

## Legislative Assembly of Alberta

Title: **Tuesday, March 8, 1994**

1:30 p.m.

Date: 94/03/08

[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 enlarge the precious heritage called Alberta.

Amen.

head: **Presenting Petitions**

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

MS LEIBOVICI: Thank you, Mr. Speaker. I would like to table a petition signed by 347 people at Alberta Hospital Edmonton who are concerned about the conduct of Alberta Hospital Edmonton.

MR. SPEAKER: The hon. Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Speaker. I would like to table a petition that has arrived in the form of postcards. There are 218 of these. They are mostly from the constituency of Calgary-North West and express concerns about "the proposed cuts to education funding" and the restructuring proposal in education.

MR. SPEAKER: The hon. Member for Calgary-West.

MR. DALLA-LONGA: Thank you, Mr. Speaker. I'd like to table approximately 130 – I don't have as many as my colleague – of the same postcards, which were received mostly from my constituency, Calgary-West. They are for the restructuring of education as well.

Thank you.

DR. NICOL: Mr. Speaker, I'd like to table a petition from residents of Lethbridge: students, businesspeople, and people concerned about the future of the community college there.

head: **Reading and Receiving Petitions**

MR. SPEAKER: The hon. Member for Calgary-North West.

MR. BRUSEKER: Thank you, Mr. Speaker. I would ask that the petition I tabled on February 28 be now read and received.

CLERK:

We, the undersigned residents of Alberta petition the Legislative Assembly to urge the Government of Alberta not to implement the plan to restructure the educational system in Alberta, as proposed by the Minister of Education.

We also request the Assembly to urge the Government of Alberta to ensure that every Albertan will have the opportunity for input and involvement in future plans to restructure the educational system in Alberta.

MR. SPEAKER: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Speaker. I request that the petition I presented on March 3 now be read and received by the Assembly.

CLERK:

We, the undersigned, petition the Legislative Assembly of Alberta to urge the Government not to alter funding arrangements for Alberta's Seniors Lodges and Seniors Subsidized Apartments until Seniors have been consulted and have agreed to any revisions to funding arrangements.

head: **Notices of Motions**

MRS. BLACK: Mr. Speaker, pursuant to Standing Order 34(2)(a) I am giving notice that tomorrow I'll be moving written questions do stand and retain their places on the Order Paper with the exception of Written Question 146.

As well, I wish to give notice that I will be moving that motions for returns stand and retain their places on the Order Paper with the exception of motions 152, 153, and 155.

head: **Introduction of Bills**

MR. SPEAKER: The hon. Minister of Agriculture, Food and Rural Development.

### Bill 11

#### Dairy Industry Amendment Act, 1994

MR. PASZKOWSKI: Thank you, Mr. Speaker. I request leave to introduce Bill 11, being the Dairy Industry Amendment Act, 1994.

This Bill will repeal sections 31 and 35 of the Dairy Industry Act thereby removing the Alberta public from the liability of payment to producers in the event of a processor bankruptcy.

[Leave granted; Bill 11 read a first time]

head: **Tabling Returns and Reports**

MR. KOWALSKI: Mr. Speaker, today I'd like to file with the Assembly the answer to Written Question 199 and the answer to Motion for a Return 177.

Mr. Speaker, I would as well like to file with the Assembly copies of a document entitled Women in Business, a directory which lists 2,100 Alberta women in business and is designed to facilitate the networking in support of women in business by women in business.

MR. SPEAKER: The hon. Member for Edmonton-Centre.

MR. HENRY: Thank you very much, Mr. Speaker. I would like to file a photocopy of a petition that was submitted to the hon. Minister of Education on November 22 last. The petition is signed by 500-odd members of St. Paul's parish in Edmonton. If I can read one sentence. It states that Catholic schools

have tried to nurture the spiritual, religious and moral dimension of education given to its students. We believe it is important for us to promote and protect our constitutional right.

head: **Introduction of Guests**

MR. SPEAKER: The hon. Member for St. Albert.

MR. BRACKO: Thank you, Mr. Speaker. I'd like to present to you and through you to the Members of the Legislative Assembly 50 grade six students from one of St. Albert's finer schools: Leo Nickerson. They are accompanied by their teachers Mr. Dennis Gravel and Mr. Bill Deleeuw and parent helpers Mme Donna Lizée, Mme Smith, Mme Sissons, Mme Marion Palamarek. They

are seated in the public gallery. I'd ask them to rise and receive the warm welcome of the Assembly.

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

MS LEIBOVICI: Thank you, Mr. Speaker. I'd like to introduce to you and through you four individuals: Roberta DeVaul and David Epp, who are advocates in the city for persons with disabilities; Bob Christensen, who is a constituent of mine in Edmonton-Meadowlark, as well as his son Derek Christensen. Derek had been receiving AISH for the last eight years and has been cut off recently. If they'd please stand and receive the warm welcome of the House.

Thank you.

head:

### Ministerial Statements

MR. SPEAKER: The hon. Minister of Agriculture, Food and Rural Development.

#### Agriculture Week

MR. PASZKOWSKI: Thank you, Mr. Speaker. Healthy food and healthy families are two things that some of us take for granted. During Agriculture Week 1994 I hope we all will reflect on how fortunate we are in Alberta.

Our agriculture and food industry is a major force in the province's economy. It provides quality food for Albertans, other Canadians, and many others around the world. The industry directly and indirectly helps many Alberta families put a rich diversity of food on their tables. One in every three jobs in Alberta is related to the agriculture and food industry even though only 7 percent of Albertans live on farms.

In 1994 we're celebrating the International Year of the Family, and I'd also like to salute Alberta families, especially those who are farm families.

The agriculture and food industry has always been a pillar of our province's development. The future will bring many changes, changes happening because of trade agreements such as the GATT and the NAFTA, changes to farm support programs to help producers compete and become more self-reliant, changes to the way our department serves agriculture and the industry as well.

The Alberta government's commitment to our agriculture and food industry and farm families, who are its foundation, will remain strong throughout this time of change. With change there will be opportunities for growth, diversification, and a brighter future for ourselves and for our families. Agriculture is Alberta's future and not its past.

MR. DECORE: Mr. Speaker, I rise to speak and to make a comment following the minister's focus on Agriculture Week. All of us know of the tremendous strength that Alberta has in supply management, in dairy and feathers and eggs and so on, the strength that we have in grains, the traditional grains, the strength that we have in beef. But not many Albertans know – and certainly I didn't know until I visited a farm where they were growing mint to produce mint oil – that there are specialty crops being grown in Alberta that have taken Alberta agriculture to a much greater dimension. We are unique in the things we grow because of the very different kind of topography that we have: some 1.2 million acres of irrigated land producing peas and lentils, pulses, mint oil, and so on. We are unique in the sense that we're building on that strength by becoming great processors.

1:40

Mr. Speaker, we have great potential, but there are some things that I would urge the minister and the government to look at and to work at, and that is when the minister talks about GATT and NAFTA, that some aggressive action on behalf of the minister and the government take place in that area. There is a need to, for example, harmonize standards, standards of measurement as we start to deal with Mexico and the United States in a much bigger way, the world. I would hope that the minister would give much more attention to this. We look forward to working with the minister and the government on these initiatives.

Thank you, Mr. Speaker.

MR. SPEAKER: The hon. Minister of Community Development.

### International Women's Day

MR. MAR: Thank you, Mr. Speaker. I am pleased to inform the Assembly that today is International Women's Day, a day to celebrate enormous gains and contributions made by women. It's also a day for each of us to make a personal commitment to work towards a future where Alberta women have achieved full and equal participation in every aspect of Alberta society.

The origin of this day can be traced back to a strike called in the first decade of the 20th century to protest overcrowded, dangerous working conditions and exploitive wages encountered by women textile workers in New York City. The first International Women's Day was celebrated in many countries on March 8, 1911, with the theme of universal female suffrage.

Women have made tremendous strides since this day was first celebrated. In Alberta women are making a difference in business, government, science, the arts, volunteer efforts, and in the home. In fact, Mr. Speaker, I would like to make mention of the highlights over the last 20 years.

In 1975 International Women's Year was declared by the United Nations. In 1976 the Citizenship Act was amended to allow applicants for immigration to be treated alike regardless of gender and also to remove clauses which discriminated against women. In 1977 the Canadian Human Rights Act was passed forbidding discrimination on the basis of sex and ensuring equal pay for work of equal value for women. In 1978 women workers in Canada earned 56 percent of the income of men workers. Women comprised 48 percent of Canada's paid labour force. Women held 77 percent of all clerical jobs, 54 percent of all service jobs, and 38 percent of all sales jobs in Canada. In 1979 the first female students were enrolled in Canadian military colleges.

In 1980 the first national conference of farm women was held in Ottawa. It attracted 200 women from across Canada, who met to discuss issues such as the economic position of farm women and the discrimination they experienced in attempting to seek credit. In 1981 47 percent of university undergraduates were women and 37 percent were at the graduate level. Women were starting to enter fields of business, engineering, medicine, and law in greater numbers. In 1982 the first world conference of the Society for Canadian Women in Science and Technology was held in Vancouver. In 1983 85 percent of the administration support staff in the federal public service were women, yet only 4 percent of the executive category jobs were held by women. In 1984 Bettie Hewes became the first woman to head a Crown corporation in Canada.

In 1985 for the first time women's issues were brought to the table at the 1985 annual conference of First Ministers. The Prime Minister and provincial Premiers endorsed a framework for economic equality for women and an intergovernmental labour

force strategy for women. In 1986 women represented 36 percent of law school graduates. Women represented 5.3 percent of all partners of law firms. The number of female Crown attorneys increased from .85 percent to 17.8 percent. Three percent of judges in Canada were women. In 1987 there were 264 shelters for battered women in Canada. In 1988 a new multitiered system of unemployment insurance benefits took place which provided an additional 10 weeks of maternal/paternal benefits.

In 1991 a private member's Bill to establish December 6 as the National Day of Remembrance and Action on Violence against Women was passed by unanimous decision of the House of Commons. In 1992 Madam Justice Catherine Anne Fraser became Canada's first woman chief justice of a province, which just happened to be Alberta. Finally, Mr. Speaker, the 1993 federal election saw a record number of women elected to the House of Commons, that number being 53, or 18 percent of total representation.

Mr. Speaker, in the last few decades women have literally transformed the labour force. The labour force participation of women is higher in Alberta than in any other province. Almost half of Alberta's work force are women. The number of women who own businesses continues to increase. Women make an enormous contribution to Alberta's economy and to the Alberta advantage.

Women have made significant strides towards economic equality. However, there are still concerns about occupational segregation and the wage gap, about access to training and education, and about a variety of other economic issues.

In addition, we are all appalled by the violence experienced by women in our society, and we know that women continue to have concerns about the justice system and certain health issues. The Alberta Advisory Council on Women's Issues has worked hard to bring these issues of concern to Alberta women to the attention of the public and the government.

At this time, Mr. Speaker, I am pleased to announce on this important day for women that the Lieutenant Governor has approved the appointment of Marilyn Fleger of the city of Edmonton as the new chairperson of the Advisory Council on Women's Issues. She brings to the job of chairperson an enormous amount of talent and knowledge. Many people in this House will recognize Ms Fleger's name for her long involvement in addressing issues of concern for women. For the past decade she has worked in the area of violence against women. Her career in women's shelters began in Grande Prairie and Camrose, and in 1990 she was appointed the provincial co-ordinator of the Alberta Council of Women's Shelters.

As the new chairperson of the women's advisory council Ms Fleger's first job will be to sit on a selection panel to choose the new council members. Once the new members are selected, the council will ask for input from the community on the most effective ways for women to continue bringing their concerns and ideas to government within the budget restraints that we face.

I want to stress how important it is that women's issues continue to be heard in government. As minister responsible for women's issues it is my job to ensure that that happens. I will continue to be interested in what women have to say, and I am committed to representing their views to government.

There are many events planned in communities throughout the province of Alberta to celebrate International Women's Day, and I urge members of this House to attend events in their communities and to join me in celebrating the many achievements of women.

MR. DECORE: Mr. Speaker, Albertans have much to be proud of in terms of Alberta women being advocates for change and in fact seeing those women taking up positions of authority. The minister mentioned the fact that a chief justice has been named, a former CNR chairman, and the list goes on.

But there's much to be concerned about beyond lauding the fact that women have made advancement. Last year 4,200 women lost full-time work in Alberta, and of the new jobs that were created, most of those jobs were part-time jobs. Sadly for us, the government does not have a job strategy that can clearly help women.

Mr. Speaker, 60 percent of families below the poverty line in Alberta are led by single mothers. Government figures show that half of those are on social assistance, and the cruel cutbacks on social assistance have had a disproportionate effect on women.

Mr. Speaker, 56 percent of Canadian women feel unsafe in their neighbourhoods after dark, but this government, the Klein government, is effecting a 50 percent cut to the police grants across Alberta.

Alberta has the highest divorce rate in Canada. Two-thirds of women caring for their children after a divorce absolutely require maintenance recovery help, but the government has been tardy and lax in dealing with that problem.

Mr. Speaker, the government needs to play a central role in all of these issues and more issues, and for the minister to stand and laud the accomplishments of the women's advisory council is indeed an irony when it's the same minister who announced that he's going to kill that council. Much to be done, and a government, including a minister, that needs to be much more focused on women's issues than it is now.

Thank you.

head:

## Oral Question Period

1:50

### Senior Citizens' Programs

MR. DECORE: Mr. Speaker, the Bowker roundtable recommended that the threshold income for single seniors be \$25,000. Now we know that the threshold is \$10,432. That's when seniors start to lose their benefits. That's when seniors start to pay the age tax. Mr. Minister, why is the threshold \$10,432 when the roundtable said that it should be more than double that amount?

MR. MAR: Well, Mr. Speaker, I'm pleased to answer that question. This program, of course, was designed to help protect lower income seniors, and accordingly it makes a great deal of sense that those at lower income levels receive a greater benefit. If the Leader of the Opposition is heard to be arguing against this program, then clearly he is not in favour of protecting lower income seniors.

MR. DECORE: That had to be the most incredibly foolish answer that this House has ever heard.

Mr. Minister, you're starting to take benefits away from seniors, and you know that the poverty line is \$15,500 in Edmonton . . . [interjections]

MR. SPEAKER: Order. Order. [interjections] Order. The Chair is unable to hear the supplemental question. Perhaps we could start again.

MR. DECORE: Mr. Speaker, as the poverty line is \$15,500, why are you attacking seniors and making that threshold \$10,432?

MR. MAR: Mr. Speaker, as I've made it clear in this House – and I'm happy to make it clear again – under the existing

programs what we are attempting to do is protect lower income seniors. Accordingly, in this program 80,000 seniors, or approximately 35 percent, will receive a greater benefit than they currently enjoy. Those individuals that are between \$10,400 and approximately \$14,500 will in fact have a greater benefit than they currently receive. From the very outset it's been made clear that this is an income program, so those individuals who are at lower incomes will receive a greater benefit, and as your income rises, you will receive a lesser benefit. It's never been a secret that those individuals who make above \$17,000 will start to pay for a portion of their health care premiums, and at \$18,200 they will be paying full health care premiums. That has been made very clear from the very outset.

MR. DECORE: Ten thousand four hundred and thirty-two is when you start to whack at seniors, Mr. Minister.

Mr. Speaker, when will the minister and the Premier, who stood in this House yesterday and said that we were wrong on this threshold – and now we know we weren't wrong – and the member responsible for the seniors council get their act together and tell seniors exactly the kind of age taxes that seniors are going to face?

MR. MAR: Well, of course, Mr. Speaker, there are 230,000-some seniors in this province that we're concerned about, and each one of them would have something important to say about this program. Each one of them would have important questions to ask about how this program affects them. That's the reason why we've set up an information line, and individuals can call that line and find out how these programs will change them.

Again, for those individuals under the Alberta assured income program the principle is very clear. We have to help those people who are in greatest need, and those are the people who should get the greatest benefit. Mr. Speaker, if that is not clear in the mind of the Leader of the Opposition, I don't know how it can be made any clearer.

Again, single seniors in the province of Alberta below \$14,500 in fact get an increased benefit from that which they currently enjoy, and that is a very firm commitment to protecting those individuals who are in greatest need.

MR. DECORE: Mr. Speaker, senior couples and couples in which only one partner is over 65 are dealt a double blow by the government's age tax. Couples in which both partners are over 65 are hit harder than they would be if they weren't married. Couples in which only one partner is over 65 are hit the worst. That couple has to start paying tax at \$10,631. Mr. Minister, this doesn't make sense. Why is it financially better for couples to be divorced than to continue on in a married relationship?

MR. MAR: Well, first of all, Mr. Speaker, I want to clarify the record. The Leader of the Opposition has suggested this is a tax, and it is not a tax. It is a benefit. [interjections]

MR. SPEAKER: Order. Order. [interjections] Order. It is totally inappropriate for the opposition to react in such a stormy way because they apparently disagree with what the minister is saying.

The hon. minister.

MR. MAR: Mr. Speaker, thank you very much. Again, this is a benefit which is being conferred upon people that are at the lowest income levels. We are concerned about seniors, particularly those at lower income levels. Those are in fact the people that we are protecting.

Mr. Speaker, in respect of further comments made by the Leader of the Opposition, the concerns that are being raised, of course they're being heard in the consultation process. That's why we're going out and we're listening to seniors. We're taking their comments on the information line. We're asking for seniors to take a leadership role in telling us: is this program fair, and is it reasonable?

MR. DECORE: I thought my question was pretty clear. I would hope that we could get an answer, Mr. Minister.

Let's try the second one. Mr. Minister, explain why couples in which only one partner is over 65 begin paying the age tax at \$10,631.

MR. MAR: Again, Mr. Speaker, just to clarify the comments that are made by the Leader of the Opposition. It is not a tax. It is a benefit which is received by individuals at lower income.

Mr. Speaker, with respect to the difference in how people are treated, whether they are a two-senior couple or a one-senior couple, of course there's a difference. Just as we've looked at this program, for example we've looked at whether it's appropriate to continue to give renter assistance to someone who's in subsidized housing. Naturally there are assumptions that have to be made, and now we've made those assumptions. We've put together a very comprehensive program, and we're asking seniors: is this an appropriate program to have?

MR. DECORE: Mr. Minister, how does the age tax reward couples who have professed strong family values for decades? How?

MR. MAR: Well, Mr. Speaker, if the Leader of the Opposition is asking a question about the distinction between how people who are singles are treated from those who are couples, indeed we're looking at that issue, but the fact is that unless the Leader of the Opposition is not particularly thrifty, two people don't live as expensively as an individual. There of course are things like shared rent, shared utilities, and such. Obviously it doesn't take twice as much money for two people to live as one.

MR. SPEAKER: The hon. Member for Edmonton-McClung.

### Physiotherapy for Seniors

MR. MITCHELL: Thank you, Mr. Speaker. Seniors are now limited to \$250 per year for physiotherapy, and even if they could afford it, they have no way of getting additional insurance to cover anything extra and over and above that. My question is to the minister responsible for seniors. Why would this minister allow seniors' access to physiotherapy to be limited when they of all people require physiotherapy to maintain their mobility so they can stay in their homes, where they belong?

MR. MAR: Well, Mr. Speaker, obviously the question of physiotherapy to seniors is an important one, and I share a concern with the hon. member who asked the question. But the fact is that the majority of seniors who access that program will not use up their cap of physiotherapy. There is private insurance available for those that wish to access greater benefits.

2:00

MRS. BURGNER: I would like to supplement the response on the physiotherapy issue, because I think it's important that what seniors have told us comes to this Assembly for consideration. One of the issues that has been raised is the waste in our health

care system. Seniors are aware of people who use and abuse both themselves and the medical profession in overprescribing. Quite clearly, the Minister of Health in the announcement on the change in physiotherapy identified that seniors who are currently involved in treatments which extend beyond their cap would be dealt with in a fair and continued manner so that their treatment can be completed.

Mr. Speaker, seniors who require as part of their particular health needs additional physiotherapy would identify that concern through their health practitioner to the minister, and those cases have been dealt with on an individual basis. It is more financially acceptable to seniors to have their cases dealt with individually than to spend money in an inappropriate fashion by giving it away to everyone.

Thank you, Mr. Speaker.

MR. MITCHELL: It is incomprehensible, Mr. Speaker, that the member responsible for the seniors council would stand . . .

MR. SPEAKER: Order. Order.

Supplemental question, hon. member.

MR. MITCHELL: Yeah. To the member responsible for the seniors council: will she please explain how she has just stood in this Legislature and said that seniors can get access through some separate bureaucracy for physiotherapy services that everybody else has access to when in fact they can't? When they need maintenance, they can't get maintenance over and above . . .

MR. SPEAKER: Order.

The hon. Member for Calgary-Currie.

MRS. BURGNER: Mr. Speaker, the Minister of Health is here. I'm not sure that the Minister of Health has heard the question. I believe I identified to this House the comments on the physiotherapy cap with respect to continuation of programs as they affect seniors.

MR. MITCHELL: Well, now that we have the Minister of Health here, Mr. Speaker, I wonder whether she could give this Legislature some indication of how much extra money it's going to cost the government when seniors end up staying in hospitals longer and going to long-term care facilities sooner because they can't get the physiotherapy they need to keep them in their homes.

MRS. McCLELLAN: Mr. Speaker, clearly, when the cap for physiotherapy benefits was introduced, there was also introduced at the same time an appeal process to ensure that seniors or others, indeed, were not adversely affected. The appeal process works between the physiotherapist, the physician, and the client. I have indications in monitoring that appeal process that those needs are being met and being met very responsibly.

I believe on the maintenance side of it there is indeed a great deal of work occurring between the physiotherapists, the clients, and the physicians to ensure that not only do they receive that maintenance assistance directly from physiotherapists but also from members of the family or indeed themselves so that they can maintain that physio level. I am confident that the process is working. We will continue to monitor the appeal process and ensure that seniors and indeed all are receiving the benefits they require.

MR. SPEAKER: The hon. Member for Olds-Didsbury.

### Dairy Control Board

MR. BRASSARD: Yes, Mr. Speaker. Discussions over the past few years regarding free trade have brought quite a focus on agriculture, particularly in its implications with GATT. It's called into question, for instance, the existence of marketing boards and supply management. Indeed to a dairy farmer supply management means quota, a very sensitive commodity to a dairy farmer these days. To the minister of agriculture then: why did the Alberta Dairy Control Board cancel the December 22, 1993, quota exchange?

MR. SPEAKER: The hon. Minister of Agriculture, Food and Rural Development.

MR. PASZKOWSKI: Thank you, Mr. Speaker. Indeed the Dairy Control Board did not cancel the quota exchange. What they did do was because of the turbulence of the GATT discussions, because of the difficulties that were coming about and the uncertainties that were coming about, the whole process was suspended for a period of time until the GATT discussions were finalized and there was some certainty. The process was put on hold until the GATT discussions were finalized so that there was a firmer understanding of just what the process was going to be. So there could be knowledgeable decisions in the bidding process, the whole process was only put on hold.

MR. BRASSARD: Mr. Speaker, could the minister tell me why producers who would have received quota on this December 22, 1993, quota exchange were denied the opportunity to buy it?

MR. PASZKOWSKI: Indeed the processors were not denied the opportunity. Any of the processors that had shown interest in obtaining quota or in quota transactions were allowed that opportunity later on in January, when the whole process was opened. As a matter of fact, we've received a letter from the Alberta milk producers indicating that the Alberta Milk Producers' Society indicated to the Alberta Dairy Control Board that the decision of suspending the 1993 quota was indeed the right one.

MR. BRASSARD: Finally, Mr. Speaker, why were the producers not consulted when considering canceling this quota exchange?

MR. PASZKOWSKI: Well, in fact the producers were consulted, and they were fully informed of the process that was taking place. As I mentioned, the letter from the Alberta milk producers, which is the organization that represents those very producers, indicates that they indeed are satisfied with this process because what it did, ultimately, was remove the uncertainties that existed during those turbulent times. They were better able to effect a proper price for whatever the quota was that they were going to be bidding for. So in essence, the milk producers themselves had said, "Yes, this is what we wanted, and this is the way we wanted the process to proceed."

MR. SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

### Maintenance Enforcement

MRS. SOETAERT: Thank you, Mr. Speaker. We hope the government will use today, International Women's Day, to reflect on how their policies and programs might bring real improvements for Alberta women. One of many desperate signals is poverty among single mothers, caused largely by this govern-

ment's failure to toughen up maintenance enforcement. To the Justice minister: if the minister is serious about maintenance enforcement, why doesn't he introduce a Bill to automatically deduct child support payments from paycheques?

MR. ROSTAD: Mr. Speaker, I think we've made very clear in recent days that there is a Bill coming forth. I happen to not necessarily agree with the hon. member that the automatic deduction at source is the best way to go. In fact, if you want to use Ontario as the template, they're in one god-awful mess.

MRS. SOETAERT: I wonder how a fishing licence will get a payment.

My supplemental will be to the Minister of Family and Social Services. Why is he saying that maintenance enforcement is not a problem when his own department admits that over half of all single parents are on assistance?

MR. CARDINAL: Mr. Speaker, I never did say at any time that income is not a problem for any of my clients. We are trying everything we can to reform the welfare system so we can assist a lot more people with higher incomes that are on our welfare system presently, and this minister will continue doing that.

MRS. SOETAERT: To the same minister: why isn't he supporting a women's advisory council study which shows that child support payments to single mothers are directly related to the length of time spent on assistance?

MR. CARDINAL: Mr. Speaker, there is an ongoing review, of course, under the welfare reforms. There are three phases where the welfare reforms are taking place. The first phase is to try and assist a lot of the young, healthy Albertans that want to get back into the work force get back into the work force. Those reforms are working.

The second phase is the review of the child welfare area, and that program is well under way. The third phase is, of course, persons with disabilities. The commissioner was appointed for an 18-month period to review all issues related to child welfare. Those issues addressed today in the House no doubt will be dealt with in that process.

MR. SPEAKER: The hon. Member for Three Hills-Airdrie.

2:10

### Midwifery

MS HALEY: Thank you, Mr. Speaker. The Midwifery Regulation Advisory Committee was appointed in January of 1993 to draft legislation and policies governing the practice of midwifery in Alberta. My question is to the Minister of Labour. Could he please advise what stage that committee is at now?

MR. DAY: Mr. Speaker, I'm impressed with the timing of the question by the member because in fact today we should see the release of the draft regulations that have been put together by the Midwifery Regulation Advisory Committee. It's very exciting that it would also happen today, especially on a day when we're recognizing women's issues. Some people show their support for women by wearing little ribbons on their jackets. Others support by taking firm action, and we've done that. Those draft regulations will be available for everybody to see and respond to.

MR. SPEAKER: Supplemental question.

MS HALEY: Yes. Thank you. The question of scope of practice has been a concern. Will standards for home birth and prescribing medication be proposed?

MR. DAY: Those are just two of the areas, Mr. Speaker, that are being addressed in the whole question of competency and standards. Home birth standards certainly, standards that should be in place for applying certain medications, initial registration, ongoing registration: all of those things will be addressed, and people will have an opportunity to look at those.

MR. SPEAKER: Final supplemental.

MS HALEY: Yes. My final question is to the minister. Is there still time for the public to have input, or is the door now closed on this process?

MR. DAY: I'd like to make it clear that this very open process that's taken the last year to do in a careful way with all consumers and stakeholders involved is definitely open to the public until May. That's the projected date. We need to see the input that people have and any other suggestions now that the regulations have been drawn up.

MR. SPEAKER: The hon. Member for Lethbridge-East.

### Kindergarten Programs

DR. NICOL: Thank you, Mr. Speaker. In the Lethbridge area the county school system has gone on record as planning to offer 400 hours of kindergarten as a standard part of their curriculum. On the other hand, the city is tending toward offering 200 hours as the standard for their curriculum, with parents having the option to pick up the other 200 hours as a fee for service if they want to give their children full kindergarten exposure. My question is to the Minister of Education. Could the minister explain why his program changes have created a different education system for two five-year-old friends who are separated only by a county line?

MR. JONSON: Mr. Speaker, in terms of the goals of early childhood education that were enunciated by government in 1984 and the program parameters that support that, we have not made any changes. It is our view that with the 200 hours of instruction for which there is funding available, the goal of the preparation of children for a regular school setting can be achieved in terms of group activities teaching co-operation; in other words, developing social skills. In our view, that type of preparation can be provided to students across this province.

MR. SPEAKER: Supplemental question.

DR. NICOL: Thank you, Mr. Speaker. Again, to the Minister of Education: will every school jurisdiction with low-income residents be eligible to access the enhanced opportunity grant to provide their low-income parents with support to allow their children access to kindergarten?

MR. JONSON: The enhanced opportunity grant will be designed to focus on those areas of the province where there are particularly high numbers of disadvantaged students. I've used the phrase previously in this Assembly, Mr. Speaker, to say that it will be targeted towards inner city type community school settings.

DR. NICOL: Mr. Speaker, can the minister explain how he intends to amalgamate two boards committed to different levels of kindergarten service when the August 31 deadline is passed?

MR. JONSON: Well, Mr. Speaker, in the whole activity of amalgamation and regionalization we are going to see many differences in programs and in operational patterns as far as the school boards that will come together, and there is a process for achieving amalgamation or regionalization. There will be everything from, yes, ECS programs to transportation systems to be brought together into a single school unit. We do have an overall goal, a uniform date for full amalgamation and regionalization which will coincide with the elections of the local governments across this province in the fall of 1995.

MR. SPEAKER: The hon. Member for Cypress-Medicine Hat.

MR. DALLA-LONGA: Here it comes.

#### Advanced Education Costs

DR. L. TAYLOR: Thank you, Mr. Speaker. I'm pleased to see the members opposite are anxiously awaiting my question. My questions are to the Minister of Advanced Ed and Career Development. If we are truly committed to finding the most cost-effective ways to deliver quality secondary education, then we should look at every option available, including educating more students in colleges. Based on all the sources of revenue our public postsecondary institutions receive, what is the average annual cost, including operational and capital costs, of a full-time student at the University of Alberta in comparison with NAIT, Medicine Hat College, and the Alberta Vocational . . . [interjections]

#### Speaker's Ruling Questions of Detail

MR. SPEAKER: Order. Order please. Question period is not the place to ask for detailed financial records. Those matters should be placed on the Order Paper for a motion for a return. If the hon. member can craft his question to meet the requirements of the Assembly, he may do so.

#### Advanced Education Costs (continued)

DR. L. TAYLOR: Well, could I rephrase that, Mr. Speaker, to ask: is there an average annual cost between perhaps universities and colleges? Is that too specific?

MR. ADY: Mr. Speaker, that's a commonly asked question. Many people have difficulty understanding why an FTE cost will be much less at a college than it is at a university, but I think we have to bear in mind that universities have a different scenario that they operate under. For instance, colleges are not called upon to carry the very expensive programs of medicine or engineering or others like that, and consequently you will see those kinds of differences. It's very easy to determine the answer to his original question just by taking the operating cost of an institution and dividing it by the full-time equivalent students. I don't have my calculator with me today, but certainly it's easy to. The point is that different institutions have different mandates.

MR. SPEAKER: Supplemental question.

DR. L. TAYLOR: Thank you. I'm wondering, Mr. Speaker: has there been any study as to what programs cost in public

institutions compared to private institutions, and if so, has there also been a study of the difference in quality of outcomes or results?

MR. ADY: Well, Mr. Speaker, I suppose there have been studies done, but the ones that I've seen often have a vested interest in the calculations that they've brought together. Certainly we have to be careful when we start trying to evaluate performance and efficiency so that we have a level playing field. Again, we go back to my earlier comment: different institutions have different mandates. Not necessarily can a private institution deliver programs more cheaply or more effectively. The thing we need to bear in mind is that we want a system that will serve the student the best.

2:20

DR. L. TAYLOR: If it is discovered that some programs can be delivered more cost effectively by private institutions than public institutions, is the minister prepared . . . [interjections] Mr. Speaker, please. Is the minister prepared to have them deliver these programs instead of public institutions?

MR. ADY: Mr. Speaker, within our system we do have privately accredited institutions who do a very good job. In fact, we have four private colleges that are accredited and receive substantial funding from this government and certainly do an effective job. Meanwhile, let's be sure that we're clear that our public institutions in this province do a very good job of supplying an education to our students in this province, and they do it in conjunction with the private sector, who offer a variety of programs and do it very adequately.

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

#### Alberta Hospital Edmonton

MS LEIBOVICI: Thank you, Mr. Speaker. At Alberta Hospital Edmonton the board has asked for wage cuts of up to 33 percent; that's one-third of someone's salary. The workers have agreed to cuts that meet and exceed the 5 percent rollbacks originally asked for by this government. [some applause] Incredibly, there's still no agreement. You're clapping too soon. Alberta Hospital Edmonton is now looking at contracting out these services. My question is to the Minister of Health. Will the minister direct her appointed board for Alberta Hospital Edmonton to negotiate in good faith and resolve this situation?

MRS. McCLELLAN: Mr. Speaker, the hospital boards are charged with the responsibility of negotiating contracts. The Minister of Health does not negotiate collective agreements. I have great respect for the collective bargaining process, and my encouragement certainly would be for the two parties to reach agreement. The Minister of Labour may wish to supplement my answer.

MS LEIBOVICI: So is what I'm hearing is that the minister is now saying that 33 percent cuts are fair?

MRS. McCLELLAN: Mr. Speaker, the minister made no such comment, and I think the hon. member might want to rephrase any allusion that I might have made that comment. I think I made it very clear to the House, and if the member would listen carefully, I would repeat it one more time. It is not appropriate for the Minister of Health to interfere in the collective bargaining process that was set up in this province for two parties to reach agreement in good faith. I encourage the parties to do that.

MS LEIBOVICI: The minister appoints this board; the minister can suspend the board. Is the minister willing to do that?

MRS. McCLELLAN: Mr. Speaker, the board fully understands their responsibility in this process, and I am confident that the board and the parties involved will work through the collective process as laid out.

MR. SPEAKER: The hon. Member for Calgary-East.

#### Workers' Compensation Board

MR. AMERY: Thank you, Mr. Speaker. I received a letter from a small businessman who for the past 10 years has had his company and employees covered by private insurance. This plan provides better coverage, prevents abuse, and is less expensive than the plan offered by the WCB. However, late last year this person received a letter stating that he had until January 1 of this year to enroll his company and employees with the WCB's plan. I'd like to ask the Minister of Labour whether or not the WCB will live up to this government's commitment of getting out of the business of business.

MR. DAY: I'm not directly familiar with the actual case. I'd invite the member to bring it to my attention. If this particular operation in fact at one time was an agricultural operation, a bona fide farm, then they would have been exempt from WCB. If they then moved in to some full-scale manufacturing operation, for instance, they would then no longer be exempt, and they would have to apply for WCB.

I would emphasize also that the government itself is not in the business of workers' compensation. The minister and the government are there to make sure the WCB follows legislation and policy, but the WCB is employer funded. The dollars do not come from the taxpayers to fund the operation; they come from the employers. We need to use the channels and the WCB directors and other similar channels to bring these concerns to their attention.

MR. SPEAKER: Supplemental question.

MR. AMERY: Thank you, Mr. Speaker. Does the minister have any plans to reshape this organization so similar situations can be addressed and dealt with in the future?

MR. DAY: Actually there have been over the last year a number of interesting suggestions coming forward from the business community, from employees in which they think service could be delivered in a better way. We are very open to seeing that happen, and if it means that legislative changes are required, then so be it. We are definitely wide open to that discussion.

MR. SPEAKER: Final supplemental.

MR. AMERY: Thank you, Mr. Speaker. In view of the existing unfunded liability, is the minister aware of any plans to increase revenues and decrease liabilities?

MR. DAY: Actually, if anything, just the opposite, Mr. Speaker. The unfunded liability was projected and aimed – we had hoped to see, with some changes to the operation of WCB over the last year, a decrease of something in the order of \$160 million being paid to the unfunded liability. In fact, it was well over that, as the budget numbers show, significantly over that, well over \$200

million. It is very clear that the plan to have the unfunded liability, which was over \$600 million at one point some year and a half ago, is definitely on track to be retired to zero – to zero – by the year '96-97. This last year there was no increase in the overall amount of rates that was taken from the business community to pay for the operation. If anything – and I'm not saying this would happen – there would be a decrease in rate, not an increase. I'm not saying that there'll be a decrease, but dealing with the unfunded liability is taking the pressure off having to raise rates.

#### Pratt & Whitney Canada Inc.

MS CARLSON: Mr. Speaker, as a part of the concession package for industry giant Pratt & Whitney the government received a commitment for 170 new full-time jobs. The minister has now said that neither the jobs or the investment levels come close to what was promised. This company is in default on the original terms of this agreement and should now be paying interest. Mr. Minister, the contract is breached; \$646,000 is owing. When are they going to pay up?

MR. SPEAKER: The hon. Minister of Economic Development and Tourism.

MR. KOWALSKI: I wasn't identified, Mr. Speaker. I presume that with the anger and the hostility in the eyes of the hon. member, it could only be me, but I wanted to be sure. I didn't want to be too presumptuous.

A few days ago in this Assembly I had the privilege of addressing the estimates of the Department of Economic Development and Tourism, and at that time I responded and I pointed out what had happened with respect to Pratt & Whitney. Pratt & Whitney in the past had been provided with a \$25 million interest free loan. As a result of changes that have happened in the aircraft industry – this particular plant in Lethbridge is dealing with the assembly and the testing of aircraft engines – in essence they did not have to spend \$41 million in investment that they said that they'd hoped to spend. As a result of that, they also did not in fact hire all the people they said they were going to.

As a result of that, Mr. Speaker, we have negotiated with them and have basically indicated that because they're 19 percent short of their original objectives, we have renegotiated the arrangement with them to reduce them by 22 percent, an amount greater than the shortfall of their original commitment. That has come about now, and I'm rather pleased that in fact they've co-operated with that, because there was a signed contractual obligation.

MS CARLSON: They still owe \$646,000.

In light of this government's new approach to freedom of information, will you table this new agreement now?

MR. KOWALSKI: Sure, Mr. Speaker. I'd be very, very happy to do it. I just don't walk around with all these agreements in my coat pocket on a daily basis. Given a couple of days, I'd be pleased to do it.

If the hon. member perhaps missed it, she might want to refer to *Hansard* of Tuesday, March 1. In essence my comments with respect to Pratt & Whitney are all there. They're all in the public record. It's now been a week, I guess, that it's been out there for her and other members of the Liberal caucus to read or to study if they had wanted to. Frankly, I'm rather surprised that they didn't bother to read *Hansard*. It is a public document published



for everyone in the province of Alberta. If she wants me to send her over a copy of it, I'd be very happy to.

**2:30**

MR. SPEAKER: Final supplemental.

AN HON. MEMBER: Typical Liberal puffball.

MR. SPEAKER: Order.

MS CARLSON: All we need to know is: where's the money? This company provided less than 30 percent of the jobs promised. Why did you renew their contract?

MR. KOWALSKI: Mr. Speaker, anytime the province of Alberta can benefit by new employment opportunities in our environment; anytime the province of Alberta can attract to it, in consort with the Lethbridge community and the Economic Development Authority in Lethbridge, some diversification, a new industry that basically looks at aircraft repairs, engines that are sent to some 150 different countries of the world; and anytime we can get the name Lethbridge, Alberta, Canada, on an international map dealing with business in the aircraft industry, I think that's very important and very significant. This government will continue to work and to promote the Alberta economy to create jobs.

#### **English as a Second Language Programs**

MR. TANNAS: Mr. Speaker, my questions this afternoon are to the Minister of Education. Some of my constituents who are associated with supporting new immigrants and new citizens and helping them to function in Canadian society have contacted me regarding financial support for English as a Second Language. Many of these people believe that the Department of Education has canceled all funding support for ESL. How can the minister defend a cut of a hundred percent on ESL funding?

MR. JONSON: Mr. Speaker, the funding for English as a Second Language has not been cut. In addition to that, the Department of Education will continue to provide the programming support and curriculum development support that it has been providing in the past. I would just like to repeat and emphasize that if there is that misunderstanding out there, it is regrettable and it should not be there, because we are continuing with English as a Second Language funding.

MR. TANNAS: Mr. Speaker, again to the minister: will the minister assure this Assembly that only those school boards who actually offer English as a Second Language will receive ESL funding?

MR. JONSON: Yes, Mr. Speaker. In terms of all of our categories of language grants, the appropriate qualifying school board is identified, and the funding is provided to those school boards.

MR. SPEAKER: Final supplemental.

MR. TANNAS: Thank you, Mr. Speaker. Well, Mr. Minister, could you share with the Assembly the per student grant for ESL for '94-95?

MR. JONSON: For 1994-95, Mr. Speaker, the per pupil grant is \$650, I believe – \$650.

#### **Municipal Grants**

MR. WICKMAN: Mr. Speaker, my questions today are to the minister responsible for Municipal Affairs. The minister continues to download his budget cuts to the municipalities: 38 program cuts and budget cuts downloaded onto the municipalities – 38. Now the latest: municipalities forced to bear the brunt of a six-month grace period on some property taxes. Why does the minister fail to respond to the municipalities' requests for consultation prior to sudden shifts in programming?

DR. WEST: I have not, Mr. Speaker.

MR. WICKMAN: Mr. Speaker, he informs municipalities – informs. That's not consultation.

To the minister: why pass the responsibility onto municipalities to waive interest penalties on some property taxes and bear the brunt of those charges?

DR. WEST: Mr. Speaker, there's a framework that the municipalities work under that has been in place for a long period of time. We'll be working on that framework, called the Municipal Government Act, shortly in this Assembly. All of the areas that they work in under that Act are done through communication with my department.

MR. WICKMAN: Mr. Speaker, so the minister is fully aware that when he informed the municipalities that they would have to bear the brunt of the six-month grace period for seniors in arrears, he didn't consult with them.

To the minister: how much longer does the minister expect the municipalities to swallow the impact of his downloading without having to pass it on to the one – and I stress, the one – and only taxpayer's pocket?

DR. WEST: Mr. Speaker, it's a two-part question. Carrying charges for the rebates, we will carry those through and pay for those with the municipalities, and they're fully aware of that. But there is the term massive "downloading" on the municipalities. Let me just point out, for example, that the global 1994 budget for the city of Edmonton was \$931 million, and the impact of the total unconditional grant program, including municipal assistance grant cuts, police assistance grant, public transfer, FCSS, and urban parks – the total impact of the changes between 1992-93, '93-94, '94-95 is minus 1.32 percent. In the total three-year plan to the city of Edmonton the total change of these grants in effect to their global budget is 3.3 percent. In Calgary their global budget is \$977 million. The changes . . .

SOME HON. MEMBERS: Speech, speech.

MR. SPEAKER: Order. Order please. The hon. minister has given the example he wished to make.

The hon. Member for Wainwright.

#### **Physicians' Billings**

MR. FISCHER: Thank you, Mr. Speaker. My question is to the Minister of Health. The medical professions certainly play an important role in the lives of every citizen in this province. The regional medical group from the southeast part of the province are very concerned about the process of how they get paid. Since the system of billing through a service bureau was introduced, these doctors have not been paid, since November of last year. Could

the minister indicate to the House whether the problem is at the Alberta Health level, or is it at the service bureau level?

MRS. McCLELLAN: Mr. Speaker, we introduced a new claims billing system in the province between October of '93 and January of 1994. The reasons for putting in place a new system were that our old system was some 25 years old, it was outdated, and it certainly wasn't there to meet the challenge of today's billings. We handle about 140,000 billings per day through Alberta Health. Some physicians do bill directly, but some physicians choose to use a service bureau or a contract agency to do their billings through. I could not say without seeing the particulars of that case whether it might be a problem with the service bureau or Alberta Health, but I would certainly undertake to look into that for the hon. member.

MR. FISCHER: Thank you.

Has the minister considered looking into changing the system so that direct billing goes to Alberta Health, like the other provinces do?

MRS. McCLELLAN: Well, Mr. Speaker, the physicians can bill directly to the system. As I said, some choose to use a contract agency or a service bureau. Mainly for smaller clinics: they may not have the staff to handle this, and it may be more efficient to do it the other way. Certainly that option is open. As I said in my earlier answer, I would undertake to check into this.

We did make advance payments to physicians. I'm puzzled by the statement that somebody has not been paid since November because we did offer, upon request, to pay 75 percent of their historic billing to people to ensure that they didn't have adverse effects.

MR. FISCHER: My final supplementary: is this a problem right across the province, or is it specific to our area?

MRS. McCLELLAN: Well, Mr. Speaker, I would say that whenever you implement anything as new and complex as the billing system, you will run into some problems. We have undertaken through Alberta Health to have support groups there to work with people who do have problems with the system, and we will continue to do that.

MR. SPEAKER: The time for question period is expired.

head: **Members' Statements**

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

#### 2:40 Assured Income for the Severely Handicapped

MS LEIBOVICI: Thank you, Mr. Speaker. In the House today I introduced a constituent, Mr. Christensen, who suffers from congenital arthrogroposis, better known as clubbed hands and feet. My constituent was receiving Alberta assured income benefits from the Department of Family and Social Services. He has been on AISH for approximately eight years, but due to the recent review by the AISH department my constituent received notification that he would no longer be receiving any benefits. The reason cited was that my constituent did not meet the medical eligibility for AISH because he had completed certificates in broadcast arts from the now defunct Columbia academy and also completed the teacher's aide program from Grant MacEwan College. The appeal board felt that because Mr. Christensen had

completed some vocational upgrading, he could become competitively employed.

My constituent has submitted several applications over the last few years for the above-mentioned positions but due to his disability was unable to perform the required tasks that these jobs entail. He submitted documents from professionals who support his inability to perform these tasks and has supporting medical documentation that his disability will prevent him from becoming gainfully employed. It appears as if the appeal panel did not take this information into account. Mr. Christensen feels that his treatment wasn't fair; the department judged his case unfairly.

I have brought this case to the attention of the hon. minister of social services as I, too, believe that this constituent was judged unfairly. This young man has attempted to upgrade himself and is being penalized by the department, who perceives that he can become employed. Persons with disabilities need to be given the opportunity to educate and upgrade themselves so that they can lead productive, healthy lives. Mr. Speaker, Alberta assured income benefits are meant to provide security to those individuals who through no fault of their own are disabled.

Thank you very much.

#### Film Industry

MR. SOHAL: Mr. Speaker, Canada's television industry celebrated its own last Sunday night. I am pleased to say that there was an Alberta connection. The television series *North of 60*, which is filmed near Bragg Creek, was nominated for nine awards. Ms Rebecca Schecter won a Gemini award for her writing on the series. This is just another instance of how Alberta's vibrant homegrown film industry is being recognized.

Alberta's film industry is part of the province's economic diversification program. According to the Alberta Motion Picture Development Corporation \$31 million were spent in the provincial economy on domestic production here. More than 525 full-time equivalent positions are created directly. The series *North of 60* alone injects \$7 million into the provincial economy. I might also add that many more jobs were created indirectly through the purchase of services like makeup, catering, transportation, and security, as well as supplies of props, costumes, cosmetics, and other spin-off activities.

I'm pleased to see that Hollywood, too, sees many advantages in shifting production to Alberta. In addition to our photogenic, breathtaking scenery, Alberta has a talented pool of individuals who possess first-rate skills in the cinematic arts, many of whom were trained at many of this province's postsecondary institutions. The Clint Eastwood film *Unforgiven* demonstrated the ability of Albertans to compete with the best. While many of you know the film swept the Academy Awards last year, some of you might not know that the Oscar-nominated set design was the work of an Albertan. Another advantage is the province's affordability. In addition to a favourable exchange rate, union rates and taxes here are lower than those of other provinces'.

It is domestic productions like *North of 60* and Hollywood pictures like *Unforgiven* which are evidence that Alberta building on its advantages has been working.

MR. SPEAKER: The hon. Member for St. Albert.

#### Alberta Winter Games

MR. BRACKO: Thank you, Mr. Speaker. Hosting the Alberta Winter Games elevated the city of St. Albert to new heights. It was tremendous to harness all the creative energies in one large event. Twenty-two hundred athletes participated, more than in the

Winter Olympics. Thank you to all athletes, coaches, parents, and friends from all parts of this fine province for their contribution to this success. The visitors represented their zones with class and pride.

Under the leadership of chairperson Bill Hole and the games' board of directors 4,000-plus volunteers united to bring Alberta its best Winter Games ever. All groups contributed to the success. Through the arts community two outstanding murals were painted at the Campbell arena, with works of many local artists displayed at St. Albert Place for all to enjoy. The museum displayed early sporting equipment. Singing and dancing groups added to the excitement of the games. The entertainment was excellent. From the early planning to the opening ceremonies and sports competitions and concluding with the closing ceremonies and volunteers' appreciation dinner, teamwork was the key as the community came together. Every task was carried out enthusiastically with the goals of the games in mind.

On behalf of the Member for Spruce Grove-Sturgeon-St. Albert and myself, a special thank you to every volunteer. We are proud of you. A special thank you to the city of St. Albert, the two school districts, the various sponsors, and everyone who was part of the games. You deserve to enjoy the satisfaction of a job well done.

Congratulations to the winning zone from Calgary and zone 2, who placed second. Everyone who participated was a winner.

We wish the best to Spruce Grove, Stony Plain, and Parkland as they host the Summer Games in 1995, Grande Prairie as they host the Canada Winter Games in 1995, and Lethbridge as they host the next Alberta Winter Games in 1996.

head: **Orders of the Day**

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

**Bill 204**  
**Retirement Savings Plan Act**

[Adjourned debate March 2: Mr. Dinning]

MR. SPEAKER: The hon. Member for Edmonton-Centre.

MR. HENRY: Thank you very much, Mr. Speaker. It's with pleasure that I rise to make a few comments on Bill 204, the Retirement Savings Plan Act. I sat very intently last week and listened to the debate both from the hon. sponsor of the Bill, his comments as well as his historical recollections of what has happened with the various public-sector pensions and the teachers' retirement fund, and as well the comments from the hon. Member for Edmonton-Whitemud with regard to the actual history of the various plans.

Mr. Speaker, I don't intend to stand here and go through the history of the plans. We can quibble about individual facts with regard to the history, but I think generally we understand that there was an unfunded liability. It was caused by the fact that the amount of contributions that was set by the government wasn't high enough to fund fully the amount of the pensions that were being contributed for. Hence we ended up with an unfunded liability. After the repeated urgings of the Institute of Chartered Accountants and the leader of the Liberal Party at that time the provincial government saw fit to address this issue head-on and to sit down with the players involved – the contributors to the local authorities pension plan, the public service pension plan, the universities academic plan, the management employees plan, the

public service management, the special forces, special forces indexing, and the teachers' retirement fund – to come up with a plan to ensure that those who are participating in the plan today actually put enough money into the plan in order for them to be able to fully fund the plan so there will be enough money upon their retirement. In addition, the government and the various stakeholders, the various employee groups and employer groups, agreed that it was a responsible move to address the unfunded liability, which, again, had been caused because the contribution rates that were set by the government weren't high enough. Suffice that for the historical explanation.

I looked intently at this Bill and studied it closely. I guess my first reaction is: I wonder what the real intent of the hon. member is in bringing forth this Bill. We had a long-standing problem of the unfunded liability of the pension funds. I credit the former education minister and former treasurer for sitting down with the employers and employees and working out a deal. In the world that I live in, Mr. Speaker, a deal is a deal is a deal. Once you sign on the dotted line, you are committed. If this Bill were to pass, that deal, in my view, would no longer be a deal, and we would be renegeing on the commitment that this government, supported by the opposition and supported by the employee groups and employer groups, made. I think that would be unconscionable, for any member to support breaking a deal that was made in good faith.

2:50

Mr. Speaker, there are some technical parts to the Bill. It seems that there are two sets of rules here, one for public plans and one for private plans. If a private-sector employer allowed employees to opt out of a pension plan and take their pension essentially with them, as is suggested in this Bill, the employer would be responsible for contributing not just 50 percent of the employer contribution but the full commuted value. I don't think we can have that kind of double standard. What's good for the goose has got to be good for the gander.

There is a reference to paying out. The real question has to be: what happens if this Bill passes and there's a big flood at the gates where everybody wants to withdraw from the pension plan, and, my goodness, we don't have the money to pay them out? What happens? Well, we're going to put a cap on it is what's going to happen. Well, then, how are we going to choose? Is it first come, first served? Is it you, you, and you? Is it anybody under 30 years old or anybody over 50? None of those issues seem to be addressed here.

Mr. Speaker, one of the things – and I think it was quoted last week, the resolution of the unfunded liability and of eliminating any future liability. One of the consequences, one of the results of that was a level of stability and an elimination of a certain amount of uncertainty among those who had in good faith invested their money in public guaranteed pension plans. We now have some stability. We now have a deal. Less than two years after the deal's been implemented to come and start tinkering with it sends a message right across this province, to every one of the public servants who have participated – at the local level, at the teachers' level, at the provincial government level – that maybe you're not as secure as you thought you might be, and maybe we might start tinkering with the plan, and maybe a deal's not quite a deal, and maybe we need to open this up, and perhaps we need to put you off guard one more time. That seems to be the MO for this government, to keep everybody off guard.

Mr. Speaker, I was sitting listening to the debate last week because after reading this Bill, I was anxious to see the rationale presented by the sponsor of the Bill. I'm not going to quote

extensively, but I heard a couple of things in debate last week that nearly knocked me off my chair. I was surprised, so I ran out and got the Blues, and I've since pulled *Hansard*. I'm quoting from page 370 of the current year of *Hansard* where the member says, "To charge the next two to three generations of employees is an inadequate and unfair solution," again talking about the unfunded liability. Also, further on, "Taxpayers are paying off a debt to which they have received no benefit." This is coming from a member of the government that expects kindergarten kids to pay for the NovAtel debt. It simply doesn't add up. You can't have it both ways.

If you're going to stand here and say that employees who voluntarily agree to look after an unfunded liability and taxpayers are in fact paying off a debt to which they get no benefit or which would be unfair because they didn't incur it, then I'd like the same standard put into place for the children of this province, because the children of this province by losing money in education, by losing money in early childhood services are in fact paying for the NovAtels, the MagCans, the Myriases, and several other losses of this government. You simply can't have it both ways. It's, I believe, an irresponsible move. Frankly, I believe this is an ill-thought-out proposal. Not only is it breaking a deal, Mr. Speaker, but if you look at the actual technicalities of it, I'm not sure it's going to fly anywhere.

Mr. Speaker, in a couple of the sections in *Hansard* the hon. Treasurer and the hon. member allude to the fact – and I'm paraphrasing – that perhaps this is just a way to open up the discussion; perhaps this is just a way of beginning talking about this issue. I've been around this Legislature Building for some time, and if I recall, we were talking about this issue six years ago, and it took us four years to get the government to move on it. If we want to talk about an issue, there are lots of forums out there to begin talking about an issue. If we want to generate a public discussion, a private member's statement, a news release, an article in the newspaper, a town hall meeting, meetings with special interest groups – there are groups involved in pension funds – there are all sorts of ways. I can't understand why the member would bring a half-baked Bill into this House and take up the valuable time of members to debate something if it's just for discussion and just for talking. "We didn't really mean it, folks. We just wanted to try and kind of talk about it, but here's a piece, and if enough members in this Legislature vote for it, it's going to affect the lives of 150,000 Albertans and their families and affect them in a negative way."

Mr. Speaker, I won't go on in detail about the sections of the Bill that I believe are poorly drafted, sections of the Bill that are not well thought out. I would like to go on record as not having received yet a response to a letter I sent to the Provincial Treasurer asking exactly, if this Bill passed, how he intends to deal with it from a financial point of view and where he intends to find the money. I anxiously await a response. I pointed out to the Provincial Treasurer that I was asking on behalf of one of my constituents who did like the gist of what was in this plan but had some grave concerns about its viability.

The member has indicated in his statements that he's seriously concerned about the taxpayers in the future being on the hook for the unfunded liability. Well, last I checked, Mr. Speaker, the MLA pension plan had an \$86 million liability. If we really want to start doing something about the liability, I'd welcome a Bill that comes into this House that actually takes the MLA pensions that are being collected by former members of this government and reduces them to the amount the management pension plan would take, which would be reducing them in half, and making them wait until their retirement age before they collect it, so we don't

have 45-year-old former government hacks collecting \$45,000 a year pensions.

Thank you, Mr. Speaker.

MR. SPEAKER: The hon. Member for Cypress-Medicine Hat.

DR. L. TAYLOR: Thank you, Mr. Speaker.

AN HON. MEMBER: Oh, oh.

DR. L. TAYLOR: Your turn will come.

It's a pleasure to rise this afternoon and address the House on Bill 204, sponsored by my good colleague here from Calgary-Mountain View. The Bill raises some interesting issues to which I'd like to address my comments, but I think it's very important to recognize that we must be extremely cautious before taking any action, as we as a government have commitments that must be kept. This Bill is not an attempt to renege on prior commitments or obligations. It certainly is not. It is simply an attempt to offer choice for those who want the choice.

The unfunded pension liability is a very serious issue. It is approximately \$7 billion. Because previous participants were not paying enough in contributions to fully fund the pension plans, new participants are being forced to pay more than their fair share. The surcharge levied on new participants is an unfair mechanism to cover the shortfall. While I acknowledge that this government has responsibilities to these plans, I am also aware of the responsibility that this Assembly has to the taxpayers of Alberta, and that is to spend taxpayers' dollars wisely. If the pension funds were not properly funded from the beginning, then we need to examine other mechanisms of funding rather than penalizing new contributors, who tend to be very young people who are just entering the work force. In fact, many of them may have student loans and other obligations to pay off. What we do is put an unfair burden on these young people just entering the work force.

3:00

Bill 204 goes a long way to acknowledge the injustice that is presently being forced on public service employees who have only been employed a few years. Firstly, under the provisions of Bill 204 participation in the pension plans would be made optional. An individual would be given the choice of whether to participate in the pension plan or take control of his or her own retirement planning and choose other methods of saving for retirement. This way, if an individual chose to participate in the plan, he or she would pay the surcharge that is being leveled voluntarily, not through an arbitrary mechanism of this government, once again trying to provide choice, trying to put the decisions at the grassroots level and letting the people involved decide.

Secondly, under the provisions of Bill 204 those participants who are presently involved in a pension plan would be able to leave that plan as long as they placed their funds in a locked-in retirement savings plan. Upon leaving the plan, they would get 100 percent of their contributions and 50 percent of the employer contributions made on their behalf. Now, once again we're giving people the choice; they can leave and take all of their contributions plus half of the employer's contributions. So this is some disincentive to leave. This would have a twofold effect on the plans: it would reduce the actuarial liability of the plans by removing the future cost, and the other 50 percent of the employer contributions left in the plan could then be applied to reduce the remaining unfunded liability of the plan. Since this Bill has been brought forward, I've had a number of people in these plans who have contacted me and said they would certainly

like to remove their funds from the plan even though they were only going to get 50 percent of the employer's funds. They felt they could do more and be wiser investors of the funds than the people presently managing the plans.

For those who feel that this Assembly should not be deciding the fate of these plans this is the answer. Currently the various public-sector pension plans are a direct result of legislation passed in this Assembly; they are statutory plans. Under the agreement signed between the various pension boards and the government, either party can give notice requesting the plan become a private, nonstatutory entity. If some of the plans feel that the provisions of Bill 204 would jeopardize their respective plan, they only need to remove themselves from under the government umbrella, and then they can establish a plan consistent with provisions of the Employment Pension Plans Act.

Bill 204 might have far-reaching effects, but there are certain benefits to discussing this issue in the House today. Albertans are unaware of the true cost of these pension plans. They are unaware that the government will spend \$58 million to fund their share of the unfunded liability. That is money from the average taxpayer, who does not benefit from these plans. That is money that could be going into education, health care, advanced education. The employers, which are the municipalities, universities, and school boards in this province, will have to make a significant payment as well. Once again these are taxpayers' dollars, for instance, from school boards and universities, that could be going back into the classroom as opposed to going to fund unfunded liabilities. This means taking tax dollars out of an already tight budget away from the program expenditure to pay down their share of the unfunded liability. Bill 204 represents an opportunity to reduce the cost to government, employers, and employees. That's what we should be about as a government: reducing costs to everyone involved. If Bill 204 is not the right mechanism, then we should take it upon ourselves to find a fair and equitable solution for all parties involved.

In discussing Bill 204 and the unfunded liability that exists, I would like to take this opportunity to talk about what I feel is a grave injustice to all the taxpayers of Alberta, and that is the judges and masters in chambers pension plan. My colleague from Calgary-Mountain View has already mentioned that this plan is fully funded, 100 percent. In fact, there was a surplus in this fund of \$375,000, which was returned to the GRF.

I'm not sure that Albertans are aware of how this plan operates, so I would like to take just a little bit of time to explain. The judges and masters in chambers pension plan was established in 1988 with an initial transfer of assets from the public service management pension plan of about \$13 million. This plan deals with all judges of the Provincial Court, including the chief judge, deputy chief judges, assistant chief judges, and masters in chambers. The plan has a surplus in assets which, when applied to the unfunded liability, left a further surplus of \$375,000. The plan is now 100 percent fully funded with taxpayer dollars.

I can remember just prior to the last election – and the previous member just spoke about it – the public outcry regarding the Members of the Legislative Assembly pension plan. MLAs contributed an amount equal to 10 percent of their annual income, which varied from \$57,000 roughly to \$115,000. The average salary for participants in the judges and masters plan is \$114,640. Due to changes introduced by Revenue Canada, benefits for the service are now capped at \$86,000. I mention this because the participants in these plans do not – and I emphasize "do not" – contribute 1 cent to their pension plan. The provincial government funds the full amount out of taxpayers' dollars. Based on the total payroll of approximately 13 and a half million dollars,

this government will pay approximately \$2 million this year alone towards the pensions of the participants in this plan. The average pension being paid out of this plan is about \$3,400 a month, or \$41,000 a year. If Albertans were concerned about the MLA pension plan, where the participants contributed about 10 percent of their annual income, they should be shocked at how the judges and masters in chambers pension plan is set up.

Aside from the issue of unfunded liability which exists, in the interest of common sense we should change this plan to reflect the expectations of Albertans. Judges and masters in chambers of this province should be contributing to their own pension plan, as does everyone else in this province. In light of the budgetary constraints on this government I hope this matter will not go unresolved.

In closing I would like to express my support for the principle of this Bill. I would encourage all members to support this Bill so we can move to committee, where a proper debate on the merits of this Bill can be carried out and we can make necessary amendments.

Thank you, Mr. Speaker.

MR. SPEAKER: The Chair is thankful to the hon. Member for Calgary-West, who allowed the hon. Minister of Energy to make a short intervention.

The hon. Minister of Energy.

MRS. BLACK: Thank you, Mr. Speaker. I'd like to first of all say that I'm pleased to be able to stand up and speak on Bill 204. I think it's a very important Bill that has been presented in this Legislature. I have to say, though, that I am not speaking in support of this Bill, and there are quite a few reasons. Before I talk about the reasons, I do want to commend my colleague from Calgary-Mountain View for coming forward with ideas of how to make changes. I might suggest in my comments ways that are better utilized to make those changes.

The other day the Provincial Treasurer talked about the historical time frame in which pensions were dealt with in this Legislature and the efforts that were made by all members to try and bring a resolution to issues on those pension plans. I will remember – I will never forget actually the evening I spent in Carpenters' Hall in Calgary as a new MLA talking about unfunded liabilities and pension plans and what it meant to the members in Carpenters' Hall who were present that evening. I have to say I certainly had my eyes opened. I'd never been involved in a meeting like that before. I really don't wish to go through another one, but it was an education, Mr. Speaker.

### 3:10

I have problems with the Bill from the standpoint that there are pension boards that are in place who have been charged with some responsibility in managing these plans and developing policies, et cetera, in the administration of the plans. I think it's very important when you talk about a change to such an important concept that those board members be consulted before changes to a plan are put in place. I only say that because when you're giving people choices, I think a discussion on what those choices are is very important before you look at a legislative change, not something that is after. I'm not certain that we've gone through that process, Mr. Speaker, to allow that discussion to take place.

I'm also concerned, Mr. Speaker, that when I look at the Act specifically, when we look at some of the terms that are involved in this Act, and I'll refer to section 1(a), the "locked in retirement account," I'm not too sure we've defined what that "locked in retirement account" really means. Unfortunately, when you're

dealing with registered retirement savings plans in this country, you're dealing with a federal Income Tax Act that is quite specific as to the definitions of what may or may not be appropriate for a transfer from a registered pension plan process into a registered retirement plan account.

The hon. Member for Calgary-Mountain View in *Hansard* on March 2, page 371, suggested that the plans would "come under the provisions of the Employment Pension Plans Act." I might make note, Mr. Speaker, of the employment pension plans regulations that refer to the locked-in provisions and a locked-in retirement plan. I will refresh hon. members' memories. About two years ago the government of Alberta brought the Employment Pension Plans Act into line with the new changes in the federal income tax system that were brought down at the same time. They're quite specific as to the locked-in provisions of a retirement plan, and I don't believe that this Bill would meet the test of the federal income tax laws. I'm not too sure how the locked-in provisions would be adjudicated by the Lieutenant Governor in Council when in fact there is a broader Act under the Income Tax Act of Canada.

The other thing I'm concerned about in this is the ownership of the plans. Under most of the public service pension plans, under section 7 of those plans it states that the assets do, in fact, belong to the plan members, which is really important to remember. The assets belong to the plan members. Under section 7 of this particular Bill, if there is a withdrawal, the participants may withdraw only \$200 million in a specified year. I don't know, with the assets belonging to the individual plans, that anyone has the ability to set that limit. I'm not quite sure, Mr. Speaker, as to what the consequences are of that type of limit on a plan withdrawal when in fact the assets are already deemed to be the ownership of the participants within the plan. So I have some questions that I have some concerns with, and I would refer hon. members to the Income Tax Act, the Employment Pension Plans Act, and section 7 under the Public Sector Pension Plans Act, that are already in place today, before they make their decision on how to proceed with this Bill.

One of the other concerns I have – and it was mentioned by one of the hon. members – is that when you go into a negotiation to deal with a plan such as this, you deal with the best economic factors that you have available to you. All levels of government have had to do this, whether it be amendments to the federal pension plans Acts through the tax department or through our own employment pension plans adjustments. Actuarial values, Mr. Speaker, become very important, but they, keep in mind, are only the best guess of the future. They take in a number of factors that must all be weighed into the actuarial soundness of the plans. Tampering with that could be very dangerous when we're looking at supplying the security of these plans, as they are all basically long-term and long-term funded plans. This is something I don't believe we should open the door on. I believe more so that if in fact the pension plan boards came forward to the government with some suggestions and resolutions, certainly the government should listen to those recommendations, but not instigate those. I think there is an element of trust that has developed between the pension plans and the government because of the resolve that we came to about two years ago, and I would be very much opposed to that element of trust being tampered with at all.

So I would leave it that I will have to vote against this Bill and would encourage all hon. members to do so until we have done some further research on this and have actually listened to what the pension boards have to say. I'm sure they'll be doing actuarial reviews in the next three or four years and may come forward with new assumptions and assessments. I would leave it

at that, that it is really the boards' position to come forward with recommendations and not the members of the government's.

Thank you.

MR. SPEAKER: The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you very much, Mr. Speaker. I rise today as well to speak against Bill 204. I do so after going through it and realizing that the Bill is seriously flawed in many respects, although the concept is not a bad one just on the surface of it, because I, like the Member for Cypress-Medicine Hat and the hon. Minister of Energy, believe that Albertans deserve to make choices. They want to make their own choices. At the same time, in saying so and in looking at this Bill, Albertans – 150,000 Albertans that are affected – have indeed made their choice. The choice is that within the collective agreements themselves between employers and employees it states that members shall belong to these plans. That is a choice made by them, each one of these Albertans. I believe that employees that are nearing retirement would want to make their choice, and I suspect very much that their choice would be to remain within these plans, because of course anyone who is nearing retirement wouldn't want to give up 50 percent of the employer's share. I question that very much. I suspect that they'd be right in there for all of it.

But more than all of that, Mr. Speaker, I think that this Bill flies in the face of three years of negotiations, the hard work that has been put together by all the plan negotiations, the difficult negotiations that put these pension plans on a secure financial footing, that is going to take us for the next 50-odd years, that had given the individual plans self-governance provisions. I think that flies in the face of that.

I also think that it is quite clear that Bill 68 has changed the names or the labeling of certain plans. They are no longer called, in my understanding, the Local Authorities Pension Plan Act, et cetera, et cetera. These names have now been changed, and I think from that standpoint right in itself that this Bill starts to be flawed.

We go on to the fact that I'm really worried and concerned that there will be from the younger employees a run on the pensions. I think that when you have a situation where employees can grab ahold of their pensions now and the opportunity of putting them into a situation where they may gain some greater benefit, it's going to be hard not to accept that. I think that you'll have a run on those pensions, and I'm really concerned over that.

3:20

I'll tell you about a situation, Mr. Speaker, in one of our companies. We valued certain assets, and once we made it public to our shareholders, a number of them came forward and said: "Well, I want out. I kind of like my financial situation and position now. So here I am; I'd like to cash out." I tell you that it almost bankrupted the company. We didn't have sufficient funds to take them out, so therefore we had to rejig this whole thing and re-evaluate our situation before we went any further and said: this is not possible. We've put it into our bylaws that a period of time would have to be considered before anyone would be able to withdraw their contributions or redeem their shares.

In this situation I think you're going to have a massive run on the pensions, and that's going to ask the question: where do we get the money from? In this day and age when we put together our budgets and we're scrimping to trim our deficits in order to balance those budgets, \$200 million is an awful lot of money to start rejigging those budgets, not to mention the amount of money that we're going to need to pay out the employees' contributions.

Another question and concern that I have is: why 50 percent? I mean, what happens to the other 50 percent? My concern is that there is a common understanding of vesting of pension rights, and access to employers' contributions really does not mean anything any more if we are going to suggest that 50 percent alone is going to be paid on the employers' contributions, and that's it.

Mr. Speaker, also, section 5 of the Bill leaves it very wide open as to how the prescribed regulations can affect plan holders. Draft guidelines of these regulations of course would have been helpful, if we'd had a little more information as to what was actually the intent of these regulations before we consider passing this Bill or at least giving consideration to this Bill.

In section 6 it says:

Once a participant has made an election under section 3 or 4, he may not participate again in the pension plan in respect of which the election was made.

I wonder in a situation like that: participants electing out of, say, for example, the local authorities pension plan, are they not able now to participate in any other plan that is listed under section 2, which constitutes all the other pension plans?

These concerns, Mr. Speaker, that I have do not allow me to see the passing of this Bill or the support of this Bill. Therefore, I would urge all hon. members not to support this Bill at this point in time.

Thank you very much.

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

MR. YANKOWSKY: Thank you, Mr. Speaker. I'll be speaking against this Bill. Thank you for allowing me to add my comments to the debate on Bill 204, the Retirement Savings Plan Act. When the member opposite who is the sponsor of this Bill introduced the Bill last week, it seemed like he was blaming employees hired prior to 1992 for the current problems with the government pension plans. I choose to differ with him. I think that the problems with the pension plans at the present time are a result of mismanagement by this government.

The Bill in its present form, Mr. Speaker, is a recipe for the demise of the public service pension plans as we know them today. This Bill as presented contains serious or potentially serious repercussions especially for those former government and municipal workers who are currently receiving a well-deserved pension. These participants, as they are termed in the Act before us, may be contributors or benefactors of any of these eight plans: the Local Authorities Pension Plan Act, the Members of the Legislative Assembly Pension Plan Act, the Provincial Court Judges Act, the Public Service Pension Plan Act, the Special Forces Pension Plan Act, the Public Service Management Pension Plan Act, the Teachers' Retirement Fund Act, the Universities Academic Pension Plan Act.

Now, this Act proceeds to set out directives for, number one, a participant who is not yet entitled to receive a pension to opt out of that pension plan he or she is contributing to and, number two, a participant who is entitled to receive a pension. Firstly, let's consider the participant who is not yet entitled to receive a pension. I take it that we are talking retirement formulas, which are normally combinations of age and years of service. Now, what incentive will there be for participants to opt out of a particular pension plan, be they new employees or those that are near retirement? Some incentive, when all they will receive is a refund of their contributions with the prescribed rate of interest set by the Lieutenant Governor – and the current rate is 3 percent – and then their government will graciously roll all this into a

locked-in retirement account designated by the employee. Such a deal, Mr. Speaker. Why, every pension participant will be jumping at this opportunity. Or will they? Well, I think they would be absolutely naive to do so.

The way I read this Act, Mr. Speaker, once you have opted out, you can never opt back in again. Also, you are not entitled to any pension contributions made on your behalf by your employer. You're on your own, buddy. It's up to you to set aside a part of your paycheque every month and put it into an RRSP. But hold it. Isn't the federal government making noises about cutting back on the amount one may contribute to RRSPs? And this may only be a foot in the door for the total elimination of RRSPs. Where does that leave Mr. or Mrs. Participant? Why, now they don't have any vehicle for a pension at all, and with interest on savings almost nonexistent and wages on the slide there goes any hope for a secure retirement. Let's face it, folks: the good times are over. Welcome to the New Zealand plan, where you're on your own.

This Act also makes no mention of collective agreements that are in place where pension contributions are set out and where employees and employers share in the contributions. Will proclamation of this Act cancel all those agreements? Also, the continuation of pensions of those already retired is dependent on the number of new . . .

MR. SPEAKER: Order please. The Chair sincerely regrets having to interrupt the hon. Member for Edmonton-Beverly-Belmont, but pursuant to Standing Order 8(2)(b) we must now move to the next order of business.

#### head: **Motions Other than Government Motions**

##### **Financial Review Commission**

505. Moved by Mr. Chadi:

Be it resolved that the Legislative Assembly urge the government to follow the recommendations of the Alberta Financial Review Commission and examine the objectives and mandates of existing financial institutions in the province, with the goal of eliminating the duplication of services and ensuring a tax regime that provides a healthy climate for the attraction of capital to Alberta.

MR. SPEAKER: The hon. Member for Edmonton-Roper.

**3:30**

MR. CHADI: Thank you very much, Mr. Speaker. I'm always reminded of the comments made by the Member for Redwater, that the washroom was always the best place to be listening in on what happens in the House. When I heard "Edmonton-Roper," I just had to run right back, Mr. Speaker.

With respect to Motion 505, I believe this motion is timely. This motion is one that takes into consideration the future of how the financial institutions of this province ought to be administered. Mr. Speaker, this motion calls on the government to implement the recommendations of the Alberta Financial Review Commission, which was to streamline and consolidate the operations of those financial institutions which fall under the control or the direct purview of this government; for example, the Agriculture Financial Services Corporation, previously the AADC, Alberta Agricultural Development Corporation, and the Alberta Hail and Crop Insurance Corporation; the Alberta Mortgage and Housing Corporation; the Alberta Opportunity Company; the Alberta Treasury Branches; the credit union system; and North West Trust. Now that I think of it, perhaps maybe we ought to look at

probing into the Alberta heritage savings trust fund as well. There seems to be a fair amount of lending going on within that institution.

Mr. Speaker, the motion goes on to say that the government ought to consider the elimination of those impediments within a tax regime which act as a disincentive to the attraction of capital and impact negatively on the profitability and competitiveness of the financial institution sector in Alberta. To give you an example of that, we currently have a 2 percent capital tax on financial institutions. We currently have a situation where the government of the province of Alberta backstops a hundred percent or guarantees a hundred percent of the Alberta Treasury Branches' deposits in comparison to the other lending institutions in the province. Chartered banks, et cetera, are subject to the CDIC, the Canada Deposit Insurance Corporation, and as a result premiums are paid. There seems to be an unfair advantage there. Perhaps maybe we ought to be looking as well at equivalent premiums to be paid to the province for the hundred percent guarantee, or maybe we ought to be also looking at changes: instead of a hundred percent, doing a \$60,000 deposit insurance, something similar to what the federal government has, but premiums paid to the province. Nonetheless, these are all suggestions that fall within this motion. I'd like to come back to that just a bit later.

I think that the government has gone a long way or a first step at least in a long process, and that is the amalgamation of the AADC and the Alberta Hail and Crop Insurance Corporation. It goes a long way to eliminate waste, duplication and overlap, and improve service efficiencies of these two Crown-controlled corporations. I think we have to keep going, to continue on with the process.

When we look at the Alberta Opportunity Company and other corporations like the Alberta Mortgage and Housing Corporation and the new Agriculture Financial Services Corporation, we look at the amount of subsidies that they receive from the general revenue fund to continue to maintain their operations, to pay outstanding debt obligations to the heritage savings trust fund. It seems like there is a misleading or at least there is a false and distorted picture of what's happening there. As I see it, we have a situation whereby these corporations receive subsidies from the general revenue fund in order to pay back the heritage savings trust fund, which in turn gives back to the general revenue fund certain amounts of money each year. So the circular accounting definitely leads to a false and distorted picture.

But you look at the operating expenditures of these companies; for example, North West Trust. I look at the operating expenses only in the scope that we would consider doing some amalgamation to eliminate the duplication of services, et cetera. North West Trust alone had \$16 million in operating expenses last year - \$16 million - and then we acquired Bancorp Mortgage. Now, I'm not sure just how much we are expending within Bancorp Mortgage or if indeed it's built into the \$16 million, which I doubt. Nevertheless, we have a situation where we're expending at least \$16 million to administer a company called North West Trust.

We have another one, and that is the Alberta Opportunity Company, and we look at how much we spend in the Alberta Opportunity Company. How much money does it cost us to operate this corporation? You look at the annual report, and it's \$8.7 million that we spend there.

Take a look at AADC. I don't have figures, of course, for the Agriculture Financial Services Corporation, but going back to AADC and seeing how much AADC spent alone just in operating expenses, that amounted to \$13 million.

Mr. Speaker, a total of \$38 million has been expended; \$38 million that I think could have gone to better use here. We could

have made some adjustments and made some amalgamations perhaps in order to eliminate some of these duplications.

The Alberta Treasury Branches clearly do not compete on a level playing field with other financial institutions in the province. Alberta Treasury Branches are not subject to a 2 percent financial institutions capital tax. The Alberta Treasury Branch does not pay CDIC deposit insurance, and the Alberta Treasury Branch has a hundred percent guarantee from the province of Alberta. Mr. Speaker, when I look at the Alberta Treasury Branches, I say to myself: why are we into the Treasury Branches? And don't get me wrong. I'm an advocate of the Alberta Treasury Branches. I think they've done a fantastic job over the years, even though they've lost a fantastic amount of money. In terms of its original mandate back in the '30s when Alberta Treasury Branch was set up, it was set up primarily because most lenders put their tail between their legs and ran back to eastern Canada. The Alberta Treasury Branches were there for Albertans. In depressed times, particularly in the '80s when we saw it all over again, there were times when eastern lenders, particularly eastern-based lending institutions, said no to Alberta. The Treasury Branches were there to pick up the slack, and they did a great job of that. Nonetheless, we also have to consider playing on a level playing field here.

The Treasury Branches corporate strategy, taken right out of their 55th annual report, says:

To provide a banking alternative for Albertans, with particular responsibility for provision of service in outlying areas of the Province.

Clearly the focus there in their corporate strategy is on the rural parts of this province. I think that was the intent in the first place. I never thought that Alberta Treasury Branches would be building monumental banks in the heart of downtown, being Calgary and Edmonton, and competing neck and neck with the chartered banks.

But we go on to the second statement within their corporate strategy, and that is:

To give special attention to lending activities pertaining to [agricultural] operations, [independent] businesses, and consumer related financial needs.

I think the key words here are "special attention to lending activities pertaining to [agricultural] operations."

Then I can't help but go to the business plans of the Agriculture Financial Services Corporation within the Agriculture, Food and Rural Development department, and you look at the core activities and directions. It states clearly that

the Agriculture Financial Services Corporation will operate under the authority of Bill 21 which was passed in the . . . Legislature. The responsibility and authority for providing lending and insurance services to the agri-food industry in Alberta is explained in detail in the legislation.

### 3:40

It says here that the core products and services are "Beginning Farmer Program", and under that beginning farmer program, it's "fixed rate long term loans for beginning farmers." Then we talk about "Crop Insurance," and it "insures farmers against abnormal production losses . . ." It goes on to say "Commercial Lending" and "Hail Insurance". So we're combining agriculturally related lending and insurance, so commercial lending and lending to beginning farmers and offering insurance.

That's exactly what the banks are getting into now, Mr. Speaker. You start looking at the chartered banks. They're dying to get into insurance. They're dying to get into the sale of automobile insurance and house insurance and business insurance, and I'm not so sure if they wouldn't even get into crop insurance if they were given the opportunity. But it seems to me that there seems like a perfect fit here when we start talking about the



amalgamation of, say, the Alberta Treasury Branches with the Alberta Agriculture Financial Services Corporation.

As a matter of fact, Mr. Speaker, there is a motion that will come up, and it's Motion 527. It's sponsored by the hon. Member for Red Deer-South, and it's quite clear in that motion that it calls for the amalgamation of the Agriculture Financial Services Corporation, the Alberta Opportunity Company, and the Treasury Branches. I think this Motion 505 is related in many, many respects, but we've heard in this House time and time again that what has to happen is that we would at least look at the alternative, study it, and then come out with a solution. What this Motion 505 calls for is exactly that: a commission perhaps to evaluate the lending institutions controlled by the Crown and make certain recommendations to us, quite similar to what the Tax Reform Commission has done, quite similar to what the Alberta Financial Review Commission has done.

When we talk about these commissions that have taken place already, they've hinted around what Motion 505 is attempting to do. They've touched on them in certain areas, but they were never focused on doing something with the financial institutions, and that's why I think we have to bring this into focus now. I think 505 is designed as a means for the government to address these issues. The objective is to redesign the role of Crown-controlled financial institutions to better meet the goals of self-sufficiency, cost efficiency, profitability, competitiveness, and effective service delivery that meet the needs of clients. I think these changes will stimulate wealth creation and increase job opportunities for Albertans in an innovative financial sector.

Mr. Speaker, the Canadian Bankers Association made certain recommendations to the Tax Reform Commission, which the Tax Reform Commission does indeed mention. I quote from the Tax Reform Commission's final Report to Albertans. It says:

The Commission heard concerns that the capital tax on financial institutions is inconsistent with the objective of creating more wealth. If Alberta chose to reduce its capital taxes, especially now with growth in cross-border capital flows, some argue that Alberta could lead Canada in attracting global investment. The province could become a particularly attractive place to locate head offices for major financial institutions.

Mr. Speaker, I firmly believe that, and I think that is the focus Motion 505 has to take, and I think that's the focus the government has to take. Therefore, I will end my comments and I'd listen to my hon. colleagues. Thank you.

**MR. SPEAKER:** The hon. Member for Calgary-McCall.

**MR. SOHAL:** Thank you, Mr. Speaker. It's a pleasure to rise in this Assembly this afternoon to speak to Motion 505, sponsored by the hon. Member for Edmonton-Roper. I would like to begin my remarks this afternoon by drawing the hon. member opposite's attention to the document titled the Alberta government's response to the recommendations of the Alberta Financial Review Commission. On page 3 of that document the second point of the commission's recommendation, upon which the motion we are discussing is based, appears along with the government's response. As is very apparent by the fact that this motion is before the Assembly this afternoon, the Member for Edmonton-Roper has failed to read this response. For the benefit of the member opposite the response reads as follows, and I quote: "The recommendation is accepted. The government is reviewing for duplication of government activities," end of quote.

Shortly after the Alberta Financial Review Commission released this report in March of last year, this government began a process of reform. This process has taken many forms over the past 12

months. A few of the initiatives this government has taken include the release of an economic development strategy titled *Seizing Opportunity*; the introduction of spending control legislation, the *Deficit Elimination Act*; the various public consultation processes, including the roundtable discussions on the province's financial situation, health care, and education systems; presentation of Budget '93 and Budget '94; the implementation of three-year business plans; the Alberta Tax Reform Commission; and the list goes on.

Mr. Speaker, in light of these and other initiatives undertaken by the government, I think this motion should more appropriately read: that the Legislative Assembly congratulate the government for responding to the recommendations of the Alberta Financial Review Commission, reducing duplication and overlap of services throughout government and creating an environment in which the private sector can create jobs and generate wealth for all Albertans.

I will direct my comments to the Financial Review Commission's recommendation. In that recommendation the commission asked for a review of financial institutions controlled by the Alberta government so as to eliminate duplication and ensure efficiency in meeting the needs of their respective customers. Mr. Speaker, this government has done just that. Over the last year all government departments, agencies, boards, and commissions have or are in the process of undergoing a review process. This process is directed towards the elimination of duplication and overlap of services provided by other government programs and services. It is also geared towards developing three-year business plans which will allow the various departments to meet the needs of Albertans more effectively and efficiently. The three-year business plans were released with the budget on February 24. This is the first time that any government has ever participated in this type of strategic planning and released such information to the general public. The provincially owned financial institutions with which this motion deals – the Agriculture Financial Services Corporation, the Alberta Opportunity Company, the Alberta Treasury Branches, and the Alberta Mortgage and Housing Corporation – have already or are in the process of developing three-year business plans.

I would like to briefly summarize the respective plans for the benefit of the member opposite. I would like to begin by refreshing the member opposite's memory and remind him that this government has already amalgamated the Alberta Hail and Crop Insurance Corporation with the Alberta Agricultural Development Corporation. The Agriculture Financial Services Corporation will provide its customers with a one-window approach to programs and services not previously available through the same location. In their three-year business plan the corporation identified the need to work more closely with the Farm Credit Corporation in facilitating access of farmers and agricultural processes through various forms of financing and to eliminate overlap and duplication in services with the FCC.

### **3:50**

The Alberta Opportunity Company went through the same process as the Agriculture Financial Services Corporation. The AOC identified key goals for the next three years which include facilitating job creation and securing existing jobs through providing credit to small businesses unable to obtain financing in the private sector, ensuring that the existing portfolio of loans continues to be managed so as to maximize the recovery of those funds, and to manage the company's exit from its portfolio of venture and seed investments. The AOC will continue to focus on providing loans to clients who cannot obtain financing from

commercial lenders on reasonable terms and conditions. The company is getting out of venture and seed funding, because it can be more appropriately carried out through other ventures.

In the case of the Alberta Mortgage and Housing Corporation, they are no longer doing any more mortgage lending. Municipal Affairs' three-year business plan in the housing area will focus on facilitating the provision of housing rather than directly providing housing.

In respect of North West Trust, they are a Crown-controlled corporation, and it remains the intent of the government to return that institution to the control of the private sector.

The government reviewed the Agricultural Development Corporation and the Hail and Crop Insurance Corporation and subsequently amalgamated the two. In an effort to further reduce overlap and duplication, they already acknowledged the need to work more closely with the Farm Credit Corporation.

The Alberta Treasury Branch is currently reviewing its three-year business plan.

The Alberta Opportunity Company will no longer offer venture and seed funding and will focus its efforts on providing loans to small- and mid-sized Alberta businesses.

Motion 505 also asks this Assembly to urge the government to maintain a "tax regime that provides a healthy climate for the attraction of capital to Alberta." I would ask the member opposite to turn to page 56 of the Budget '94 document. Alberta has the lowest personal income tax rate of any other government in Canada. It has the lowest gasoline tax of any other jurisdiction. Its corporate income tax is one of the lowest in Canada, and this province has no retail sales tax. But more importantly, Mr. Speaker, this government is solving its financial difficulties by reducing spending as so many Albertans realize this government has a spending problem, not a revenue problem. Even though this government has the most competitive tax system in Canada, it created the Tax Reform Commission to review our existing system and make recommendations to make it even more competitive.

Mr. Speaker, this government has brought predictability to the province of Alberta. Business can be assured that this government will balance its budget by fiscal year 1996-1997. Albertans can be assured that this government will balance its budget in a way that affects all Albertans equally. No one Albertan will be treated differently than the others. We will share the burden equally. The three-year business plans are in place. The review of the mandate and studies of the various financial institutions were carried out over the past six months and took into account issues of duplication, the government's overall approach to business and agricultural finances, the setting of government expenditure priorities and financial targets for all agencies. Finding a better way to deliver services that Albertans can afford and meet their needs is the key area of focus. The business planning process is a continual one, and the mandates and strategies of these agencies will continue to be reviewed by the government. This planning process combined with a balanced budget by 1996-1997 and one of the most competitive tax regimes in this country will ensure the attraction of capital to Alberta, create jobs, and ensure prosperity for future generations.

Mr. Speaker, I'm not prepared to support Motion 505 as it presently reads. This government should be congratulated for its efforts to date and encouraged to stay the course. A better Alberta for all Albertans is just around the corner. Thank you.

MR. SPEAKER: The hon. Member for Edmonton-Whitemud.

DR. PERCY: Thank you, Mr. Speaker. That's interesting. I hope that the hon. Member for Calgary-McCall will give the same

admonition that he did to the Member for Edmonton-Roper to the Member for Red Deer-South, to read the Financial Review Commission, because the motion forthcoming from the Member for Red Deer-South is very specific.

This motion is much more broadly based, Mr. Speaker, than the hon. Member for Calgary-McCall would suggest. First, what the motion attempts to do is generate a level playing field for financial institutions in the province of Alberta. It's very clear that when you have the chartered banks paying a 2 percent tax on capital and the Alberta Treasury Branches are not subject to that it is not a level playing field, that it provides a disincentive for those chartered banks to engage in lending in the province. There's going to be some margin under which the banks will not lend here precisely because of that 2 percent tax on capital, whereas one of their major competitors, the Alberta Treasury Branches, is not subject to it.

So the issue of environment is important. To suggest, then, that the government is always looking at this, that it's going to take the recommendations of the Financial Review Commission to heart but at some point in the future probably is not good enough in the perspective of those people out there who want to borrow money to finance firms, and it's not there because of some of the disincentives that already exist.

The credit unions in this province. On one hand, the provincial government has to be congratulated for rescuing through the stabilization Act and other vehicles credit unions in the province in the mid-'80s. On the other hand, the tax that is presently imposed on them is discriminatory, certainly compared to their counterparts in Saskatchewan. There's not a level playing field there, and again this is a disincentive for generating pools of capital in the province.

As well, we have heard nothing yet, Mr. Speaker, concerning the five-year remission on the capital tax that was announced by the government in December 1990. As it presently stands, this five-year remission on the capital tax is available for financial institutions in excess of 10 percent of the pretax net income allocated to Alberta for all financial institutions with head offices in Alberta. The Canadian Western Bank points out, for example, that if that remission order were not in place, the total capital tax charged to them in 1993 would have increased from \$337,000 to \$751,000. Clearly, that's a disincentive, and if the object of the exercise is to ensure that we have a viable set of financial institutions in this province to meet the demands of Albertans to finance small business, to finance home purchases then the types of disincentives that presently exist have to be eradicated or studied.

It's clear when you review the submissions to the Tax Reform Commission that the capital tax was viewed as a major irritant by the chartered banks, and the fact that there was not level playing was viewed as a major irritant. So for the hon. Member for Calgary-McCall to indulge in an orgy of self-congratulations as to what the government is doing I think is premature. It hasn't done as much as is required, and the longer we procrastinate on this, the greater are the costs that emerge, Mr. Speaker.

Another area that this motion addresses – and again the speaker from Edmonton-Roper addressed it in a very nonpartisan fashion, suggested that there were some similarities to the motion that was being brought forward by the hon. Member for Red Deer-South – deals with the consolidation of some of these financial institutions that currently exist under one roof. I do not see the concern or the unwillingness to study the housing under one roof, the Alberta Treasury Branches and the new Alberta financial services corporation. It would seem to make sense to have that type of one-stop financial service available in the rural sector. It would

reduce overhead. It would enhance convenience to people living in the rural sector. It just makes good economic sense, and it is worthy of study, clearly as Motion 527, by the Member for Red Deer-South, suggests. Again, that's subsumed in this Motion 505 from the Member for Edmonton-Roper.

4:00

We have to bear in mind, Mr. Speaker, that the Alberta economic environment is highly volatile. I mean, it's subject to a variety of shocks, from oil price shocks to agricultural price shocks. We have to ensure that our financial institutions are on sound financial footing.

One institution that's certainly important to the province and certainly important to the rural sector is the Alberta Treasury Branch. Again, falling under the ambit of this motion would be some type of review, we would hope, of the mandate and functions of the Alberta Treasury Branches. It's clear right now that there is the perception that the Alberta Treasury Branch is not arm's length. The reality may be different, but certainly the perception out there is that the Alberta Treasury Branches at some time or another may be subject to influence, however slight. It's possible. Certainly some of the loans in the past to entrepreneurs from the city of Edmonton would suggest that normal business prudence wouldn't have led to loaning them large sums of money, and we just dealt with some of the problems that have emerged as a consequence.

Why not have the Alberta Treasury Branch or its superintendent prepare a report to the Public Accounts Committee outlining what has been done in the previous year? Why not have a superintendent that reports to the Legislature as opposed to the Provincial Treasurer? Why not look at a different form of governance for the Alberta Treasury Branches to ensure that its governance is more in line with what we see in other types of major financial institutions that are out there that have to deal with the changing marketplace and a very, very unstable marketplace in western Canada? These things ought to be discussed. Just because the Alberta Treasury Branches have been in existence since 1938 is not a good argument to preserve the status quo.

This motion is positive. It says: let's look at trying to make our financial institutions in this province more efficient so that we provide a healthy climate for attracting capital to the province and generating capital in the province. I think more can be done, and I think the recommendations of the Financial Review Commission and the recommendations of the Alberta Tax Reform Commission could be pursued in greater detail. Certainly it should be a subject for debate. If not in the Legislature, it should be a subject for debate in forums set up dealing with how to attract and manage capital pools in this province.

It's clear that small businesses in the province and small businesses across Canada often feel that they cannot get access to capital. In place in the province is the AOC, but you will find that there are individuals who view the AOC as being either too risk averse or its mandate too narrow. That should be subject to debate, to discussion. It's not clear what the appropriate vehicle is for discussing that, whether it's a Financial Review Commission that's set up specifically dealing with issues of accessibility of capital in this province and ensuring a level playing field for all financial institutions in the province, but it ought to be examined.

What this motion does is then urge the government to undertake such a study and look for ways in which we can save money without having to lay off civil servants, without having to fire teachers, fire nurses. Look at cost-efficient ways of consolidating operations and make our financial institutions more efficient: these are things in a sense that are costless, that provide us with

savings that don't result in job loss, that just result in enhanced services, greater convenience for those individuals that use the services.

So we shouldn't dismiss it out of hand. We shouldn't just say: "Well, the government has done all it ought to do, and that's great. The business plans have the answers." Members on both sides of the House have looked at those business plans. You know, there are certain requirements of a business plan, one of which is that there ought to be some structural coherence across the business plan so that they provide an integrated approach to providing government services in the province.

They also ought to be based on outcome measurement. The hon. Member for Calgary-McCall mentioned a number of indicators that they might look at, but there are no numbers there, Mr. Speaker. In virtually all the business plans there are sort of expressions that these are the numbers we would look at if we had the time to do it. But the data is there to calculate the numbers as to success rates, the potential for jobs created by these types of loans. We don't see the numbers set out in terms of benchmarks that ought to be achieved. Again, what such a review commission could look at would be: what are the appropriate benchmarks for these types of entities that deal in those corners of the market that the private sector doesn't want to get involved in? That's what the AOC is there for: when commercial institutions will not touch these types of requests for financing.

So what are the appropriate benchmarks? They're not in the three-year business plan for the AOC, Mr. Speaker. What is a commercially safe level of risk appropriate for an institution like the AOC? You don't find the answer in the business plan, and in fact you don't find many answers in the business plan. What you find are sort of generalities.

What this motion argues for is a move to try to provide some coherence to our financial markets, because increasingly we're going to have to both generate additional capital within the province and ensure that we can attract additional capital from the rest of Canada and from abroad. The prerequisite for that is a level playing field with the rules of the game set out very clearly.

One final point I'd like to make with regards to the Alberta Treasury Branches – and I'd echo the comments of my colleague from Edmonton-Roper – is that certainly it's clear that the ATB provides a valuable service to the rural sector, because on occasion the chartered banks have moved out of that market very, very quickly when agricultural prices have plummeted or when there's a high degree of risk in that market. Farmers have felt themselves left high and dry. So while one can be pleased that there is such a financial institution as the ATB in existence, on the other hand the level of exposure that Albertans face with regards to the liabilities of the Alberta Treasury Branches is large. I mean, we self-insure.

Now, the Alberta Financial Review Commission said that if we were to ensure that the Alberta Treasury Branches could draw upon CDIC depository insurance, we'd have to correct the capital deficiency of the Alberta Treasury Branches. They suggest, then, that that would be a requirement of \$600 million, which is a large sum of money. It's not available now. It's not clear it's going to be available in the foreseeable future. This is important for two reasons. First is that the rate the Alberta Treasury Branches presently pay for this self-insurance really isn't equivalent to what the other financial institutions in the province pay; it is much lower. Again, if you want a level playing field, what one can do, then, is in a sense impose a penalty on the Alberta Treasury Branches that they pay the equivalent of what chartered banks pay for the first \$60,000 of insurance. Again the issue here is levelling the playing field.

[Mrs. Forsyth in the Chair]

The second issue I'd like to reiterate is the issue of governance and the ability to make the operations of the Alberta Treasury Branches a little more transparent, because it is Albertans that are potentially exposed to this \$7 billion plus liability. One would think, then, that you would want the financial structure to be as transparent as possible but the governance to be as transparent as possible, and rather than reporting to the Provincial Treasurer, as the superintendent presently does, report to either the chairman of Public Accounts or to the Legislature as a whole with a report. That way it's more arm's length, and any perception of potential decision-making on political grounds rather than commercial viability would be dealt with.

Thank you, Mr. Speaker.

MADAM ACTING DEPUTY SPEAKER: Thank you.

The hon. Member for Calgary-East.

MR. AMERY: Thank you very much, Madam Speaker. The motion before us is positive in its intent, but it fails to recognize the strides that the government has made in these areas.

MR. CHADI: Moe, your own colleague is looking forward to this one.

4:10

MR. AMERY: Yes, Sine.

The government has already accepted the majority of the Alberta Financial Review Commission's recommendations. As well, our commitment to eliminating duplication and ensuring a tax regime that provides a healthy climate for the attraction of capital has never been more apparent. The Alberta government asked for the review commission's report on behalf of all Albertans. We wanted an unbiased assessment of the state of the Alberta economy, and we wanted objective suggestions on how to improve it. Essentially the report told us that our deficit was due to overspending and urged us to wipe out the debt. This is exactly what we are in the process of doing. We have accepted the recommendations of the commission and have developed a workable and enforceable fiscal plan. The Deficit Elimination Act will result in a balanced budget by 1996-97.

As the commission also recommends, we are committed to keeping Albertans informed. We are de-emphasizing the use of loans as instruments of public policy. We are developing a financial management reporting system. We are going to participate as a trustee of pension investment funds, subject to consultation with a board of administrators, and we are committed to the recommendations involving specific reporting and budget analysis. All of these actions were recommended by the commission, and all of these actions we have accepted. Those recommendations we have yet to accept are simply pending further review.

The hon. Member for Edmonton-Roper also proposed that we should

examine the objectives and mandates of existing financial institutions in the province, with the goal of eliminating the duplication of services.

Again, we have already done this. The concept of three-year business plans was developed almost entirely for this reason. Three-year business plans find a better way to get the most value for the taxpayers' dollars and a better way to provide high-quality essential programs at a cost we can afford. They outline specific objectives, actions, results, and spending targets. By studying the three-year business plans, government departments will discover

what works best, and adjustments can be made accordingly. Three-year business plans are a first for Alberta and a first for Canada.

Three-year business plans are also very important in the examination of Alberta's financial institutions. Over the past six months a review of the mandates and strategies of financial institutions in Alberta was carried out. This review took into account the issue of duplication, the government's overall approach to business and agricultural finance, the setting of government expenditure priorities, and financial targets.

The outcome was as follows. The Alberta Treasury Branches' three-year business plan is currently being reviewed to ensure that the objectives and actions taken by the Treasury Branches will continue to improve efficiency and profitability. The services formerly provided by the Alberta Agricultural Development Corporation and the Alberta Hail and Crop Insurance Corporation will now be offered by the Agriculture Financial Services Corporation. This amalgamation must surely demonstrate the government's desire to reduce the duplication of services. The Agriculture Financial Services Corporation is also working with the Farm Credit Corporation in order to avoid overlap and duplication. The three-year business plan of the Alberta Opportunity Company outlines its mandate to continue to focus on providing loans to clients who cannot obtain financing from commercial lenders on reasonable terms. The Alberta Mortgage and Housing Corporation is no longer in the business of mortgage lending. The Municipal Affairs business plan in the housing area will focus on facilitating the provision of housing rather than directly providing housing. The North West Trust Company has begun to prepare for privatization. Operational units have been closed, and staff has been reduced. It has been decided that the North West Trust Company may be better able to provide its services as a private entity. In general, finding a better way to deliver services that taxpayers can afford and that meet their needs is a key area of our focus.

Despite the fact that we have already examined and studied these financial institutions, we realize that business planning is a continual process. We will continue to review these institutions to ensure that Albertans are reaping the maximum possible benefit from them. The government has and continues to take many steps in order to reduce duplication and ensure efficiency. The member opposite cannot simply ignore the progressive measures that this government has already taken.

The hon. member also urged the government to ensure "a tax regime that provides a healthy climate for the attraction of capital to Alberta." Providing a tax regime that provides a healthy climate has always been one of the most important objectives of the Klein government. The Alberta advantage is based on the premise that we have the lowest rate of taxation in Canada. The government is dedicated to improving and promoting our tax advantage in order to encourage business and investment in Alberta.

In September of 1993, Madam Speaker, the government established the Tax Reform Commission to further its commitment to meaningful tax reform. We wanted a review of all taxes, taxation policies, and methods of taxation in order to determine if there were ways of restructuring our tax regime to make Alberta more competitive and to stimulate investment. The government responded to the commission by saying that we should look for ways to reduce personal and corporate income tax in order to give Alberta a strong competitive advantage.

Our competitive tax environment is already recognized by businesses throughout Canada and around the world. In fact, just last week an airline electronics firm announced its intention to set

up its operation in Alberta. It was stated, Madam Speaker, that the company's executives were attracted to Alberta because of its competitive taxes.

To reiterate, although I realize that this motion offers positive suggestions, it completely fails to acknowledge the achievement the government has made and the measures it has taken in precisely these areas. This is very disheartening, Madam Speaker. I believe the commitment that the government has made to the people and the business of Alberta in these areas is very evident and very definite. I would simply hope that the measures we have taken do not go unrecognized. I urge the members of this House to defeat this motion.

Thank you very much.

**MADAM ACTING DEPUTY SPEAKER:** The hon. Member for Rocky Mountain House.

**MR. LUND:** Well, thank you, Madam Speaker. It certainly gives me a great deal of pleasure to be recognized by a Madam Speaker. This is the first occasion that I've had this opportunity, so it is great to have that.

Madam Speaker, it gives me a great deal of pleasure to rise and speak this afternoon on Motion 505, sponsored by the hon. Member for Edmonton-Roper. The motion talks about urging "the government to follow the recommendations of the Alberta Financial Review Commission." Well, I think maybe to put things in context we should look at where we were and where we are today, and to do that, I would like to start out by looking at some of the financial institutions in the province and how they evolved and how the government has made some moves relative to the Tax Reform Commission.

First, I want to just look at the Treasury Branches and a bit about their history. Of course, everyone knows that they were established in 1938 through a \$200,000 advance from the provincial government. I must also inform the House that the first Treasury Branch in the province of Alberta was built in Rocky Mountain House, so we're extremely proud of that achievement. Incidentally, that was before I was old enough to really recognize the importance of the Treasury Branches, Madam Speaker. Since that time, the Alberta Treasury Branches have built a business enterprise worth about \$500 million in replacement value and a total of \$68 million in profits returned to the province. In its commitment to the future they are targeting for the end of March 1997 to completely retire their remaining capital deficit. They market about five basic services to Albertans, and they are of course the deposit accounts, the investment programs, loans, mortgages, and other money services.

**4:20**

Moving, then, over to the Agriculture Financial Services Corporation, as it's currently known. Of course, we know that that is an amalgamation of the Alberta Agricultural Development Corporation and the Alberta Hail and Crop Insurance Corporation. The Alberta Agricultural Development Corporation's objective was to assist in improving the viability of farming and agribusiness operations by fostering the establishment, maintenance, and increased productivity of family farms. Of course, one of the very important programs administered by them to farmers was the beginning farmer loan, which enabled a lot of young farmers to get into the business through a low interest rate and a reasonable time frame to pay off the loan. Of course, we know that the services provided by AADC included direct lending, guaranteed lending loans, incentive programs, and the establishing of a western economic partnership agreement on agrifood.

[Mr. Speaker in the Chair]

The main objective of the Alberta Hail and Crop Insurance Corporation was to provide a program at reasonable rates of insurance so that farmers could enroll and get crop insurance at a reasonable price. The revenue insurance program that was instituted back about three years ago was administered through the hail and crop insurance program, and that has proven to be very beneficial to farmers, particularly as it relates to the low prices and the high input costs. The Alberta Hail and Crop Insurance Corporation also administered the wildlife damage compensation program.

Taking a look at the Alberta Opportunity Company, that one was formed in 1972 with \$50 million in equity. In 1979 the equity was replaced by debenture funding from the Alberta heritage savings trust fund, and since that time, AOC has continued to be funded in this manner, in the form of fixed rate, fixed term loans. The purpose of AOC is to provide financial management and educational assistance to support the growth and development of small- and medium-size Alberta businesses and to promote the growth and diversification of the provincial economy. The AOC also administers the export loan program.

Moving then to the housing area, we talked about the Alberta Mortgage and Housing Corporation. During the rapid growth years of the 1970s and early 1980s, Alberta Mortgage and Housing responded aggressively to provincewide demand for serviced land and housing. It made loans for single-family and multiunit housing, for low- and moderate-income families, and constructed subsidized rental housing units for senior citizens and low-income Albertans. The corporation also provided loans to finance major water and sewer projects and to develop lots for mobile homes. The financing of these programs brought Alberta Mortgage and Housing debt outstanding in the heritage trust fund to a peak at \$3.4 billion. As a result of the turndown in the economy, the extreme demand for housing declined rapidly in 1983. In 1989 Alberta Mortgage and Housing decided that the corporation's focus would be in the social housing area for the needs of the disabled and those with special needs, senior citizens, and low-income families.

In 1991 Mortgage Properties Inc. was created as a subsidiary of Alberta Mortgage and Housing. Now, its mandate was to divest Alberta Mortgage and Housing of residential real estate, land, and mortgages that were not required for core social housing needs. After disposing of assets totaling about \$459 million, MPI was restructured as municipal . . .

**MR. SPEAKER:** The Chair regrets to have to interrupt the hon. member, but Standing Order 8(4) requires that the Chair put all questions necessary to conclude debate on this motion after 55 minutes of debate, which has now expired.

[Motion carried]

### Strategies to Reduce Violence

506. Moved by Mr. Chadi on behalf of Mr. Dickson:  
Be it resolved that the Legislative Assembly urge the government to review its role in the strategies developed by the cities of Edmonton and Calgary to reduce violence in families and the community at large and determine what further steps can be taken by the provincial government to implement such strategies.

MR. SPEAKER: The hon. Member for Edmonton-Roper.

MR. CHADI: Thank you, Mr. Speaker. We're caught at a bit of a disadvantage. I'm sorry that the hon. Member for Calgary-Buffalo isn't here today. [interjections]

MR. SPEAKER: Order please. Just for the hon. member's elucidation, it is open for another member to move the motion on behalf of the hon. Member for Calgary-Buffalo, if it's so desired, and to commence the remarks on the motion.

MR. CHADI: Thank you very much, Mr. Speaker. I feel, along with the Member for Calgary-Buffalo, that there is a real urgency here that the government start to look at ways to reduce violence in families. We know that this has been a constant problem throughout the history of time. We feel that in light of the fact that it is International Women's Day, this is rather timely. So with those comments, I'd like to allow my colleagues to continue. Thank you.

MR. SPEAKER: The hon. Member for Edmonton-Mayfield.

MR. WHITE: Yes, sir. It's a pleasure to rise in the House, as unexpected as it is, on an issue that is extremely important to each and every one of us. Each and every one of us is quite aware – it may come as a surprise to some members of this House – that violence in the family does occur, and it occurs on a regular basis. This Legislature should be well aware that it is occurring as we speak in this province somewhere I'm sure. It cannot be and it should not be condoned and laughed at. Some members might think that it is a funny . . .

MR. SPEAKER: Order please. The Chair also regrets to have to interrupt the hon. Member for Edmonton-Mayfield, but Standing Order 8(2)(c) requires that we now move to the next order of business because the time has expired for the discussion of private members' motions.

head: **Government Motions**  
4:30 **Provincial Fiscal Policies**

7. Moved by Mr. Dinning:

Be it resolved that the Assembly approve in general the fiscal policies of the government.

[Adjourned debate March 1: Mr. Renner]

MR. RENNER: Thank you, Mr. Speaker. It's a pleasure for me to have the opportunity to again address the House and complete the comments that I was making when we adjourned last week. If I could just refresh everyone's memory, the Member for Redwater was going at quite some length in discussing his philosophy and his economic agenda, and I was at that time trying to address some of the concerns and some of the arguments that the member was giving. If the House will remember, he had a good deal of discussion regarding jobs, and I was just getting into some discussion regarding jobs when I ran out of time. So with your permission, Mr. Speaker, I would like to spend what time I have left to discuss jobs and job creation strategy and the way this budget addresses the prospects for jobs in this province.

Mr. Speaker, many people on the other side of the House are under the mistaken conception that government creates jobs and that government is responsible for creating jobs. We hear them over and over again asking us, "Where are the jobs?" Quite frankly, this side of the House takes quite a different view. The

government is not responsible for creating jobs for individuals. The government is responsible for creating an environment where the private sector can create the jobs. We feel very strongly about that on this side of the House.

The government that creates jobs, be it through a specific job creation scheme, creates a very temporary situation. These are jobs that are not of any lasting value. These are jobs where people find themselves in a position of temporary employment. The bottom line, Mr. Speaker, is that no matter what jobs are created directly by government, they are paid for by the public, the taxpaying public, and they are a net deficit to the government purse and the public purse. The objective of any government certainly must be to have a sufficient number of government employees and civil servants to carry on the business of government and carry on the role that government must play in society, but those jobs are created out of necessity, out of necessity to deliver the programs. I don't think any taxpayer minds paying a portion of their taxes to pay employees to carry out the role of government. But as soon as government starts creating a belief system that government in and of itself is responsible for employing people, we get ourselves into the situation we find ourselves in not only in Alberta but across the entire country, where governments have taken it upon themselves to create jobs for individuals, and we all know where that led to. I'm not saying that was necessarily what got the provincial government into a deficit situation, but certainly it was a contributing factor.

Mr. Speaker, it is my belief – and certainly I think it is the belief of many of my colleagues on this side of the House – that that is a circle that never ends and really begins to feed upon itself over time and really has to be broken. The way it's broken is to create an environment where we invite the private sector to get involved in our Alberta economy. We talk about the Alberta advantage, and we advise the private sector throughout Canada, throughout North America, and indeed throughout the world that Alberta is the place to be, that Alberta is the place to invest your money. It's a place where we appreciate your input into our economy, where we're not going to remove the incentive to make a profit with exorbitant taxes: corporate taxes, personal taxes, taxes of all kinds. We create an environment where it is inviting for people to do business, and that is exactly what this budget is doing. This budget is creating an environment where we are maintaining the advantage that we have in Alberta of having the lowest personal taxes, the lowest corporate taxes, and no sales tax.

Those advantages remain in place with this budget, but in addition to those advantages we also have the added advantage that the government of Alberta is addressing, and very seriously addressing, the situation that all governments have gotten themselves into in recent years of a deficit situation, a situation where the government spends more money than it brings in.

Mr. Speaker, probably the most important part of the Alberta advantage and this budget is that we are telling the world that in Alberta we are going to take a realistic situation to government spending. We are going to have a look at what government should be doing. We are going to make sure that we do the best possible job of delivering the services that the people require from their government, but we're not going to be in areas of the economy where the government doesn't belong. That's exactly what this budget does.

I would like to at this time invite any other members who wish to speak on this subject.

I thank you, Mr. Speaker.

MR. SPEAKER: The hon. Member for St. Albert.

MR. BRACKO: Thank you, Mr. Speaker. As I address the budget, I also want to bring into focus the Alberta Winter Games in St. Albert this last weekend. It was a time when many Albertans from the various regions came together. It elevated the city of St. Albert to new levels. It elevated the working of different people together.

DR. L. TAYLOR: You've been sitting by Andrew too long.

MR. BRACKO: Thank you, Mr. Taylor.

MR. SPEAKER: Order.

MR. BRACKO: It brought the community together, 4,000-plus volunteers. A compliment to the volunteers and to the city working together. We can see the games reached new heights. There was a lot of competition, strong competition, from the various regions. The main goal was the working together, which brought the games to a very successful conclusion.

On the other hand, we have the government, which needs to learn from this situation, a government that likes to divide and rule. Get one group fighting with another group, Mr. Speaker, to bring them to the lowest level. We have government bashing by all the various groups in society, something that doesn't unite and takes Alberta to the lowest level possible. This has to change. The government needs to learn and realize that conflict doesn't strengthen a government; competition does.

We also see members of the government who get up and promote a rural/urban split. They do this in their communities, members on the other side that I greatly respect. I can't for the life of me understand why they would do this. It's always an urban fault or a rural fault. We need to eliminate that and work together for our province. A province is only as strong as we make it.

We also have in the budget speech two or three places that talk about "pay off our debts so that we don't pass them on to our children and grandchildren." Another area talks about "a debt-free future for our children." Mr. Speaker, I challenge the government to produce this result. They use the word "debt" when they may be talking about the deficit. We know that this government's debt won't be paid off until some Albertans who graduated last year are 84 years old. I know there's modern technology and that life may be expanded to 100, 125 years. Maybe they're counting on that to eliminate our debt, but I do not see how this possibly can be done. I ask the government to be honest with Albertans. Yes, the deficit can be eliminated in our children's lifetime, maybe in our grandchildren's, but as we look at the debt, it's going to take a long time. It didn't happen overnight, and you're not going to get rid of it overnight.

Another statement: "to live on \$11.5 billion a year." Yes, that is nice. However, this government has provided us with a \$1.5 billion debt servicing, which increases our expenditures greatly. He also talks about "We got rid of pensions for MLA's." For some, Mr. Speaker, but not for all.

So as we look at the budget speech, the government has made statements that are not representing the true facts. Another statement made here: "Let's be clear: Alberta has . . . the highest deficits per capita among provinces." That is a very true statement, and I'm not sure why it's in there. I'm not sure if they're bragging about it or what.

4:40

So, Mr. Speaker, although in the budget we look at some of the statements made which do not truly reflect the true position we're

in, we have to realize we are living in exciting times of change as we move into the 21st century. We do indeed have the Alberta advantage. Our residents are dedicated and hardworking. Per capita our residents are the highest educated in Canada, and our province has tremendous natural resources. With proper direction and leadership Alberta can compete with any country in the world. However, in order to know where we are, we must look at the total picture.

We must also look at the Alberta disadvantage. Our debt is over \$30 billion and growing. What companies would want to invest their capital in a province that has a record as our government does? Our unemployment rate is high. Our graduates from universities and postsecondary institutions are only finding part-time work or no work at all. Six of my former students who were leaders of our young people were forced to go to the United States to work, leaving family and friends behind. They graduated in nursing at a cost to Alberta of at least \$500,000. Now Uncle Sam says: "Thank you, Alberta. Keep up the good work. Keep them coming to the U.S." Yesterday the fire fighters class of '92 was eliminated from the work force. This is a proud record for our government. Investors look for a government business plan and leadership, and all they see is the ALCB privatization fiasco. The government practices socialism, talks free enterprise, and sometimes I wonder if they know what's happening.

The Minister of Municipal Affairs shamefully admits his government is incompetent by telling Albertans that when his department or his government delivers a service, it costs 20 to 40 percent more than when it's done in the private sector. When we look at the ALCB, there was no business plan. An overnight decision was made to privatize ALCB, with rules made up as the ministers went along. The government flip-flops on rules depending on the day of the week, leaving businesspeople in conflict with each other and consumers in the dark. There was no consultation with consumers or input from the public to determine the direction needed. Municipalities were not given lead time to make needed bylaw changes in order to serve their residents properly. A good business plan would have protected the businessman, the consumer, and the municipalities by setting out the process and the rules of business prior to the sale of ALCB. Consumers and employees pay for government incompetence.

Instead of basing the decision to privatize ALCB on a cost/benefit analysis, the government based its decision on an incorrect political ideological agenda and not on economic sense. No cost analysis was done before the privatization. Alcohol prices were to go down because of competition. However, prices have gone up 20 to 30 percent due to the need for businessmen to make some profit above the flat tax on alcohol. A good cost/benefit analysis would have answered the following questions. Will Albertans benefit? What is the impact on government revenues? What is the economic history of the ALCB? Who is allowed to compete? What is the cost to the consumer? How is the pricing determined? Is the flat tax the way to go?

We also had the fire sale of the ALCB assets, which will cost taxpayers millions of dollars. Stores are being sold at 30 to 50 percent of market value, as there was no plan to maximize the assets for Albertans. The government also remains responsible for many existing leases. A cost-efficient process was needed to liquidate the ALCB assets.

Lastly, our employees heard on the radio that they had lost their jobs. Employees who have the expertise and knowledge to successfully operate a liquor outlet were not allowed to apply for a store unless they first quit their job.

If a government's leadership is determined by its fairness, this government needs to shape up. Its employees certainly did not get

a fair shake. The government made a mess of the privatization. So what does the government do? The usual incompetent thing: order a review in a year to take the heat off. What leadership, Mr. Speaker? Do you really think investors can hardly wait to come here for the Alberta advantage? For that matter, we've had the Alberta advantage for the last 20 years. Where were all the businesses rushing to Alberta?

Albertans are people of hope. The government must give people hope and not despair. The government must be honest about job creation. They say the economy created 34,400 jobs in Alberta. This is contradicted by the facts. The provincial government must come clean and tell our citizens the truth. David Crane states that virtually all of our new jobs this year have been part-time. Anybody in touch with the real world knows this is true. How many full-time, lasting jobs were created? How many part-time service industry jobs were created? How many jobs were created in the old economy and will not exist in a few years? How many jobs were created in the new knowledge/information economy? When the truth is known, then we can move in the right direction and come up with strategies to assist in the creation of employment.

I challenge the government to be truthful, forget about political expediency, and look after our economic future. The world has moved from a mass manufacturing economy to a technological economy. The main wheels of the old economy were automobiles, machine tools, housing, and retail, fuelled by cheap energy, oil, with the infrastructure being highways, airports, and telephones. The wheels of the new economy are computers, semiconductors, health and medical technologies, communications, telecommunications, and instrumentation, fuelled by microchips, with the infrastructure being telecommunication satellites, fibre optics, LANs and WANs, and radio frequencies.

In the throne speech it stated, "This government's strategy for job creation is based on the understanding that Alberta is a trading province." Alberta needs to be a trading province, but what is the government doing to promote trade in the new economy? For this province to prosper, we need a proper infrastructure that will allow our young people to compete on the world market in the knowledge/information economy. Japan, Germany, and France will have fibre-optic systems in every home by the year 2000. The government should be working with business and education to build the infrastructure in Alberta. This is sadly lacking in the budget speech. From the past we know that we have to be in touch with the economic realities of the day. In fact, Mr. Speaker, 40 percent of the jobs that will exist in the year 2000 haven't been created yet. How is the government attacking this?

According to David Crane, we are living in a transition point in history, what is known as a technoparadigm shift. In any transition point, proper change is important and must have the following characteristics. First and foremost, change must be grounded in principle, and sustainable change should be based on data-based decisions, not guesswork or political ideology. We've all witnessed the results of decisions not carefully researched with the ALCB privatization.

Repeatedly, economists are telling us we need to develop a co-operative strategy between business, education, labour, and government to seize the opportunities in the international markets. All government decision-making should be subject to a competitive impact assessment before they implement it.

It's time for this government to give leadership for the future. A good place for the government to become more efficient is here in the Legislative Assembly. In the public and members' galleries televisions are needed to make learning more effective for our visitors. I'm sure that televisions could be donated. MLAs

should be allowed to use portable computers to use their time more wisely in this Assembly. All members should have desk computers for information and voting, thus eliminating the excessive use of paper. We are light-years behind educational institutions and industry in the use of modern technology. The government says that they will introduce productivity incentives and programs to recognize excellence in innovation. Where has this government been for the last 22 years as this has been practised by businesses? All I've heard from government employees over the last several years was that if you spoke up regarding deficiencies, you would be blacklisted and your chances of promotion were limited to zero.

4:50

I don't know how many employees have complained about this government's system of budgeting. Employees were forced to go on spending sprees in March to use up the dollars in their budget or they would receive less the following year. The same is true in Municipal Affairs. They use a formula that rewards incompetence: the more you spend, the more you get; the less you spend, they punish you and you get less money. This is happening after five years we've been encouraging the government to change its formula to save money for our taxpayers. I strongly encourage this government to follow through with rewarding efficiencies instead of punishing it.

In Japan, Mr. Speaker, seniors are considered their greatest asset. Here they have no value. They're considered a tax burden. "Tax a senior today" seems to be a theme. Further, it was implied that seniors' lodges may be privatized. The seniors of Chateau Mission Court in St. Albert asked me to bring the following to the attention of the Premier and Members of this Legislative Assembly. A statement on the government plaque presented at the opening reads: Built by the people of Alberta for senior citizens in the St. Albert area, November 28, 1980. The plaque does not read: Built by private enterprise for seniors in the St. Albert area. This lodge belongs to seniors who have worked hard for it. They braved the Depression, the world wars, and sacrificed for their country and community so the next generations could have it better. They were asking that the Premier not take away their home in their senior years. They believe a commitment made by the government is a commitment. Mr. Premier, do not let the seniors down. Keep your government's word.

As surveys show, Albertans do not trust politicians, and after this government's record, it is obvious why. In particular, Albertans are upset over the patronage appointments. There's supposed to be a new process in place to select the best people for boards, but the old reward-your-buddy system is still in place. In fact, there are ministers here who have rewarded people with patronage positions and know that their appointees were poor candidates for these positions. Albertans are sick and tired of patronage appointees who cover for the government instead of selections from the best to make sure the boards run efficiently. The government is planning to appoint hospital boards. Do the right thing and make sure the best people are engaged, not friends of the government. Alberta is as close to crisis as we have ever been. We need knowledgeable, competent individuals restructuring our health and education systems.

In St. Albert, Mr. Speaker, I'm overwhelmed by the thousands of hours of their time and energies that volunteers give. They're involved in sports, service clubs, environmental protection societies, and in meeting human service needs in our community. Three weeks ago many volunteers, parents, and coaches gave of their time and energies to host a tournament for Special Olympics. It was extremely successful, as the athletes were recognized and honoured for their achievement and participation. In the same



way, volunteers are heavily involved in the human service needs area. In this special area many volunteers give thousands of hours as they meet the needs of our community. This saves society hundreds of thousands of dollars and greatly improves the quality of life for many families, the backbone of our province.

Our community is greatly concerned about the proposed change of FCSS funding from social services to Municipal Affairs. Since the minister responsible for the ALCB privatization fiasco will be responsible for the FCSS funding, everyone is greatly concerned. A repeat performance in FCSS like in the ALCB would be a disaster for Alberta.

The Premier listens; the Premier cares. The Premier did not even consult the people involved. Alberta needs leadership to prevent the loss of funding to FCSS. Roads and bridges can wait; human service needs cannot. We cannot afford to destroy or devastate the services provided by these volunteer groups. Mr. Premier, assure Albertans that the FCSS groups do not lose their funding and volunteers.

People are becoming afraid of our government's actions. Fears paralyse. Our citizens need to be reassured that there is a future for them and their children. Actions speak louder than words. During this session I expect to see action by this government that reassures citizens by showing them that plans for change are well thought through and consequences considered to avoid costly mistakes and personal hardships to our citizens.

Thank you.

MR. SPEAKER: The hon. Member for Three Hills-Airdrie.

MS HALEY: Thank you, Mr. Speaker. I rise today to speak in favour of the 1994-95 budget. I've listened with interest to the comments made here in the Assembly, so for all those avid readers of *Hansard*, I too would like to put my opinions on the record.

The Leader of the Opposition made a lot of interesting comments in his budget speech, and I'd like to take an opportunity to just follow some of them up. With regard to his comments about kindergarten – which, by the way, is not really the same thing as early childhood services, which is in fact the program that is taught here in Alberta schools. Kindergarten was a program based on teaching children to begin printing, early reading, and beginning math. ECS, which is what we teach here, is based on social skills and only touches in a fringe way reading, writing, and arithmetic.

The ECS program, which has been funded at 400 hours in the past, has been changed to 200 hours, which means that a school can run a very good program from February to June. ECS teachers in my riding have told me that a five-month program would fulfill the needs of children preparing for grade 1. I will go so far as to say that the schools in my riding already have great diversity in the way that they spend on ECS on a per student basis. We've had everything from \$850 to \$1,450 to \$1,850, all offering the same basic ECS courses, just different management.

Moving on from there to schools, the opposition leader said that there will be classes with 40 students in them. It might interest him to know that that already occurs in some areas, just as we have other areas with four students in a class. I want to emphasize that, because my sons are living it right now. One of them is in a class with 40 students, and another one is in a class with four. So I don't think it's a perfect system the way we have it.

When we're listening to our opposition defending a system that costs an average of \$6,000 per student per year, \$6,000 per student works out to \$120,000 for a class of 20 students. Even if you pay the teacher \$60,000 in wages and benefits, you'd still have to justify why it's okay to have \$60,000 charged against that class for buildings, supplies, and administration year after year.

I'm supposed to believe that with an 8 and a half percent reduction in total funding charged against that same class to bring it down to \$110,000 for a class of 20 students, it is somehow not sufficient, and I can't accept that.

As for the nephew flipping hamburgers because he didn't have a 75 percent average and couldn't get into university, I have some problems with that too. Universities around the world should have high standards, because if they don't, their end product won't be able to function in a high-tech world, let alone manage it and lead it. Frankly, if someone is going to be in charge of a bridge that I'm going to drive on, I'd feel a little more comfortable if I was confident that he or she was capable of knowing at least 75 percent of what it takes to build that bridge, to build a skyscraper, or to do open-heart surgery. It is not a right to go to university; it is a privilege. If you want to earn that privilege, which the taxpayers are paying the majority of the bill for, then I think you have to deserve it. To deserve it, you have to work hard in high school so that your marks, which are the road to university, are there for you when you need them.

As for the universities, I'd like to see them run the way that NAIT and SAIT do in many of their programs: increasing their hours, days, and months of operation to get students through their courses. Not everyone needs to be in university four or five years to get a degree. They could look around the world at other universities such as the IMEDE University in Lausanne, Switzerland, which is currently running a two-year MBA program in one year. It is hard work, absolutely, but their graduates are recognized around the world. Interestingly enough, the MBA program in Lausanne is run by a Canadian.

5:00

The opposition doesn't like the business plans, and I'm not totally surprised by that, but I do have to tell you, Mr. Speaker, that I do like them. I appreciate the energy and the time that ministers, department heads, and MLAs have put into achieving so much in so short a time. They're not perfect, but the beauty of them is that they are there for Albertans to see. There are no secrets, no hocus-pocus, just plain business plans. That's all they are. They're a guide, a start on the road that we need to travel on to get where we need to be, which is a balanced budget by 1996-97.

I've been in business for a long time in Alberta, and I know that you have to start somewhere. You set objectives, and then you figure out how to get there. Each year you see how far you've come, and you write and adapt the plan for the following year, always keeping in mind your goals and objectives for the three- or five-year period.

The opposition says that we are creating a dog-eat-dog society in Alberta, and I think that's a fascinating comment. My Premier doesn't see it that way, and I guess that's the difference between being a pessimist and being an optimist. I don't see it that way either. I see Albertans taking back responsibility for their choices, their families, and their lives. I see government providing essential services and not trying to be all things to all people all of the time.

Mr. Speaker, I'm proud to be part of a government that has said enough is enough; 11 and a half billion dollars in spending is enough for 2 and a half million people. We must learn to live within our means. I don't doubt that we'll make a few mistakes along the way, but the intention is honourable. I think Albertans know that we're talking about fundamental restructuring of the programs in Alberta, and this budget and these business plans are a major step along that road.

Thank you, Mr. Speaker.

MR. SPEAKER: The hon. Member for Edmonton-Rutherford.

MR. WICKMAN: Thank you, Mr. Speaker. I want to spend a few minutes responding to the budget and leave a bit of my time for my colleague from Edmonton-Roper, if that's permissible by yourself.

Mr. Speaker, I equate the budget that was handed down here a couple of weeks ago to the title of a movie I saw many, many years ago: *The Good, the Bad and the Ugly*. Some of you will look at it and say, "The good, the bad, the ugly?"

The good. The good is the fact that the budget does relate to the Deficit Elimination Act that had previously been approved by this government, supported by this caucus. It was like an awakening. It was like one day the front benches, many of them the same people that have sat there for years, that have contributed to the NovAtels, to the Gainers, to the riverboat fiasco, so on and so forth – the current Premier, for example, was part of that group that went on and ran this province into that tremendous debt, into that deficit that was being accrued. Then one day it was like an awakening: we've got to get our house in order. That was good that awakening. It had to come. It's unfortunate that it didn't come until it did, that it didn't occur from day one.

It's fortunate that the government has finally accepted the principle that we have preached for years and years, that most people will preach for years, and that is that you don't spend what you don't have; you don't spend more than you're taking in. That's what was occurring, Mr. Speaker, and that was going on for years. Every election that came along we saw billion-dollar promises that were being made. Billion-dollar promises. I think one election I ran the tally up to, by my count, something like \$8 billion that was going to be spent, and that was the election that incidentally backfired because of the expenditure promises. Maybe that's what woke the government up.

That's the good in the budget: the acceptance that Alberta has a problem and it has to be dealt with.

The bad. The bad is the method that it's being dealt with. The bad is a number of areas in the budget that illustrate the government's thinking, the promise that there would be no tax increase when we in fact count 82 instances of increases and user fees. Call it what you want, but to us it's a tax. To Albertans it's a tax because they've got to reach into their pockets and they've got to lay out that much more money for services they get.

The downloading. I pointed out during question period to the Minister of Municipal Affairs 38 program cuts and program changes that relate specifically, that were downloaded to the municipalities, passing the problem on to another level of government but the same taxpayer.

We see a budget that consists of no proper setting of priorities, a cut-and-burn approach sort of across the board rather than setting priorities and determining that health care is of extreme importance to Albertans, that education is of extreme importance, and that jobs, jobs, jobs are of extreme importance: jobs to allow people to give to the system, to put in the system rather than suck out of the system; instead of promising 110,000 jobs, in fact setting that climate that hasn't been set to actually give jobs. As it is at the present time, I believe full-time meaningful jobs are decreasing as every day goes by.

The good, the bad, now the ugly. What is the ugly? The ugly is what this booklet Alberta Seniors Benefits represents. Mr. Speaker, I can't understand when any government goes through all the various components, all the different options that are available to them, why there would be a deliberate targeting of the pioneers of our province, the very people that built this province up to what it is today. It's sort of like they were set up as a

group saying: "We're going to get you. We're going to make you pay for the mismanagement of ourselves in terms of the NovAtels, the Gainers, the Principal trusts, and such. We're going to make you who we feel can't fight back that strongly pay the ultimate price."

When one goes through this pamphlet – I'll point out a few examples in case everybody hasn't had the opportunity to read it – it states very clearly what the so-called cash benefit is going to replace and what the cash benefit is going to be. Now, if you're a single senior with an income of less than \$17,000 a year, you get a cash benefit; a two-senior couple \$25,000 or less, you get a cash benefit; a one-senior couple having a total family income of less than \$17,000 – many members within this Legislative Assembly draw more than that for their subsistence allowance. I bet you there are members on that side of the House that get that amount of money or possibly even a bit more for sitting on a committee in addition to their base salary.

Mr. Speaker, \$17,000. What have the seniors in this province done to deserve such harsh treatment? I don't understand it. We're talking about your mothers and fathers. We're talking about our parents. We're talking about our neighbours' parents. We're talking about the pioneers of this province, and they don't deserve that type of treatment. Those seniors that phone me say: "The Premier of the province took a 5 percent cut in his wages and his benefits. The MLAs did the same, but why are we being asked to give up one hundred percent of our benefits?" Many of them are being asked to give up one hundred percent. Those that are getting over a certain income, \$27,000, \$28,000, are being asked to give up all their benefits. It's going to cost them . . .

AN HON. MEMBER: They get Blue Cross.

MR. WICKMAN: They get Blue Cross. You get Blue Cross.

By your very own admission in this particular document here – let me read example 3. Mr. and Mrs. Smith are both seniors. They're both seniors. They have an annual total income of \$29,500. Last year they received certain things. Now, this year under the Alberta Seniors Benefit program, the Smiths would not receive a cash benefit because of their income level, and would pay full health care insurance premiums.

Last year they received the benefit of \$881, but because their income is \$29,500 – there are two of them – they lose that \$881 and they get nothing of that portion. It's gone, gone, gone. Now, if Mr. Smith or Mrs. Smith were married to a spouse that was under 65 and if they were making \$19,000 a year, how much benefit would they get? Nothing. You've taken the money out of the pockets of the pioneers of our province who have built this up, and I think it's deplorable. I think everyone of you should hang your head in shame, including you, Mr. Minister. Hang your head in shame, because it's our parents, it's the pioneers.

On that note, I'm going to conclude and allow my fellow colleague to carry on.

5:10

MR. SPEAKER: Is there agreement in the Assembly to allow the hon. Member for Edmonton-Roper to conclude?

SOME HON. MEMBERS: No.

MR. SPEAKER: No. All right.

The hon. Member for Calgary-McCall.

MR. SOHAL: Thank you, Mr. Speaker. It is a privilege for me to join in on the debate of the budget. This afternoon I would like

to provide a viewpoint on the budget from Alberta, national, and Calgary-McCall perspectives.

I must first give credit to our Premier and the Provincial Treasurer for their continued courage and leadership while keeping the province on course. The release of quarterly reports on the progress of the four-year plan and the three-year business plans for government departments will ensure that the four-year plan is kept on course and that it is on or ahead of schedule. Mr. Speaker, these quarterly reports are the map which can tell Albertans how the province has progressed on its journey to fiscal recovery.

As you already know, we are going into the second year of the four-year plan, a plan which was endorsed by Albertans last June. During the election I encountered many voters in Calgary-McCall who like so many other Albertans demanded changes to the way government runs its finances. They also wanted changes to the manner in which programs are administered and delivered so that they can become more efficient and affordable. These sentiments were and continue to be central to this government's commitment to balance the budget in four years.

However, this endorsement for change was a conditional one. Unlike the Leader of the Opposition, who believes that there should be a collective ouch felt by all Albertans through the regime of brutal cuts, this government felt it was equally important to be open to and to consult with the people it is privileged to serve. As a member of this government I feel that participation in the budget process by the public is paramount to the success of the four-year plan. With our educated population it would be foolish not to solicit their effective and innovative ideas on how government services can be delivered better with less.

I'm happy to say that under the plan, which has been referred to in some circles as Ralph's revolution, we are more than halfway to becoming the first debt-free province in Canada. Like so many families and companies in the private sector had to do during the recent recession, this government promised Albertans that it would live within its means. We owe it to the next nation of Albertans that they will have the tools and skills needed to build not only their future but also the future of their children. For us to deny them the right to quality education and health care, promising careers, a clean environment, safe streets, and a strong infrastructure is an act nothing less than self-indulgent.

As the Member for Calgary-McCall I'm well aware of these concerns. My constituency has many young families and new Canadians. I should note that more than approximately 70 percent of my constituents are under the age of 35.

As far as I can see, Mr. Speaker, Alberta's future has already started. Unlike our federal and other provincial counterparts Alberta will balance its books by reducing expenditures and keeping taxes low. This government will not roll the dice and incur a deficit or hope that prices for our natural resources will escalate. Increasing taxes to balance the books is not a viable option either. By looking at the number of tax increases and new taxes created in the last five years, one would realize that no government in Canada right now would be worrying about the debt and the deficit.

Mr. Speaker, I only have to cite the example of the goods and services tax. When the GST was introduced just over three years ago, it was to be revenue neutral. This meant that it would be applied to the debt rather than being put into general revenue. Well, looking at Ottawa's debt today, one wonders whether the GST has been any help at all. The federal government has yet to bring in a balanced budget or, for that matter, even any plan which would deliver a balanced budget by the end of the current federal government's mandate. In fact, it could be argued that the GST helped Canada sink even further into economic decline.

When you combine the strong Canadian dollar, the fact that most Canadians live within two hours of the Canada-U.S.A. border, as well as the addition of an unpopular tax, cross-border shopping seems to have reached epidemic proportions in some places in Canada. This resulted in more jobs following these dollars south of the border.

However, Alberta has been the beneficiary of cross-border shopping of the interprovincial kind. If you were to look around the parking lots of some Alberta shopping centres, you would notice an increased number of cars in Alberta shopping centre parking lots with licence plates from our neighbouring provinces. It was only a short time ago that I recall the Member for Pincher Creek-Macleod telling members of the Assembly about the benefits of Alberta's tax advantage to businesses in his constituency. With a provincial sales tax of 7 percent the residents from places like Fernie, Sparwood, and Elkford drive across to the better side of the Rocky Mountains to buy their groceries, clothes, building supplies, have car repairs done, and even buy their automobiles. This has been a tremendous boost to the local economy there. Business owners are busy keeping people employed and helping contribute to the province's tax base. One can only imagine the severity an Alberta PST would have on the local economy there.

Mr. Speaker, there are many more tax advantages. It has remained one of the most competitive because it has the lowest fuel taxes and the lowest personal income tax rate in the country. As well, Alberta does not levy any payroll or capital taxes. All this means that more money is left in the pockets of individuals and businesses. This encourages more investment and consumption in Alberta.

Many of this country's most respected financial houses and economic forecasting experts have shown Alberta as the place to be in 1994. One of the major reasons for this has to be our competitive tax regime and this government's commitment to reduce the deficit on the expenditure side, not by raising or creating new taxes. The most recent budget in the province of Saskatchewan contained modest cuts to government spending and the bureaucracy with tax increases. I do not know about you, Mr. Speaker, but these days I do not hear of too many people who are talking about moving to Regina or Moose Jaw. The *Financial Post* editor, Diane Francis, envisions Alberta as Canada's Switzerland because it will be a tax haven and a magnet for investment.

The Leader of the Opposition has asked: where are all the jobs that this government promised that it would create? I'm pleased to tell the Assembly that Northern Telecom, a major Canadian multinational corporation and major employer in Calgary-McCall, is currently hiring workers. There are many possible explanations why a central Canada based company would expand its production facility in Alberta. One is the confidence that business and individuals alike have in this government. I might also add that these jobs will be long-term ones, not like the federal job creation, which is pouring money into temporary labour and construction jobs, which will only last between six months and a couple of years. This thinking, in my opinion, Mr. Speaker, is very flawed, to say the least, especially when you consider that they are toiling within the context of a \$500 billion debt.

5:20

The people of Calgary-McCall, like the rest of Albertans, want hope for the future. They want to be assured that the province is theirs, not being mortgaged by outsiders. It is both an exciting and challenging time to be an Albertan and a member of this Assembly. The rest of Canada is anxiously looking to Alberta's homemade solutions as a model for balancing budgets of govern-

ments elsewhere. While this is only the beginning, Mr. Speaker, I have every bit of confidence that Albertans, like always, will succeed even when the going gets tough.

Thank you.

MR. SPEAKER: Edmonton-Roper.

MR. CHADI: Thank you very much, Mr. Speaker. I feel obligated to quickly go into something here right now and dispel some of these myths about Alberta having the lowest personal income taxes in the country. If we look at what we pay in terms of personal income taxes today in this province and you put it on the table as shown on page 56 of the budget, it's quite clear that we are – there's a basic rate there, and then it says 45.5 percent – the lowest if you're looking at that. But take into consideration one simple tax that I believe every other province in this country charges – and that is health care – that is included in personal income taxes and collected under personal income taxes. We have \$500 million or thereabouts in health care collectible in this province right now in terms of health care premiums. Now, every other province that I know of collects them within personal income tax. You take \$500 million of the \$3 billion in personal income tax that we collect today and add that on there because it is another tax – you call it fees; other provinces call it tax – and that leads you to \$3.5 billion in taxes, an increase of 17 percent. Seventeen percent would put it at 62.5 percent. Lo and behold we all of a sudden don't have the lowest personal income taxes in the country.

Now, that cannot go unmentioned, because there are members on the other side of the House, Mr. Speaker, that were applauding, absolutely diligent in their applause, and wanting to ensure that it was instilled in Albertan's minds that we're the lowest, but we certainly are not.

AN HON. MEMBER: Sixty-what percent?

MR. CHADI: It amounts to 62.5 percent if you really add it up, and that's only adding the health care costs, Mr. Speaker. What about all the other hidden costs that other provinces and jurisdictions add into their collection of personal income taxes? I think that if we add them all up, we're the highest. Hon. Minister for Municipal Affairs, we are probably the highest. [interjections] I'm coming after you.

Mr. Speaker, we've heard time and time again that we don't have a revenue problem; we've got a spending problem. All of us do. Those seniors out there, they've got a spending problem. Those terrible people. You know, they spend too much. Well, when we look at no tax increases and no sales tax, that is the very first comment made in this budget, the very first comment made in Budget '94. Then you look at the fact that other provinces include certain fees in their tax structure.

#### Point of Order Questioning a Member

DR. WEST: Mr. Speaker.

MR. SPEAKER: Is the hon. Minister of Municipal Affairs rising on a point of order?

DR. WEST: Well, no. *Beauchesne* 492. Would the member entertain a question in debate?

MR. CHADI: Mr. Speaker, let me remind this Assembly that on June 15 this side of the House won the right to ask the questions, so you don't have that right at this point in time. Therefore, allow me to continue. [interjections] I've still got a few minutes.

#### Debate Continued

MR. CHADI: Mr. Speaker, in the context of no new taxes and given the fact that other jurisdictions put their fees in their personal income taxes, collectible in that regard, and given the fact that we keep hearing that there is no revenue problem; it's a spending problem – well, if it isn't a revenue problem that we've got in this province, then why on earth are we tacking on \$300 million more in terms of new and higher taxes and fees? Three hundred million dollars. Now, if that isn't a revenue problem, I don't know what is.

So we start talking about where these \$300 million are attributed. How do we collect them? We start looking at Agriculture, Food and Rural Development. Unbelievable, Mr. Speaker. There are going to be user fees. Can you believe it? The nerve of this government. Another tax, a tax on irrigation rehabilitation and expansion. Unbelievable. Full cost recovery for the grazing reserves program and grazing fees up sharply next year. Well, let me tell you, I think it's a good idea that we're doing that. I am in favour of it; let there be no mistake. But you can't speak out of both sides of your mouth. You can't say that there aren't any increases in taxes and in the same breath come up with some more grazing fees and every other thing. [interjections] I didn't say it. They're the ones that have been saying it. The Minister of Agriculture, Food and Rural Development has been saying it all along. [interjections]

In light of the hour and in light of your motions, Mr. Speaker, I'll adjourn debate.

MR. SPEAKER: The hon. Member for Edmonton-Roper has moved that debate be adjourned at this time. All those in favour of this motion, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.

MRS. BLACK: Mr. Speaker, I move that we now call it 5:30 and do adjourn until 8 o'clock this evening, when we'll reconvene in Committee of Supply to hear the estimates of Environmental Protection.

MR. SPEAKER: The hon. Deputy Government House Leader has moved that the Assembly do now adjourn until the Committee of Supply rises and reports. All those in favour of this motion, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.

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