

Legislative Assembly of Alberta

Title: **Thursday, January 28, 1993**

2:30 p.m.

Date: 93/01/28

[Mr. Speaker in the Chair]

head: **Prayers**

MR. SPEAKER: Let us pray.

We give thanks to God for the rich heritage of this province as found in our people.

We pray that native-born Albertans and those who have come from other places may continue to work together to preserve and to enlarge the precious heritage called Alberta.

Amen.

head: **Notices of Motions**

MR. SPEAKER: The Member for West Yellowhead.

MR. DOYLE: Thank you, Mr. Speaker. Today right after question period I'd like to delay the ordinary business of the House and have it set aside to deal with the following motion of urgency and pressing necessity under Standing Order 40:

Be it resolved that the Legislative Assembly refer the Report of the Auditor General on NovAtel Communications Ltd. to the Public Accounts Committee and further that the Legislative Assembly direct the committee at its next scheduled meeting to consider recommendation 4 in the report.

head: **Introduction of Bills**

MR. SPEAKER: The Member for Westlock-Sturgeon.

Bill 344 Rural Electrification Act

MR. TAYLOR: Thank you very much, Mr. Speaker. I beg leave to introduce Bill 344, called the Rural Electrification Act.

This Act would allow REAs, or rural electrification associations, to bid and do their own maintenance and overhead if they wished and also establish a franchise area to serve other customers besides farmers within the franchise area.

[Leave granted; Bill 344 read a first time]

head: **Tabling Returns and Reports**

MR. KOWALSKI: Mr. Speaker, I'd like to file with the Assembly today responses to motions for returns 268 and 342.

MR. SPEAKER: Additional tablings. The Member for Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Speaker. I have several documents to file with the Assembly today. The first is an order in council of January 13 transferring the public lands branch to Agriculture and Rural Development. The second is an order in council of January 20 transferring the public lands branch to Environmental Protection and forestry. The third is a news release dated today saying that both of them are going to have a bureaucracy doing the same thing, and the fourth is a news release washing away the soft soap from this operation.

MR. SPEAKER: The Minister of Justice.

MR. FOWLER: Thank you, Mr. Speaker. I'm pleased to table with the Assembly today and yourself the necessary copies of the status report on the impaired driving program for 1991-92. As indicated, copies will be available for all hon. members.

Secondly, Mr. Speaker, in accordance with section 120(1) of the Legal Profession Act I'm pleased to table the 19th annual report of the Alberta Law Foundation. Four copies are filed herewith, and copies are also available for all hon. members.

REV. ROBERTS: Mr. Speaker, I'd like to file four copies of statements made today by K.D. Lang's publicist as well as the mayor of Consort, Alberta, regarding recent events in the Alberta Legislature.

head: **Introduction of Special Guests**

MR. SPEAKER: The Minister of Energy.

MRS. BLACK: Thank you, Mr. Speaker. I'm very pleased today to introduce to you and through you 13 members of a political science class on electoral behaviour from the University of Calgary. The University of Calgary of course is situated in the beautiful riding of Calgary-Foothills. These students are accompanied by their instructor Dr. Keith Archer, and they are seated in the members' gallery. I would ask them to rise and receive the warm welcome of the Assembly.

MRS. MIROSH: I'd like to take the opportunity to introduce Mr. Bill Daly, who is seated in the members' gallery. Mr. Daly is the Alberta president of Canadian Pensioners, and I'd like to introduce him to you, Mr. Speaker, and to members of this Assembly as a person who is a very strong supporter of pensions. He's standing now; I would like you to give him the warm welcome of this Assembly.

REV. ROBERTS: Mr. Speaker, I'm pleased today to introduce 18 visitors who are with us today, English language professionals from the ESL program I believe at nearby Grandin school. They're with their group leaders Ms Heather Plaizier and Mrs. Cheryl Moller. I'm pleased that they're here, wish them well in their studies and their visit here, and ask that they please rise and receive the welcome from the members here today.

head: **Oral Question Period**

Delvee Ranch

MR. MARTIN: Mr. Speaker, yesterday Albertans learned that this government allowed the ongoing physical and mental abuse of severely disabled people at Delvee Ranch, a government-funded facility. What we saw there frankly was a reign of terror: broken bones, broken collar bones, and other physical and mental abuse. Today I am tabling a ministerial briefing note which shows that this government had been repeatedly warned about this ongoing abuse since 1990. Incredibly this government did absolutely nothing about this situation while this cruelty raged on. Albertans find this an absolute outrage. My question to the minister of social services is simply this: how could this government allow this abuse to continue despite being repeatedly warned and told to close down the facility?

MR. CARDINAL: Mr. Speaker, I just want to indicate again to the Leader of the Official Opposition, the ND opposition, that as the new Minister of Family and Social Services and as a minister under a new style of government our priorities, I'll indicate again,

are to look after the needy, the handicapped, the children, and so on who can't fend for themselves. Because of those priorities and our government's interest and my interest, I've visited on a priority basis within the last month 11 facilities, including the Delvee Ranch, which the member is referring to. You also realize that under services to people with disabilities we're spending over \$129 million per year.

As of today, Mr. Speaker, I have instructed my department to begin an orderly move of clients from the Delvee centre. These people will be moved to the Wood's Christian Homes in Calgary.

MR. MARTIN: Mr. Speaker, how did we know that this minister was going to blame the previous minister and say: it had nothing to do with us? Now, this is not good enough. I know they're going to attempt to do this; it's an outrage.

I'd like now to table the fact that a government commission with the Member for Calgary-Bow on it also recommended closure back in 1990. And I'll leave that. I would remind this government that this social services minister was chairman of the Conservative caucus for social services at that time. He should have known what was going on. If he didn't, he was incompetent, Mr. Speaker. He's getting paid for it. So my question to the minister is simply this: in view of your role, and remember that you were involved before you answer this question, Mr. Minister, why wasn't this facility shut down in 1990, as recommended by a government MLA at that time?

2:40

MR. CARDINAL: Mr. Speaker, I've been a minister for 44 days. I visited this facility only four days ago as a priority item to look after again the people that are handicapped and the needy that can't fend for themselves. No one can criticize that I'm not interested in that. I've visited 11 centres. The issue was brought to my attention, and I took action within four days.

MR. MARTIN: Mr. Speaker, that member told that member in 1990 that this was going on. You can't hide and say, "I'm just a new minister." You were involved there. My question to you is: why didn't you tell the minister at that time to shut down this facility? Surely you knew what was going on. If you didn't, you were totally incompetent and you should resign right now.

MR. CARDINAL: Mr. Speaker, number one, I don't think the Leader of the Official Opposition understands how the system works in government. The leader has never been in government and will never be in government. I was chairman of the caucus committee on family and social services. My capacity as chairman of that committee was to review policy and have public hearings from groups that had interest in that department. My capacity at the time was to make recommendations on policies and issues to the minister. I never had the authority I've had recently to make the changes.

Provincial Fiscal Policies

MR. MARTIN: Mr. Speaker, I'd like to move to another minister that wants to blame somebody else for the situation in the province: the Treasurer. You know, we were treated yesterday to the spectacle of a new Provincial Treasurer saying: gee, we have a problem. Well, we've been telling him that for years. He says that they have a \$2.76 billion deficit. Now, you would have thought that that particular Treasurer had never sat around the cabinet table, that he'd not been there since 1986 knowing what was going on. It was all that evil Treasurer before and that evil

Premier before who did it. They're still not being honest. The deficit is higher. When you take the consolidated deficit, as other provinces do, probably \$365 million more. The point is that even the Treasurer admits that we're in a mess now. It's nice to know that we're in a mess and that we have a problem. The question to the Treasurer is simply this: what is the government going to do about it?

MR. DINNING: Well, Mr. Speaker, that's precisely what we indicated in the speech yesterday. We spelled out exactly what the facts were. Whether the hon. member wants to believe them or not, those are the facts. Once Albertans fully understand the facts, then they will be able to help us take the necessary action to get our financial house in order.

Another way that Albertans are going to help us do that is by helping us review on a line-by-line basis, a program-by-program review, every single government department program. That process will get under way as those departments appear before the standing policy committees of the government to present their programs. Secondly, Mr. Speaker, we have a Financial Review Commission, that is doing a top-to-bottom review of the government's financial situation. That report is to be made public by March 31, 1993. Thirdly, the Premier and I will convene a budget round table of all of those people who create wealth in our province, representatives of those people, as well as representatives of those people who invest and spend that money so that those Albertans will come together fully understanding what our revenue picture is, helping us then to be able to set some spending priorities so that we can balance the budget by the fiscal year 1996-97.

MR. MARTIN: Mr. Speaker, you would have thought that this was a brand new government. I mean, they're setting up round tables, and we're four years into the mandate. They're just trying to figure out what to do. Now they're calling on people: "Tell me what to do. I don't know." Mr. Speaker, that's not good enough from this government. It's not good enough.

What are they going to do right now? As they sit and diddle around, frankly the deficit's getting worse. The time for consulting is over. I want to know what plan this Treasurer has right now to deal with the deficit.

MR. DINNING: Well, Mr. Speaker, I think I spelled out pretty clearly yesterday the plan of action over the next four fiscal years to get our financial house in order. When I look around the province, although we regret a lower than anticipated economic growth in 1992, 2 percent outpaced the national average by a factor of 2 to 1. When I look at the agriculture sector and the improvements in the benefits and the gains to the agriculture sector last year, they outpaced the rest of the Canadian agriculture sector by a substantial margin.

I look at the oil and gas industry, Mr. Speaker, where this government, through a longer term royalty reduction program so that there are fair royalties paid by the oil and gas sector, reduced royalties with the sole purpose of making sure that those companies are economically viable so that they can go out and drill wells, create wealth in this province so that we create jobs. When I look at this government's plan of last year of reducing personal income tax by 1 percentage point, the manufacturing tax by 1 percentage point, I look at the results. Although I regret the net loss of 5,700 jobs last year, I look at my colleagues across the way and say: how would an NDP government operate? Well, look at Ontario. They've lost 200,000 jobs in Ontario under the NDP regime.

MR. MARTIN: Well, these are the people who wanted free trade. Let's look at Ontario: their deficit will be about \$982 per capita; ours will be around \$1,216 per capita, Mr. Speaker. You know, what we have over there is a poor imitation of Dick Johnston.

Mr. Speaker, yesterday – and he alluded to it today – the Treasurer said that we're going to have a balanced budget, but they're good-news people: no new taxes, no sales taxes, yet they're going to balance the budget. Well, he has a magic wand out there. How can Albertans honestly believe the Treasurer, when they have the structural deficit he's talking about, that there aren't going to be any tax increases and he's also going to balance the budget in three years? Why don't you tell the truth to Albertans?

MR. DINNING: Mr. Speaker, we are telling the truth. We've laid out the facts to Albertans so that they know and understand the facts.

As the Premier said the other day, if you've got suggestions, we welcome them. We want to hear not only what the NDP have to say; we want to hear what all Albertans have to say. We have heard in this brilliant piece from the NDP I believe last week what their solution is. What is their solution to solving our fiscal problem? They want to tax the living daylights out of Albertans. They're going to tax . . . [interjections] Well, I only look at a brilliant . . . [interjections]

MR. SPEAKER: It's your time you're wasting, folks.
I will give you about 10 seconds to wrap it up.

MR. DINNING: Mr. Speaker, I only point to what alternatives are put by the members opposite in this House. The bottom line is that they want to tax Albertans. They're not interested in creating sufficient wealth in this province because they don't understand what economics are all about. They don't understand that if you don't leave dollars in investors' pockets to properly invest, jobs won't get created.

MR. MITCHELL: Mr. Speaker, it's . . .

MR. SPEAKER: I haven't recognized you yet, hon. member. I'm sorry. I hope to shortly.
Edmonton-Meadowlark, please.

2:50

MR. MITCHELL: Thank you, Mr. Speaker. It's budgetary déjà vu, hardly new management. It's one of the same old ministers in the same old government giving us the same old story of fiscal failure. Why does the Treasurer continue to say that the debt is not critical? Why does this Premier continue to say that the debt is manageable when this government's liabilities now outstrip its assets by \$3 billion?

MR. DINNING: Mr. Speaker, I made it very clear yesterday that our deficit of \$2.7 billion this year and an accumulated debt load of a little over \$15 billion is not something that we can trifle with. It is something that Albertans and this government want to and must do something about, but I think it's important that Albertans fully understand the facts. That's the very purpose of our action yesterday: so that Albertans are fully informed of the facts. Then they can help us to set proper spending priorities so that this government can balance the budget by the fiscal year 1996-97.

We're doing that through a Financial Review Commission, which we announced last week, that is doing a top-to-bottom review of the province's financial situation. We will pull together

a budget round table, Mr. Speaker, inviting Albertans to bring their solutions to the problems that we face as Albertans to get our financial house in order. Our standing policy committees will do a public program-by-program review of all government departments so that we know what our priority programs are and fund those programs. So there is a plan. There are the steps that we will take to build the 1993 budget and a four-year plan to balance this budget by '96-97.

MR. MITCHELL: The arrogance of the Treasurer to say that Albertans don't understand the facts. It's this government that doesn't understand the facts.

The minister includes the capital fund debt in his estimate of total debt, but he excludes the capital fund deficit in his assessment of the total deficit. Will the Treasurer tell us why he continues to use this tricky accounting and says that the deficit is \$2.7 billion when the real deficit, including the capital fund deficit, is a staggering \$3 billion?

MR. DINNING: Mr. Speaker, the facts are laid out very clearly on page 12 of the budget document that the member has before him, that all members received yesterday. It made it very clear that our budgetary deficit this year would be \$2.76 billion, and it says that our capital fund debt will grow this year from \$1.44 billion last year to a little less than \$1.7 billion this year. Now, the facts are there. They're laid out plain and clear so that the hon. member will fully understand what is in the books.

If I look at some suggestions from the hon. member as to how we ought to better account for our books, what does he suggest? His leader suggested on January 5 in a press release that we ought to take the \$300 million, their estimated increase in oil and gas revenues, and pay down the debt. What are they suggesting? Pay down the debt but increase this year's deficit by \$300 million to make it \$3 billion. Mr. Speaker, that's the kind of booga-booga financial economics that we're opposed to.

MR. MITCHELL: Mr. Speaker, the Premier flips when he says in his brochure that he'll balance the budget by the fiscal year 1995-96. The Treasurer in turn flops when he says: no, no, no, no; it's going to be fiscal year 1996-97. Could the Treasurer tell us just whom in this government we are able to believe and on which particular day?

MR. DINNING: Well, Mr. Speaker, I'm informed that Candidate Klein indicated that he would propose to balance the budget within four years. What the Treasurer said yesterday was that our government's intention is to balance the budget by 1996-97. What Albertans will do is judge us by the actions that we take to fulfill that promise, and that promise is on the line. It's before members of this Assembly; it's before Albertans. We will balance the budget by the fiscal year 1996-97.

MR. SPEAKER: Calgary-Fish Creek, followed by Edmonton-Calder.

Public Lands Management

MR. PAYNE: Thank you, Mr. Speaker. My question this afternoon is for the Minister of Environmental Protection. The Member for Edmonton-Jasper Place indicated with his tabling this afternoon that the issue of public lands administration has left him somewhat perplexed. I'm wondering: could the minister assist that member as well as all of the members in the Assembly today by clarifying the nature of the responsibilities that will now be

undertaken by the Department of Agriculture and Rural Development?

MR. EVANS: Mr. Speaker, I'm just delighted actually to have the opportunity to clarify the issue of public lands in the province of Alberta. Public lands will remain under the auspices of the Ministry of Environmental Protection, my ministry. All issues dealing with public lands with respect to planning, allocation, and sale will remain within Environmental Protection. Certain lands that are under agricultural disposition will be administered on a day-by-day basis by the Department of Agriculture and Rural Development. This is in recognition of the very long and positive stewardship that has been exerted over lands that are subject to agricultural disposition by the people in Alberta who are involved in the agriculture industry. We also have an agreement between our two ministries that all of the lands that are under agricultural disposition will be administered on a multiple-use philosophy.

MR. PAYNE: Mr. Speaker, I suspect that there will be a number of my constituents who will have this concern: when you involve two departments in a process that used to be handled by one department, there's a great risk of duplication of manpower and spending of taxpayers' dollars. I'm wondering if the minister can reassure the Assembly and my constituents that that will not be the case in this particular exercise.

MR. EVANS: Well, thank you. That comment is entirely in order. That's why we have established a transition team between our two departments to look very carefully at what we are doing in these two departments. We certainly do have an overlap between what the agriculture industry is doing on a day-by-day basis on these public lands and our Environmental Protection department's overriding jurisdiction to ensure that what is being done on public land in the province of Alberta is done in an environmentally sensitive and responsible manner. We will be reporting back to this House certainly, and I look forward to giving you that information and various specifics on the cost savings that we can realize once that transition team has reported back to us.

MR. SPEAKER: Edmonton-Calder, followed by Calgary-North West.

Delvee Ranch

(continued)

MS MJOLSNESS: Thank you, Mr. Speaker. Earlier today the Minister of Family and Social Services stated that he is willing to leave 10 clients at Delvee Ranch despite the danger that they may be in. Listen to this; I quote from the briefing note that was tabled earlier:

Physical abuse, psychological abuse, sexual abuse, safety violations, filthy living conditions, staff with significant criminal records.

It's bad enough that this government left these people in this dangerous situation. I'd like to ask the Minister of Family and Social Services: how can he justify stating today that he is willing to leave 10 of these residents in that abusive situation?

MR. CARDINAL: Mr. Speaker, as I indicated before, our interest of course is to protect the people that can't fend for themselves, and this includes all the residents at Delvee. We do have a plan for all the residents. Those clients who are funded under supports for independence, the parents or guardians – I have also instructed my department that we will be reviewing the funding at the end

of this month and will make sure that if we are going to continue funding these 10 additional clients, they are also put in a safe place.

MS MJOLSNESS: Well, Mr. Speaker, that's a pretty vague commitment.

I'll get on with my second question. Mr. Speaker, we know and the minister should know that parents of residents at Delvee were afraid to complain about the conditions at that particular facility because they were afraid that there would be no alternative care for their dependants. I'd ask the minister: given the blatant abuse that was so evident at that facility over two years, which the government knew about, will this minister immediately pull the licence of this facility and guarantee quality long-term care for all the residents there?

3:00

MR. CARDINAL: Mr. Speaker, I'm glad that issue came up, because our government does care for people that are handicapped and people that can't fend for themselves. I have in fact instructed my staff not to renew the licences of the two licensed facilities at Granum and Claresholm.

MR. SPEAKER: Calgary-North West.

Ethics in Government

MR. BRUSEKER: Thank you, Mr. Speaker. When the Premier apologized for the department of economic development and trade preparing personal campaign literature, he said that it was because of an overzealous campaign worker. Well, the truth of the matter is that there was only one overzealous campaign worker that could have authorized that work. He was formerly the minister of economic development and trade and is now the Deputy Premier. The tradition of ministerial accountability requires that ministers take responsibility for their actions. Will this minister now accept the fact that there was something totally wrong with his department staff preparing documents for personal reasons and resign from cabinet?

MR. ELZINGA: Mr. Speaker, I would refer the hon. Member for Calgary-North West to *Hansard* of yesterday and the day before whereby this issue has been thoroughly dealt with.

MR. BRUSEKER: Mr. Speaker, it's really sad that this minister doesn't understand the difference between personal reasons and caucus reasons.

My supplementary question: by your refusal to resign are the people of Alberta to understand that it is your position, Mr. Minister, that it is appropriate for government department staff to prepare papers for the exclusive use of an individual's personal career?

MR. ELZINGA: Mr. Speaker, I can only reiterate what I said to his original question: this issue has been thoroughly dealt with. I've responded to that question on a number of occasions already. If the hon. member would just put in a little extra effort, all he has to do is read *Hansard* and he'll see that it's been dealt with.

Speaker's Ruling Questions about a Previous Responsibility

MR. SPEAKER: The Chair also has a difficulty with the line of questioning, because as the Member for Calgary-North West is well aware from *Beauchesne*, a minister cannot be held account-

able for his previous portfolio. [interjections] Order, hon. members. When you show disrespect in this House, you're showing disrespect to yourselves. [interjection] Order.

Now, for the second shoe to drop, those of you who seem to know so much about the whole thing here, the Chair allowed the question to continue simply because in this instance the minister is also Deputy Premier, and the Premier is not in the House to be able to answer questions in this regard.

Lethbridge-West.

Lethbridge-Coutts Highway

MR. GOGO: Thank you, Mr. Speaker. I have a question today to the Minister of Transportation and Utilities. It's been raised by the chamber of commerce in my constituency and concerns the twinning of the highway from Lethbridge to Coutts, known as the export highway. Back in 1989 the government committed itself to the twinning of that highway from Lethbridge to Coutts, Alberta. I'd like to ask the minister: in recognition of the fact that Alberta is virtually landlocked, without tidewater, and depends heavily on roads, what are the minister's and the government's plans to commence the twinning of the highway from Lethbridge to Coutts, Alberta, known as the export highway?

MR. TRYNCHY: Mr. Speaker, we have three highways that I'd like to look at in that region: Highway 2, Highway 3, and Highway 4. We're going to visit that area very shortly. We want to complete the four-laning from Taber to Lethbridge, we want to complete the four-laning from Fort Macleod to Monarch, and we want to look at four-laning Highway 4 from Lethbridge to secondary highway 845 at Wilson Siding.

Mr. Speaker, it's true that the highway from Lethbridge to Coutts is important for entry to the American market, and I'll be discussing this matter further with the Hon. Don Mazankowski and of course the Minister of Transport for Canada to see if we can get some extra funding to make this happen.

MR. SPEAKER: Supplementary.

MR. GOGO: Thank you, Mr. Speaker. I appreciate the interest and concern of the minister.

My supplementary. In recognition of the free trade agreement reached with the United States and our commitment to join the highway system at Interstate 15 with Canadian highways and recognizing that we issue some two million licence plates a year in this province, I'd like to ask the hon. minister, recognizing that it costs perhaps a million dollars a kilometre to build these roads, if he has acquired any of the land required in terms of the right-of-way between Lethbridge and Coutts, Alberta.

MR. TRYNCHY: Mr. Speaker, we're in the process of acquisition of land in those three areas. I understand that we have some difficulty in one or two spots because of the circumstances and we may have to go to expropriation, but, yes, I've advised my department to look at getting the land on stream so that we can prepare to move as soon as the budget will allow us.

MR. SPEAKER: Calgary-Mountain View, followed by Calgary-McKnight.

Provincial Fiscal Policies

(continued)

MR. HAWKESWORTH: Thank you, Mr. Speaker. Yesterday's revelation from the Provincial Treasurer of a \$3 billion deficit was nothing more than an admission of their failures of the past

without any new directions for the future. All we got yesterday and today has been a rehash of a vague promise to balance the budget in four years by cutting essential public services. Now, three-quarters of the provincial budget is spent on health care, education, and social services, and I'd like the Provincial Treasurer to admit that the only way he can keep his promise of cutting \$3 billion out of the budget would be to slash nearly \$600 million this year for hospitals, school boards, municipalities, and social services, and \$600 million for each of the three years following that.

[Mr. Deputy Speaker in the Chair]

MR. DINNING: Mr. Speaker, the hon. member is correct insofar as nearly 90 percent of our revenue this year is invested in health care, education, social services, and debt servicing costs. Were those costs to continue to grow at the pace that they did in, I'll say, the last three or four or five years, by the year 1996-97 we would spend 101 cents out of every dollar that we take in in revenue on those programs. So clearly what we have to do as a government in thorough consultation with all Albertans is look at our spending priorities and make sure that they are properly in line, properly in sync with what Albertans are expecting and needing from their provincial government but with the mind very clearly set and our eyes very clearly set on balancing the budget by the year 1996-97.

MR. HAWKESWORTH: Well, the mathematics is there, Mr. Speaker. If the Treasurer, who's supposedly in charge of the mathematics, can't figure it out, he's obviously trying to sidestep the issue.

We've heard him talk this afternoon about his fiscal plan, which is simply made up of more talking. His plan is not made up of any kinds of decisions or any kinds of announcements that can be presented to Albertans. I'd like to know when the Provincial Treasurer's agenda of brutal spending cuts is going to be announced. Before the election? Or is he going to leave it up to a new government to clean up the wreckage that this government is leaving behind?

[Mr. Speaker in the Chair]

MR. PAYNE: Send them Bob Rae.

MR. DINNING: Yes. My hon. colleague from Calgary-Fish Creek suggests that we send them Bob Rae. He is absolutely right. Not a \$9 billion deficit in the province of Ontario, as my colleagues across the way suggest; it will be \$12 billion in Ontario this year.

MR. KOWALSKI: How much?

MR. DINNING: It's hard to believe, isn't it? My colleague here can't believe it.

MR. SPEAKER: Thank you, hon. minister. It's nice to be getting all these messages to yourself, but perhaps you'd talk to the House through the Chair, please.

MR. DINNING: Mr. Speaker, the hon. member was looking for decisions, for commitments. What we've laid out are the facts for Albertans to know and to see. What now will happen is that through the Financial Review Commission, through the budget round table, and through public appearances before the standing policy committees, our government will pull together a plan for

the 1993 budget and a four-year plan to balance the budget by 1996-97. The hon. member will see our commitments and decisions spelled out in the budget when it is tabled later in the spring.

MR. SPEAKER: Calgary-McKnight.

Advanced Education Funding

MRS. GAGNON: Thank you, Mr. Speaker. My questions today are to the minister of advanced education. Mr. Minister, students and staff from the U of C are holding a huge rally tomorrow in Calgary to highlight their concerns about the status of post-secondary education in this province. Predictably this minister has refused to attend this rally, another opportunity to communicate lost. Will the minister explain to this House why he is afraid to meet these students and communicate with them?

3:10

MR. ADY: Mr. Speaker, this minister doesn't have any problem meeting with the students at that university. In fact, this minister is presently making plans to travel to that university and at that time anticipates that he'll be meeting with them. I think it's obvious to all that we're in session today, and the minister felt some responsibility to be here.

MRS. GAGNON: Mr. Speaker, I indicated that the rally is tomorrow afternoon.

However, I'd like to go on to another effort at communication; that is, President Fraser of the U of C calling on the government to provide with some certainty a horizon of three- or four-year funding plans in order to allow for long-range planning. I also know that the U of C senate supports three- or four-year funding plans. My question to the minister is this: will the minister commit to three-year funding plans which are firm and not subject to government flip-flops?

MR. ADY: Mr. Speaker, let me say that I've visited with the president of the U of C and a board member, and we've discussed this issue. I understand the difficulties that an institution such as the University of Calgary has in trying to plan in the long term without commitments. I'm sympathetic to that. Certainly we're going to try to give them some longer range plans in the future. It's a priority of mine. I can't commit today that we're going to be able to do it, in view of the fiscal circumstances, but I'm certainly sympathetic to it, and I understand the need for it.

MR. SPEAKER: Highwood, followed by Edmonton-Avonmore.

Education Policy

MR. TANNAS: Thank you, Mr. Speaker. I'd like to direct my question today to the Minister of Education. Some years ago a statement on educational program continuity for early childhood services to grade 6 was issued. Some schools and districts welcomed the initiative, others met it part way, and still others made few if any changes. My question to the minister is: inasmuch as this policy statement says that it is discretionary until August 31, 1993, will he assure those communities and schools and teachers who prefer the traditional graded system that they will not be forced to use this approach?

MR. JONSON: Mr. Speaker, there has certainly been a great deal of discussion with respect to program continuity as the year 1993 approached and is with us, because that was supposed to be

the implementation time for the program continuity policy. However, prior to the Christmas period my predecessor, the Hon. Provincial Treasurer, indicated to school boards that the implementation of this policy would be delayed one year, and further he indicated that there were a number of items, including grades, which should be clarified. I certainly endorse his letter in that he indicated that the program continuity policy should in no way be interpreted to mean any one particular way of arranging students in grades or classes. So in summary the answer to the hon. member's question is yes.

MR. SPEAKER: Supplementary.

MR. TANNAS: Thank you, Mr. Speaker. Will the Minister of Education, then, assure this Assembly that a proper evaluation will be undertaken to show what measurable benefits, if any, this approach has produced in student learning as evidenced in the grade 3 and grade 6 provincial exams or other educational benchmarks?

MR. JONSON: Mr. Speaker, it's certainly my intention to continue with the grade 3 and grade 6 achievement testing program, which is a valuable tool in dealing with the matter that the member raises. In fact, I hope that in the next short while we'll be able to announce some improvements in that particular type of evaluation, but the achievement tests and other questioning and review of program continuity will certainly be undertaken so that there is an evaluation of its effect upon the school system. However, I would like to emphasize that the objectives and the priorities are quite clear as far as grades 1 to 6 and for that matter grades 1 to 12 education in this province. We expect to emphasize outcomes and results that students are achieving. We want clear reporting to students, we want flexibility for teachers to apply the best methods possible, and we want to see the curriculum improved and articulated and organized well among the subjects and the grades.

MR. SPEAKER: Thank you.

The Member for Edmonton-Avonmore.

Pay Equity

MS M. LAING: Thank you, Mr. Speaker. My questions are to the minister responsible for women's issues. The problem of child poverty has been pointed out to us once again this week by the report of the National Anti-Poverty Organization. Another report on poverty by the National Council of Welfare pointed out that the highest rate of poverty is among single-mother families, 60 percent of whom are poor, and furthermore that the average income of these poor families is 40 percent of the poverty line. They live deep in poverty. Will the minister now acknowledge that the implementation of pay equity legislation will go a long way toward reducing child poverty by putting more money in the hands of women, of single mothers?

MRS. MIROSH: Mr. Speaker, I don't disagree with the member opposite. We're all dealing with the issue of poverty. Putting in legislation for pay equity is not the answer to this problem. The answer to this problem is to help people who are in poverty, and the Minister of Family and Social Services has been trying to deal with this issue and has been funding these poverty issues.

MS M. LAING: Well, Mr. Speaker, the minister obviously doesn't know what the cause of poverty is.

Furthermore, many experts who have studied violence in the family say that the single most important action a government

could take to reduce violence in the family is to implement pay equity legislation. Without it, women maintain second-class status and often are entrapped in abusive relationships because to move out means that they and their children will live in poverty. Will the minister understand now that pay equity isn't about special status; it is about fairness and a better life for all Albertans, including Alberta children.

MRS. MIROSH: Mr. Speaker, all of us support pay equity. The issue is not forcing this by legislation. Society agrees that we would like to reduce poverty and reduce issues that are concerning women. I certainly plan on consultation with people who are in these areas and working through the problem but not through forcing legislation.

MR. SPEAKER: Westlock-Sturgeon.

Natural Gas Distribution

MR. TAYLOR: Thank you, Mr. Speaker. My question today is to the Minister of Energy. May I congratulate her, and because this is the first question of her career, it will be an easy one. The government of Alberta follows a policy of no natural gas reserves being set aside for the future; all discovered reserves are under contract to Albertans, to Ontario, to New Yorkers, Californians, or whatever. Now, the minister has said that if a business or a sector of Alberta runs short of natural gas in this cold spell, it is due to poor contracts and negligent buyers or suppliers in the free market system. Why should the minister leave some Albertans to freeze in the dark because of her blind faith in the free market?

MRS. BLACK: Mr. Speaker, we are in a deregulated natural gas market system in Alberta that came into place actually in 1986. There should not be confusion – and I would stress this – between our supply versus our deliverability. Alberta's supply today is 56 trillion cubic feet of proven reserves. In addition to that, we have roughly another 110 trillion cubic feet of probable reserves. Today in Alberta we have ample supply for today and long down the road. The question of deliverability is something totally different. That's dependent upon the price, contracts, and confidence within the marketplace. In a deregulated system it is not up to the government nor is it the position of this government to interfere in commercial negotiations in that marketplace.

3:20

MR. TAYLOR: Thank you, Madam Minister. You've reiterated what I thought you said the first time. I found it hard to believe; that's why I liked to hear your statement. Therefore, then, it is obvious that you do tell those Albertans who cannot get gas that they should freeze in the dark.

What solution, then, does the minister have where this system breaks down? In spite of the fact that the Alberta public owns the gas, they could very well have sectors of it going without gas because of the minister's policy.

MRS. BLACK: Mr. Speaker, it's a hypothetical question. It did not occur.

I will stress again one thing: please do not mix supply and deliverability together. Our supply in Alberta is sound, and it is firm. Contractual negotiations between suppliers and purchasers of gas have got to be reviewed and restructured to ensure that those deliveries are made and made under the contracts as they exist today, or those contracts should be enhanced.

Trucking Regulations

MR. DOYLE: Mr. Speaker, the minister of transport apparently favours deregulation of the trucking industry.

MR. SPEAKER: The Minister of Transportation and Utilities, thank you.

MR. DOYLE: The Minister of Transportation and Utilities apparently favours the deregulation of the trucking industry to the extent that he thinks all tickets issued by field transportation officers are harassment. Yet only 1.1 percent of trucks weighed last year were prosecuted. The truckers themselves have few complaints and acknowledge the need for safety and weight regulations. Will the minister explain why he thinks enforcement of current regulations intended to protect public safety and the highway infrastructure constitutes harassment?

MR. TRYNCHY: Mr. Speaker, it's unfortunate that the hon. member uses the media for his question, because if he had the facts about it, he wouldn't ask such a question. The media have interviewed me a number of times, and I've tried to set the record straight. I'm glad he asked that question. Everything that I've read and I suppose that he's read is: Trynchy told 177 transport safety workers last week that they can no longer write tickets. Well, that's wrong. When I talked to the media person, she two days later had a retraction. So if the hon. member gets his facts straight, then maybe he can ask a factual question.

MR. DOYLE: Mr. Speaker, I was using reports put out by the minister of transportation.

The minister has implemented a policy requiring officers to receive prior approval for writing any tickets from management or the RCMP, even for serious violations such as operating without a licence or while suspended, unsecured loads, no trailer brakes, and so on. Lack of enforcement is such a serious concern that even the federal government is now investigating. Will the minister explain why he is abandoning the immediate prosecution of serious infractions which jeopardize the safety of the traveling public in Alberta?

MR. TRYNCHY: Mr. Speaker, I guess I have to make it clear to the hon. member. He says that he has a statement presented by myself. Well, that's wrong. He has no statement given by myself because I've given no statement to anybody. If the hon. member would get his facts straight, he could ask a factual question. Until then, he should get his facts straightened out and ask the question.

head: **Motions under Standing Order 40**

MR. SPEAKER: Standing Order 40 request.

MR. DOYLE: Mr. Speaker, I rise to speak to this motion which is one of urgent and pressing necessity, it now being four months since the Provincial Auditor General submitted his report on NovAtel before this Assembly, a report that raises as many questions as it answers about how \$614 million of taxpayers' money was lost in this fiasco.

Two days ago the Premier filed a letter in this Assembly responding to the Auditor General's report on NovAtel. In this letter the Premier did not address one of the Auditor General's key recommendations; that is, that the Public Accounts Committee should examine the reasons why NovAtel's actual financial results were so much worse than anticipated.

I also wish to file, Mr. Speaker . . .

**Speaker's Ruling
Filing Documents**

MR. SPEAKER: No. [interjection] Thank you, hon. member. [interjection] No. This is not the place for filings. You have plenty of other times to do it. We have never had a tradition of filing a document with respect to a request for urgency under Standing Order 40. [interjection] No, I'm sorry.

MR. MARTIN: There's no rule against it.

MR. SPEAKER: That's what the rules are; that's it.
I'd like to have the member continue pressing his case for urgency, though.

Debate Continued

MR. DOYLE: Mr. Speaker, from the speech of the Auditor General, then, I quote the following statements:

The lesson from NovAtel, for members of the Legislature, is that it is costly to not allow the Public Accounts Committee to do the job for which it was created. I hope that there will be a change of attitude in Alberta, which will result in a nonpartisan effort to change the operation of the Public Accounts Committee.

In conclusion, Mr. Speaker, in the spirit of nonpartisanship referred to by the Auditor General I urge all members to support and bring this motion forward.

**Speaker's Ruling
Filing Documents**

MR. SPEAKER: Thank you, hon. member. The Chair would also point out that there is ample opportunity in the course of the legislative day to do filings, and if you feel that you've been thwarted by the Chair in this instance I'm quite certain that tomorrow indeed there's plenty of opportunity to file.

Debate Continued

MR. SPEAKER: The request before the House is under Standing Order 40. The member has stated his arguments in favour of urgency. Those members in the House who are willing to give unanimous consent for the matter to proceed, please say aye.

SOME HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

AN HON. MEMBER: No.

MR. SPEAKER: The matter fails.

SOME HON. MEMBERS: Oh, oh.

MR. SPEAKER: Order. Order. [interjections] Order.

Now, is there some confusion? Do you wish me to put this question again? Is that what I'm hearing? [interjections] Order. It's easy enough for this kind of thing to happen in terms of the banter back and forth in the House. I know hon. members sometimes get upset that the Chair tries to make things a bit clearer, but this is an easier way to do it.

The question, again, before the House is a request for unanimous consent under Standing Order 40 that the matter proceed. All those in favour of allowing it to proceed, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Thank you. It is unanimous. [interjections] Order please. This is not coffee break.
Hon. member, speaking to your motion.

NovAtel Communications Ltd.

Moved by Mr. Doyle:

Be it resolved that the Legislative Assembly refer the Report of the Auditor General on NovAtel Communications Ltd. to the Public Accounts Committee and further that the Legislative Assembly direct the committee at its next scheduled meeting to consider recommendation 4 in the report.

MR. DOYLE: Mr. Speaker, I once again urge members of the Assembly to support this motion to refer the NovAtel report to the Public Accounts Committee and to make the report the committee's first order of business. The committee is scheduled to hold a meeting next Wednesday, and surely there is no more important business for the committee to be dealing with than the NovAtel report. If the members of the government caucus are as committed to open and accountable government as they say they are, they will do as our Auditor General recommends and allow the Public Accounts Committee to get on with the job for which it was set up.

MR. SPEAKER: Speaking to the motion. Thank you. The Deputy Premier.

MR. KOWALSKI: Mr. Speaker, I wish to speak in favour of the motion. Just as an aside to that, perhaps when the standing committee on legislative reform does take a look at the reform of some of the procedures of the House, it might want to take a look at the issue of how we deal with Standing Order 40s. One of the difficulties of course is that when an hon. member stands up and comes forward asking for unanimous approval of the House and the Assembly, it's not always the case that individuals like the Government House Leader are duly informed in sufficient time to at least notify the members of his particular caucus if the government has a position on it. Perhaps the chairman of that committee and other members of that committee might want to take a look at an alternative. It strikes me that one of these days the Government House Leader may just simply stand up and say that it's a free vote for all members of the government caucus unless we have some courtesy provided to us in terms of what is being asked for. I think that led to a little bit of the misunderstanding not only today but yesterday as well, Mr. Speaker.

3:30

Having said that, Mr. Speaker, very specifically to the motion at hand, the Auditor General in his report very clearly points out in recommendation 4, although the Member for West Yellowhead did not comment on it, that

the Public Accounts Committee should consider the reasons for actual results being significantly worse than budgeted results as identified in the Public Accounts of Alberta.

That's a fine recommendation.

When the Premier of the province two days ago, on Tuesday, January 26, tabled his letter to Mr. Donald Salmon, Auditor General, he very clearly pointed out on page 2 of his letter that for virtually all provincial agencies and Crown controlled organizations financial statements will include a comparison of actual to budgeted results. This will provide a clear basis for the Public Accounts Committee to consider the reasons for actual results deviating from budget.

So we endorse it. We're supportive of it. The Premier took the lead on that several days ago.

I might point out as well, Mr. Speaker, that perhaps the whole motion is a bit redundant when one recognizes that the chairman of the Public Accounts Committee is a member of the opposition. The Member for Calgary-Forest Lawn is the chairman of that particular committee, and certainly in his authority as chairman – at least it was always in my authority as chairman of any committee I ever did: I called for meetings of the committee and I called for agenda items.

We endorse this, Mr. Speaker, and wonder why we really need a motion of the Assembly to direct the Public Accounts Committee to do its work. I'm encouraging all members to vote in favour of it so we can get on with the business at hand and the chairman of the Public Accounts Committee can call this meeting and can deal with it and we can all follow through in terms of the position taken by the Premier of the province of Alberta in terms of recommendation 4. Let's vote yes and get on with the business.

MR. SPEAKER: Calgary-Forest Lawn, followed by Edmonton-Whitemud.

MR. PASHAK: Thank you very much, Mr. Speaker. As Chair of the Public Accounts Committee I'm really pleased that the deputy House leader has taken this position on this matter. [interjections] Deputy House leader?

AN HON. MEMBER: Government House Leader and Deputy Premier.

MR. PASHAK: Deputy Premier. I'm sorry. Excuse me. It's going to take me a while to get used to all your new titles, hon. member.

In any event, this is certainly in line with a number of reforms that I've proposed over the period of time I've been Chair of the Public Accounts Committee. As all members are aware, the Standing Orders are relatively silent on the functions of the Public Accounts Committee. They merely require that the public accounts be referred to that committee. On previous occasions we've tried to have other matters brought to the attention of the committee, and we haven't succeeded. This is really a hopeful breakthrough and an important step in all of the reforms that I'd like to see that would make the Public Accounts Committee a more effective body in terms of reinforcing the whole cycle of public accountability.

So I, too, would urge all members of the Assembly to support this motion by my colleague. It's binding on members. In fact, I did exchange some correspondence with the Premier of the province on this matter. He said that it was up to members of this Assembly to provide this kind of direction to the Public Accounts Committee. This is the kind of direction that I personally have been looking forward to, and I hope that members will support it.

MR. WICKMAN: Mr. Speaker, I will certainly support the motion that's in front of us. I'm quite surprised at the government's position to in fact support the motion. I'm optimistic but at the same time a little skeptical, possibly skeptical because of past performances that I've seen.

Mr. Speaker, there's no question that NovAtel goes down in Alberta history as the most significant blunder that has ever been conducted by any Alberta provincial government, probably any province. It's one of those matters that the person on the street can identify with and was haunted by, and this government will be haunted by it. It's something that people don't forget. Albertans

want the opportunity to have the whole NovAtel Communications Ltd. situation, the whole matter thoroughly explored, thoroughly analyzed.

Now, I would hope this is not a token move when it goes to Public Accounts. It's going to be extremely restrictive as to what's going to be allowed there and what's not going to be allowed there. I would hope the members of the Public Accounts Committee would see fit to follow through on any requests for documents, for example, documents that we were not able to obtain in this particular Assembly under the rule of the former Premier. Possibly we will see a change here. If there is a change here and those documents, if requested by Public Accounts, are turned over, I'll marvel at that, and I'll say that that's a step in the right direction. I think Albertans are entitled to know every detail, every indication of what fault may have lain with the provincial government and other officials that were involved with NovAtel.

I would also hope that the Public Accounts Committee would have the opportunity to call forward some individuals, possibly the Auditor General himself, to answer some questions, to be there as resource, to be there to provide the information that members may want to get to really try and get down to the bottom of exactly what happened, what went wrong, why it went wrong, what responsibilities are there. So it is a step in the right direction. The chairman of the Public Accounts Committee will now have an opportunity, I think a golden opportunity. If the members of the committee – I'm a little skeptical, because it is dominated by Tory members – do in fact show the same type of expression they've shown in this House in the last few minutes, possibly we will head in that particular direction of finding out some more about NovAtel. It's not going to happen if in the Public Accounts Committee there's a refusal by members to go along with directing that certain documents be brought forward, that certain people be given the opportunity to answer questions if those questions are asked.

MR. SPEAKER: The Deputy Government House Leader, Minister of Labour.

MR. DAY: Thanks, Mr. Speaker. I think the government has ably shown how open we are to this suggestion. It's somewhat curious that certain members are going on as the Member for Edmonton-Whitemud, especially when he's not even a member of Public Accounts. There are able-bodied members of that body sitting right here in the Assembly, yet this member wails on for quite some time. I thought that if he's got that much interest, maybe his House leader could appoint him to that particular committee.

MR. SPEAKER: Additional? Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. Although I'm not a member of the Public Accounts Committee, I should point out that I have served as a member of the Legislative Offices Committee and have attended a number of conventions and meetings where we have discussed public accounts.

I can tell this Assembly that one of the things I would certainly like to see this Public Accounts Committee do, given the assignment that it's now just been handed, is have its time lines extended so that it would not meet only during session. I don't think that having a two-hour period on a Wednesday morning is sufficient enough to review the entire matter. While I know that it's in the hands of the committee, I know that the government, certainly the front bench of the Conservative Party, would have the opportunity to provide perhaps some influence and some direction

to committee members that serve on that so that when the question is put to the committee members, they might understand that there is a real need to have a full and frank discussion on the NovAtel report that's come down from the Auditor General. So I would hope that the members of Executive Council would undertake to have an open and frank discussion with their colleagues that serve on the Public Accounts Committee.

MR. SPEAKER: Thank you.

Additional members? The hon. Minister of Transportation and Utilities.

MR. TRYNCHY: Mr. Speaker, I wasn't going to get up to speak, but after the comments of the hon. Member for Edmonton-Belmont, unless he doesn't know Standing Orders – I want to put into the record that under section 51(1):

A Standing Committee or Special Committee may, without leave of the Assembly, sit during a period when the Assembly is adjourned.

So just exactly what he's asking for can be done. [interjection]

3:40

MR. SPEAKER: Thank you. [interjection] Order.
Additional on this motion?

HON. MEMBERS: Question.

MR. SPEAKER: A call for the question on the motion. [interjections] Forgive me, hon. members. Perhaps you'd like to go out and have coffee and discuss it rather than waste the time of the House. There's a call for the question.

Forgive me. Member for West Yellowhead, do you wish to sum up?

MR. DOYLE: Thank you, Mr. Speaker. I'd like to thank the government and other members of the House and in fact congratulate them for some openness that they've shown here today. I hope they will again support it and get on with the ordinary business of the day.

[Motion carried]

head: **Orders of the Day**

head: **Written Questions**

MR. DAY: Mr. Speaker, I move that the written questions on today's Order Paper stand and retain their places with the exception of the following: written questions 173, 174, 287, 313, 348, 369, and 373.

[Motion carried]

Natural Gas Price Estimates

173. Mr. Mitchell asked the government the following question: What is the estimate of the natural gas price upon which the Provincial Treasurer based his projection for natural gas and by-products royalties for 1990-91?

MR. DAY: Mr. Speaker, the government will accept 173.

Principal Group Collapse

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

What is the amount of legal fees paid by the government for Mr. Donald Cormie and members of his family with respect to the Code hearing and related matters?

MR. DAY: The government will accept 174, Mr. Speaker.

Loan Guarantees

287. Mr. Bruseker asked the government the following question: What is the purpose of and the terms and conditions of the loan guarantees advanced to Ribbon Creek alpine village and Golden Gate Fresh Foods Inc. at December 31, 1990, as specified on page 42 of the government's 1991 Budget Address?

MR. DAY: The government rejects 287, Mr. Speaker.

Tobacco Tax Revenue

313. Mrs. Hewes asked the government the following question: What is the amount of tobacco tax revenue accruing to the government for the fiscal year 1990-91 from the following sources: cigarettes, cigars, and loose tobacco?

MR. DAY: The government will accept 313.

Pension Fund Investments

348. Mr. Mitchell asked the government the following question: What amount, if any, was invested by the Pension Fund in Principal Group, First Investors Corporation Ltd., Associated Investors of Canada Ltd., Northland Bank, or the Canadian Commercial Bank for each of the years 1981 to 1987?

MR. DAY: We accept 348, Mr. Speaker.

Open Letter to Saskatchewan Farmers

369. Mr. Taylor asked the government the following question: What did it cost to publish the open letter to Saskatchewan farmers concerning Freedom to Choose, signed by the Minister of Agriculture, Ernie Isley, which appeared in the *Western Producer*, the *Regina Leader-Post*, and other farm publications in that province?

MR. DAY: The government accepts 369, Mr. Speaker.

Provincial Budget

373. Mr. Mitchell asked the government the following question: What is the projected U.S./Canadian dollar exchange rate underlying the 1992-93 provincial budget?

MR. DAY: The government also accepts 373, Mr. Speaker.

Motions for Returns

MR. DAY: Mr. Speaker, I move that the motions for returns on today's Order Paper stand and retain their places with the exception of the following: motions for returns 198, 202, 219, 234, 272, and 362.

[Motion carried]

Softco Report

198. Mr. McEachern moved that an order of the Assembly do issue for a return showing a copy of the 1990-91 annual report for 354713 Alberta Ltd., known as Softco.

MR. McEACHERN: Mr. Speaker, I wish to make a few comments to the motion. Since the motion was put on the Order Paper, nearly a year has gone by, so I would like to ask the Treasurer if he wouldn't also be prepared to give us the 1991-92 report. We have not had an update on what's happening with Softco since March 31, 1990. That is 34 months ago. Now, it's been a normal procedure for the government to dally around releasing the report for a year or so, so I've always had to put a motion on the Order Paper to ask for the report from the year before. Almost always it's been granted eventually, often on the last day of the Legislature when we've all disbanded and gone home sort of thing, so nobody can ask any questions about it or raise any problem with the report in the Assembly. Last year we didn't even get that, so here we've gone another 10 months. So any kind of an open and honest reporting to the people of Alberta, that this new government is touting these days and pretending they're going to be like that, would demand that the government give us the '91-92 report at this same time. Otherwise, we will still be 22 months out of date for any factual information about Softco.

Now, Mr. Speaker, I had a little running battle with the former Treasurer about Softco. I don't believe the other cabinet ministers or Tory backbenchers really paid very much attention to it, so I'm going to take a minute and just give a little bit of the history, some of the background, of how we got into this mess with Softco.

It seems that in 1983 Carma decided they wanted to get out of the trust company business, so they sold North West Trust to a couple of people, a Mr. Kipnes and a Mr. Rollingher. They used what was called a reverse takeover process. The first time it was ever allowed was in Alberta in 1975, when Peter Pocklington took over Fidelity Trust. The last time that it was allowed in Canada, because regulators finally got onto the scam and because it is a kind of a scam . . .

Speaker's Ruling Warning a Member

MR. SPEAKER: Hon. member, I'm trying to protect yourself. Be careful with such words. Unless you can prove them, just be careful.

MR. McEACHERN: Well, I'll explain what I mean.

MR. SPEAKER: No, hon. member. Listen. Thank you.

Debate Continued

MR. McEACHERN: The process, Mr. Speaker, was one like this, and I'll use the Softco example. Mr. Kipnes and Mr. Rollingher had a company called Chateau Developments, a little real estate company. We're not quite sure how much it was worth; I've never been able to get a figure on that. They sold that company to the real estate arm of North West Trust for \$43 million. Kipnes and Rollingher then used \$40 million of that \$43 million and purchased the whole of the North West Trust empire, some 33 companies including the trust company. That was the last time that regulators in Canada allowed that kind of a deal. The first time, as I said, was in 1975. So Alberta has the distinction of

being the first and last province to allow that kind of dealing. It has not been allowed since.

Now, the company got into more and more trouble, and of course they weren't the only one. A lot of other trust companies and mortgage companies were in trouble throughout Alberta. They never produced a 1985 annual statement, at least not one that was properly audited, nor a 1986 one. Finally in 1987 the government decided to take them over. They also rolled in to the new North West Trust, which the government took over, the Heritage Savings & Trust Company. Now, North West Trust was worth about \$600 million and the other worth about \$200 million. So this new portfolio, this new company, North West Trust, which the government set up, was taken over mainly with federal government money. CDIC gave to the Treasurer of Alberta \$278 million for this takeover, some of which went to the Treasury Branches.

The Treasury Branches played a large role in keeping North West Trust going between 1983 and 1987. They loaned to North West Trust some half a billion dollars over a period of those three years. How much of it was paid back we don't know, but we do know that of the \$278 million given by CDIC, \$153 million went straight to the Treasury Branches to pay for some of the losses there. How much more in losses they had that was connected to that particular thing we don't really know for sure.

Now, what the Treasurer did was he agreed to take all of the losing properties, all of the losing mortgages and bad real estate properties, out of those two companies, which were now rolled into one, and set them up in a company called Softco. He guaranteed at the time that the federal government money was enough to see that the taxpayers of Alberta would never have to put up any money. Now, one of the reasons that I think the government has delayed in releasing the Softco report is because I think it's fairly clear that we're now down to taxpayers' dollars in terms of trying to sort out Softco. So if this government has any intentions of being in any way open or honest to the people of Alberta, then they need to release to the public now not only the 1990-91 Softco report but also the '91-92 Softco report. Anything less is not being open and honest but merely tokenism.

3:50

MR. DINNING: Well, Mr. Speaker, I must admit that I am absolutely overwhelmed by the hon. member's argument. I am so overwhelmingly persuaded that I would recommend to my colleagues that we agree to Motion for a Return 198.

MR. SPEAKER: Summation?

AN HON. MEMBER: Question. [interjection]

MR. SPEAKER: That's beside the point, hon. member. I'm trying to deal with that member at the moment. Thank you.

There's a call for the question. Do you wish to sum up?

MR. McEACHERN: I've already made my remarks.

MR. SPEAKER: Thank you.

Before putting the question with respect to Motion for a Return 198, let us be crystal clear. It is asking simply for a copy of the 1990-91 annual report. It is not asking for what the member just casually threw in. He wanted this year's report as well. It is specifically what is on the Order Paper. [interjection] Excuse me, hon. member.

[Motion carried]

Corporate Tax Expenditures

202. Mr. Hawkesworth moved that an order of the Assembly do issue for a return showing the cost each year for the years 1981 through 1990 of all corporate tax expenditures administered by the Treasury Department which are not reported in the public accounts of Alberta.

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. In view of the track record that seems to be evolving here this afternoon, perhaps I'll just keep my comments very, very brief and say that reporting tax expenditures is a good fiscal practice of financial accountability. I would welcome members of the Assembly to join with me in approving this motion.

HON. MEMBERS: Question.

MR. SPEAKER: A call for the question.

[Motion carried]

Family Violence

219. Mrs. Hewes moved that an order of the Assembly do issue for a return showing a list of the recommendations from the Interdepartmental Committee on Family Violence.

MRS. HEWES: Mr. Speaker, I'm hopeful that the government will give the House this list of recommendations from the Interdepartmental Committee on Family Violence. No subject has been more consuming to our constituencies in the last decade than this one, the increasing incidence of family violence and the desperation in our communities at the absence of ways to curb that.

Mr. Speaker, I have begged and pleaded with the government to look to models such as the London, Ontario, model for early intervention that I think has had some remarkable success. It's not one that deals with prevention in this area, regrettably, but because it moves in on the family situation immediately with a team of people, it does have a high rate of success in stopping the violence at an early stage and hopefully allowing for reparation and treatment and counseling for those who are experiencing the difficulty.

Mr. Speaker, the government has consistently declined to provide support for treatment for the violators, so we get into the circuitous pattern of someone who commits abuse against a spouse or a mate is then forgiven and repeats. I believe that if we are going to intervene in these circumstances and protect the family and certainly the children in the family, there has to be a methodology whereby violators as well as those who have been abused can secure counseling and treatment.

Finally, Mr. Speaker, I'm hopeful that the government will see fit to introduce into our educational curricula some other courses and amend their courses so that students and young people will have a better understanding of how violence interrupts family life, how it occurs and how it can be prevented, how the kind of hostility that happens in all of us, the darker side in all of us, can be managed and not be taken out on those vulnerable and helpless members of our families.

Mr. Speaker, I'm hopeful that the government will send those recommendations to all members.

MR. SPEAKER: Thank you.

The Deputy Government House Leader.

MR. DAY: Mr. Speaker, on behalf of the Minister of Family and Social Services and in the ongoing spirit of openness we accept Motion for a Return 219.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried]

Canada Assistance Plan

234. Mr. Mitchell moved that an order of the Assembly do issue for a return showing a detailed breakdown of payments received by the province of Alberta from the government of Canada under the Canada assistance plan by department and by program component for the fiscal years 1988, 1989, 1990, 1991 forecast, and 1992 estimate.

MR. SPEAKER: Call for the question?

HON. MEMBERS: Question.

[Motion carried]

Infometrica Ltd.

272. On behalf of Mr. Decore, Mrs. Hewes moved that an order of the Assembly do issue for a return showing details of the payment of \$20,000 to Infometrica Ltd. by the Treasury Department during 1989-90.

MR. DAY: Mr. Speaker, we accept motion 272.

MR. SPEAKER: Thank you. Call for the question?

HON. MEMBERS: Question.

[Motion carried]

Loan Guarantees

362. Mr. Bruseker moved that an order of the Assembly do issue for a return showing a detailed breakdown of guaranteed loans by company and amount provided for the "other" category as of December 31, 1991, as found on page 40 of the 1992 Budget Address.

HON. MEMBERS: Question.

MR. SPEAKER: Thank you. There's a call for the question.

[Motion carried]

head: Motions Other than Government Motions

MR. SPEAKER: A procedural matter with respect to a motion sponsored by the Minister of Labour, please. The Deputy Government House Leader.

MR. DAY: Thank you, Mr. Speaker. I'd move that Motion 201 standing in my name on the Order Paper be removed.

MR. SPEAKER: Thank you.

Hon. members, this request comes about because of the member having been appointed to Executive Council, and it requires unanimous consent of the House to have this removed from the Order Paper.

All those in favour of the motion, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no.

MR. SPEAKER: Thank you. It's carried unanimously.

Provincial Tax Regime

223. Moved by Mr. Hawkesworth:

Be it resolved that the Legislative Assembly urge the government to restructure Alberta's tax system to make it more fair, progressive, and open and that these changes should include requiring profitable corporations and the wealthy to pay their fair share of taxes, fully reporting the annual amount of unreported provincial corporate tax expenditures as recommended by the Auditor General, thoroughly reviewing the value of all provincial corporate tax expenditures and eliminating those which only serve to allow tax avoidance, replacing the regressive flat tax and ineffectual high income surtax with a fair and progressive graduated income surtax that would see taxpayers who earn more pay a greater percentage of their income as tax than lower income earners, and establishing an income based child tax credit to offset the disproportionate impact of the goods and services tax.

[Adjourned debate January 26: Mr. Johnston]

MR. JOHNSTON: Mr. Speaker, as I left off yesterday on this discussion about a most fascinating area of personal income tax introduced by the Member for Calgary-Mountain View, I think I left on the following basis: I wanted to outline my comments on a three-part contention today. If you look at the resolution that the member has brought forward, it is replete with those kinds of complex, in fact, argot that tend to be fashionable when we deal with this notion of taxation. It is always difficult to decode, if you like, what it is that we're talking about when you deal with taxation. That's what I thought I would attempt to do today, is to deal with this particular resolution in three parts.

As I said last Thursday, I wanted to deal with the so-called macro impact of personal income taxes as a tool of federal/provincial relations, because in fact I'll conclude later on about some recommendations in this area and talk a bit about the current tax system: how it impacts on what we do as Albertans and how it impacts on the so-called various income levels in Alberta and finally talk briefly about some future changes.

As I got up to speak, Mr. Speaker, and as I had a look at the motion, as I said, I was struck first of all by its complexity. For those who have been around the field of taxation for even an hour or two, the words, as I said, are quite overwhelming. I am reminded by the words of a fairly famous socioeconomic spokesman and an expert on public policy, Mr. W. Axl Rose of the public communications firm G and R, who once said recently: welcome to the jungle; we got fun and games. Those of you who don't follow W. Axl Rose will have an opportunity. He's going to make a presentation here in Edmonton in the next 30 days, I believe. It is now mooted that over 15,000 people are going to come and hear his public words.

[Mr. Deputy Speaker in the Chair]

The reason, though, I picked up on what Axl had to say was that he does in fact capture this theme. In fact, the tax system has been described as a jungle, and it is a jungle.

4:00

MR. FOX: Do you listen to that stuff?

MR. JOHNSTON: In fact, I do listen to W. Axl Rose from time to time. If you appreciate it, Mr. Fox, then of course I'll use more of those.

In any event, the tax system is described as a jungle, and many of us will be charged with that problem by the end of April when our own personal income tax filing takes place.

Let me begin by saying that the first part of my discussion today will deal with the macro questions facing us with respect to personal income tax. Just yesterday the Provincial Treasurer reported to us that in fact the personal income tax dollars due to the province of Alberta had eroded. I believe the number over last year's budget was down some \$440 million. As a matter of fact, several changes have taken place in the last three months which have brought that number most recently up by, I think, something like another \$30 million or \$40 million in the last few days, if my recollection is right with respect to that particular number. So in terms of the deficit impact on the current projections of the province, that erosion with respect to the personal income tax is a very large number, and it's one of the first years that we've seen the number down dramatically.

That points to the way in which the province articulates with the federal government under the so-called harmonization and tax collection agreement. It is the tax collection agreement that the province of Alberta now participates in with the federal government, and in that agreement we use some assumptions which allow us to make some forecasts based on economic numbers, on wages, and on expected wage levels to calculate what we expect to be the personal income tax transfers to us. It is in fact this issue, this program that I'll come back to later on in my comments, but we need to have that as the backdrop. This is the system. This is the tax collection system, and the province of Alberta, one of nine provinces participating in the tax collection agreement, unlike the province of Quebec, is essentially bound by and tied to the federal government regime.

Now, some of the words that the Member for Calgary-Mountain View talked about – whether it's regressivity, whether it's the tax bracket, whether it's the child tax care deductions – are all wrapped up in this tax collection agreement. I'll talk more about what I think we need to do here in a few minutes.

There is, however, one other aspect of this tax collection agreement which is now driving a lot of serious policy considerations with respect to the way in which the fiscal federation of Canada operates. There is no doubt that the personal income tax system is one of the largest pools of dollars and has been a very substantial part of our revenue base, both as a province and the federal government, going back to some First World War event when in fact income tax was first introduced.

Now, I said on Tuesday that I would be talking more fully about some of the other work that's been done in this area, and at this point I want to make special note of the people in Treasury who have done some I think remarkable work in this area. Not without ignoring some of the people, I want to note specifically that Joe Ruggeri and Mr. Van Wart and Grant Robertson certainly have done some exceptional work in this area.

What I want to talk about is in fact part of the background to this issue, and that is that under the current system where we have personal income tax really being an important revenue generator for the province and for the federal governments, we find that the personal income tax really is the only source with a high built-in income elasticity. Of course, 60 percent of the personal income tax is dominated by the federal government. What does that mean in terms of real time experience? Well, it means the following. The provinces have been charged with the responsibility of making payments in those areas where the expansion of the expenditures is increasing just as rapidly; that is to say, health care and social services. These are areas which the provinces, both by constitutional responsibility and also by, I guess, precedent, have brought back to their own budgets. We see here today, and I guess over the course of the next while, discussions on health care certainly and social services where these costs are rising dramatically. These are extremely elastic expenditures.

Well, what we have now is a personal income tax system which is dominated by the federal government and which, in fact, is very elastic certainly, and we have very little say about that tax system, yet the responsibility here in the province's hands is for these highly increasing expenditures in health and social services. What we have is a mismatch. We have a mismatch between the revenue source, which is controlled by the federal government, and the expenditure responsibility, which is back in our hands. Consequently, and here's the hammer, you can expect – again I go back to the work by the people in the Treasury Department and others, including [inaudible]. You can see specifically that the off-loading becomes more entrenched under the current system than ever before, the reason being that we will have all the responsibilities for these high-growth expenditures. Health and social services have very little say about the revenue base itself, which is now in the federal government's hands. Therefore, there's a substantial deficit shift taking place – a deficit shift, by the way, out of the province's books and away from the federal government books because of this particular shift in the way in which the revenue source is matched.

We have to be extremely cognizant of this because, of course, as I have said again, this is the framework under which we operate. It is the framework under which we set our own personal income tax system, and it is the framework which governs the way in which we generate revenue. We forecast, as a matter of fact, about \$3 billion of personal income tax last year, and in the current year it looks like it's going to be down by \$440 million, as I've indicated.

So let's now look at the current tax system, because under the current tax system you can take a more narrow step. You can deal with the problems inside the system itself and what is it that describes the current tax system, makes it extremely awkward or cumbersome. There are at least several ways of dealing with measurements of the personal income tax system, and among them are some of the terms that the Member for Calgary-Mountain View incorporated in his own motion. Still further, there are ways in which we can deal with it by looking at such measurements or variables as efficiency, simplicity, flexibility, accountability, and equity. These are all measurements by which through a series of economic modeling or economic approaches you can decide whether or not the personal income tax system is working effectively.

But it seems to us that the basic approach to this is that we look at the progressive nature of the tax. It was here that the Member for Calgary-Mountain View quoted an article, properly so, by I think Patrick Grady. Although I don't disagree with the quotes that he did use and in fact the statistics that he garnered, I think

it has been said with respect to the progressive nature of the personal income tax system that it really hasn't been all that bad, mostly because most provinces and the federal government have adopted policies which allowed the low-income individuals to have significant benefit either by directly reducing the tax, by providing tax credits or tax reductions, or by providing other kinds of tax changes to the low-income individuals. That ensures that the progressive nature of the tax system is established and maintained and that those people at lower income levels pay lower amounts of tax. Accordingly, those people who go through the mid-income levels – in the case of the article quoted by the member, the middle-income changes were in those between \$40,000 and \$75,000. He said, in fact, that they were quite proportional. That is what we would expect from a tax system: that as your income went up, your tax went up about proportional. Then once you got into the higher income levels, over the \$75,000 bracket in this particular study, the taxes were in fact quite regressive. That is also what you'd expect from the system. So I think we can say, generally speaking, that although it's not perfect in this progressive measurement test, in fact there is all the design built into the system that you would expect. It's progressive for the low-income individuals, it's proportional for those in the middle incomes, and it's regressive for those at the high-income levels. In that sense I think we can say that that personal income tax system does have some of the merits that we would like to see. Now, whether or not it satisfies the others – equity, simplicity, or in fact accountability – I think remains to be seen, and I may comment more on those in a minute.

4:10

Since the member did raise the question of Mr. Grady's study, which as he properly noted was just recently published, I wanted to make a bit of a side comment here. You will recall that when the government opposed vociferously and took the lead in Canada to oppose the GST, we did it for several reasons. These do tie back to my comments, Mr. Speaker. The first reason was that we thought the GST in fact was regressive; that is, because it was taxed across all consumption items, it would fall more heavily on those on lower incomes, who had to spend a larger portion of their disposable income just staying alive, whether it's on clothing, accommodation, whatever it may be. So in that sense I agree, I think, with members of the opposition parties that the tax itself was regressive, and that's one reason we opposed it.

The second reason we opposed it, of course, was that it was a major tax grab by the federal government, and it's here that I wanted to make the comment about Mr. Grady's point. Mr. Grady says that in 1992 he expects the federal government to take an additional \$22 billion from Canadians' pockets by increases in their taxes since 1984. Some of you may recall that in 1991 when we opposed the GST, we said that the federal government at that point had taken about \$65 billion to \$70 billion from Canadians' pockets by tax increases since 1984. We thought that was a fairly large hit. Surely that money can go back into savings and back into other areas and can be better used, in our mind, than simply giving it to the federal government for additional expenditures. All this, we must remember, against the backdrop of a deficit in 1984 in Canada which was about \$285 billion. I think, as most recently announced by Mr. Mazankowski, the deficit is out of control and will touch \$500 billion sometime in the next few months. The point being: \$90 billion in more taxes, the deficit continues to increase, and they've unloaded that cost generally back on middle-income Canadians. I think this is a significant policy question we have to ask ourselves about: as to whether and as to how much additional taxation is equitable. So on that note

I think I wanted to be full. I'm sure the member has read the article as thoroughly as I, and it simply confirms what we have said before.

Let me then come back to this second point, though, about what it is we should consider with respect to the personal income tax system in Alberta and in Canada. It's on that note that some work has been done going back over the past three to four years by the finance ministers across Canada. Many of you may recall that I was an advocate and still am an advocate for correction to the way in which the provincial government enters the federal tax system. Now, if you believe that we have to continue to use the tax sharing agreement, and that's open to some debate, then at least the provinces should have an opportunity to enter the tax system at a different point in the tax schedule. As opposed to being driven by the federal tax rate and then applying our income tax on that rate, we should be able to introduce our provincial tax level, our provincial tax rate, right on the taxable income calculation.

At the current point we can only adjust our taxes based on the federal adjustments. So when the federal government reduces taxes on the prime rates, for example, it reduces indirectly by policy and directly by impact the tax collections here in Alberta. If the feds want to reduce their income tax rate federally by 1 percent, we have an impact back in Alberta. By their reduction our taxes are reduced as well. Perhaps not all provinces would agree that they wanted to have a tax reduction at that point. That's why this last time Mr. Mazankowski listened to the wisdom of others who told him not to do that but to go at the surtax level, and they did. So what we see here, Mr. Speaker, is that we have to rethink the way in which the provinces enter the tax system certainly, and a significant amount of work on that is being done at the present time by federal and provincial experts who are studying quite clearly how we can change this current tax system.

Let's deal with some of these issues. I mean, there is a proliferation of taxes already. Even here in Alberta we have the high-income surtax, we have the flat tax, and we have low-income tax reductions. Now, what we can agree to under the current arrangement is that the federal government, as I said, has the right to set the tax base – that is, to describe what the taxable income calculation is – and secondly, to set the brackets, and thirdly, to set its own fundamental rate. Also, it can refuse to deal with those adjustments which the province may want to put forward. It's here that I think we have to examine and consider policy options far wider than those now available.

Let me simply note that three years ago, for example, the province had something called the Alberta stock option plan, and we found that that plan was not working very effectively for a variety of reasons. After an exhaustive review by the department of economic development the one thing that was recommended to the federal government was to increase the tax write-off potential to some larger amount to make it more powerful, to satisfy some of the suggestions given to us by the private sector. When we approached Mr. Wilson, at that time the Minister of Finance, he simply said, "No way; we will not allow that kind of adjustment to take place." So there you have the problem with the province of Alberta trying to use the tax system as an implement of economic policy and being refused by the federal government accordingly. There is another list of issues that we could touch on where in fact the province went to the federal government, made requests for these kinds of options which either stimulated economic development, provided for research and development, for example, or dealt with the low-income problems of regressivity in the tax system, and the federal government refused to deal with those.

One of the solutions, of course, to that is, as I've said, to allow the provinces to enter the tax system at the tax on taxable income

as opposed to tax on the federal tax rate, in which case we can fully articulate then both the economic objectives and the social objectives of the province. We can make our own choices about what kind of tax deductions we want to make applicable to various income levels or various groups of Albertans. Secondly, we can set our own rate. Finally, we can set our own brackets to suit our needs here in Alberta. In Alberta, don't forget, despite the corrections of the last year, we have a very dynamic base. It's a very good base for the province of Alberta, but at this point it's driven essentially by the federal government decisions. So the provincial government and the federal government have been working, as I say, fairly exhaustively on these areas, and we think we have a breakthrough. I haven't been updated as recently as the last couple of days, but as I said, it would be an idea where we would enter the tax system on a provincial basis at the taxable income level, not on tax on tax.

I think this has been widely supported by provinces of all political colour and ilk. This is not a political issue which is defined by political view; this is an issue which is defined by the need for the provinces to deal with, as I've said, more opportunity to control the personal income tax system, more opportunity to define and to mix together the social and economic objectives through the tax system, and finally, more opportunity to respond on a revenue base equal to the requirements we have on the expenditure side. So this is work that is now ongoing, and I think this is an item which I hope we will continue to watch fairly carefully, because as I've said to you before, this really is more than dealing with a tax system. It is dealing with the way in which the fiscal arrangements of Canada are established, or, more fully, the way in which the federal government at the present time by agreement with the provinces is unloading additional debt onto the backs of the provinces, because we haven't got the means to pay the bills.

The third point I wanted to talk about, Mr. Speaker, dealt with the question of what else we can do inside the tax system itself, or what other kinds of thoughts we should weigh and consider if we want to look at a revision of the personal income tax system. If we want to deal with some of the questions raised by the Member for Calgary-Mountain View in his wisely thought out position, I think, an important debating point is in part tied to some of the earlier comments that I made. Let me talk about some of the particular problems that we face when we deal with a personal income tax system. These are more narrowly defined and tied back to the second points that I made.

The Member for Calgary-Mountain View started to talk about this issue just a bit when he said: you know, we have a significant amount of low-income individuals who need to be more specifically dealt with. I guess he alluded to using the personal income tax system to do that. He went on to say that there are young people who do not have income, and there's a need to redistribute wealth in that area. I tend to agree with him on that side, as a matter of fact. That isn't to say that we don't do it in the province of Alberta. In fact, I think the numbers are reported somewhere annually that something like 500,000 Albertans are either fully or partly exempted from personal income tax in the province by selective tax reductions at the low end of the income scale to allow those people to escape both federal and Alberta income tax, certainly Alberta income tax. Accordingly, that is a very selective tax reduction, and that selective tax reduction really is most rampant and most particularly used here in Alberta. If you combine that with the policy which this government has followed – that is, that we keep the personal income tax in Alberta amongst if not the lowest certainly one of the lowest in Canada – then you do have an opportunity to use it as a fiscal stimulus,

because consumption obviously is driven by the amount of net after-tax money you take home.

4:20

During the discussion yesterday I had a chance to talk with two of my colleagues, to the left and right of me, who are fairly familiar with some of the problems of measurements of income. You see, it seems to me that if we can paint the picture of these difficult circumstances with the personal income tax system and if you can see the implicit problems inside it, there is some weight in looking at a personal income tax system for the province of Alberta, or on a regional basis, at least, with the four other provinces themselves. Perhaps it's worth considering that aspect. In it you would deal with this macro problem that I talked about; that is, that the federal government has all the money and we have all the expenditures and, secondly, the problem of trying to identify what sort of target income groups you want to use or assist by the tax system. This also is receiving some general thought. I know the province of B.C., under both governments, by the way, is considering this as an active issue. The provinces of Saskatchewan and Manitoba both are looking at it as well. I think this is one issue that ultimately will become a tool and will be useful to the western provinces if nothing else to solve some of these aggregate problems.

Secondly, it does deal with another issue which is a chronic problem in the province, and that is the always difficult question of how to assign reasonable levels of redistribution to reasonable levels of income; that is to say, how do you judge what kinds of social programs should go to what income levels? All governments, I think, wrestle with that problem. If you look at the Alberta case, you will judge that in some of our social programs we redistribute money based on asset tests, we redistribute money based on income tests, and still further, we distribute money simply on your age basis. To my mind this a very large problem for us because we have a massive redistribution taking place right now to those groups who are inside or outside of that category, and generally they're senior citizens, as you might expect, and they have very large income amounts certainly.

So what I have seen here is that it is possible to use the personal income tax system as a personal, automatically established means test. That is to say, as you calculate your personal income tax, you obviously end up with a means test, which can decide whether or not you should pay or not pay taxes, and then you can use your own judgment as to what kind of relief to give to certain targeted Albertans. It's in that area that I think the personal income tax system, as I described, either on a regional basis or on a personal basis here in Alberta, may be an applicable tool. I'm throwing that out as a possible discussion item.

Nonetheless, Mr. Speaker, I think in terms of immediate changes the only major change that I really see taking place in the near term will be to allow the province to access the personal income tax calculation on the taxable income bottom line as opposed to tax on tax. That I think will come about in the next little while, probably the next couple of years, and that in itself will satisfy some of those tests that I just described. Certainly I think it would be efficient because it would allow the provinces to be efficient in collecting the tax. It would certainly simplify the calculation, because you wouldn't have, in my mind at least, the need to go back and deal with several tax levels before you get to your own tax cost. Finally, it deals with another variable, which is transparency. Who is it that knows what the Alberta rate really is today? I mean, you have to go back and do some kind of iteration based on the federal rate times the provincial rate with the surtaxes reflected. To some extent it's like school boards: they can blame

the municipality for collecting the tax. We can blame the federal government for collecting the tax. In fact, under the transparency argument those who collect the tax and spend the money should be carefully and closely linked together on a responsible government basis.

As to equity, well, I mean many tests can be applied to the equity side. Fairness, of course, is the same thing, but I think we would obviously attempt to make sure that the progressivity in the tax system – that is to say, that those people at the lower incomes are always protected – will be maintained in anything that's done, as has been our record, as is our position currently, and as also will be our position in the future. As I have said before, we are exempting more than 500,000 Albertans right now in various degrees with respect to that low-income assistance, which ensures the progressivity.

Since I'm talking finally about progressivity, I'll also refer the members, if they're interested, to a report done also by Mr. Ruggeri, published in *Canadian Public Administration*, wherein he showed that the Alberta income tax system was the second most progressive tax system in Canada, second only to Manitoba, and in fact I think satisfied most of the issues that were raised by the Member for Calgary-Mountain View, and certainly I think satisfied a lot of the concerns that many of us would have to ensure that equity is built into the tax system itself.

Well, as I've said, Mr. Speaker, this is an area which is quite complex, mostly because the words are complex, and we tend to take an accounting approach to it when we should take an economic approach to it, because this is really a macroeconomic problem. As I've said, most of the new thinking is being done in the area of what the impact of this tax is, given the expenditure base of the provinces. Then still further, I think if there are going to be any major changes taking place in this tax system, they will be based mostly on the fact that the federal government and the provinces under the tax sharing agreement will agree that they have to allow the provinces to enter the tax system at the tax on taxable income as opposed to the tax on tax. Finally, I think the last move by the provinces would be to get equality similar to Quebec, wherein the province establishes its own personal income tax system and has all the flexibility, all the right to allocate the revenue to themselves, and in fact has more direct control to match to the tax system the social and economic objectives as debated and described by this Assembly.

Well, that's a quick update. I hope others will participate in this debate before closing. Mr. Speaker, thank you very much.

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. I mentioned today in question period something about budgetary déjà vu, and I can certainly say it all over again listening to the ex-Treasurer here today. It seems that in fact nothing really has changed between what they want to call the old government and the new government except that when the Treasurer was in question period he generally didn't have 30 minutes to confound everybody who was trying to listen to him.

I, too, would like to address this motion. I'm sure that it is well intentioned and that it has at its root the desire to improve the fairness, the progressivity of the tax system. There are a couple of points that I'd like to make – many points in fact, but I can only make a couple of them very briefly. First of all, despite the eloquent arguments of the ex-Treasurer, it is not the case that this current tax regime is particularly progressive. In fact, there are some very startling statistics that indicate the tax increases over

the term of the previous Treasurer have in fact impacted lower income Albertans considerably more than tax increases over the same period of time have impacted upper income Albertans. In fact, while a single person with no dependants earning \$15,000 per year has suffered a 207 percent increase in taxes and user fees since 1986, a family earning \$100,000 per year consisting of one employed parent, one unemployed parent, and two children has seen taxes and user fees rise by only 15 percent since 1986.

I see you rising, Mr. Speaker. I'll sit down.

MR. DEPUTY SPEAKER: Hon. member, the Chair regrets, but Standing Order 83 requires that we now move to the next order of business.

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

4:30 Bill 213
Labour Relations Code Amendment Act

MR. DEPUTY SPEAKER: The hon. Member for Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. It's my pleasure today to move the Labour Relations Code Amendment Act, Bill 213. It's an attempt to once again fix something inside the Labour Relations Code that unfortunately has affected too many people, too many Alberta workers.

Just for the record, I'll read the amendment for *Hansard*. Section 128 of the Labour Relations Code is amended so that after subsection (1) there is a subsection (2), and it would read that notwithstanding subsection (1) the terms of the collective agreement shall continue to remain in effect in the event of a lockout. Now, Mr. Speaker, one might say: why would you want to do that? Why would you want to have an old contract remain in effect? After all, it's expired. I want members of the Legislature to imagine for a moment what a change in their income level by, say, 30 percent would do.

MR. CLEGG: We did that.

MR. SIGURDSON: Yes. The Member for Dunvegan says, "We did that." The change of 30 percent in an income level: imagine what we would do with it. It didn't just happen, Mr. Speaker, to Members of the Legislative Assembly. A number of working Albertans had an income level changed by 30 percent too. For some Albertans - fortunate Albertans, I suppose - if your wages happen to go up by 30 percent, you can imagine some rather positive things like maybe a holiday. Maybe you can afford to increase your mortgage payment, to buy down the mortgage, or perhaps you can afford to even look at a new house or a car. With a 30 percent increase you could take on some investments or make some additional savings, increase your RRSP. That's on the positive side if your wages happen to go up by 30 percent.

[Mr. Main in the Chair]

As I said, a number of Albertans had their wages affected by 30 percent, but it went the other way. Their wages went down by 30 percent. So the first thing they would exclude, of course, would be a holiday. They might very well lose the home they were living in because they could no longer afford to make the mortgage payment. They might have to trade down the style of vehicle they had to get what they could afford. They would most

certainly not be buying Canada savings bonds. If they had a registered retirement savings plan or a registered educational savings plan, the contributions to those plans would most certainly decline. For a number of those working Albertans who had savings accounts, I know full well that they used up those savings accounts in very short periods of time.

AN HON. MEMBER: It sounds like farming.

MR. SIGURDSON: It does indeed sound like farming.

What would account for that drop of 30 percent? Well, clearly, Mr. Speaker, you know as well as I do that if you happen to go on unemployment insurance, your level of income declines to 60 percent, although if the Mulroney Conservatives have their way and pass Bill C-105, it's going to decline to 57 percent. But these workers weren't unemployed; they hadn't been laid off; they hadn't quit. They were still working. Their wages went down by 30 percent.

Mr. Speaker, if I may, I want to try and paint a bit of a picture for members to look at. Imagine if you can that you're a talented individual. I said, "Imagine if you can that you're a talented individual." You have a skilled trade. You've learned this trade over a number of years and you've been able to practise this trade for, again, perhaps a number of years. You lead a productive life in your community. You're a contributing member of society: you work hard; you pay taxes. You're married, you have kids, you probably have some pets, probably car payments like most of us and, most definitely, mortgage payments as well. Over the years you've been working and getting better at your trade, you've been able to get ahead. You've saved a little bit of money. That goes in the bank. Maybe you've put away for a registered retirement savings plan. If you've got kids, maybe you've been wise enough to put some money aside into an educational savings plan as well. You're getting ahead now to a point where because of the nature of your construction job you have to travel out of town, and you're now able to afford to take on the responsibilities of a loan for a second vehicle. Maybe. Maybe you start looking for a new home that's got a double garage so you can house that second vehicle and have more room for your family to grow in.

As a member of a trade union, every couple of years you have contract negotiations that bring in some increase, usually to cover the cost of inflation, perhaps a little more. You know full well that as a unionized construction worker, when you go into those negotiations, sometimes in order to get your demands you may have to go on strike. Sometimes you may be locked out because the employer says your demands are too great. So you suffer an economic consequence of a decision that either you make by going out on strike or your employer makes by locking you out. But you're able to bridge that period of time you're without work and without a cheque. You're able to bridge that because you've saved.

Now, you also know that as a construction worker your work is seasonal. You've been able to work for a number of months in the outdoors on large construction projects, but you know full well that there's going to be a time during the year when you're not going to be working. You go on unemployment insurance. But again, even with that drop in income, because you've saved, because you've been responsible, you're able to cover that period off. So for the most part you're doing not too badly. Now, you're getting near the end of your contract, and you know full well that you have to negotiate very soon with your employer. But not to worry. Not to worry, because in all the contract negotiations you've had over the course of your working life, you know that the negotiators always come up with a settlement sooner or later.

Sometimes, as I've mentioned, there is some economic pain. But it's something that you negotiate, and you expect you're going to have a new contract in the not too distant future.

In the early '80s some contracts were not so secure. We know that after periods of negotiation some unions were accepting rollbacks. That was a reality of the economic times. A lot of construction workers in the early '80s were very concerned about having their wages rolled back through the negotiation process. But you would still expect that the people who represent you at the negotiation table would try and argue for the best deal possible on your behalf. You didn't expect, though, that you were going to get the kind of response that happened in 1984. In 1984 the process changed forever. It changed for every person that was involved in the construction industry. A plumber, a pipe fitter, a gas fitter, an electrician, an operating engineer: all these workers had their wages rolled back.

Now, they weren't negotiated rollbacks. Mr. Speaker, these rollbacks were arbitrary, because what happened is that somebody on behalf of the employer said, "Well, you know, we have this opportunity to lock people out for 25 hours, only 25 hours, and then bring them back at any wage rate we want" – not a negotiated wage rate but an arbitrary wage rate. So on one day you might be working for \$18 an hour, perhaps \$20 an hour. You were locked out for all of 25 hours, your negotiators weren't able to negotiate a contract, and the employer said, "You must come back, and this is what we're going to pay you." Was it fair? No. Was there an opportunity for you to leave the job? No, because in many instances the employer said, "We'll phone the Unemployment Insurance Commission and tell them that work is available, that you've just left your job."

4:40

DR. WEST: The businesspeople are going broke.

MR. SIGURDSON: I'll deal with that in a moment. If you would like to ask me a question, please feel free to stand up and interrupt and ask me.

Every construction worker was affected to some degree, but perhaps the worst, there were two construction jurisdictions that were affected the most: carpenters and labourers. Carpenters were working at \$18.50 an hour in 1984 for approximately \$38,000 a year if they were working full-time. After the 25-hour lockout provision was put into place, they were invited back to work for \$12.50 an hour or a drop of \$12,000 to approximately \$26,000 a year.

I have a friend, Mr. Speaker, who worked at Shell's Scotford plant as a foreman. In August of 1984 his rate of pay as a carpenter foreman was \$20.55 an hour. He worked that period of time as a foreman. By September of 1985, a year and a month later, he was employed as a carpenter by Phoenix Construction at \$11 an hour. That's how much his income had changed arbitrarily.

General labourers in 1984 were making \$15.39 an hour or approximately \$32,000 a year. After a 25-hour lockout companies hired back their general labourers. Some were more generous at \$13 an hour. Trident Construction brought them back at \$10 an hour, and a company called Ramoda Construction brought them back at \$9 an hour, a change of \$13,000 a year. Again, it wasn't negotiated at the negotiation table; it was arbitrarily imposed upon them by the employer.

Mr. Speaker, all of us in this society – all of us – make commitments based on our yearly income, and banks loan all of us, or at least most of us, money for mortgages, money for cars, money for other items based on our demonstrated ability to be

able to pay for the money we borrow. For an employer to arbitrarily change the rate of pay is, quite frankly, unfair. The arbitrary decision of those employers changed the lives of some members of the construction industry. It changed the . . .

DR. WEST: Mr. Speaker.

MR. ACTING DEPUTY SPEAKER: I recognize the Minister for Municipal Affairs.

DR. WEST: Under Section 482 of *Beauchesne*, would the member entertain a question?

MR. SIGURDSON: At the end of my remarks, Mr. Speaker, I'll be glad to indicate to the hon. minister that I'll entertain his question then, if I may. [interjections] No, I don't intend to. I'm not going on very much longer, you'll be glad to know, Edmonton-Whitemud.

The arbitrary decision of the employers changed the lives of everybody in the construction industry to some degree again. If you were an older construction worker who had paid off your home and no longer had kids living at home, and you were perhaps employed in a trade that was least affected by the arbitrary decision, then perhaps all you had to do was change some holiday plans. But if you were a young carpenter or a labourer who happened to have a mortgage to the maximum amount, with a loan to pay for the truck that hauls tools around from site to site, your life was greatly affected. I can tell you, Mr. Speaker, that I have friends that moved from Alberta to other jurisdictions because they couldn't live here anymore. I have friends that lost their homes and lost their cars. I have friends – unfortunately some of them started to drink too much – that lost an awful lot more than their homes and their cars.

Mr. Speaker, for years there was an understanding that at the end of a contract there was a bridging provision. The provisions of the old contract – the wage rate, the benefits – would stay in place until a new negotiated contract was signed. In that contract it was understood and it was always fair game that you would have the opportunity to put your best case forward. Maybe you wouldn't get it. The employer would have the opportunity to put their best case forward. Perhaps they wouldn't get it. Sometimes there were wage increases, sometimes there were rollbacks, sometimes there were strikes, and sometimes there were lockouts. The point I'm trying to make is that these were negotiated settlements, not arbitrary settlements. Bill 213, if adopted, would put that level of fairness back into the bargaining process. It would ensure that Alberta workers are able to live up to the economic commitments they make to the banks, to their families, and to their communities. Bill 213 is just a Bill that ensures that there's some balance back in the Labour Relations Code and some fairness back at the negotiation table.

Now, Mr. Speaker, if the Minister of Municipal Affairs wants to address a question, I'm prepared to take it.

DR. WEST: Yes, just a side question to you. Understanding the tragedies the labour forces have gone through with various changes in the economy and understanding that a lot of people have lost their jobs and many of us in this room have people, friends and family, in the trades that work even now at \$10 and less an hour, could you tell me what a business is supposed to do when negotiations aren't in good faith from the side of the employee that's making \$20 an hour and the employer's business is going broke in hard economic times? We have all seen the tragedy where negotiations under union pressure, because of the bigger

picture, keep members away from negotiating in good faith to the point where the business goes broke and nobody has a job. Could you answer for me where that balance would be found in the total picture by the pressure sometimes placed by some overzealous unions for the last mark?

MR. SIGURDSON: Mr. Speaker, as I said in my remarks, it's a negotiation process. Yes, there are times when demands have gone forward that employers can't live up to, and when that has happened, if the employer is of the opinion that they can't live up to those demands, they lock the workers out. There have been occasions when demands by workers have gone forward and the employer says, "I can't live up to those demands" but the employees still believe they can, and that's called a strike. The difference is that the process is negotiated. It's not just an arbitrary settlement imposed on one party by another party. That's the difference we have to now find some way to resolve.

Is it fair for one group to arbitrarily go up and say, "Well, here's the deal, and if you don't like it, tough on you"? Are we going to have an economic climate in hopefully the not too distant future where we have all our skilled tradespeople working? If we have an unemployment rate that's, say, back to a level of 3 or 4 or 5 percent, is it going to be fair for workers to go in and say: "Well, you can't do anything. These are my demands. Pay them or goodbye"? There's no balance here right now. That's the problem. At the moment the lack of balance favours the employer. You're a minister of the Crown. You tell me when the balance is going to change back in favour of the worker. You tell me when the worker is going to be able to go on strike for only a day and say, "These are my demands, and if you don't pay them, I'm moving to another company" and the company has to pay that in order to survive. You wouldn't like that any more, and I'll tell you, if this government were in place when that time comes about, if that ever comes back to us, you would be making amendments to the Labour Relations Code that would prohibit that from happening. So what I'm suggesting is that we find some equilibrium now, that we try and find that balance now and make sure that bridging provision between contracts is still available to both sides.

4:50

MR. ACTING DEPUTY SPEAKER: The Member for Clover Bar.

MR. GESELL: Thank you, Mr. Speaker. I welcome the opportunity to join in the debate today on Bill 213 as proposed by the Member for Edmonton-Belmont. Now, over the last number of days we've had some considerable discussion on another matter, but the principles of that discussion were related to what we're talking about here. In the last number of days and even in the concluding remarks by the hon. member today on his Bill, we were talking about equality, equity, fairness, balance, democracy. Well, in relation to this specific Bill, I would like to give back to the hon. Member for Edmonton-Belmont his own words he uttered in this House yesterday. He said:

Fair? I don't think so. Democratic? It depends on whose definition you're going to employ to define democracy. Equity? Not a chance.

Mr. Speaker, those comments apply as well to this particular Bill. Those concepts, those concerns need to be incorporated in any proposed legislation we're going to be considering in this House. It's my submission that Bill 213 deals with an issue that has two sides. As I expected, the member opposite has dealt with one of those sides.

This afternoon I want to deal with the inconsistencies and the imbalance, the unfairness that's inherent in this Bill which

proposes to amend the Labour Relations Code. But I also want to thank the Member for Edmonton-Belmont for proposing this Bill, because it provides an opportunity for the members in this House to explain to the people of Alberta the difference between what a balanced labour relations system is all about, as has been initiated and implemented by this government, as compared to the unfair, unbalanced – even undemocratic – labour relations system as outlined by the hon. member and which, I guess, is adhered to by the members of the NDP, the opposition. Also, Mr. Speaker, in addition, it provides an opportunity to update members and Albertans on the success of our current collective bargaining process, and that hasn't been touched upon by the Member for Edmonton-Belmont.

I think members will surely agree that the purpose of any industrial relations system is to create fairness, to create a balance, to create equity conditions in the workplace by enhancing the relations between the employee and the employer. We must all certainly agree, Mr. Speaker, that any industrial relations system must be flexible enough to cover in a fair and balanced and equitable manner the needs of all Albertans, and that includes the workers, the employees, and the employers. The needs of Alberta workers are complex – no question about it – and they are diverse in nature, but at the same time, we can't just throw aside the needs of Alberta businessmen and businesswomen. We're going to have to address them at the same time. There must be a balance. There must be fairness in the system in order to deal with all the issues and all the perspectives. The rights of the workers: the workers have as much right to be recognized as do the rights of the employer. That's what labour relations is about.

Now, I realize that the Member for Edmonton-Belmont is not particularly after balance in this Bill, although he's arguing that fact and he concluded with that comment. What he wants is to create imbalance in the Alberta labour relations system, specifically, it appears, in favour of the labour movement. Let me just give you an aside, Mr. Speaker, at this point. In Clover Bar we have a considerable number of workers who work in heavy industry in the Scotford area associated with Fort Saskatchewan, and we have a large number of employers. I'm in the fortunate position to represent both of them. Some of them may even work in the city of Edmonton. So I'm very concerned about that specific balance, that fairness in dealings between employers and employees, as I believe all members in this House are.

I need to emphasize in this Assembly that this government, the members on the Conservative side, are not against labour, are not against the workers. The fact is that this government was the government that amended the Labour Relations Code in 1988 to deal more effectively, more fairly, and in a more balanced way in those relationships between employees and employers. But I also want to add that those of us who sit on the Conservative side, the right side, the very right side, are also in favour of profit. That word seems to instill fear and trembling and sometimes even intolerance in the members in opposition. Profit, Mr. Speaker – profit, profit, profit – is what makes business and employment happen.

The Member for Edmonton-Belmont apparently is using this Bill to advocate the rights of the worker, a noble purpose. What the member so often forgets, however, in his deliberations and his comments to members here and to this House is that the employer and employee are linked. The point was made by the Minister of Municipal Affairs. They are linked through their common interest in making a profit. Without that productivity, without profit, that employer inevitably will be out of business. And what does that do? It leaves those workers out of jobs. One cannot get away from that basic principle, yet the member in the opposition

continually tried to place the total onus of productivity and of the costs of running a business on the shoulders of business. It's a shared situation; it's a partnership.

Mr. Speaker, Bill 213 proposes to amend section 128 of the Labour Relations Code by adding another section, 128.1, which precludes the employer from altering "the rates of pay, term or condition of employment or a right or privilege of any employer" except "in accordance with an established custom or practice of the employer, or with the consent of the bargaining agent." I was debating about this "established custom or practice," and I'm thankful the Member for Edmonton-Belmont has outlined it. Basically what he is talking about is a bridging, so that the old contract that has actually expired, and we're into a negotiation process – and I'm going to get into the sequence of what actually occurs that has also been omitted. When we get to that point in the process where lockout actually occurs and where this . . .

5:00

MR. ACTING DEPUTY SPEAKER: Hon. member, I hesitate to interrupt you, but I will for just one second. I've had a request from a minister if we could have reversion to Introduction of Special Guests. Is there unanimous consent?

HON. MEMBERS: Agreed.

MR. ACTING DEPUTY SPEAKER: Thank you.
Deputy Premier.

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

MR. ELZINGA: Thank you very much, Mr. Speaker, and special thanks to my dear friend and colleague the hon. Member for Clover Bar for allowing me to do this. We have two distinguished individuals in the members' gallery that I'm sure my dear friend and colleague the Minister of Economic Development and Tourism would like to have introduced: number one, Mr. Jack Donald, the chairman of the board of the Alberta Opportunity Company, and also Mr. Jim Anderson, the president and chief executive officer of the Alberta Opportunity Company, two individuals who have played a very instrumental role in the development of our great province. I'd ask them to stand so that they could receive the warm welcome of this Assembly.

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

Bill 213
Labour Relations Code Amendment Act
(*continued*)

MR. GESELL: I was making the point, I believe, that there's a progression of steps that actually leads up to that situation where what the member is proposing to alter takes place. He hasn't really outlined those steps; I will do that here in due course.

Well, Mr. Speaker, this Bill is not enabling legislation. It will not enhance labour relations in this province. Rather, it is a restrictive and very selective amendment. If this amendment is implemented, it would in fact eliminate the economic sanctions, that effect of a lockout – and this is where we get into the balance situation – without also making amendments to the employees' right-to-strike provisions. If you're going to change one parameter in there, you're going to have to change some of the other parameters to retain that balance, that fairness on both sides, for the employers and for the employees.

We operate in a free and democratic society, Mr. Speaker, a business society. The right to strike has been used as I guess an economic leverage tool by the unions for decades. Our current collective bargaining process dictates those rules and sets some parameters to it: the requirements and limitations that both parts, the unions and the employers, must follow. They must follow those rules before initiating a strike or a lockout.

What the Member for Edmonton-Belmont is advocating in this example he's given us does not provide the employer with any kind of recourse when the bargaining has really reached a true point of impasse, a point where there can be no more discussion between the parties. In fact, I would argue that this amendment seems to imply that an employer would intentionally implement a lockout. I don't think that is the case. The point that was made by the Member for Edmonton-Belmont was that the employer could arbitrarily change those conditions. But that's not correct. There's a progression. Not only that, Mr. Speaker – and I'm going to get to it – it needs to be in accordance with those discussions during the negotiation stage. So it's not arbitrary, hon. member. The employer does not take pride in implementing a lockout. I must again remind the member that that lockout does not take place unless there are some certain stages that have been gone through in the process.

Now, I need to refer back to this cyclical purpose that we have in business, and that is that profit is necessary, essential for business in that that profit depends upon productivity. You can't achieve either without the workers, yet this member sanctions all the economic power to be in the hands of union workers. A fair and balanced proposal, Mr. Speaker? I don't think so. A logical, reasoned judgment? Not a chance; definitely not.

The objective, Mr. Speaker, of collective bargaining is to obtain a collective agreement between the employer and the union. Under the present system that we have, strikes and lockouts are only allowed – and this is where I'm getting into the progression – when a collective agreement has expired; it's not there anymore. Yet the member is proposing that it carry on even though it has expired through this bridging provision and, lockout or strike, only after the collective bargaining process has been exhausted.

Section 58 of the Alberta Labour Relations Code requires the parties to meet and to bargain in good faith with the true intention of entering into a new collective agreement. The code also requires the parties to meet, to exchange proposals, and to discuss their mutual concerns before the strike or lockout can occur. Mediation is required, a cooling-off period is required, and it must be used by the parties before they can initiate that final action. All of those steps are necessary, Mr. Speaker, and they've been conveniently omitted by the member over there in the opposition. It's only at that point, when we get to that final stage if an agreement has not or cannot be reached at all, that the union may decide to strike or the employer may implement a lockout.

Now, Mr. Speaker, the collective agreement must expire before section 128, as it is presently in the Act, can come into effect. The employer – and I stress this, Mr. Speaker, – can then unilaterally impose terms and conditions. But they must have been part of the employer's bargaining stance. So it doesn't come completely out of the blue; it's not completely arbitrary. It's part of the process to reach that intention of an agreement. I quote the member's own words. Edmonton-Belmont said, and he was paraphrasing, imitating an employer: we'll "bring them back at any wage rate we want." Well, that is just not so, because it has to be related to the bargaining stance that was discussed previously. It cannot be completely arbitrary, as the member has suggested. I definitely wouldn't call it arbitrary, Mr. Speaker. It's referred to as a pre-impasse in the negotiation framework. I

think that's a more appropriate term than "arbitrary," because that is completely misleading.

Now, let me give you a recent case. A member has given a family example. Let me give you a case of Airtex, a manufacturing partnership, and United Food & Commercial Workers, Local 1118. The Alberta Labour Relations Board ruled on December 12, 1991, that an employer can only impose terms and conditions unilaterally if it has already sought those terms and conditions from the union through collective bargaining. It doesn't sound like an arbitrary process to me. It doesn't sound like the employer goes out there and says, "Well, I'm going to lock these people out, and I'm going to set any terms and conditions and salary and get them back at that." I think I need to quote from the decision of December 12, 1991, actually, to the member. On page 26:

The cases referred to above put it beyond dispute that the employer, after a lockout can unilaterally impose altered terms. However, this power is subject to the ongoing duty to bargain in good faith and to recognize the union's legitimate statutory role. It is also subject to the Code's unfair labour practice provisions.

5:10

I also want to draw the members' attention to other notable facts within that labour board's decision. It would seem only fair that if the union has a right to strike, the employer retain the right to a lockout. That's a balance. That's equity. The members opposite would argue that even if the employer is able to unilaterally put forward new terms to govern the employment relationship, the employer should not be able to force the employees to work under those terms and conditions. Under our system of labour legislation, Mr. Speaker, the employees, through their trade union, retain the right to strike, and they may do so at any time when they do not accept the employer's offer of employment when in that lockout situation. The employees can strike just as easily and as quickly as the employer can lock them out. There's a balance there. If they choose not to strike collectively, then they retain the right as individuals to quit their jobs.

Now, nobody wants to see Albertans out of work, particularly this government. If employees are out of work, companies are out of business, a regrettable situation. And if companies are out of business because of the result of labour disputes, it's doubly regrettable. Mr. Speaker, in a world where the sun always shines, utopia, where at all times things are great and wonderful, labour disputes wouldn't happen. It would be unheard of. But I guess we don't live in a perfect world; we don't live in utopia. We're left to deal with the realities of the labour situation. I stress "the realities" of the situation, because what we have here is a proposal for legislation for an amendment that does not address those realities, nor does it deal with the success of the current system.

The Member for Edmonton-Belmont would have us believe that the labour relations legislation in Alberta is a sanctuary for business and an axe to Alberta employees. That's not true. In his opening remarks he's also indicated that he wants to fix something in the labour legislation. Mr. Speaker, it isn't broken. It is working very effectively, and I can't contend with that assessment of fixing things in the system right now. In fact, in Alberta, between 97 percent and 98 percent of all the contracts or negotiations that result in a collective agreement do so without work stoppages: 97, 98 percent without work stoppages. Tremendous. Obviously the Labour Relations Code is functioning extremely well, hon. member. Yet the majority of those work stoppages occur because of strikes, not because of lockouts. Keep that in mind, hon. member.

In 1991, from the total of 607 expired collective agreements in Alberta there were 23 strikes, one lockout, and one labour dispute

that involved both a strike and a lockout. Six hundred and seven expired collective agreements: 23 strikes, one lockout, one combined lockout and strike. I would consider that a very positive situation for our Labour Relations Code. The strikes that we had in '91 caused over 600 working days to be lost. The lockouts caused approximately 100 working days to be lost. I thought I should provide those numbers in order to provide a comparison, an appreciation of the success of our Labour Relations Code.

Mr. Speaker, perhaps we should also look at other jurisdictions, and perhaps they might be of some assistance in these matters. Both British Columbia and Manitoba have legislation in place that permits employers to alter unilaterally the rates of pay, the terms and conditions of employment, obviously with a proviso that the collective agreement has expired and a lockout has ensued. So a very comparable situation. Of course, there are boundaries on the effect that those changes and alterations may have. We may even extend in the jurisdictions of our southern neighbours where the National Labor Relations Act of the United States of America concurs that the employer can take unilateral changes within that prenegotiated framework that I referred to earlier.

Mr. Speaker, I need to make this point very strongly. Alberta's labour laws do not intend to harm the workers or place them at any unfair disadvantage or give advantages to the employers. Our laws have been developed and amended to provide equal opportunities for those parties – employers and employees – to negotiate and reach a reasonable, balanced, fair, equitable settlement. The power of economic sanctions is critical, and cannot and should not be restricted to only one of the sides in that negotiation. This Bill really does that. It puts economic sanctions on one side and creates that imbalance, that unfairness.

I believe that Albertans want a system that is fair to both employers and employees. If we were to prohibit the employer from changing terms and conditions of employment, we would be developing a system of imbalance and we would be standing in the way of our collective bargaining process. Though it may be true that some of the workers may be intimidated by this particular provision, it neither eliminates nor reduces the workers' right to refuse the offer. That's very clear, Mr. Speaker. In any labour dispute the initiative and the risk are placed firmly on the shoulders of the employer. So I have to ask: how does the current system place an unfair burden on the employees? Well, I guess the hon. member is not with me just now, but I pose that question to the hon. member through the Chair: how does the current system place an unfair burden on the employees? Perhaps the member when he responds, or perhaps some other member, could give me an answer. I really would appreciate it. Is it because the employer can implement a rotating lockout? Let's remember that the employees also have the right to implement a rotating strike. The balance is there on both sides. Is it unfair to alter the wages of the employees? Well, the alternative is to not work at all. Let's also remember that these conditions only apply to a strike or lockout situation, which ultimately ends with a settlement.

[Mr. Speaker in the Chair]

In the end, Mr. Speaker, I must ask if this amendment abides by the principles of fairness and equity that we've been talking about in this House for the past number of days. Does it meet the needs and the aims of both labour and business? Does it strengthen labour relations in this province, or does it erode them? Does it contribute to the existing legislation, or does it take away? Does it create greater harmony in the workplace, or does it simply give more power to one party over another?

5:20

The answers are clear to me, Mr. Speaker. This amendment does not promote the principles of fairness and equity. It attempts to empower the unions over the employer, and it does that without altering any other aspects of the legislation to compensate for that proposed imbalance that it would create. By current accounts it would seem that this legislation we have in place is working, and I've given you some statistics on that. It is working for all Albertans in their best interests. We cannot expect government to legislate all aspects of labour relations. We cannot ignore the experience of other jurisdictions and the interpretation of law.

In the interests of a balanced labour system, Mr. Speaker, and for the betterment of both union employees and the employer, I can't accept Bill 213 as it stands, on the basis of it being unfair, unbalanced, not equal, biased toward one side over another in the dispute. I would urge all members in the Assembly to reject the proposal in front of us.

MR. SPEAKER: Thank you.

The Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Speaker. I'm pleased to enter the debate on Bill 213. The hon. Member for Edmonton-Belmont is often to be commended on his efforts to bring in pieces of legislation to amend various pieces of labour legislation.

I must confess, Mr. Speaker, that when he started, I was rather caught by surprise, because the copy of Bill 213 that I had received was one that he had submitted and withdrawn. There was an error in the passing out of Bills in the House, so he kindly provided me with a copy of the Bill that he was actually introducing. There seemed to have been some error in the Legislative Assembly Office that created some consternation, I must confess, on my part. Nonetheless, now that I have a copy of the Bill before me, I have had a chance to review it quickly.

The purpose of Bill 213, as I understand it, is an attempt by the Member for Edmonton-Belmont to correct what he perceives to be an imbalance between labour on one hand and management on the other. Mr. Speaker, I must say I applaud that concern, that effort to ensure that there's balance. I think that in order for our economy – for our labour force, for our businesses in the country and in the province – to be successful, we do have to have that balance. I think it's certainly a worthwhile goal for our individuals in the labour force, for labour unions collectively. We need to have that balance.

Mr. Speaker, there have been a number of strikes. The hon. Member for Clover Bar talks about perhaps only 2 or 3 percent of the negotiations that occur having to have been settled by a strike or a lockout. I would contend that 2 or 3 percent is still too many. It would be far more agreeable, I think, to all involved if we could get by without any strikes or any lockouts. Unfortunately, of course, that's not necessarily the case. We have a lot of issues with respect to labour that need to be addressed. This very short amendment to one particular piece of legislation is an attempt to at least address one particular issue.

Now, the lockout legislation, the regulation that this attempts to amend, to correct, deals with the concept of a 25-hour lockout during which time an employer – either reputable or disreputable, whatever term you like to use – could possibly change the terms of an agreement. This amendment, then, proposes that during the event of a lockout, the terms of the agreement not be changed.

I understand the intent behind this amendment, and I see where it would be an advantage to the employees, the people involved in the labour force. The question that has to be asked is: does this

address the concerns of the other side, the management side, as well? Is this in the best interests of both groups, in the best interests of the business and in the best interests of the future development of that particular business? While I support the intent of providing balance, I don't believe that this particular amendment provides that balance. I think it could have been changed a little bit differently than what we have here today.

Mr. Speaker, if we were to support this amendment, I think it would tip that balance a little bit in one direction. I think the result would potentially be picket line violence, because you would see people getting hot and bothered under the collar. You would see things like what we had in Brooks in recent years, when we had trailers parked along the highway for days, months in fact, when nothing would happen. The end result, of course, was considerable bad feeling and a loss of business, and no one really gained. We certainly do not want to see a situation whereby employees can be locked out, have their wages cut 30 percent, 50 percent, whatever. I certainly don't think that is appropriate either. From that standpoint, as I said, I think the hon. Member for Edmonton-Belmont raises a valid concern. But I think the amendment as proposed isn't quite broad enough in its scope. In an attempt to keep it as brief and as simple as possible, I think it does tip the scale too much in one direction, and perhaps an amendment to an amendment might be worthwhile someday and make it more livable and more balanced. But the difficulty, of course, Mr. Speaker, as you can see, is that the clock is rapidly running out on us.

MR. FOX: I can't see that.

MR. BRUSEKER: You can't see that. Well, I guess the hon. Member for Vegreville needs a new pair of glasses.

At any rate, Mr. Speaker, the concern here that I see is that it takes away a tool of management. As I said, it tips the balance in one direction more than in the other. I think when we're dealing with amendments to the Labour Relations Code, to any piece of labour legislation, we need to effect that balance.

Mr. Speaker, I just thought I'd perhaps mention that if we had an amendment that was something along the lines that if there were a lockout, negotiations should commence immediately the lockout begins, and that if the workers were to go back before an agreement was reached, they would go back under the collective terms of whatever agreement was in there, and that if they did not go back at all under the old terms, then they would stay out similarly to the situation as if it were a strike, I think that provides a little bit more balance. I'm offering that as a suggestion for the hon. Member for Edmonton-Belmont because I think it would provide that level playing field that is really necessary for both parties.

Mr. Speaker, I would like to make a few more comments, but I see that you're edging closer to the edge of your Chair and it is close to 5:30. I move that we adjourn the debate.

5:30

AN HON. MEMBER: Agreed.

MR. SPEAKER: There has been no question put.

Speaker's Ruling Distribution of Private Members' Bill

MR. SPEAKER: The Chair is concerned by the opening comments of the Member for Calgary-North West with respect to the Bill. The Chair urges the member to meet privately with the

Clerk to discuss his concerns about the printing of the Bill. After consultation with legal counsel there seems to be some confusion as to what did occur. It's always been the practice of the Legislative Assembly to serve the members, and we still intend to

do that, so we were a little bit concerned about the matter and the way it was raised in the House too.

[The Assembly adjourned at 5:31 p.m.]

