit from an action of the co-op that might come to any of the board of directors from an action. It goes through and defines a number of the cases and situations where disclosure has to be proactive. It also talks about the option that board members in this concept of disclosure don't have to deal with the normal protocol if their perceived benefit is a general benefit available to everyone as a member.

I think this is kind of how we need to start looking at some of these issues in terms of the corporate responsibility, or the co-operative responsibility as we're dealing with in this act. In the general sense of decision-making and administrative responsibility, what we've got to do is look at how we can have a true sense of accountability, transparency, and most of all a sense that when decisions are made, they're made to the benefit and under the umbrella of the collective well-being rather than any concept of a self-directed benefit.

I guess the comment I'd like to make is that in that section 80 there is a very long set of discussions about where the disclosure has to occur, the timing of that disclosure, and essentially the fact that the board has to deal with it. Also, the openness is there in the context of these disclosures in section 83, when "the members and investment shareholders may examine the portions of minutes of meetings of directors, of other documents that contain disclosures under sections 80 to 86." I guess this basically shows that we are putting co-operatives that are formed and operate under this bill on notice that they basically have to be prepared to be accountable to their membership, to their partners in the co-op and deal with it in an open way by having such access provisions in there.

I think it's important that we see both the disclosure aspects and the prohibition from voting when there's a conflict and, as I said, the access to minutes that discuss or relate to the declaration of any kind of possible conflict. We have to kind of look at it from that perspective and see what kind of approach or what kind of implication that has for the overall operation and direction that these kinds of businesses have.

2:10

Mr. Speaker, there's a lot of material here that talks about how these kinds of co-ops can be structured, how the different objectives of the co-op have to relate to different structures, different financing, different accountability. But I think the thing we have to look at in the overall context of this bill is that it really has the support of the communities. It brings forward a lot of the credibility that gets into a piece of legislation when the consultation and the joint participation by the affected groups becomes a real integral part.

I guess I go back to the original Water Act, when we started dealing with the process of public discussion and the public development of the legislation, which was so important to get buy-in from the number of possible participants who might eventually have conflicts. I think we should recognize that effort, and I think the two bills I've talked about, that Water Act and this bill now, the Cooperatives Act, should serve as models of the kind of work we do as legislators when we want to put in place significant changes in our legislation and have this kind of consultation with the community groups in an open way, not just dealing with a small group of, you might want to call it, participatory administrators, people at the top of an association. They in essence in some cases don't necessarily represent the community they are part of in the context of developing legislation, so we need to go below that.

I think that was done here, that was done in the Water Act, but we see that in a lot of cases – we discussed previously Bill 16. There seems to be a consensus among the organizations, but when you get down to the participating members, there's very little support for that bill. I think the difference here is who you're doing the consultation with and the level at which you have that consultation out in the public.

Congratulations to all the staff that worked on the bill. Congratulations to the members for bringing it forward. This is a bill that I think will serve the co-operatives industry in Alberta well into the future. We have to remember that these kinds of things are dynamic. As it gets put into practice, if there are issues that come up when individual groups start to or continue to operate under the Cooperatives Act, we should be prepared to listen to them. We should be prepared to recognize that this is done to facilitate them, not to impose on them. So we should always keep this as a living document that responds to their needs and gives them guidance. I'm sure the attitude that was in place when this was developed will carry forward. I would hope that all members of the Legislature do support Bill 2.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: Before the chair calls on the hon. Member for Calgary-North Hill to close debate, I wonder if we might agree to a brief introduction of guests.

[Unanimous consent granted]

head: Introduction of Guests
(reversion)

THE DEPUTY SPEAKER: The hon. leader of the third party.

DR. PANNU: Thank you very much, Mr. Speaker. I'm pleased to introduce to you and through you to all members of the Assembly 15 international students attending the University of Alberta, Faculty of Extension. These students are enrolled in the English as a Second Language program and have come from two continents, some from Central and South America, from Columbia, Mexico, and Peru, and some from Japan and Korea. They are accompanied by their instructor, Mrs. Penny Deonarain, and they are all seated in the members' gallery. I would now ask the visitors to please rise and receive the very warm welcome of the Assembly.

head: Government Bills and Orders
head: Third Reading

Bill 2
Cooperatives Act
(continued)

[The voice vote indicated that the motion carried]

[Several members rose calling for a division. The division bell was rung at 2:13]

[Ten minutes having elapsed, the Assembly divided]

[The Speaker in the chair]

For the motion:

Abbott	Jablonski	O'Neill
Bonner	Jonson	Pannu
Cao	Lord	Pham
Carlson	Lougheed	Rathgeber
Danyluk	Lukaszuk	Renner
Dunford	Lund	Smith
Fischer	Magnus	Snelgrove
Forsyth	Mar	Stelmach
Friedel	Marz	Stevens
Fritz	Mason	Strang
Gordon	Masyk	Taft
Graham	McClellan	Tannas
Graydon	McFarland	Vandermeer
Haley	Nicol	Woloshyn
Herard	Norris	Yankowsky

Totals: For – 45 Against – 0

[Motion carried; Bill 2 read a third time]

Bill 8
Alberta Corporate Tax Amendment Act, 2001

THE SPEAKER: I think, hon. members, that someone had better move this bill.

The hon. Deputy Government House Leader.

MR. STEVENS: Mr. Speaker, it's my pleasure on behalf of the hon. minister responsible to move third reading of Bill 8.

MS CARLSON: Mr. Speaker, I'm very happy to have an opportunity to speak to Bill 8 today. I did speak to this before and am once more quite happy to speak to it for the final time in third reading. We've got some information that we wish to share with the government on this particular bill.

I have to say that we believe in general that corporate tax rates and the manufacturing and processing rate are competitive with other provinces. The Business Tax Review Committee said: Alberta's general rate of 15.5 percent is lower than all other provinces except Ontario, Quebec, and Newfoundland; Alberta's manufacturing and processing rate compares favourably with most provinces. So that's the good news for this province.

The bad news, Mr. Speaker, is that this particular amendment doesn't help the overall performance of organizations and incorporations in other areas, and that's in terms of user fees and increased electricity costs. I heard a question in the House yesterday that addressed this particular issue, which particularly talked about issues such as the increased costs for businesses to do business and the kinds of job and business losses that we may see as a result of other increasing electricity costs.

2:30

[The Deputy Speaker in the chair]

The Minister of Economic Development was quick to point out that we've seen an increase in migration of businesses to this province, but the fact is that we have to talk about the cost of business not only in terms of businesses that close down but also businesses that don't expand, Mr. Speaker. It's just dandy to lower the income tax rate as long as businesses have profits to tax, but if, due to other increasing costs in their overall organization and expenses of the business, they don't have any profits, then what good is a lower corporate tax rate? So I think that's one of the issues we have to talk about when we talk about this bill.

There's no doubt that we like to have the most competitive rates in the country and have had for some time. This government is very happy in their pursuit of the race to the bottom in this particular area, but there are other factors that need to be brought into consideration. It's important and probably more important I would argue, Mr. Speaker, that the business sector see stabilization in the costs they have so they can do some forward-looking planning and they can legitimately compete in the global marketplace.

Where specifically do they need stabilization, Mr. Speaker? It would be in electricity and natural gas prices in the province so that businesses could operate profitably. With the windfall incomes that the gas and electricity companies have faced in the short term, they're going to benefit significantly by this bill. Decreased tax rates to them will be additional windfall income that they can incorporate into their business planning strategies, but those who pay the increased costs don't have that same benefit. The amount of taxable income they will have available to benefit from this lowering rate will certainly be substantially lower, if it's even existing at this time. I ask what the government has done with regard to that.

So I think that's a very interesting discussion that hasn't been fully debated here. I don't see a lot of members from the government side discussing this. Hopefully we can provoke the minister to enter into debate again as we did earlier today. It's always enlightening to find out how the government seems to be positioning itself when we can talk them into entering into debate. Unfortunately, it doesn't happen all that often, but we would hope we could on this one,

which is really a flagship kind of bill for them, in terms of the race to the bottom for tax rates. It would be interesting to see if we can get them involved in debate. Usually they have to be fairly well provoked to go there, Mr. Speaker, and if that's what it takes to get their involvement, no problem. We're happy to go there as well. Let's see what they have to say about that. In the long run certainly the Minister of Energy had something to say about it earlier today.

If we take a look at the alliance of Canadian Manufacturers & Exporters and see what they have to say about this, we have some very grave concerns about the lack of potential profitability in this particular instance and have some concerns about what happens there. The energy program of this government, or the KEP as we have often called it, certainly can lead to a loss of investment just in accordance with what the alliance has to say of about $264 million. That's significant. That's significantly greater than the loss we are seeing in tax revenue by lowering the rate.

So what does the government intend to do about that shortfall, Mr. Speaker? We haven't heard them address that issue throughout this debate primarily because they haven't entered into the debate. They've dictated, as they usually do, and that's as good as it's got in terms of any participation by them. They don't really want to debate; they just want to tell. There's no show part of show-and-tell, just the tell part, and that's too bad.

What we see potentially here as projected by the association is a loss of more than 31,000 jobs. Not only do we lose those jobs with the kinds of increased costs, just direct costs in terms of electricity, but we lose the corporate tax profits, because there aren't any profits to be had, and we lose the potential from those taxpayers in terms of their own personal tax contributions and other user fees that they would be contributing to this government as a result of being spenders within the economy. So what does this mean then? It means a loss of cash of about 12 percent in Alberta's manufacturing sector.

So those are serious issues in terms of our concerns with this lowering of the tax rate. You know, it's a window-dressing kind of bill, Mr. Speaker. It doesn't really address the kinds of serious issues that are outstanding for this government. There was a time when we thought they were going to address them, and that was when the Alberta Business Tax Review Committee was struck. As I recall, the hon. Steve West was the Provincial Treasurer at the time, and we know that he was a key contributor to the race to the bottom, but this sounded like a really good idea.

The reports and recommendations of the Alberta Business Tax Review Committee came back in September of 2000, Mr. Speaker, and we were quite intrigued by what the committee had to say and then subsequently to see how those recommendations were integrated into this piece of legislation, the Corporate Tax Amendment Act, because it was the intent that the outcome of this report and these recommendations ultimately was changes in legislation that would lead to some tax reform in this province. That's how the Provincial Treasurer of the day talked about this program, and this is what he committed to seeing being done.

So in this last stage of being able to read this particular bill, let's just check it against content and see what we had implemented. The report, as we'll see, contains recommendations for changes that this committee under the auspices of the government felt were necessary to strengthen the competitive edge in today's marketplace, which is a high-tech global economy and which needs to be sustainable. Does the lowering tax rate that we see in this bill actually meet that mandate? Is it important in a high-tech world to have a low tax rate?

The high-tech world is a world of great innovation and rapid change, Mr. Speaker, so what's needed there is money up front for research and development, for attracting key performers and very edge-of-the-market kind of people with great technical expertise to them. They need cash up front, so at the first glance it wouldn't seem that a lower tax rate is a huge advantage to a high-tech world. They're happy to pay taxes when they're making profits. What they need is an environment that is conducive to them attracting key staff, people with excellent qualifications.

What is it that provides that kind of environment? No doubt an overall lower tax regime in terms of personal taxes contributes to that. Residential taxes contribute to that. There are corporate taxes. Do they really care about the corporate tax side? No. Unless you're an owner of a business, you don't really care about whether a corporate tax rate is high or low. So in terms of the first-priority interest and need of high-tech industry, this bill doesn't meet that mandate, because it doesn't provide lower personal taxes. It doesn't provide lower municipal taxes. It doesn't look at such issues as user fees or other kinds of areas. So we have to take a look at the other sustainable factors that Alberta provides to meet that.

2:40

Does it provide an opportunity to increase research and development dollars? It doesn't seem like it, Mr. Speaker, except in terms of some of the other streamlining we see that goes with the federal amendments, so there could actually be some benefits in that regard. So when we talk about transfer pricing and foreign tax credits and the cost of tax shelter investments, assessments and reassessments, and the legal representations of corporations and penalties, potentially there is a little bit of a window in there or some push room for the corporations to benefit, but definitely have to have legal advice and accounting advice in terms of whether that would be so. So in the big picture, very small benefit, if in fact there's any benefit at all.

Let's ask ourselves: does this lower tax rate as outlined in this particular bill benefit us in terms of the global economy? At first glance, Mr. Speaker, it would appear that it does, because if you take a look at the global economy, what is a good incentive to attract multinational investment or other kinds of investment to Alberta? A lower tax rate certainly contributes to that, but if you take a look at any of the findings or readings or case studies that have been done in the past few years, the past four or five years, on the shift in locations of organizations and businesses in terms of the expansion of the global economy, I think what we will find is that these organizations take a much bigger view of the picture than just corporate tax rate. They're looking for quality-of life issues, of which a lower corporate tax rate is only one minor piece in the whole pie and really only affects business owners.

Well, now, why would we want to stimulate innovation and new companies and spin-off companies? That really only is a factor for a small percentage of people in this population, not just in Alberta but around the globe, Mr. Speaker. For the most part, people work for somebody else. Not that many proportionately as a percentage basis are self-employed or employ others. So once again we see that there is a minimal kind of effect this bill has.

Let's ask the final question that the Alberta tax review committee had as part of that mandate: is what we are doing sustainable? Is this lower tax rate sustainable? We would have the government argue that, yes, it is. I would say that, yes, it might be, Mr. Speaker, but not necessarily is. What are the factors that we need to talk about when we are determining sustainability? They are factors of what other pressures we have on cash inflows to the province. It isn't really how well the businesses do, because the receipt of corporate tax income at this particular stage in our province is a small percentage of our overall revenue input in the province.

What we need to talk about is: what are the other pressures that can affect the cash flow in the province? Primarily in this province

there are three things that we're counting on: oil and gas revenues; perhaps in the future larger coal revenues; gambling revenues, which now make up a high percentage of the income we receive; personal tax revenues; and user fees. In order to keep this corporate tax level as outlined in this bill low or sustained at this particular level, the government has to have some guarantee that oil and gas revenues and potentially coal revenues are at least going to maintain their price levels at this particular point in time or increase, Mr. Speaker. Because as populations increase and as we age and as general prices go up due to inflation or any other aspects that we need to take a look at, what we know is that, generally speaking, there is more pressure on governments to retain more dollars in their coffers. Generally speaking, historically speaking, that has meant that the taxes go up. So if they don't go up on the corporate tax side, they need to go up somewhere else.

This government has been very lucky over the years in terms of their being able to rely on natural resource revenues increasing, so they were able to take their royalties and use that to sustain our economy. It's one of the main reasons why, when those prices bottom out, we find ourselves seeing huge economic difficulty in this province, because this government still is resource dependent in terms of its revenue flow. So in order to be sustainable, it needs to ensure that at the very least prices stay the same and quantities of output stay the same. If not, then we could see pressure on the corporate tax side, and that pressure could cause an increase in prices.

What else? Let's take a look at gambling revenues. We've seen quite a change in the percentage of gambling revenues received by this government since '93. I believe at one point the gambling revenues were substantially under 3 or 4 percent of the total revenue generated by this province.

MR. SMITH: They're still the same.

MS CARLSON: No, they're not the same.

MR. SMITH: Yes, they are. Figure it out.

MS CARLSON: I don't believe they are the same. If the Minister of Energy wishes to participate in this debate, I'd be happy for him to table some information which would clarify this. [interjection]

Speaker's Ruling
Decorum

THE DEPUTY SPEAKER: Hon. minister, you'll have an opportunity to speak and to correct whatever needs to be corrected when it's your turn. Right now the hon. Member for Edmonton-Ellerslie has the floor and is entitled to her opinions.

MS CARLSON: Thank you, Mr. Speaker. So far I haven't said anything that needs to be corrected, but I'm quite happy to go there.

Debate Continued

MS CARLSON: You know, I said that in '93 gambling revenues were at or around or potentially less than 3 percent of the total revenue that flowed through to this government in terms of their total revenue mix, and then the Minister of Energy wished to get involved in the debate and told me that they're still the same and that I have to get my facts straight. Well, what I was going to say is that the total dollars collected since '93 have substantially increased, Mr. Speaker, so I believe that we are at a point in time now where it would be very difficult for this government to opt out of having them as a part of their revenue stream.

Now, perhaps that's what the Minister of Energy wished to correct, and I certainly hope that that's the case because that would be very good news for this Assembly and for the people of this province if that were in fact true. Unfortunately, I don't think that's the case, and I'm sure that the Minister of Energy will be prepared to enter into debate when I am done or at the very least have the good grace to table or send to me the information that he is basing his statements on, which is that the total inflow of revenue has stayed the same and that it is not more than 3 percent of the total revenue received by this province. I don't think that's true, Mr. Speaker, but let's wait for the paper to hit the floor of the Assembly, and then I'm sure we can debate sources and so on. It seems to me that it's significantly higher than that, and there comes a point of no return when a government is so reliant on that source of income that they can't look at alternate sources.

So what does increasing gambling revenue mean for corporate taxes in terms of their being sustainable in the long run? At first glance it would look like that would be good news for corporate taxes. If gambling revenue is increasing, then there's more margin even for corporate taxes to be lowered than increased because there's more revenue coming from other sources. That would be true in terms of gross dollars, Mr. Speaker, but the real problem with gambling revenue is that it takes $3 for every dollar of gambling revenue received . . . [Ms Carlson's speaking time expired]

THE DEPUTY SPEAKER: The hon. leader of the third party.

2:50

DR. PANNU: Thank you, Mr. Speaker. I rise to speak at third reading of Bill 8, Alberta Corporate Tax Amendment Act, 2001. As I was preparing to speak, I was looking at the government release on Bill 8, and I think a few things that I find there are relevant to what I want to say here this afternoon in the concluding phase of our debate on Bill 8.

The intention, of course, as stated by the government for bringing Bill 8 forward, is that the changes that it embodies, incorporates, "will help ensure that Alberta businesses remain in a strong position not only nationally, but also on the world stage." These are the words of the Finance minister. It goes on to say:

> Making it easier for business to invest and operate in the province helps strengthen our economy, create jobs, and make Alberta attractive to outside investors.

Interesting code language here: "making it easier."

This party has been in power now for well over 30 years. [some applause] Hearing that noise which just came as naturally as sunrise comes after sunset, I'm not surprised that there is that arrogance, but let me return to the substance of it.

Has this government worked all of those 30 years to make doing business in this province hard for businesses? Why is it that today, when the Alberta economy is booming, most businesses are, I presume, doing well because our economy is doing well, yet the government finds it necessary at this particular stage to come to the comfort and relief of businesses, particularly big ones? Small businesses are another matter; because they are starters, we need to provide them with some support. This is really, I think, an argument which one hears from of course corporations themselves, but when it comes from a government who is responsible first and foremost for serving public interests, not private interests, you begin to wonder what the real intentions of this bill are.

Those intentions are precisely what characterizes this bill, Mr. Speaker, so I will take a little time to talk about some of the concerns that I have about this bill and why I would not be able to vote for this bill. This bill of course makes a number of changes to the Corporate Tax Act. Some of these changes are positive,

particularly those pertaining to small businesses. Others, in our judgment, in the judgment of the New Democrat caucus, are not.

A change that we support as New Democrats involves a reduction in the tax rate of small businesses and an increase in the threshold at which businesses qualify for the small business tax rate. These changes which are present in this bill I think have our support. The problem is that the bill has to be supported as a totality. I wish I had the opportunity to vote in favour of reductions as proposed for small businesses and vote against the other part of the bill somehow. That opportunity is not going to be available to me, Mr. Speaker, and I regret that.

The first installment of a three-year plan to reduce small business tax rates from 6 to 3 percent ultimately and to double the income threshold qualifying for the small business tax rate from $200,000 to $400,000 is a good one. These changes will be particularly helpful, Mr. Speaker, to smaller, startup businesses. The threshold to qualify for the lower tax had not been increased for many years, so it was overdue, and with this increase that's being set, I think the level now is more reasonable. So I'm happy to lend support to this particular part of the bill.

More questionable and troubling, however, are the two other major corporate tax changes being made through this bill, Bill 8, the Alberta Corporate Tax Amendment Act. The first, Mr. Speaker, involves a reduction over four years in the tax rate charged to larger profitable corporations from the current rate of 15.5 percent to the ultimate low rate of 8 percent, virtually cutting corporate taxes in this province in half. These changes have ramifications for the future revenues of the province. I noticed in the news release here that these tax cuts will mean a total of $286 million worth of tax cuts. Much of this benefit will go, of course, to large corporations.

This reminded me of the priorities of the government. When in fact the economy is good – and Alberta's economy is particularly good – and corporations are doing well, where lies the rationale for such a radical reduction in these tax rates, while at the same time claiming that postsecondary students, who are paying ever increasing tuition fees at a rate on average of 5 to 8 percent every year, don't deserve any relief? I don't see the logic here. Well, the logic is there. It's a question of priorities, and the priorities of the government lie with the interests of big business here, big corporations. That's clearly reflected in the provisions of this bill, which will become a law pretty soon, I'm afraid.

I would like to again raise the question raised earlier, I guess, by my colleague from Edmonton-Highlands as to whether the government has prepared any reports by reputable sources or done any studies about such deep cuts in corporate taxes and their ramifications both for the future health of our economy and certainly the future health of our public revenues. One problem with this continuing thrust to give more tax concessions year after year after year to big corporations is the freeloader problem, the very problem that that side of the House, the government side of the House, associates with people that for all kinds of good reasons have to go on social assistance. Social assistance is seen as bad because it creates this tendency of dependency on the public purse. I would ask the members on the government side to not apply that logic selectively but to apply it also to large corporations.

These corporations benefit enormously from public expenditures that we make on infrastructure. Without those facilities available, it would be very difficult for these corporations to do business. Should they not be paying their fair share of this investment in the infrastructure which directly supports their economic well-being, success, and future expansion in this province?

So the freeloader problem is something that's neglected here. How far do we go before we say that enough is enough? That question is not asked, Mr. Speaker. That's why I raise the question of any reports, any serious, hardheaded questions that might have been asked with respect to how these tax cuts will further deepen the tendency of large business in the province to continue to feed upon the public resources in order to generate profits for their private stockholders.

3:00

The other question. Of course, in this era of high demand for natural gas and oil and the high prices that these two commodities in particular enjoy at the moment, in terms of merely saying, "You know, we can afford it, and therefore we should do it," maybe we can afford it this year. But we've been reminded by the government side over and over and over again about the fact that we still have in this province an economy that's subject to very, very serious levels of volatility, unpredictability. We are not able to control that volatility and constrain it all on our own. Therefore, we are at the mercy of international forces and factors which make life rather interesting and exciting at times in this province. So given that volatility, given that unpredictability of the basic resource revenues that we have, how can we justify these cuts, saying that we can afford them this year? The question is: how about next year?

The government has set out a four-year timetable for cutting corporate taxes, but there's no similar timetable for cutting personal income taxes and no timetable at all for either rolling back tuition fees in this province or for cutting or scrapping ultimately such regressive taxes as the health care premiums in this province. I keep asking myself: why is the government being so blind to contradictions in its own tax policies and reduction of tax burdens in a very, very selective manner, providing more relief to corporations which are shareholder owned and no relief to public institutions such as colleges and universities and schools, before this is done?

Now, if they had taken care of all of those other things – tuition fees at postsecondary institutions, providing postsecondary institutions with good resources so that they could keep and retain and attract world-class scholars and scientists and researchers here – and also if they had invested enough money in our education system from K to 12 to make sure that teachers are well paid as well as that classroom sizes are reduced to a size which everyone agrees is a particular size which is most conducive to optimizing the learning of children when they're very young, then I could see some merit in this. But under present conditions all it does is show me the wrongheaded priorities that this government has which seem to drive the contents of this bill.

I am also concerned that if the current high energy prices are not sustained, this province could find itself in the unenviable situation of having to continue with its planned deep cuts in corporate taxes, on the one hand, and to make up the shortfall by increasing personal taxes and/or by cutting spending on important social programs. I deeply feel this and am concerned about it. Corporations, as I said before, benefit immensely from the healthy and well-educated labour workforce that we have in this province and are proud to have in this province as well as from spending on public infrastructure like roads and highways. Asking them to pay their fair share towards sustaining these important programs is only fair and reasonable.

Another concern that I have about Bill 8 involves the changes being made to the Alberta royalty tax credit program. These changes are set out in this bill in a way that raises several questions. The changes to the royalty tax credit program have already been in place for some time, but it's only now that the government is getting around to making the necessary legislative amendments to accommodate the changes that have been in operation for some time.

In 1989 it made sense to provide relief to the oil and gas industries

in this province. Now it makes no sense to continue with that handout to these massively expanding, healthy, huge transnational operators. One argument that is given is, of course, to make sure that new capital comes in here, stays here, and that as a result we'll all benefit ultimately from this. This trickle-down model is well known not to deliver benefits evenly and efficiently to all members of our province and in other places.

Alliance Pipeline comes to mind here, Mr. Speaker, as an example of how the government's thinking is flawed in its desperate attempt to chase investor capital in this province. Just yesterday the Premier confessed in his press availability that perhaps we made a mistake in not requiring Alliance Pipeline to have the gas stripped of ethane in this province before it could be shipped all the way to Chicago. That's a confession that he made himself. He said: hindsight is 20/20; I wish I had known this. [interjection]

THE DEPUTY SPEAKER: The hon. minister is now on my list, and when the hon. Member for Edmonton-Strathcona has completed his talk at third reading, we'll invite you too.

DR. PANNU: Thank you, Mr. Speaker. I was referring to the statement or the observation that the Premier made yesterday. He finally acknowledged that the government made a mistake. I'm trying to get to the root of why this mistake was made. It is this desperate attempt to attract investor capital in the province under any circumstances. Alliance Pipeline is a good example of how that kind of policy doesn't serve the interests of Albertans, the interests of the Alberta economy, the interests of particular industries in this province which depend on ethane as a feedstock for continuing their operations, expanding them and thereby providing good-paying jobs.

Now, I don't mean to call the Energy minister on it. I mean, he's certainly welcome to continue to defend his own policies that are indefensible. My job as opposition member and leader of an opposition party is to continue to try and focus his attention so that one day he will see the light. None of us is immune to seeing the light. The Premier yesterday saw the light all of a sudden, in my presence. So my job is to continue to work on making sure that members on the government side, particularly on the front benches, pay attention to what we have to say so that maybe they will make some amends as time goes on.

While the government claims that this bill in fact represents their attempt to implement some of the recommendations of the Alberta Business Tax Review Committee, that's not really accurate when it comes to the royalty tax credit program. The Business Tax Review Committee recommended that . . . [Dr. Pannu's speaking time expired] Time runs out, Mr. Speaker. What can I do? I think I'll let other members take over.

3:10

THE DEPUTY SPEAKER: Hon. Member for Edmonton-Gold Bar, I paused for a moment because I had understood that a couple of others were going to join the debate, but they haven't.

Edmonton-Gold Bar, you have the floor.

MR. MacDONALD: Thank you very much, Mr. Speaker. It's a pleasure to rise from my chair this afternoon and get an opportunity to speak at third reading on Bill 8, the Alberta Corporate Tax Amendment Act, 2001. Before I start, it was delightful to walk across to the Assembly this afternoon in the rain. I certainly hope for the sake of northern Alberta that this rain is right to High Level and Chinchaga and beyond, because it's certainly needed and is welcome relief for the firefighters, who are working on behalf of all members and all communities in this province.

At this time I was listening with interest to the remarks from the hon. leader of the third party, the Member for Edmonton-Strathcona. I, too, share his concerns about the ethane supply. I know that the hon. member spent the majority of his adult professional life as a university professor. There's a university professor, not at the University of Alberta but at the University of Calgary, who has stated in a rather widely distributed and well-known report that a major policy shortcoming of the current government is its lack of a sound ethane policy.

In regards to Bill 8 at this time, Mr. Speaker, there is the notion to implement recommendations for cuts in corporate tax rates that originated with the Alberta Business Tax Review Committee. There are changes to the Alberta royalty tax credit. The hon. Member for Edmonton-Rutherford earlier today had an amendment. For the oddest of reasons there seems to be an accumulation of paper on my desk. That has not happened in the Assembly in my time previous. I cannot find the amendment at this time, but I'm certain that the royalty tax credit is still applicable to sections of this bill. If there is guidance from other members of the Assembly in this matter, that would be welcome.

Mr. Speaker, I think all Albertans believe that the general corporate rate and the manufacturing and processing rate of tax are competitive with other provinces. It's not unusual. We need to have, particularly with small business, competitive tax rates. Alberta's general rate is significantly lower than that of a lot of the Canadian provinces. I believe that in B.C., Saskatchewan, and Manitoba it would be significantly lower. Alberta's manufacturing and processing rates compare favourably with most provinces. But it is important that we also think of the employees who are working for those businesses as these tax rates will be reduced.

I thought at one time that the reduction in the small business tax rate from 6 to 4 percent could be implemented and that at the same time there could be perhaps an increase in the minimum wage. I wanted an increase in the minimum wage in conjunction with a tax cut to small business. Now, the minimum wage went up in three stages, and I believe some of the members of this Assembly who at that time were responsible for the increase of the minimum wage are present this afternoon. The minimum wage increased I think in three intervals: 25 cents, 25 cents, and 45 cents.

Now this act reduces the small business tax rate from 6 percent to 5 percent. Although not dealt with in this amendment act, according to government plans, this rate will be further decreased to 4 percent, which was the policy of the Alberta Liberals for a long, long time. In fact, I almost call this the Lennie Kaplan policy, because Mr. Kaplan was very anxious to see that this would be implemented, and I think he would be also anxious to see that it would be reduced to 3 percent in three years.

Now, 3 percent was the original recommendation of the Business Tax Review Committee. I could settle for 4 percent, but if the government wants to go a little better, well then that's fine, but at the same time, we should start reconsidering the minimum wage in this province; $5.90 doesn't go as far now as it did even three years ago. Just take the cost of energy today. It's just not near a living wage. Many of the members of this Assembly are very familiar with their barbers. Certainly $5.50 for a haircut – perhaps a student at NAIT, an apprentice hairstylist, could cut your hair for that price, but it would be difficult to find that, as the hon. member has pointed out. To implement the recommendations of the Business Tax Review Committee is noteworthy.

In February of 2000 Mr. Stockwell Day announced the establishment of the Alberta Business Tax Review Committee to investigate the competitiveness of Alberta's business tax regime and to make recommendations for improving the system.

AN HON. MEMBER: Who?

MR. MacDONALD: Who? Mr. Stockwell Day.

The committee reported its findings and recommendations several months later, in September of 2000. This bill is the initial implementation of six of the Business Tax Review Committee's recommendations: the reduction in the general tax rate; the reduction in the manufacturing and process tax rate, which is something that needs to be done in regards to when you compare operating costs in this province for electricity; the reduction in the small business tax rate, which I discussed earlier; the increase in the small business threshold, which was also an item of great concern to Mr. Kaplan. He spoke about this at length.

The whole outlook for business and small business in this province would be thriving more than ever, with a few exceptions: the high cost of electricity. When you think that we'll squander the heritage of this province by selling ethane. Now, Mr. Speaker, when you look at the Alliance line, 1.3 million cubic feet a day, 42 inches from the Peace River arch down to Edmonton, then it decreases to 36 inches and goes on south of Chicago, there's a lot of gas that can be moved through that. One would have to wonder: why would the Alliance, the 37 or more groups of companies that are involved in this – and it's a very successful alliance. It's one of the more successful alliances that's been attempted, the Alliance pipeline, for sure.

3:20

I have no problem with exporting natural gas, but the rich ethane stream in it has to be used here in Alberta for value-added manufacturing. Whenever you look at it from the perspective of Alliance, they will say that instead of building two pipelines, one to transport NGLs, or natural gas liquids, and one to ship dry natural gas, they built one line. Now that this line has been built and we have essentially two process streams in it all the way to Chicago, you have a change. Now the liquid extraction plants will be built at the southern terminus of those pipelines, and this is unfortunate. Will we see further expansion in Lacombe, the Ponoka area, Joffre? It is highly doubtful, and I'm saddened.

I'm really disappointed to read in the National Energy Board report about our ethane supply, the 25-year projections. These projections were available in September, in the late summer of 1999, Mr. Speaker, and these projections suggest that we're going to peak at ethane production, and then we're going to . . .

THE DEPUTY SPEAKER: The hon. Minister of Infrastructure.

Point of Order
Questioning a Member

MR. LUND: Mr. Speaker, the hon. member is hallucinating again and making some comments that are not accurate relative to the intervention in the Alliance pipeline. I was wondering if the hon. member under *Beauchesne* 482 would entertain a question.

THE DEPUTY SPEAKER: The hon. member has been asked if he would entertain a question. You don't have to give your reasons for either yes or no. It's just simply a yes or a no. If it's yes, then the hon. member may ask the question, and if the answer is no, then you continue on. Okay? There isn't a debate on the issue.

MR. MacDONALD: Mr. Speaker, may I ask for some advice from the chair first, please?

THE DEPUTY SPEAKER: I think the advice that the chair would give is that you'd be on third reading. The Alliance pipeline: I've been trying to read through here, and I cannot find it in this bill. Third reading, as you know, is on the issues of the bill, not what might be. If it is on related topics, it has to be directly on that. Is that the advice that you were seeking?

MR. MacDONALD: The information, Mr. Speaker, that I'm seeking from the chair is: at the end of my time allotted to speak, can I entertain a question at that time from the hon. minister?

THE DEPUTY SPEAKER: I think the answer is within the question: at the end of my allotted time. You don't get extra time. Then we would have to go to unanimous consent. But if you stop at two minutes or whatever it might take and then offered it to the hon. member, then you would have the time. If that answers your question, then give us a yes or a no and continue.

MR. MacDONALD: Well, with respect to the minister's diligence and persistence in questioning me over the years, I'm going to again have to say no because I have very little time left.

Debate Continued

MR. MacDONALD: When you consider that the process stream in the refining royalties, the Alberta royalty tax credits specifically – and the minister is dead wrong, because in the Oil and Gas Conservation Act this government has the right to take ethane in exchange and give it to the producers.

AN HON. MEMBER: Relevance.

MR. MacDONALD: I'm sorry. You look at section 26 of this bill, the Alberta royalty tax credit, and this applies, Mr. Speaker. Just the other day in question period we were talking about the Oil and Gas Conservation Act, and the remarks that are given here are relevant.

The Alberta royalty tax credit is a program that refunds a portion of conventional oil and gas royalties back to corporations. If the hon. minister would please read the Oil and Gas Conservation Act, that is one of the processes that the government has to protect the downstream users from a shortage of ethane, because they can receive it in kind.

Between 25 and 75 percent of up to $2 million in eligible royalties may be refunded to a claimant. The price-sensitive refund rate is based on a combined oil and gas price. Now, with the $2 million limit, benefits range from a high of $1.5 million per year to a low of $257,000 per year, Mr. Speaker. This Alberta royalty tax credit refunds royalties but, as I understand it, is also independent. It's independent of Alberta's royalty regime, and as prices go up, the refund rates go down. The decline in the Alberta royalty tax credit rate is .31 percent for every $1 price increase between blended oil and gas prices of between $15 and $22 per barrel and a little over 4 percent for every $1 price increase between blended prices of $22 to $33 per barrel. Although the maximum amount refunded has fluctuated over time, the basic design of the program has not changed in over 25 years, and 25 years takes us back to long before the ethane policies that are outlined in the Oil and Gas Conservation Act.

In 1994 the government proceeded to give industry three years' notice of any intention to make changes to the program. Notice was given to the industry again in December of 1997 when the Minister of Energy announced a review of the program to set out better target objectives for a small program and to address administrative difficulties that industry and the government are experiencing.

In the past the Auditor General pointed out that the government has had no basis for assessing and reporting the effectiveness of the program, and he recommended that the goal of the Alberta royalty tax credit be defined in terms of the results expected and the performance measures identified.

Mr. Speaker, my time on this bill is unfortunately coming to an end. It disappoints me that hon. members of this Assembly and particularly those in Executive Council still have difficulty with our current ethane policy, and I hope to see that changed.

In the time that I have left – regarding Bill 8, the government is decreasing taxes on the corporate side but on the personal side is shifting more of the tax burden onto the middle-income Albertans through their flat tax scheme. They're going to say that it is . . . [interjection] No; it's fair. It's a single-payer user system, and it's fair. I hadn't had the time, but I received from the library downstairs a very interesting study that I plan to read, and it's not from the Parkland Institute either. It has similar concerns to what I've just pointed out.

3:30

It is more important to the business sector at this time to stabilize electricity and natural gas prices in the province so that businesses can operate profitably. Now, according to another alliance, another successful alliance, I might add, the Alliance of Canadian Manufacturers & Exporters, the KEP, or the Klein energy plan, could lead to a loss of investment of $264 million, Mr. Speaker, and the loss of over 30,000 jobs and a cash flow loss of 12 percent in Alberta's manufacturing sector. Now, I as well as other members of the Official Opposition and the third party and members of the Alberta public have been given rather smooth assurances that electricity prices are going down, but compared to what they were two years ago, they're very, very, very expensive.

When you compare our electricity prices to those of Manitoba, B.C., those of Saskatchewan, which has a very similar sort of grid to what we have where the majority of the electricity is generated from coal-fired power plants, Saskatchewan has much cheaper electricity. Sometimes I feel it is not fair to lump us in with B.C. and Manitoba because of the hydraulic capacity that those provinces have for generating electricity. However, we have because of ideology squandered a competitiveness for our business sector that we've had through many different periods of the business cycle. In good times and in bad times we had a reliable, economical source of electricity, and that is no longer the case.

At this time I have to conclude my remarks, Mr. Speaker, and cede the floor.

THE DEPUTY SPEAKER: Hon. members, might we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: Introduction of Guests
(reversion)

THE DEPUTY SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to members of the Assembly Gordon Smith, who's a constituent of Edmonton-Whitemud, who has come down to observe us this afternoon, a resident of the Blackburne area in the lovely constituency of Edmonton-Whitemud. I welcome him to the Legislature and ask the members to give him the traditional warm welcome.

head: Government Bills and Orders
head: Third Reading

Bill 8
Alberta Corporate Tax Amendment Act, 2001
(continued)

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Speaker. I welcome the opportunity to rise and speak to Bill 8 today, the Alberta Corporate Tax Amendment Act, 2001. Of course, the object of Bill 8 is to implement recommendations for cuts in the corporate tax rates made by the Alberta Business Tax Review Committee.

This certainly was quite a review that I was reading over here, and I see that there are some very recognizable names when we look down the list, made up of a group of engineers, some MLAs, some accountants. I notice one, Hugh Bolton, who has had an association with my mother-in-law's second husband for many, many years and is a well-respected member of the community. I also see that we have two former MLAs here, again very well-respected members of this Assembly when they were here. So the credibility of this tax review, the Alberta business tax review, certainly, I think, was very good.

We have to look at Bill 8 in the sense of how the implementation of their recommendations is not only going to help business here in this province but is going to help the average Albertan. We do know, for example, that the impact of Alberta's business taxes on the province's economic and business climate and our international competitiveness is all reliant on the price that we can manufacture and do those other things that are so requisite of good business practices and make us competitive in a world market. Now, then, not only are we looking at a tax structure, Mr. Speaker, that will keep us competitive in this province and in this country, but as well we're looking at sustainability.

It was quite interesting. I was watching very intently as the hon. Member for Edmonton-Riverview spoke to the hon. Member for Edmonton-Gold Bar and myself one day. We were looking at sustainability in our oil and gas divisions in this province, and he drew a graph. It was a very simple graph, but it pointed out the situation that we find ourselves in today and why Bill 8 is so essential at this particular time. What he did was draw a graph of our overall production of oil. This included the sweet crude, which, of course, was flowing so abundantly in the early '70s in this province and which, as I understand it, the majority of the moneys in our Alberta heritage savings trust fund came from and were built upon.

As well, when he was showing us this graph, he also drew another graph which indicated how our supplies of sweet crude in this province and our reserves of sweet crude had diminished. After many years of successful drilling and exporting and using our oil reserves, our sweet crude had definitely pretty well run its course here in the province. It was amazing when he showed that graph and how our reserves had depleted, how the royalties that we were receiving also decreased.

Now, of course, we all know what happened to the world price of crude during the Getty years. It was very tough for anybody to look good with oil at $10 a barrel. Mr. Getty certainly did some wonderful things in regard to bringing spending under control during those years. It is a big ship, and it takes quite awhile to turn around. It was amazing what they did. What happened was we entered the '90s, and of course our production of natural gas started to increase and continued to increase for most of the '90s. At this time it has

leveled off, and our royalties for natural gas are quite extensive. As we deplete our known reserves of natural gas, the process of discovering others, of drilling for them at deeper depths, certainly becomes more expensive. So as this process continues, the profits and what makes up what we've so often heard of as the Alberta advantage become harder and harder to sustain.

We are in quite a position right now, Mr. Speaker, in that we want to remain competitive in the world markets, but as well we want to continue the sustainability of the advantages we do have here. Certainly one of those is making the climate for business in this province competitive.

3:40

To do that we did introduce Bill 8 and looked at some of the recommendations of the Alberta Business Tax Review Committee. There were a number of areas that they did look at. Certainly one was a reduction of the general tax rate. The second area that the committee made recommendations in was a reduction in the manufacturing and processing tax rate. A third area was reduction in the small business tax rate. Another was an increase in the small business threshold. Another was that the capital tax on financial institutions should be eliminated. So those are some areas where the Alberta tax review committee made some recommendations.

When we look at that we certainly have to be competitive, and we have to be competitive not only in Canada but also in North America and globally as we continue to move to a global economy. The Business Tax Review Committee, Mr. Speaker, had noticed that Alberta's general rate of 15.5 percent was lower than all provinces except for Ontario, Quebec, and Newfoundland. We compared very favourably as well with all other provinces in Canada.

It is also important to note that the business sector at this time wanted to stabilize our rates for electricity and natural gas in this province, and considering our northern latitude, considering the fact we certainly have much different building requirements than, for example, Mexico, then certainly we have a greater dependency in the manufacturing business on electricity and natural gas. So certainly those are two very, very important issues when we look at what it costs to do business here in this province.

I was very happy to see that the hon. Member for Edmonton-Gold Bar had brought out how the Alliance of Canadian Manufacturers & Exporters had in their findings indicated that under the Klein energy program with our higher electricity and natural gas rates we could have a loss of investment of $264 million and also the loss of somewhere in the neighbourhood of 31,000 jobs. This would also look at a 12 percent decrease in Alberta's manufacturing sector. Those were some pretty startling observations, and I think they are well within reason and pretty well on target. We will see in this next year what will happen. We will see, as well, if there are no rebates in the next year, how those prices for electricity and natural gas will impact that.

DR. TAFT: Who pays for those rebates? Who pays for that?

MR. BONNER: It is an interesting point. Who pays for those rebates? Well, we had somewhere in the neighbourhood of $4 billion in rebates put out here late in the year 2000, early 2001, coincidentally just before the election, and we certainly cannot sustain that. I'm sure these people would not agree to that type of spending as well or could see that this type of spending would not be sustainable. So we do have some issues in regards to the sustainability of business when we have high rates for electricity and natural gas.

Now, then, as well, when we decrease the taxes, Mr. Speaker, on the corporate side, we also have to look on the personal side. Somewhere we have to make up the loss of taxes, and with the flat tax that was introduced, this burden is then being shifted onto middle-income Albertans. Again they require moneys in order to keep our economy going too. As we move forward, I look at the recommendations towards small business. For the last seven years we have advocated as a party that we reduce small business tax from 6 percent to 4 percent. I see in Bill 8 that this rate is going to be decreased from 6 percent to 3 percent, and that is certainly a good move.

I have a constituent, a constituent whose judgment and knowledge I certainly admire and respect. This gentleman's name is Samuel Lee, and I'm sure Samuel Lee is known to a number of MLAs in the House. He said to me one day: "You know, Bill, our problem in this province isn't with the creation of wealth. We are one of the most fortunate provinces in Canada. We really have it all, but we have a problem in the distribution of wealth. How do we get that down to the people who really need it?" One of the ways, obviously, is that we can set a standard for minimum wages here in the province. In doing so, we bring that bottom sector up, and if people are gaining on the one hand, then they should be willing to share some of that on the other.

So we do that, and at the same time, Mr. Speaker, we want to realize and we have to realize that we can not handcuff small business in this province. That is the engine that leads to growth, and for that engine to work, they also need people supporting those businesses. For them to do it, they also must have disposable income to use. So we want to be cognizant of that at all times as well.

Mr. Speaker, I see that when it comes to small business taxes, the Canadian Federation of Independent Business – of the 115,926 employers in Alberta during 1998, 74 percent employed less than five people, and a further 19 percent had between five to 19 employees. In 1996 small and medium-sized business enterprises accounted for 62 percent of the total private-sector employment in Alberta. Now, that is quite substantial, and we certainly want to encourage small business.

We have seen over the last few years a prosperity in this province, Mr. Speaker, a huge increase in the influx of people from out of province, from out of country, flocking to Alberta for opportunity. With the implementation of a number of these recommendations that were put forward by the Alberta business tax review, we certainly hope that we can maintain that edge, that when people in this province prosper, hopefully we all do. One of the ways we do that is with a very healthy small business sector and an increasing and growing small business sector, but again one of those that has to be sustainable.

As well, according to the Canadian Federation of Independent Business – they had a survey entitled Our Members' Opinions – 92 and a half percent of Alberta respondents cited the total tax burden as a high priority issue. So in speaking to that, Mr. Speaker, the tax burden is a high priority; it definitely is. We want to spread this corporate success in this province around to all Albertans.

3:50

Now, then, when I look at the bill, I also see, Mr. Speaker, that there are provisions within Bill 8 that parallel changes to the Income Tax Act as set out under federal bills C-28 and C-72 with respect to such issues as transfer pricing, the cost of tax shelter investments, assessment and reassessment of penalties. Again, there were some loopholes in the legislation, as I understand it, where companies could transfer assets from province to province and, as a result, ended up not paying tax in either of the provinces. So I did see that this loophole was shut down.

As well, earlier the hon. Member for Edmonton-Gold Bar had referred to the Lennie Kaplan tax plan, and it certainly had a very, very huge impact in impressing upon the people in the Liberal caucus how important it was that we did have a corporate tax structure in this province that allowed all people in the province to share in the success. He certainly did some outstanding work for us, and we were very, very fortunate to have him as one of our researchers for quite some time.

Mr. Speaker, I know there are many members in this House that wish to speak to Bill 8. It has a huge impact on this province. We really want the opportunity for all Albertans, not only the ones that are presently in the workforce or the members sitting in here, but more importantly we want a structure that is going to carry us forward, carry us into the future and provide those opportunities for our children and for our grandchildren so that they can continue to have the success that so many Albertans have had over the years.

So with those comments, Mr. Speaker, I would like to take my seat and say that, overall, I certainly support Bill 8, and I would urge all members of the Assembly to support it.

Thank you very much.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Speaker. As we proceed through third reading, Bill 8, as some of my colleagues have said and I think all the government members would agree, is an important bill. It's a significant bill that cuts to some of the core issues that are at the centre of the Alberta economy and Alberta society. The Alberta Corporate Tax Amendment Act, which comes out of the work of the Business Tax Review Committee, will have the effect of reducing the general tax rate, reducing the manufacturing and processing tax rates, reducing the small business tax rate, and of course increasing the threshold at which small businesses will pay taxes.

Every politician, of course, loves to cut taxes, and I'm not an exception to that, although I am perhaps more skeptical about the effect of tax cuts after a certain point in helping out our society. If the Business Tax Review Committee is correct – and I have no reason to doubt this particular statement; I've heard many other people make it – Alberta's tax system is already very competitive not just in Canada but in North America. Further reducing the tax rate raises the concern for me that when we come around to tighter times in Alberta, when things such as the price of natural gas decline and royalties are diminishing, we may have a tough time. We may find that our tax rates are simply not enough to sustain a viable, modern infrastructure, education system, health care system, and so on.

So one of my concerns here is that we need to have a sustainable tax system. If we move quickly to cut taxes when times are booming, we may find that we're in the position of raising them again when times are slow. In fact, that's exactly the time when you wouldn't want to raise taxes because you would be draining from a weakened economy. So there are two sides to the tax-cutting issue.

I'm also concerned that while we're reducing the general tax rates under Bill 8, the taxes are sometimes overrated as an influence on business locations. Many of the other things that influence business choices to locate, say, in Alberta versus Manitoba or Ontario or another country go well beyond taxes and include issues of quality of life, issues of public service, issues of education levels, access to land, a well-trained workforce, and so on. So I am concerned that this bill perhaps overestimates – or at least let me say that I don't want any of us here to overestimate – the impact of tax cuts on making Alberta more attractive for business and even more importantly for individuals to live.

One of the commendable effects of Bill 8 – it crosses many sections and is touched on in sections 6, 14, 16, 43, 44, and various subsections within those – has to do with tightening the loophole that was opened up around interprovincial transfers of assets which could be used by corporations to avoid paying provincial taxes. Bill 8 closes this loophole that has allowed corporations to avoid paying provincial taxes by transferring assets to another province before disposing of that property. I'd like to talk about that in a bit of detail, Mr. Speaker, because it is touched on in so many different sections of Bill 8, and it is I think an important aspect of the bill and a commendable one.

This particular loophole was known in some circles as the Quebec shuffle because it entailed shuffling assets on paper to the jurisdiction of Quebec and then using that shuffle as a way to avoid paying taxes in Alberta. Prior to the closing of this tax loophole, corporations were able to enter into interprovincial asset transfers to avoid original taxes on the sale of assets. Of course, when you have a rising asset value base in Alberta, if you can get away from being taxed on that increase in value, it's tempting to do. This tax avoidance was done by transferring the asset to a non arm's-length corporation located in other provinces, typically Quebec, and then selling the asset to the ultimate purchaser.

These avoidance transactions were accomplished, and I suppose until this bill receives royal assent are still being accomplished perhaps, by using the elective provisions of section 85 of the Income Tax Act of Canada. Under these elective provisions corporations can transfer assets on a tax-deferred basis from one province – in this case we'd be particularly concerned about Alberta – to another without necessarily making provisions in both provinces. So, for example, an Alberta resident with appreciated capital property – and many Albertans over the last decade have seen their capital property appreciate – can incorporate a Quebec subsidiary that has its residence and its only permanent establishment there. So you open up a subsidiary in another province.

4:00

The property is rolled into that subsidiary for federal purposes by electing at the adjusted cost base. Then no election would be made for Quebec purposes, and the adjusted cost base becomes the fair market value. The property is sold without provincial income tax being paid in Alberta. Clearly unfair since the gain and wealth occurred in Alberta. So it's a loophole that it's a good thing Bill 8 closes.

[The Speaker in the chair]

Then it even became a bit more complicated when corporations in addition did elect to transfer assets for federal or provincial purposes. They could then choose different elected amounts in different provinces, so they could end up actually for various purposes choosing one province over another and having a whole array of choices to avoid paying taxes on the assets that had gained value in Alberta. To the credit of this government, in July of '97 Alberta announced that it was closing this tax loophole, and under Bill 8 Alberta will adopt rules that prevent the reduction or elimination of provincial taxes through the manipulation of the Income Tax Act's section 85 rollover provisions.

Now, these new shall we call them anti-avoidance rules will prevent corporations from increasing the cost of an asset when transferring it to a non arm's-length corporation located in another province on a tax deferred basis. In cases like these, either the proceeds of the corporation's disposition will be adjusted or the cost to the non arm's-length corporation will be adjusted to eliminate any

loss of provincial income taxes. So these transfers would have to be recorded and adjusted to reflect the real value in the assets involved.

In Bill 8 Alberta, as I understand it – and I must say that it's obviously a substantial and very complicated and in many respects quite a technical bill – has also enacted changes to the Corporate Tax Act that will adopt the elective rules under the Income Tax Act of Canada, section 85, in a more rigid fashion. So this has the effect of tightening rules, making them clearer, and I hope – and I'm sure it's the intent – protecting the public interest and reducing the sort of manipulation that can occur.

Under Bill 8, where a corporation transfers an asset and makes an election under the Income Tax Act for federal purposes, Alberta will deem the election to have been made for Alberta purposes. When a corporation transfers assets and does not make an election for federal purposes, it will not be allowed to make an election for Alberta purposes. In other words, the opportunities for corporations to manipulate and play one province's tax system against another are tightened up. I think that's to be commended. I think that was good advice from the tax review committee, as I understand it, and it's a good aspect of Bill 8, one of the reasons we are supporting it.

Frankly, this is a big bill for the Minister of Revenue. I'm sure all the administration will come under the minister, so it's going to be very important for his people.

Bill 8 also allows the Minister of Revenue to assess or even, if need be, to reassess a transaction involving the transfer or disposition of a property by a corporation from July 10, 1997, so they can actually go back and do some reassessments if necessary. The reason they chose July '97 is that that's when Alberta announced the closing of this tax loophole. In other words, from the day that announcement was made, which if memory serves correctly was July 10 in '97, right on through till now and into the future that loophole is closed. Bill 8 will bring into force the provisions necessary to formalize that.

When a corporation has filed an election under section 85 of the Income Tax Act on a deferred basis with respect to the proceeds of the disposition of property or an excessive capital cost allowance, the provincial treasurer – and it may now, I suppose, be under the Minister of Revenue – could even reassess the corporation's tax in order to take into account the elected amount. Now, it will be interesting to see how the either the Minister of Revenue or the Minister of Finance is going to implement this and how vigorously they are going to reinforce the provisions of Bill 8 going back the last nearly four years. Are they going to be rigorously enforcing this? Are they going to be going back through their files? Perhaps they've been keeping their files very actively up to date because they have known since before July of '97 that these provisions would be enacted. Maybe they are ready to go on a number of cases that stretch back over the last four years and bring those to action under Bill 8.

Then the question could arise, of course, of whether the corporations involved, who at least presumably will want to resist the effects of Bill 8, might even pursue legal options and argue that this is an action that goes back through time and is therefore not legitimate and reasonable. It's going to be interesting and undoubtedly a delicate act for the two ministers involved to retroactively implement some of the sections of Bill 8, but I would encourage them to be aggressive in doing so. Whatever files they have that may be affected I hope they pursue with full vigour to ensure that the taxpayers of Alberta, whose resources and efforts have added to the wealth of these corporations, enjoy the fruits of that wealth by getting their reasonable tax rates. After all, the tax load they would face compared to most other jurisdictions is reasonable. There's no doubt about it.

There are a few other aspects of Bill 8 that affect the federal Income Tax Act, and we could go into those. I think, however, that I would like to switch to a couple of less strictly technical discussions here.

4:10

Shifting from the technicalities to the effects of Bill 8, I am concerned that what we are doing in Bill 8 – and this is one of the aspects of the bill that makes me less than happy – is that we are continuing to shift the tax burden of this province onto the people who already carry the heaviest burden, which are the middle-income earners. Various efforts of this government have trimmed the tax load that's paid by low-income earners, and that's terrific. I'm much less enthusiastic about the efforts that have trimmed the tax loads of the very high-income earners. The effect of all of that in combination with Bill 8 is to shift a larger and larger percentage of the tax burden onto the middle-income earners, the very people who are typically at a stage of raising children and paying off houses and cars and trying to save for retirement and so on and in many ways have less flexibility and less ability to take on even more taxes than they are now.

If you go back through the decades, you will find that the portion of the overall tax take that is carried by the corporate sector in Canada has consistently fallen, and the effect of this bill is simply to increase and continue that trend. I think it's a regrettable trend that threatens the very core of Canadian society in the sense that we are, after all, a middle-class nation. Our values, our commitments, our views of the world are shaped mostly by the middle class, and one of the great things that we've achieved through the development of Canada is as close as I think has so far been achieved in the world to a society in which class distinctions are minimized. One of the concerns I have with Bill 8 is that it continues a trend that has arisen over the last 10 years or so of accelerating and increasing the differences between the rich and the poor, shrinking the size of the middle-income group and adding to the wealth of the corporate sector and the higher income group. So that's one of the aspects of Bill 8 that I am not very enthusiastic about.

With those comments, Mr. Speaker, I would like to take my seat. Thank you.

THE SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. I rise this afternoon to continue debate on Bill 8, the Alberta Corporate Tax Amendment Act, 2001. This is an act that basically brings into legislation a lot but not all of the recommendations of the Business Tax Review Committee, that operated in Alberta with its report coming in last year. It was also initially brought in as Bill 22 last year and ended up not being passed to give people a chance to have a look at it, to react to it, and deal with what its implications were for both the province and the business community as a whole.

It's been interesting to follow the government's information distribution on this bill in the sense that they've talked about it in terms of trying to set the province's tax rate at a competitive level in terms of how they define it. If we go back and look at when the Tax Review Commission did their report, they kept talking about the idea behind the Alberta Business Tax Review Committee being to deal with the issue of the competitiveness and sustainability of Alberta's corporate tax structure.

One of the things this kind of focuses on in the sense that we see it being reflected on a number of different of occasions when the government puts together their kind of information that deals with their perception, I guess, of Alberta and what's our advantage and

why we want to look on Alberta as a favourable place, is that they've measured it totally in terms of the dollar value that comes out of it.

Mr. Speaker, in my previous life while I was at the University of Lethbridge in the faculty of management, there were a number of articles that came out – I apologize that I don't have the references to them – where surveys were done of corporate Alberta, corporate Canada, corporate America. They were asked to define the issues and the parameters that effectively brought their business to a particular locality. The net effect of these surveys was that the relative level of business tax was not high in their decision-making priority. The idea that what we want to do is make sure that our tax is the lowest in all of Canada basically says that we don't believe there's anything else in Alberta that would attract a business to locate here.

I would suggest that when we look at the parameters that were high in those surveys, it was the community – community facilities, community services – the health care system, but specifically, Mr. Speaker, the education system that they could use as a means to attract quality employees. Employees want to go and settle where they can have a good education system so that it allows them ease of both upgrading their skills and providing opportunity for their own children to get the education that will allow them to advance and participate in the economic world to their best ability. This is one of the things that I guess is missing in this whole thing. The real focus we have is that all we want to deal with is the perspective of whether or not the dollar value is the measure.

It would have been nice to have seen the tax review committee at least make reference to the fact that the criteria for advancement of our business community and the promotion of our business community is attached to and surrounds a whole package of characteristics of Alberta that will attract those businesses. We want to make sure that they're all there, including the recreation and environmental aspects of the province in terms of the environment, the landscape, the recreation facilities in the mountains, the openness of our countryside, and these kinds of attitudes, at least that kind of a reference to the trade-offs that businesses make and deal with when they look at how they focus on dealing with a new location selection process or selection criteria.

The aspect we want to look at in terms of Bill 8 is in terms of reflecting on whether or not it contributes to this. Basically it is designed to make sure that in Alberta we do have a significantly competitive tax structure. The tax review committee made reference to the appropriate reductions that are about the same as what we see in Bill 8, and this will then effectively make the major cities in Alberta, being Calgary and Edmonton, the number 1 and number 2 tax advantage places.

Now, Mr. Speaker, I guess what we see here is that by making that measure, they're also rolling together the accumulation of taxes that businesses pay in the sense that it's measured in terms of both the provincial level taxation on business and the local municipal taxation level on business. What we want to do is make sure here that we're not forgoing provincial level tax revenue from our businesses just in the context of trying to offset high levels of local municipal revenue or taxation for our businesses. I know there have been some changes even in that area in the last little while as we looked at how these kinds of structural changes occur.

4:20

The main thing that we want to look at is dealing with how this act will build into and provide for an incentive to deal with the kind of fair treatment of the tax and the tax mix across all of Alberta based on the corresponding benefits that come out of it. When we start going through and looking at that kind of analysis – the Business Tax Review Committee looked at that aspect – what we need to do is have a whole perspective of who pays and where the burden of paying the tax resides and kind of tie it back to some of the other aspects.

It was really interesting to note in the tax review committee report that they felt that with this kind of level of tax reduction, the economic incentive that would be created in Alberta would in effect over a period of five-plus years promote economic growth in the province in the sense that that growth stimulant of having the lower tax would in essence in that period of time offset the lost revenue for the province in the general revenue fund. So this basically gives us a reflection of what a lot of the growth columnists have been talking about in terms of the tax policy as an economic stimulus or as a development tool. It would be interesting to see the model that they used in making that conclusion, because there are some aspects in terms of how that works.

I would hope that we would look at much more than just our competitive level of taxation. What we need to do is look at how we are as a province in terms of attracting new business relative to other jurisdictions, where we can look and see whether or not those businesses are coming here solely because of our tax or because of all the other aspects that we offer as a province both in terms of service and support for them as a business and also in terms of the activity and the associated lifestyle that's available for their employees. One of the things that we do have in Alberta through the quality and the level of access to our advanced education system is a really high level of workforce. That's kind of what we need to look at also.

I know that on a number of occasions there have been businesses that have approached southern Alberta, and one of the reasons they're coming there and one of the reasons they're interested in establishing there is the ability to keep training programs in place through the college or the university so that their employees can remain current and the business, in essence, gets support in that aspect of upgrading their employees rather than having to move them off to a different centre or having them rely on doing that on their own.

I guess, Mr. Speaker, that what we need to do is look at, you know, the whole bill. I think that, in effect, what we've got is a fairly appropriate and quality recognition of the fact that Bill 8 does incorporate a lot of the aspects of that Tax Review Commission, and it does bring into that debate the focus that we have to work within this whole framework to keep Alberta competitive. So we want to make sure that as we do that, the tax structure for both our corporate taxpayers and for our individual taxpayers does provide us with some degree of – I guess we'd want to call it competitiveness but in a fairness way as well and make sure that what we're going to look at is a true reflection of where we're going.

Mr. Speaker, I think that with those few comments, I will take my seat here. From the note I was just passed, it looks like a new agreement has been reached. So we'll see how far we can make it with this one tonight.

Thank you very much, Mr. Speaker.

[Motion carried; Bill 3 read a third time]

Bill 10
Traffic Safety Amendment Act, 2001

THE SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Yes. Mr. Speaker, I would move for third reading Bill 10, the Traffic Safety Amendment Act, 2001.

As has been discussed previously at second reading and in

committee, it brings in some improvements, some advancements that have resulted throughout the consultation that's happened on the Traffic Safety Act and will assist in being able to move the Traffic Safety Act to its final proclamation at an early date. I'd commend it to the House.

THE SPEAKER: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to have the opportunity to make some comments about Bill 10 at third reading. Of course, third reading is an opportunity to look back at the principles of the bill and the discussion that we've had in committee with respect to the specific clauses.

One of the underlying principles of Bill 10 is the need for a mechanism to relieve new drivers of their licences if they have been involved in alcohol consumption. A second principle is related to just that, the alcohol consumption, and is a policy for zero tolerance for that consumption. So really those are the two principles that seem to make their way through the bill: the suspension process and the zero alcohol tolerance principle.

Much of the bill is administrative fine-tuning as a result of the changes that were previously considered. In terms of the concerns that we raised, we fully support of course the zero tolerance for alcohol consumption and driving. That's not in question, and I think we've made it very clear throughout the debate that we fully support the notion that people behind the wheel should be there responsibly and that overdrinking and driving are not to be tolerated on the highways of the province. So for us that has not been a question or a concern.

What has been a concern is the issue that has been raised previously when we discussed this bill or a related bill, and that is the ability of the police to hand out 24-hour suspensions for a person refusing to give a breath sample. That continues to be a nagging concern with the bill, Mr. Speaker. It's a change in terms of allowing, virtually, roadside justice. I think that we have tried to make the point before in debate on this bill that that should be done before a judge rather than being done, effectively, on the side of the road with a peace officer. The proposal that we had considered was whether or not the person charged should be given an opportunity within seven days to determine whether or not they should lose their licence. So those concerns are very serious concerns, Mr. Speaker. We are supporting the bill but as long as we're cognizant of the encroachment of the peace officers in having the matter dealt with at the roadside by a peace officer.

4:30

The other changes I think we're fully supportive of. The notion that this bill will help deter drinking and driving I think is one that we all support.

I guess if there's sort of a caveat, there was some concern that this kind of administrative cleanup is needed, not just with this bill but with a number of bills before us, and I think it has been as a result of a hasty passage of bills in the House. The result is that we find ourselves back doing the kind of work we're doing on Bill 10 to try to rectify errors and omissions from the previous legislation. I think there's a lesson to be learned that when it's sometimes expedient to get legislation through the House, we pay a price for that in having to come back and revisit the same issue two and three times. We've seen that, as I said, in a number of acts before us at the current time.

The novice licence is something, again, that we supported, and that there would be stringent rules surrounding the use of that licence because of the drivers involved I think is most appropriate.

I think, Mr. Speaker, with those comments I'll conclude. Thank you very much.

THE SPEAKER: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Speaker. I'd like to add a few comments as well to Bill 10 in third reading, the Traffic Safety Amendment Act, 2001, and once again compliment the Member for Calgary-Buffalo for sponsoring this bill and providing a bill with changes which I think will strengthen our Traffic Safety Act and which will also assist in making our roadways much safer for many people.

Now, we are talking to the principles of the bill. In speaking to the principles of Bill 10, one of the changes that occurs in this particular bill is that a 60-day seizure will be triggered when a suspended driver is charged a second time within three years of the first charge. A vehicle seizure where the vehicle was released earlier will not be counted as a first seizure. Of course, this is a very big change, and what it really does is it puts a tremendous amount of responsibility on people to operate vehicles in a manner which is within the law and that they will have to take responsibility for not only themselves but for the vehicle. Certainly when they are given this opportunity, we would expect that they would be much more cognizant of the fact that this is a possibility and that they would not operate their vehicles in a manner that would lead to any possibility of a second charge. So we would certainly hope that this change will have the desired effect of impressing upon those people just how severe we feel it is for them to be driving when they are already suspended.

A second area that we liked in this bill, Bill 10, was the Alberta administrative licence suspension prohibitions. Currently there is no provision in the Criminal Code for a 24-hour suspension, and under the proposal there would be an immediate 24-hour suspension for anyone charged with impaired driving.

Now, then, following this, there would be a 21-day permit period which would apply, and it would be followed by the longer three-month suspension. The permit period of course is, I think, a good situation in that it does balance what is already there and allows these drivers to get their affairs in order.

Now, then, the third change that we are going to see in Bill 10 is to allow better communication between other jurisdictions by providing information to them in regards to violations. What this would do is enable the registrar to forward records relating to convictions, reportable accidents, and on-road inspections relating to commercial vehicles to the jurisdiction where the driver was licensed and/or where the vehicle was registered for the purpose of that jurisdiction's carrier and the driver profile system. So, again, what this ensures is that what is unacceptable in other provinces – and it's also unacceptable in ours – would be shared with other provinces.

Now, as well, we are going to see another change, and this is in regards to graduated licensing. It pertains particularly to novice drivers who could lose their licence for an immediate 24-hour suspension if they provided a breath sample in an approved screening device and there was any indication of alcohol in a novice driver. Of course with this we will be seeing some regulations coming forward by the fall for public viewing. Again, I think it is essential that we impress upon our novice drivers just how important it is that we have zero tolerance for liquor with this particular group and hopefully that this continues forward once they receive a more permanent type of licence.

As well, Mr. Speaker, you know, it is one of those areas where I think our younger generation certainly have done a much, much better job than older generations in this province when it comes to accepting the responsibility of driving and driving without being under the influence. They certainly look out for one another much

more. They certainly have their designated drivers. So I think that an immediate 24-hour suspension, followed by a seven-day temporary permit, followed by a one-month suspension is a very, very good idea.

Now, then, another change that we're going to see is the approved screening devices. It is proposed under this bill that the referral to approve screening devices be made under the Criminal Code as well as under the Traffic Safety Act. It is not required presently, it's my understanding, to be listed in the Traffic Safety Act, but this will take place.

4:40

As well, we have to look at changes to learners and the accompanying driver, and certainly those supervising the novice driver could not be a probationary driver. Also, this legislation would be expanded to include the supervising driver for a motorcycle learner, and the accompanying driver could be on their own vehicle or could be sitting behind the learner. In this case, Mr. Speaker, the only passenger that would be allowed with a learning motorcycle driver would be the supervising driver of the learner.

There are a couple of other areas that I think are very important in Bill 10. One certainly is suspension for Criminal Code convictions, and under the proposals in Bill 10 the Traffic Safety Act would be amended to impose a disqualification period for a new offence under subsection 249(1) of the Criminal Code for failure to stop a vehicle when being pursued by a peace officer. The proposed disqualification period would be one year, which would be increased to five years if there was an injury or death. This would also become an automatic suspension. I think, again, this is one of those pieces of legislation that is critical, one part of the bill that is critical, because these drivers have to know that if they are involved in a pursuit and do fail to stop, this is a very serious violation. I think we've all seen the horror stories of pursuits that have been filmed by television crews and shown on television as to just how dangerous they are and how in some cases innocent people can be affected dearly and sometimes with the loss of life.

Finally, Mr. Speaker, the last area that I want to talk about is the change in legislation here for the failure to stop at the scene of an accident. Under our current bill it is proposed that this increase in penalties will be reflected in the provincial disqualification period, and the proposed operator's licence suspension is one year when there is no injury or death and five years when there is injury or death. Currently this is normally court imposed, but if for any reason a judge neglected, then these suspensions would be automatic.

There are a number of other minor technical amendments to the bill, but certainly the major parts of the bill were the changes that I have outlined. I think it's something that's going to strengthen this particular piece of legislation. It is going to put conditions on drivers where responsibility is placed upon those drivers, and as an end result, I think our highways and streets and roads are going to be much safer. So I think this is a very good piece of legislation. The Member for Calgary-Buffalo certainly did some consultations with others in this regard, and I feel it is a good piece of legislation. I would urge all members of this Assembly to support it.

Thank you very much.

[Motion carried; Bill 10 read a third time]

Bill 11
Employment Standards Amendment Act, 2001

THE SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I'd like to move for third reading Bill 11, the Employment Standards Amendment Act, 2001.

As we've heard discussed in the House through second reading and through committee, the bill essentially puts into legislation what has been implemented through regulation, and that is the provisions for maternity and parental leave which are now enjoyed by Albertans. The opportunity to have a position with an employer held while a person on parental or maternity leave is drawing employment insurance benefits and other provisions makes Alberta consistent with other jurisdictions across the country. I think, as I've listened to debate, that members from all sides of the House have agreed in debate that this is a good bill whose time has come.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Speaker. At this time in third reading I, too, have a few remarks regarding the Employment Standards Amendment Act. First, I would like to say that it's a pleasure to support this bill. I feel that it is good legislation. Again, it is important that the province finally puts its money where its mouth is, and this is in support of families.

We certainly have concerns, and they've been expressed at committee and at second reading, specifically by my colleague for Edmonton-Centre, regarding the different treatment of fathers and adoptive parents. We've also expressed our concern about the legislative process. The regulations were announced in February, before the election, and I feel there was no regard for the Legislative Assembly. This bill is coming back now and getting a rubber stamp of what was already in place. It is good legislation. It supports Alberta families and Alberta children. Business has concerns certainly about this legislation, but they have been discussed at length in the Assembly.

Now, in summation on this bill, certainly it's going to give legislative force to maternity and parental leave regulations passed, as I said earlier, in February. There is an entitlement of up to one year of unpaid, job-protected employment leave to care for a newborn or adopted child. That's a significant increase. Unlike federal and other provincial legislation, distinction is made for fathers and adoptive parents, who are entitled to 37 weeks of leave. Adoptive parent groups are opposed to policies that differentiate them from other parents. This was noted again in committee and at second reading of this bill.

I look forward to further amendments to the Employment Standards Code – I expressed this earlier – specifically to deal with the chronic violators of the Employment Standards Code. I'm sure they're coming from the Human Resources and Employment ministry to ensure that all working Albertans, who look to the Employment Standards Code to regulate their workplace, can have confidence in the Employment Standards Code, that it will be there to protect them and their wages when needed.

In closing, Mr. Speaker, I would like to say that I certainly support Bill 11, the Employment Standards Amendment Act. At some point perhaps the government will surprise me. I look for further amendments to the Employment Standards Code in relation to the chronic, repeat violators of the Employment Standards Code in Alberta workplaces.

Thank you, Mr. Speaker.

4:50

THE SPEAKER: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Speaker. I'm happy to have an

opportunity to make a few closing comments on Bill 11, the Employment Standards Amendment Act. We've heard through all stages of this bill the government soundly congratulating themselves on a job well done, and it is a job well done, six months later than the rest of the world but still a job well done. It's true. That's exactly what happened here. We're playing follow the leader, from a province who likes to be the leader. Why? Because we're dealing with issues that have to do with children and women; that would be my position on this.

What we see are maternity leave and parental leave regulations, that were passed back in February, being put in force, so that's a good thing. We see an entitlement here for up to one year of unpaid, job-protected employment leave to care for a newborn baby or an adopted child. Interestingly enough, a few weeks ago I had an opportunity to talk to a young woman who was just having her first child. She was very, very happy to have the extension to the maternity leave put in place and was very much looking forward to being able to spend the first year at home with her child.

These days it's often an economic necessity for both parents to work, as we well know. We experience that with our own family members and through our constituencies and through the people we meet throughout the province, that many, many people do not have the luxury of being able to afford one person to stay home to be with the children at least during their preschool years. It is a step in the right direction that we give some flexibility, which provides less income than what they would have made had they stayed full-time employed but also less expenses, in essence, Mr. Speaker, when you don't have to talk about day care and travel expenses and whatnot. So people are quite happy to be able to live on a little less income and have a little more time to spend with their kids.

I certainly applaud, as well, the change in terms of including adopted children. I come from a family of eight, Mr. Speaker. Four of those kids were adopted, and they were equally as much work as babies: the same amount of diapering, the same sleepless nights, the same amount of feedings, and the same additional running around for them. So it's nice to see that they have now the same recognition as all babies have and as all young children have. That's a very good thing.

[The Deputy Speaker in the chair]

It's nice to see that the distinction is being made for fathers, who are entitled to 37 weeks. That's a step in the right direction. This is legislation that we could have used decades ago, Mr. Speaker, but it is nice to see that this province is finally getting with the program and bringing in some progressive legislation. We would like to see them being leaders in this area, particularly since we hear the talk about putting families first all the time and what our priorities are. Well, we need the government to walk the walk, not just talk the talk, and this is an example of where they're starting to take a step in the right direction.

It will be a great privilege for me to be able to support this legislation. Thank you.

[Motion carried; Bill 11 read a third time]

Bill 12
Farm Implement Amendment Act, 2001

THE DEPUTY SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MR. HORNER: Thank you, Mr. Speaker. I would like to move third reading of Bill 12, Farm Implement Amendment Act, 2001.

This act will harmonize our legislation with other provinces thereby facilitating interprovincial trade, an act long awaited. Thank you.

THE DEPUTY SPEAKER: The hon. Leader of Her Majesty's Loyal Opposition.

DR. NICOL: Thank you, Mr. Speaker. I stand to make concluding remarks to the bill on farm machinery. Basically what we're looking at here are some situations that the agricultural community has asked for, and in these two companion pieces of legislation what we're doing is bringing forward some of the recommendations and some of the requests that the agricultural community had to establish some control again at the community level in the farm implement industry.

The main thing that we have to look at here is how well we're dealing with putting together the aspects that those communities want in terms of dealing with the potential change in line or change in recall. So we get basically into the situation, a copy of which perspective we're looking at, in terms of how the industry reacts and deals with it in terms of the fairness that is coming from the top down as the big machinery dealers put unwarranted conditions on some of their local machinery dealers, in terms of how they're able to operate and survive within the community.

So I think what we're dealing with here is effectively putting in place legislation that concurs with the structural changes and making sure that the farm dealers are treated properly when there's a transfer of a piece of equipment back to the supplier and also with warranties, that the accountability is put in place for sellers of those kinds of pieces of equipment so that we end up with the idea that if there's a sale agreement, we have in place effectively an accounting of that record of the transaction. I think that as we go through looking at the process, what we'll have here is a true sense that the dealers will be able to keep track of the equipment and make sure that the warranties that are implied as to the strength of that equipment will be true to the dealer's advertisement or implied sales agreement. So, Mr. Speaker, on that basis, as we look at this act, I think that this is going to provide basically a little more security.

I guess the one issue that we raised before and deal with again is the actual reduction from 100 hours to 50 hours in the legislated warranty, but these are the kinds of things that I guess fall into the discussion with the industry.

So, Mr. Speaker, I would hope that as we deal with this, we look at it and let it go out to where there's an industry waiting for it so that they can put it in place. On that, I would hope everybody would support it.

Thank you.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thanks, Mr. Speaker. I haven't had an opportunity to get on the record on this particular bill, the Farm Implement Amendment Act, and I would like to have that opportunity to do so before it goes for royal assent.

This is certainly a bill that we are happy to support. I think that it makes some modernization changes that are important for us to see in the legislation. From the information that we have had from the stakeholders that have been consulted, they see this as being more responsive to the distributors' business needs. What we see from looking at this as compared to legislation in other provinces is that this moves us towards harmonization with similar legislation across the prairie provinces.

Looking at it in a sectional analysis, section 6 is different from

other provinces. Here we're asking for 90 percent of the current price, where Manitoba has 100 percent. We see that on a large inventory 10 percent could cost a distributor as much as $100,000 on a million dollar inventory.

5:00

With those comments, we are happy to support the legislation. We see that as in many other industries, agricultural implements have changed quite a bit since the time the act was first introduced, and we can see the real significance for updating it. What we've seen in this Legislative Assembly over this session is a modernization of a number of pieces of legislation, and we're happy to see this happen now as a companion piece to Bill 13, which we'll be discussing next.

I think it's important for us to highlight what we see as a couple of the most significant areas in this bill, Mr. Speaker. Those would be the buy-back clause in the legislation for equipment and parts should the dealer close down or sell the business. Given the shrinkage that has happened in terms of dealers in this industry, that's an important change, I think. The other highlight is manufacturers now being responsible for transportation costs when the distributor is returning parts. It isn't like those of us in the city walking down to the local Revy to pick up a part or make a change. It's quite a bit more significant when it comes to the agricultural community, and it's important that it be recognized.

So with those few comments I would like to add my support to this particular bill.

SOME HON. MEMBERS: Question.

THE DEPUTY SPEAKER: The question has been called. The hon. Member for Spruce Grove-Sturgeon-St. Albert to close debate.

MR. HORNER: No further discussion.

[Motion carried; Bill 12 read a third time]

Bill 13
Farm Implement Dealerships Act

THE DEPUTY SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert on behalf.

MR. HORNER: Thank you, Mr. Speaker. I am pleased to move for third reading Bill 13, the Farm Implement Dealerships Act, sponsored by my colleague the hon. Member for Dunvegan. This act has been put forward to encourage competition harmonization with other provinces and has long been awaited in the province.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Leader of Her Majesty's Loyal Opposition.

DR. NICOL: Thank you, Mr. Speaker. I rise to speak to Bill 13, the Farm Implement Dealerships Act, at third reading. I was going to start to say that I rise this afternoon, but I guess in the context of our legislative day it's still last night, and I can feel it. I haven't shaved yet today. So we'll have to deal with some of the issues that come up with that kind of long debate.

Mr. Speaker, the Farm Implement Dealerships Act I think is something that has been talked about in the agricultural community for the past four or five years. I think that's about when I first heard the concerns expressed about the top-down power brokering that was going on by dealerships and the focus we were seeing when the major manufacturers or wholesalers were coming along and telling local dealers how they had to handle their line, how they had to display the line within the context of the showroom, and whether or not they could have a competing line and even not necessarily a directly competing line but a support service line available.

This basically cuts out most small manufacturers from entering into agreements with current distributors who have the infrastructure to deal with the maintenance, the repair, the parts, and all of that. It basically was an easy way for a small manufacturer, a new manufacturer bringing in a new piece of equipment, a new technology, to go out and deal with the current distribution network that was there and make sure that there was a process for good service to the customer through those existing dealerships.

What we wanted to make sure of and what this bill makes sure of is that effectively there is a possibility for the main supplier to a dealer not to become all inclusive. Also, then we end up with the situation where there's some control over how a distributor can either terminate or effectively cancel a local dealership and enter into some of the aspects that are there.

I guess the main thing that we want to watch in this bill, which again the industry and the producers in our province have been seeking, is that some of the indications I've had in talking to people out in the community in the last six or eight months, when they knew that this was coming through, are that they were saying that what we'll be seeing is, effectively, distributor-run dealerships starting to show up, where they in essence are part of the distribution network. Some of this has been occurring now in the U.S., where distributors effectively are buying out dealerships and incorporating them under their management structure. In that way, they don't have the contract agreement or the relationship between the distributor and the dealership that we see and that is implied in the conditions in this bill, where we're talking about effectively two different identities.

Mr. Speaker, this is one of the things that we have to kind of watch. It all reflects on the transition that's going on in our agriculture community in terms of where we see the community both in the intermediate and the longer term future. As these businesses get bigger and bigger both in terms of the distributors and the dealerships, we're seeing a lot of the dealerships effectively amalgamating under single management so that they can enter into volume purchases and volume agreements.

The real issue that comes up is that when these growing dealerships enter into a position where there's going to be an intergenerational transfer, because most of these are in some ways family corporations, the size of them and the capital required to deal with them are such that the only buyout option for them would be to sell to a significant, large distributor or other agriculture dealer-type entity. This is kind of the transition that's going on. The focus that we're going to be looking at is in the context of how these relationships then allow for the new manufacturers or the smaller distributors, that are necessary to handle the new lines as they come out, are going to be much more difficult to build into the community and to provide the option for the specialized equipment and the new technology that's going to be necessary as we moved to specialized equipment and create the high-valued agriculture sector.

Just kind of as a conclusion, I was reading an article yesterday, while we still had time to deal with keeping up in our reading, that was talking about the trend in the foreseeable future for agriculture, the agriculture service sector and the agriculture output sector. There was a lot of reference made to the fact that agriculture is going through a transition. The author of this paper, which I don't have a copy of, was Dr. Boehlje from Indiana. He made reference to the

fact that in the measurable future he could see 90 percent of the farmers in the U.S. being amalgamated into effectively significantly sized major agriculture corporations to become the producers of food in the commercial entities.

5:10

What we need to do is look at these kinds of structural changes and the implications this bill in itself is dealing with. If we look at this bill and its implications, effectively what we're saying is that we're going to put in place limitations on how these industrial food production complexes are emerging. We're trying to put restrictions on how they operate here, and in effect what we're doing is ending up with a situation where maybe in the long run what we're trying to do with Bill 13 is just kind of buck the trend, deal with the issues that are inevitable, in a sense.

As we get more and more of this industrial agricultural food complex emerging, we're going to see the situation where what we've got is a whole change in the structure, and the small manufacturers, the small specialized equipment producers, or the special distribution networks that are necessary won't have an in. What we're going to see, then, is these industrial agriculture complexes become the focus of innovation and also in a degree of market control and market power as they take over and force the market control, market identification onto the agriculture community, like we've seen happen in a significant number of the other what used to be small-scale, intensive operations. What we're going to have, then, is basically a shift back to a few individuals left that will deal with very specialized niche markets, but they'll be very high valued markets as well.

[Mr. Shariff in the chair]

I think what we'll see here in Canada is probably the same kind of transition but also a process where what we'll end up with is this agrifood industrial complex basically developing but developing a little slower than it has in the United States. It's the kind of thing that's inevitable. We'll probably have to focus on what implications this has for rural Alberta and the rural community, that in effect we're trying to protect or trying to maintain the flexibility for, as we see it in Bill 13.

Mr. Speaker, as we look at this, it's a bill that the industry wants. It's a bill that is going to satisfy the needs of the individuals that see themselves as being affected by this. Also, I think it's a bill that as we go through the next 10 to 15 years in the agriculture community we may see in some ways effectively is not operational because these machinery dealerships will be part of this agrifood industrial relationship complex that I talked about. What we'll see is in many ways a lot of the equipment that's necessary for developing, harvesting, planting, and preparing our food will be under the control of these integrated or complex businesses, so this will have to deal with it.

I'm getting a little bit beyond the scope of the bill, but it does tie in in the sense of the complexity we're seeing and the concentration we're starting to see occur. This bill is dealing with one of the issues that is relevant to the individuals right now that want to see a choice and want to see flexibility stay within the industry.

So on that basis, Mr. Speaker, I would encourage everybody to support it. I think it's a good bill, and I would thank the member for bringing it forward.

[Motion carried; Bill 13 read a third time]

Bill 19
Miscellaneous Statutes Amendment Act, 2001

THE ACTING SPEAKER: The hon. Minister of Justice and Attorney General.

MR. HANCOCK: Thank you, Mr. Speaker. It's my pleasure to move for third reading Bill 19, the Miscellaneous Statutes Amendment Act, 2001.

As the House knows, miscellaneous statutes is a method by which we agree to do basic cleanup, to make small but insubstantial amendments to various acts in a manner in which is efficient and clean, and assists when we're doing the *Revised Statutes of Alberta*, which we're in the process of doing now. I would commend Bill 19 to the attention of the House.

THE ACTING SPEAKER: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Speaker. We're happy to support the government in Bill 19 in terms of the cleanup of a couple of minor issues on miscellaneous statutes. It's been the habit of the government to discuss proposals for additions to a miscellaneous statutes bill. It has also been their habit to accept any rejections or concerns we have with bills that have been put into that act and to withdraw them and bring them back in a more substantive stand-alone bill later on in the session. So we are happy to support Bill 19, the Miscellaneous Statutes Amendment Act at its final reading.

Thank you.

THE ACTING SPEAKER: The hon. leader of the ND party.

DR. PANNU: Thank you, Mr. Speaker. I rise to, of course, express my support for the bill and agree with the Government House Leader to say that much of what is contained here is of insubstantial status and agreed upon prior to these things going into the bill.

But I just wanted to draw to the attention of the Assembly that although the contents might be insubstantial, one of these is very consequential, and I'm pleased that it's there. I'm referring here to the Legislative Assembly Act provisions that mean a very important transfer of power from the executive back to the Legislature. So I'm very, very pleased that this is happening. I want to certainly commend the Speaker's efforts to make sure that this matter is attended to and is brought forward to the House for approval. So I extend my support of this.

Thank you.

THE ACTING SPEAKER: The hon. Minister of Justice and Attorney General to close debate?

[Motion carried; Bill 19 read a third time]

THE ACTING SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. We've had a wonderful amount of progress and a lot of public business over the last few hours. There have been a few glitches along the way. I'd like to thank all hon. members for the manner in which we've conducted ourselves over the time. There have been some tense moments. There have been some opportunities and opportunities lost, but all in all we've done a lot of good business for Albertans, and I would ask that we adjourn the House until 1:30 p.m. on May 30.

[At 5:18 p.m. on Tuesday the Assembly adjourned to Wednesday at 1:30 p.m.]