

Title: **Monday, May 12, 1997**

Des.subcom: **Labour**

Date: 97/05/12

8:06 a.m.

[Mr. Jacques in the chair]

Designated Supply Subcommittee – Labour

Jacques, Wayne, Chairman
Bonner, Bill
Burgener, Jocelyn
Fischer, Mr. Robert

Gordon, Mrs. Judy
Herard, Mr. Denis
Klapstein, Mr. Albert
MacDonald, Mr. Hugh

Pannu, Dr. Raj
Paul, Pamela C.
Pham, Mr. Hung Kim
Renner, Rob

THE CHAIRMAN: Good morning, ladies and gentlemen. You'll have to bear with my foghorn voice this morning.

As you are aware, there has been an agreement between government and opposition members with regard to the procedure to be followed at the designated supply committee meetings. Prior to the meeting, Mr. MacDonald and myself were discussing some options, one of those being that the opposition members – after the minister gets his maximum of 20 minutes, the opposition time would commence after that for a consecutive period of two hours. At the conclusion of that time, government members would then have an opportunity, and at such time that the government members concluded their questioning, the meeting would adjourn at that point.

Now, inasmuch as this is a deviation from the agreement, we would have to have unanimous consent if it were to proceed. On that basis I would request that a motion be put forward that would read:

Be it resolved that the designated supply subcommittee on Labour allocate the four hours allotted to it as follows:

- (a) the minister responsible first addresses the subcommittee for a maximum of 20 minutes;
- (b) opposition subcommittee members then have two hours for questions and answers.

And a subnote to that:

opposition subcommittee time of 120 minutes total will be split 90-10, with the third party New Democrats receiving a block of 12 minutes to be used in that time frame;

And then:

- (e) government subcommittee members have the remainder, and once those government members have finished their questions, the meeting is concluded.

I would ask that somebody make that motion. Mrs. Gordon.

MRS. GORDON: Yes.

THE CHAIRMAN: Any discussion? Thank you.

MR. MacDONALD: Mr. Chairman, in the absence of Dr. Pannu from Edmonton-Strathcona, we have his 12 minutes of allocated time – correct? – if he does not show up.

THE CHAIRMAN: That's my understanding.

MR. MacDONALD: Okay. That's on the record?

THE CHAIRMAN: Yes, that's my understanding.

MR. MacDONALD: Beautiful. Thank you.

THE CHAIRMAN: Any other discussion?

MR. HERARD: Did I understand that last thing correctly? He's not here now, but he may come.

AN HON. MEMBER: He's here now.

MR. HERARD: Oh, there he is. Good. That solves the problem.

THE CHAIRMAN: Good morning, Dr. Pannu.

Dr. Pannu, I should explain that there's a motion on the floor right now which would require unanimous consent to pass. The motion is a deviation from the agreement that has been worked out between the two opposition parties and the government with regard to how we function. Basically, the way it is in the agreement: the minister would have 20 minutes, the opposition would then have an hour, government members would have an hour, opposition members would have an hour, and then the remaining hour would be for government and the meeting would conclude at such time that the government members finished their questions. It was discussed ahead of time, and there seemed to be agreement, that the minister would go for 20 minutes, then the opposition would go for their two full hours, then it would be the government members' two hours, and we would adjourn at any time the government members had concluded their questions.

With regard to the New Democrats, you would receive 12 minutes out of that 120 minutes that was allocated for the opposition time. Again, that's pursuant to the agreement that was made.

DR. PANNU: Mr. Chairman, those 12 minutes for New Democrats would come when, at what time?

THE CHAIRMAN: In that two-hour period, anytime.

DR. PANNU: Okay. All right.

THE CHAIRMAN: Mr. Pham.

MR. PHAM: Mr. Chairman, seeing that the government members have a lot of questions for the minister, could the meeting today last four hours, or could we reconvene another day after two hours?

THE CHAIRMAN: I'm sorry; will you repeat that?

MR. PHAM: Okay. Today we're going to have two hours for the opposition . . .

THE CHAIRMAN: Yes.

MR. PHAM: . . . and two hours for the government.

THE CHAIRMAN: Yes.

MR. PHAM: If we don't have questions, then we will adjourn early, but if we do use up those two hours, are we going to extend the meeting today to four hours?

THE CHAIRMAN: No. Once the government members have concluded and a motion is made, that's the end of the meeting at that time.

MR. PHAM: But are we going to have four hours meeting today if we have questions?

THE CHAIRMAN: We could very well have four hours meeting today, yes.

MR. PHAM: Okay. Good. Thank you.

THE CHAIRMAN: Any further discussion? All those in favour? Contrary? Unanimous.

With that, Mr. Minister, we will start the time clock and welcome you to the meeting.

MR. SMITH: Thank you, Mr. Chairman. Believe me, I can't tell you what a pleasure it is to be here Monday morning, 8 a.m., for a comprehensive and wide-ranging discussion on one-third of 1 percent of the provincial budget. To maybe put this in perspective, I would like to just review quickly a former annual report filed by – at this point it was the commissioner of labour. It was the annual report for the Department of Labour for the fiscal year 1935-36. In that, Mr. Chairman, it talks about an important year for the government of Alberta and particularly for the Department of Labour, because during that year

18,355 pieces of mail were received, and 16,041 letters and 1,374 parcels were sent out; 1,496 pieces of cash amounting to \$34,332.23 were received, and 389 expenditure vouchers prepared. Records of income and expenditure have been checked with the audit and were found to be correct.

So, Mr. Chairman, the discussion about annual reports and thorough analysis of the Department of Labour is not new. This report is 60 years old, at which time the department reported to the House that the employment service of the Alberta labour force, or for the department of government or the Legislature or the entire civil service, started that year at just over 8,000 and finished the year just above 8,000. So they were in a downsizing period there as well. They also, at one time during that period of the year, had a 10 percent decrease in employment. They also separated out female staff, and that employment contingent held constant.

Also at that time, Mr. Chairman, they had the Minimum Wage Act, and in there they tabled classified weekly wage rates. They went from \$6 per week up to a total of \$50 per week and over, with the bulk of the workforce reporting making between \$15 and \$28 per week. I know you would like to deal more with this interesting point of history, but I'll move on to what's happening 60 years hence.

In 1997-98 the Department of Labour will spend some \$32 million. The budget includes a petroleum tank storage sites remediation program, which is a program designed to eliminate a potential hazard in small-market and some urban petroleum sites where there are petroleum storage tanks that don't make the grade. The department continues to focus on customer service and improve its client services. The spending changes continue to be streamlined. Capital investment is \$383,000. Dedicated revenues, which have decreased due to some of the restructuring we've delegated to administrative organizations, are down to \$1.4

million; the net estimates, \$31.4 million, Mr. Chairman. The amounts are necessary to fulfill the mandate of the business plan which is a natural extension of a rolling three-year business plan, as we all know, and has been carefully developed since about last September, when the business plan cycle starts.

8:16

The goals of the Department of Labour continue to mesh and integrate with the goals of the provincial government with respect to healthy Albertans, with the Department of Labour providing an increased emphasis on education and prevention of injuries in the workplace. Albertans will have a fair and safe work environment, so Labour will promote and manage high standards in the workplace for safety and health systems, promote effective labour in issues of adjudication, regulate professional occupational legislation and private pension plans. We continue to contribute in the goal of continuing to create the environment that allows business and labour and management to put more money in their jeans or in their pockets at the end of the day through productivity gains, fair compensation, and increased business opportunities.

The core business of the Department of Labour is continued promotion of Alberta as a good workplace for business and labour. Workplace planning and issues management, the establishment of health and safety systems – we continue to be a results-driven organization. The key business areas are now successful in terms of showing progress towards large, defined goals. We are not completely happy with those and will be continuing to revise those goals that we feel best reflect the measurability of performance of our organization. We continue to work in concert with the private sector on all fronts so that taxpayers get the best value they can get from government expenditures in the Department of Labour. We find that with the extent of business in the workplace, the extent of business formations, the largest workforce ever in the province of Alberta, we have to be focused on business partnerships, on organizational partnerships, on labour partnerships in order to make this effective.

It also means, Mr. Chairman, that our staff can no longer be enforcers. We cannot just find the burliest ones and issue them sidearms and expect them to go out there and fix and write orders at random. What they have to do is inculcate the workplace with an environment that creates self-monitoring and also is reflective of the ability of the Minister of Labour to prosecute where there are extreme violations and for us to have a very good working relationship with all people in the workplace.

Having said that and knowing that, particularly after the hockey game last night, Mr. Chairman, people went probably into the late, wee hours of the morning preparing their questions and debate for these designated estimates, I bow to the committee and would like to hear whatever questions may come up.

THE CHAIRMAN: Thank you, Mr. Minister. Before we start the time clock with regard to the opposition members, there are two things I think we should clarify. First of all, we should have you introduce your members at the table and, I guess, for clarification purposes, that they are there to assist you if you need information.

MR. SMITH: Actually, I don't know who they are. I thought they were with Dr. Pannu's party. Actually, Mr. Chairman, I'll do that right now. To my right is the deputy minister, Mr. Peter Kruselnicki; to his right is Joe Miller, the executive assistant to the Minister of Labour; and to my left is Gerry Brygidyr, director of business operations for the Department of Labour.

THE CHAIRMAN: Thank you.

Just for clarification with regard to the questioning, it's kind of your call on how you want to proceed. If you want to do one question each and then pass it, or whether you'd rather have two or three each and pass it – do you have any preference on how you'd like to work this?

MR. MacDONALD: We'll do two. Is that what you want to do, Bill, or would you like to ask yours all at once?

MR. BONNER: It doesn't matter to me.

MR. MacDONALD: We'll go two, do a couple and then . . .

MR. SMITH: Try whatever you like and whatever works works, whatever doesn't doesn't.

MR. MacDONALD: Sure. Okay.

THE CHAIRMAN: All right. With that, who will start?

MR. MacDONALD: I will start, Mr. Chairman.

THE CHAIRMAN: Okay. Mr. MacDonald.

MR. MacDONALD: Dr. Pannu, good morning. You can speak up any time you wish for your 12 minutes. Fair enough? Okay?

DR. PANNU: All right.

MR. MacDONALD: Good morning, Mr. Minister, your colleagues this morning and your assistant deputy ministers. I notice your department has two deputy ministers. Their salaries: one is \$103,000; the other is \$88,000 plus. In addition to an executive director of professions and occupations who is paid \$84,000, a director of personnel who's paid \$85,000, an occupational health and safety adviser who receives \$108,000, this is all for a department of 399 full-time equivalent employees.

The department of agriculture has three assistant deputy ministers for over 1,900 full-time employees. Community Development has three assistant deputy ministers for 960 full-time employees. Municipal Affairs also has three for 768 full-time employees. Treasury has two assistant deputy ministers for 639 full-time employees. Even the Department of Family and Social Services manages with three assistant deputy ministers for 4,841 employees.

Earlier you remarked about how small the budget is in the Department of Labour comparing it to the entire cost of the province. What justification is there for having two assistant deputy ministers and so many other high-priced managers in such a relatively small department?

MR. SMITH: Firstly, I believe that the information you're presenting, hon. member, is from a preorganizational activity. We have one deputy minister, and we have two assistant deputy ministers, one in technical and safety services and the other one in workplace health safety and strategic services. It is my understanding that as of today we have no one over the salary scale of \$100,000 per annum. We have taken the executive director of professions and occupations and that person is now acting in the position of assistant deputy minister of technical and safety services. The subsequent position of executive director of professions and occupations is being discharged by that assistant deputy at the same time he is also acting as a deputy.

I'm trying to remember the last part of your question, hon. member, but we have continued to put downward pressure on, basically, a middle management line. We find that we have a business organization now that is designed to meet industry needs. The final organizational structure for occupational health and safety has not been determined at this stage – it's in consultation with industry – and we do not have at this point a medical doctor receiving \$108,000 per annum. That position is vacant.

8:26

I will comment on the position just briefly. That position requires a medical practitioner. Of course, as you've spent your time in examination of the Health estimates, I know that you realize the knowledge price of medical help. The other thing we've done that I think you might find interesting is that we've combined the area of human resources and training so that there is one person in there.

With respect to the salary levels these senior management positions – namely, the two assistant deputy ministers – occupy, if anything, they're lower than what would be reflective in the private sector. I believe that they are very much knowledge based. It's a knowledge based workforce that we have in the Department of Labour, and I believe that the salaries paid in this area are reflective of the knowledge base and certainly in line with other departments of government as well as other departments of labour throughout the Dominion.

MR. MacDONALD: Okay.

The budget for the assistant deputy minister of issues and regional management offices, on page 280, has increased by over 27 percent. The budget for the assistant deputy minister of professional and technical services offices increased by 45 percent, by \$278,000. According to the '95-96 public accounts, every senior official or executive in this department received a raise. This is all at a time when public-sector employees, health care workers, and teachers are forced to accept a 5 percent cut to their pay. How is this justifiable? Are these increases that we see in the budget for the assistant deputy ministers' offices intended for a further raise for these managers? How does the minister justify these sizable increases?

MR. SMITH: There have been no changes to the contract amounts paid to senior management in the government of Alberta. They move along the grid area. Of course, hon member, you know as well that management as well as organized staff in the government of Alberta did take the minus 5 percent, along with elected representatives who also forwent their pensions in 1993. So I think what you've seen in terms of a decrease in compensation for management and for labour and for elected officials has been consistent across the board.

MR. MacDONALD: I'd like to talk for a few minutes now on . . . Are you finished, Mr. Minister?

MR. SMITH: Sure. Have at her, Hugh.

MR. MacDONALD: The Alberta Fire Training School. I think it is very important, regardless of its location, that it be adequately funded. We must keep workers adequately trained in fire prevention. I see in line 2.1.5 that the budget for this has been cut by 23 percent. There are proposals to move this. Can you explain to us, please, why there was such a large reduction in the budget for the Fire Training School? Does this reduction relate to the department's plans to transfer responsibility for this school out of the department?

MR. SMITH: Yes. Let me talk to the Alberta Fire Training School and, firstly, let me underscore my agreement with you in respect to the importance of the AFTS. It's because of that importance and because it's recognized as an educational function – and educational functions best belong in departments and areas where their core expertise is, in fact, education – that I proposed and have subsequently moved toward preliminary agreement on transferring that school to Lakeland College in Vermilion. The preliminary agreement has been reached between Labour, Advanced Education and Career Development, Public Works, Supply and Services, and Lakeland College to transfer the school to Lakeland in July of '97.

The transfer enhances local management through Lakeland College's program and administration. The operating budget of \$1.4 million, plus \$155,000 for upgrading the program, will be transferred as part of the agreement. The transfer involves 19 staff members. In addition, the school's revenues will also be transferred to Lakeland. The budget plan in Labour reflects a departmental operating plan which would have allowed dedicated revenues of \$820,000 to be applied by the school in servicing its clients. Education and training, we believe, and we believe strongly, are not part of Labour's core businesses, and I'm convinced and remain convinced that the transfer to Lakeland College ensures better alignment of services, more security for the institution itself, and better opportunity for it to grow and become proficient in its own marketplace. The increase in the 1996-97 forecast of \$326,000 is a result of one-time costs that are necessary to prepare the school for transition out of the department and equipment upgrades, and that, of course, includes some of the firefighting training equipment that's there of that type.

The revenues can accrue from a couple of areas. One is that there will continue to be support for volunteer firefighters throughout Alberta. But secondly, what we found, hon. member, is that there is a recognition of expertise of this training institution throughout certainly western Canada and some places in the northern United States, as well as some preliminary exploration in the international marketplace. What this will do, for example: there are a number of firefighters from Saskatchewan that are waiting to be trained and will pay the appropriate fees for it. The branding difficulty of having a certificate from the Alberta Fire Training School sitting on the wall in the Humboldt fire department I don't believe is that attractive as an instrument of marketing and an instrument of measurement. However, if you have the same designation from Lakeland College and the firefighting institute that there is, more portability from education allows us to build that school as well as amortize its expertise through the prairie provinces and other areas. So I think it's a very, very positive move. I think it also delivers to that institution an ability to be better again, because they will have more instruments at their disposal to market as well. I also believe that we can arrange some efficiencies in terms of running and managing an institution from a central location, in fact across the street from each other. I think that we can see some real broad-based gains from this management move.

8:36

MR. MacDONALD: Okay. Thank you.

Mr. Chairman, I believe Mrs. Paul has a few questions. We'll just run down the table after she's finished and wind up with Dr. Pannu. Is that fair enough?

THE CHAIRMAN: Fine.

MR. MacDONALD: Okay.

THE CHAIRMAN: Mrs. Paul.

MRS. PAUL: Yes. Good morning. I'm going to speak about the freedom of information and protection of privacy. I notice there's an increase of 20.58 percent, which is \$157,000. Could you please explain why there is a need for such a significant increase in the budget for the freedom of information and protection of privacy?

MR. SMITH: That's because you have the hon. Member for Calgary-Buffalo at your disposal.

MRS. PAUL: Could you elaborate on that please?

MR. SMITH: Well, he's about 5 foot 11, easy to talk to, and expensive to deal with.

The increase of \$157,000 is for the addition of three positions to be involved with the expansion and rollout of the freedom of information and protection of privacy legislation to the local public bodies. This, as you know, includes municipalities, school boards, and regional health authorities. Also, as the all-party report that preceded the Act indicated, there's a necessity for a three-year review of the Act, which will be coming up in 1998.

This is a new division of responsibility for the Department of Labour and for myself in particular. I think it's an important facet of government operations. I believe we have the ability to set standards that can become benchmarks for freedom of information practice throughout Canada. What we've found is that there needs to be more management attention at this point focused on the management administration of the Act itself.

I will commit that next year we will be tabling an annual report as we have in freedom of information, but it will include a financial statement so that there is also associated with the freedom of information and protection of privacy legislation a distinct management responsibility for best practices and reasonable costs. I believe that all those involved in this process should be aware of these costs. That is the purpose, of course, of Bill 1 that is before the House as this juncture, that then starts to identify specific dates for rollout of this freedom of information and protection of privacy legislation to the other agencies, boards, and commissions, and the now famous MUSH sector, that from a management perspective it becomes progressively less expensive as you gain more expertise. So if we can gain the expertise from expanding this legislation to one particular area, learn from that, and then have staggered dates, we can do it better, cheaper, and smarter. We intend to do that.

MRS. PAUL: Do you have any idea of the expectations in terms of the number of applications you would anticipate under that Act?

MR. SMITH: In the next year?

MRS. PAUL: Yeah.

MR. SMITH: Well, because this government is so open and so accountable and so full of . . .

MRS. PAUL: So full, yes. Yes.

MR. SMITH: . . . being able to provide accurate and complete information in a timely fashion, one success indicator might be the diminution of requests for information. In fact, many ministers are responding in that fashion. What we do see is a continued increase of individuals who seek personal information about their

own histories, and that has gone very successfully. Last year it was just under 1,000, and there was one appeal, I believe. So what we see in what we'll call the business-normal side of this legislation is that it's moving nicely, it's having a proper response, and it's working in, I believe, a fashion that the legislation was intended. There, of course, does need to be continuing refinement from the unanimous all-party committee report of '93-94, that moved towards the Act and its eventual proclamation in '95.

I believe you will see probably a stable level of activity at this point, but it's going to be balanced with an increase in activity as the legislation expands to other purviews in various administrations throughout Alberta. That, I must point out, is something most of the other sectors are quite comfortable with now. There is a great deal of disclosure and a great deal of openness particularly in the municipal area of government at present. So in some cases the legislation that rose out will just be codifying what is already considered present practice.

MRS. PAUL: Okay.

What was the rationale for moving that office of the Department of Labour from the Department of Public Works, Supply and Services? Could you elaborate on the thinking behind that?

MR. SMITH: Well, I think there were a number of reasons. One, the deputy minister, who was appointed to the Ministry of Labour in January of 1997, was a key architect of the record facility and of the program itself. Of course, that expertise, as the hon. Member for Edmonton-Gold Bar pointed out earlier, is necessary to be amortized as broadly as possible across government. So I think that would probably be the most germane reason at this point.

MRS. PAUL: Do you think it's cost-effective?

MR. SMITH: Do I think it's cost-effective? I will guarantee to you that by the time the next annual report gets tabled this is cost-effective. That is not to pass either opinion or comment on whether it was or was not cost-effective in its past department.

MRS. PAUL: Okay. What impact will this change have on PWSS's information technology and supply division? Is there going to be an impact?

MR. SMITH: Not as far as I know.

MRS. PAUL: Will the entire information management and privacy branch simply be moved to the Department of Labour? Do you envision . . .

MR. SMITH: We will be moving everything but records management into a downtown location close to part of its primary customer base, which is the legislators themselves, as well as closer to the office of the Information Commissioner so there can be easier dialogue. Of course, it's adding to the revitalization of downtown Edmonton, which we all know to Edmonton members is an important economic development factor which we'll work towards over the next year.

MRS. PAUL: Thank you, Mr. Minister. Those are my questions for the moment, so I'll turn it over to Mr. Bonner.

MR. SMITH: Thank you.

MR. BONNER: Thank you. My questions this morning, Mr. Minister, will be in regards to the Workers' Compensation Board. I must start off by saying the reorganization certainly has seemed to have done a tremendous job in the areas that it's turned around, from a ballpark \$600 million deficit to a \$400 million surplus. It is a very difficult board to work with, and certainly their biggest job, I think, is to sort out legitimate claims from claims that aren't legitimate. I think the positive results we have seen are from those people who have not had lost-time injuries or have returned to work in a very short period of time. The numerous calls I've got since I assumed the critic position have been from those people who seem to have long-term injuries that continue to lag on and are given different reasons why they are. Certainly I agree with you and the Workers' Compensation Board, that they are looking for a program that is going to decrease the number of injuries, decrease the number of fatalities, look for positions where we can get people back to work sooner and keep all our injured workers happy.

8:46

I'll start with a few questions. The Workers' Compensation Board in the 1995-96 annual report indicates that in 1996-97 industries saw their Workers' Compensation Board premiums decrease by 26 to 50 percent and three industries by over 50 percent. My first question: can the minister indicate what type of industries these were and what the reasons were for such a significant decrease?

MR. SMITH: What's the proper protocol here, Wayne? Is it member or is it name? Is it hon. member from, or is it . . .

THE CHAIRMAN: No, name.

MR. SMITH: Okay. Thanks, Bill. Thanks for your comments. I want to discuss – and you may want to make a comment on this, Mr. Chairman – that there are no funds voted in estimates for the Workers' Compensation Board, as we all know that the funding for the WCB is from employers' premiums, that it has a governance board that is made up of employers, employees, injured workers, and public members, and that the only involvement the Department of Labour has with respect to the WCB is to house the legislation that creates this limited legislated monopoly. Based on that, Bill, I can't comment on the specifics of the WCB and their annual report.

What I would do as a courtesy to the member, Mr. Chairman, is take the written questions and undertake to ensure that he is provided with appropriate answers. I do know that both he and the Member for Edmonton-Gold Bar have had the good fortune, as part of the training and orientation program, to be over at the WCB and talking with senior executives. Again, they would undertake directly to answer those questions, Bill. But if you want to put them into the legislative record or the public domain, I would also be happy to do that.

I would point out, Mr. Chairman, that we do receive one revenue item from the WCB which acts, as they are fond of saying, as a tax collector for the government of Alberta, and that is the occupational health and safety levy which is used to fund one-half of occupational health and safety activities.

Having prefaced my position, Mr. Chairman, with those comments, perhaps a comment from you would be appropriate.

THE CHAIRMAN: Thank you. In the past we've had a reasonable amount of latitude with regard to questions to ministers on specific matters. However, the guiding principle has been that

we're restricted to what is defined within the estimates and also what is defined in this particular case, Budget '97 Post-Election Update. I think we can provide a fair amount of latitude with regard to the estimates themselves and particularly in terms of this document. If we're going to go into specifics – for example, the questions on rate experience or that type of thing that's in the WCB – certainly if the minister wishes to make an undertaking of providing that information, that's his decision. Certainly I don't see that he would necessarily have that information here on the basis that, yes, the legislation was resident there, but he doesn't have the responsibility on a day-to-day basis.

MR. MacDONALD: Mr. Chairman, we're talking about the business plan here, and the WCB is mentioned in here. I was understanding that today we were going to talk about the estimates and the business plan. The WCB is in the business plan on page 222. We mentioned it briefly. How come we cannot talk about it today?

THE CHAIRMAN: In the context that it's mentioned in there, I think questions would be in order.

MR. MacDONALD: I'm sorry?

THE CHAIRMAN: The questions that would be addressing the context of the comments that would be in there would be acceptable.

MR. BONNER: The other thing here, as well, is that the board of directors from workers' compensation does report to the minister. I can appreciate that Murray would not have these answers at his fingertips here today, and if he would like to take these questions and give me a written reply, I'd certainly appreciate that as well.

THE CHAIRMAN: Maybe the minister could just clarify that now.

MR. SMITH: Clarify specifically what?

THE CHAIRMAN: With regard to two issues. One was the reference – on page 222 was it?

MR. MacDONALD: Yes.

THE CHAIRMAN: Mr. MacDonald's reference to the WCB within the business plan. I indicated that I would entertain questions that are related.

MR. SMITH: Of course, the Member for Edmonton-Gold Bar, through detailed examination of the business plan, has found, in a table in about eight-point type on page 222, the Workers' Compensation Board with an asterisk, with revenues up to 1994-95. Under the asterisk, in about four-point type, is:

The entity is a commercial enterprise or a Crown-controlled corporation that is reported in revenue on a net profit or loss basis (revenue less expense). Thus, it does not appear in the expense portion of the income statement.

So since the end of fiscal '94-95 there has been no reporting of WCB either – of course, prior to that there were large unfunded liabilities, and in the last three years there have been surpluses reported from that board, so it is not necessary for that board to report through a minister. As the consolidated income statement from the Ministry of Labour points out, that practice has not been

continued since the end of fiscal '94-95.

With respect to the board of directors, it is a function of the legislation, the WCB Act. It also has recommendations received from labour, both organized and unorganized, from employers, from injured workers, as well as, I believe, two public members that are appointed, and the chair is an order in council appointment. So that is the extent of the government fulfilling its obligation under the

Act to the WCB for the board of directors.

THE CHAIRMAN: Mr. Minister, just for clarification, Mr. Bonner was asking, if he asked certain questions on the WCB – and it's your call – whether you would like to take them under advisement . . .

MR. SMITH: Absolutely.

THE CHAIRMAN: . . . and arrange for him to receive the information.

MR. SMITH: Actually, even if the member would like to put them into the record orally, we'll pick up the transcript from *Hansard* and then undertake to notify the WCB so that they would in turn provide a response too. So, Bill, if you just want to read those into the record on the specific issues, we'll take it from there.

MR. BONNER: Superb. Thank you very much, Murray.

My second question: can the minister tell the committee how many claims were completed by the Claims Services Review Committee in the last fiscal year? My third question, along the same lines: how many were completed within 90 days, and how many were completed in 180 days? My final question for this particular area is: were there any claims that took longer than the 180 days to be completed?

8:56

MR. SMITH: Good questions, Mr. Chairman. We'll undertake to notify the WCB and have a prompt response made, and we'll table with designated committee of supply as well as with the hon. member.

THE CHAIRMAN: Thank you, Mr. Minister.

Dr. Pannu, did you wish to ask any questions of this minister?

DR. PANNU: I certainly could start. I have altogether 12 minutes; is that right?

THE CHAIRMAN: That's correct.

DR. PANNU: Yes, I think I'd like to take this opportunity, Mr. Chairman.

Mr. Minister, in your report in the business plan and so on there's obviously an emphasis on reducing the size of the department. You do refer to a very, very small budget for this department in the context of the overall budget for the government, and pursuing that line of argument obviously, you talk about self-monitoring of a variety of activities. Now I guess the responsibility of self-monitoring has devolved to the level of workplaces, in particular workplaces or employers. Do you have any systematic monitoring of the results of self-monitoring decisions and activities? That's one general question I have.

You also talk about self-sufficiency. I suppose this refers to subunits within your department that provide services, and self-

sufficiency refers perhaps to generating revenues through user fees or licence fees of one sort or another. It's a question of clarification as to what exactly is meant by self-sufficiency, with a specific answer to the question of whether or not user fees are the major source of achieving this self-sufficiency. If that is the case, do you not think that the transfer of costs of the safety services that are essential for the maintenance of health and safety standards, standards of work, assessment of professional licences and certificates, et cetera, is an unfair burden on most of them or all of them?

A third point. You make a reference to how the policy pursued by your department with respect to outsourcing or privatizing activities has led to the creation of more jobs than have been lost through privatization. My question: how does your department assess the results of privatization? Counting numbers is one thing. Talking about the quality of jobs created is another, and whether or not these are part-time jobs; whether the wage levels attached to these privatized jobs, the salaries associated with them, give an indication of whether the privatization led to cheapening of the provision of these services; and whether or not the jobs in fact provide and produce a living wage.

You also, Mr. Minister, in point 4 talk about creating conditions in the province which will encourage, obviously, more healthy economic activity and working conditions. My general question there is: to what extent is your department committed to making sure that part-time workers in this province, whose numbers and I understand proportion in relation to the total labour force are gradually increasing, are entitled to – or your department will take action so that they will be entitled to – prorated fringe benefits, benefits that full-time workers receive?

I've been looking for some information on this over here. Given the fact that the number of part-time workers and the proportion of such workers is increasing, I would have thought there would be some mention of what actions and policies you and your department are considering to ensure that these workers receive appropriate compensation for the work they do and that the compensation in fact is adequate for them to live on the incomes that are generated through engaging in part-time work. I speak of this in particular because in my constituency a very large number of young people, both those who are presently students and those who have recently finished their educational work, work as part-time students. During my conversations with them, I hear a great deal of anxiety on their part, a great deal of concern about the fact that while they're engaged in working anywhere from 45 to 60 hours a week and two or three part-time jobs, they are still unable, because of the minimum wages and absence of any benefits, to feel secure in their economic situation.

Next question. I have I guess four minutes left.

MR. SMITH: Can he come back in, Mr. Chairman, or does he have to . . .

DR. PANNU: Could I save four minutes? I think that's the minister's question, so they could go back.

THE CHAIRMAN: If you wish to, yes.

MR. SMITH: Do you want to do that, Dr. Pannu?

DR. PANNU: That would be fine, sir.

MR. SMITH: You're building up quite a list here. I thought maybe we could deal with some of it and then come back to it.

Much of what you referred to, I think, talks about the general

environment that's created in Alberta for work and economic activity and commerce, which I'd like to comment on. Also, I think you're moving into the policy area or what we're seeing now in trends in the marketplace. Work is changing. The definition of work is changing. The way people gain monetary remuneration is much different than what it was, I'm sure, when you were going through school. It's certainly different from when I was going through school. I'd maybe like to talk to those two areas and then also talk specifically to the audit capability of the department and part of the new philosophy and structure of the Department of Labour as a customer service or client-driven organization and also an organization that has to audit not only events but standards and practices.

So if I can talk a bit about – the events of the last four years indicate that the role of government is very much, as Gaebler and Osborne talked about in their book *Reinventing Government*, to steer the ship but not to row it. In many cases, particularly in the Department of Labour, it was a rowing department. It actually had people that went out and did specific things in an ever growing marketplace. With the structural change and the reorganization of government over the last four years, the Department of Labour's become very much an influence department, a steering department that has now been shored up and strengthened by its audit capabilities.

9:06

The part that I think pleases this part of government is to say that the Department of Labour is doing analysis and work on a labour force that's larger than ever before. There are more people working in different types of jobs for different rates of pay in Alberta today than ever before. I think that's not so much a testimony to the effectiveness of government but a testimony to Alberta private-sector ability and individual effort and ability to generate things and events that make money. From that people get paid differently. They work now in home businesses, they telecommute, they job share, and they receive benefits and work contracts in a much different way than they have done traditionally. That is, I think, to respond to differing changes in the marketplace. When you look at companies that no longer have the luxury of staffing for the peaks but must be able to trim their plan and increase their capacity at the same time, that in itself has created business opportunities. For example, after the big downsizing of IBM, the Canadian reorganization of the mid-80s, IBM has grown in such a way that it now employs more people than ever before. Certainly that's been the record of success in Alberta.

So I think we have new and innovative ways of making money happening here in Alberta. It's in fact those new and innovative ways that are creating opportunity, and they don't necessarily fall into every piece of legislation that may have been codified since the tabling of this annual report 1935-1936. I think we're being asked to find new ways as a steering type of government to ensure fairness and equity in the marketplace. But the marketplace is the driver; it continues to prove to me conclusively that the invisible hand of the marketplace is the most effective way to allocate scarce resources on a competitive basis. I believe that the political uncertainty that has been established by other jurisdictions in other parts of Canada has hurt them dramatically in terms of their economic growth.

THE CHAIRMAN: Excuse me for interjecting, Mr. Minister, but the 12 minutes have been concluded.

MR. SMITH: I'd like to beg four minutes for Dr. Pannu to come

back if we have time. I think we might have time. I know he's got a little bit more to ask. I was under the impression that when I was talking, he was off the clock.

THE CHAIRMAN: No. The total time is question and answer.

DR. PANNU: Mr. Chairman, I had requested you to clarify this, and I had assumed that you had given me the satisfactory clarification that I will be able to save these four minutes and come back with my questions later on.

THE CHAIRMAN: Well, the 12 minutes, as defined under the agreement, is question and answer. Certainly we can . . .

MR. SMITH: We'll find the four minutes.

THE CHAIRMAN: . . . go on if there's time permitting.

MR. SMITH: Yeah. And we've chopped some of the time in opening comments, so we can get back to the four minutes, I'm hoping, Mr. Chairman.

Can I just finish, or do I have to shut up?

THE CHAIRMAN: You're finished. Yes, you are finished.

MR. SMITH: I am finished.

THE CHAIRMAN: Mr. MacDonald?

MR. MacDONALD: Yes, Mr. Chairman. I have some questions for the Minister of Labour. Mr. Minister, could you please explain to me briefly the difference between civil technical services and mechanical technical services?

MR. SMITH: A good, detailed question that I am going to let the experts of the department – which I can do, can I, Mr. Chairman?

THE CHAIRMAN: We prefer that you don't, Mr. Minister. The practice has been that department people are here to assist you in answering questions, as opposed to them answering questions.

MR. SMITH: Civil are civil things and mechanical are mechanical things, in a word, Mr. Chairman. For example, the behaviour expressed today has been civil. The process of getting the details and information to you without borrowing on the expertise of my department has been a mechanical process.

MR. MacDONALD: Since we are being so civil today, I guess that's the reason why there's a huge increase in the budget: 335 percent.

In civil technical services, why do you have this huge increase and mechanical technical services has a decrease? What's going on there?

MR. SMITH: Well, there's both a civil and mechanical answer to this, Mr. Chairman. In the civil technical services the \$2.0 million is due primarily to the implementation of the petroleum tank site remediation program, that I talked about earlier, to deal with the safety and associated risks with leaking storage tank sites throughout Alberta. This program, as you know, is a joint initiative of Labour and the Department of Environmental Protection. It is managed and administered by the Petroleum Tank Management Association of Alberta, affectionately known as PTMAA. The program scope and criteria are still to be

developed to ensure that priority needs are addressed. The forecast increase of \$28,000 in the operating warrant is to adequately resource the development and monitoring of building fire codes. I'm sure you've all read that construction permits, particularly in southern Alberta, are on the increase. In the mechanical technical services side, where there is a reported decrease of \$209,000, this is a result of plans to delegate responsibility for delivering the master electrician program to the Electrical Contractors Association. The increased forecast of \$55,000 reflects the cost of reorganization and severance pay payment in the normal SPR process.

MR. MacDONALD: Excuse me, Mr. Minister. You were going to delegate the master electricians program to a DAO. Correct?

MR. SMITH: The association does, I think, at this point . . . We have been in discussions with them at this juncture.

MR. MacDONALD: This is work in progress then?

MR. SMITH: This is work that has not accrued yet. That's correct.

MR. MacDONALD: Thanks.

MR. SMITH: Okay.

MR. MacDONALD: My next question is on your business plan – I love these business plans – on page 286. It's regarding the lost person-days due to labour disputes and work stoppages. Do you agree that this is an unrealistic goal, a zero?

MR. SMITH: I agree it's an unrealistic goal, and that's why it's recorded in here.

MR. MacDONALD: In light of this year's strike and lockout at Canada Safeway, this performance measure is going to make work stoppages prolonged. Can you tell us what concrete steps you have taken to assist these two parties, Canada Safeway and the UFCW, to end this strike? Because your target goal of zero there is going to be impossible.

MR. SMITH: In response to your first question, I'd probably go back to Browning and say

. . . a man's reach should exceed his grasp,

Or what's a heaven for?

Also, in the business parlance of today, everybody needs a stretch target. So, yeah, zero is a desirable goal. Zero is in a workforce of 1.5 million people, of which 25 percent of the labour force is organized, of which approximately 8 percent is public sector organized, which leaves about 16 percent in an organized labour environment. Sixteen percent of 1.5 million is roughly 231,000 working individuals. Can they make it for 12 months without leaving the worksite and striking? I don't know. I think it's possible. In fact there could be some success in meeting that target. I don't believe the target needs to be modified to be forecast and to be there 10 days, 100 days, or 1,000 days.

9:16

With respect to the specific labour agreement that you've referenced – and I couldn't help but notice that the person who designated this is not on this committee, although I welcome her expertise and input through you to the committee – the legislation and the provision of facilitators in mediation as well as having

contracted mediators has proved to be effective over the period we've been doing it, Hugh, to continue to offer these services but not to intervene or intercede in the marketplace. Although I know that various leaders of political parties have participated in photo-op politics by walking the line and all that, it's our position as the Department of Labour that we're really there to provide businesslike services that can reach a natural conclusion. I'm hopeful that we're in the final points of reaching that conclusion, and it is a Department of Labour mediator that is working with both parties. I believe that the overarching legislation that exists in Alberta today promotes labour interaction with management and promotes the ability to come to businesslike agreements.

MR. MacDONALD: Okay.

On page 222 of your business plan there are 5,555 complaints registered for investigation with the employment standards branch.

MR. SMITH: An amazing number, isn't it?

MR. MacDONALD: Yes. You can reply to this question in writing if you like. What is the percentage of that total that comes from the service industry; and within that service industry, the number of complaints you're getting from the restaurant industry; and on top of that the number of complaints you're getting from the restaurant industry that are coming from part-time female workers? I want to know what that is.

MR. SMITH: May I ask why, Mr. Chairman?

MR. MacDONALD: Curiosity. Curiosity killed the cat; satisfaction will always bring him back. Browning didn't say that either.

MR. SMITH: No. This is not a cat incident.

MR. MacDONALD: The number of repeat offenders under the employment standards legislation. I can imagine what a repeat offender is in the employment standards branch, but if you could give us some detail on that and a list of who they are, I would be grateful.

MR. SMITH: I can't comment on who they are at this stage. Who they are at this stage, Mr. Chairman, would be third party consent. You also may want to table that request through FOI as well in looking for another revenue opportunity.

MR. MacDONALD: Okay. The first part of my question – you will provide me with the written answers?

MR. SMITH: We will provide written detail to this. I'd like to comment on it, because you've hit upon part of the reinvention in the work we've done in employment standards. There was, one, an examination of: could this service be delivered better if it was delivered in a different structure and through a series of registry-like facilities? It was determined at that time through (a) extensive consultation, (b) requests for proposals, and (c) management that this is a core business of the Department of Labour and should thereby remain in that framework. As a matter of fact, the former Labour critic was often vocal in assisting along the path to resolution of this hard issue. Her assistance was noted and, of course, appreciated.

The number of phone calls we get per month: as high as 18,000 are coming in. You know, it tags off during the summer months and rises during the day before and after statutory holidays. But if you take a look at that tremendous type of volume – let's say

it's in the neighbourhood of 200,000 calls per year – to get it down to 5,555 complaints registered I think is great testimony of the phenomenal record of success of our telephone counseling unit and the ability for them to take the information and pass it on to both employer and employee.

What's happened with part of the restructuring and centralizing the telephone counseling unit with the Calgary/Edmonton unit is to point out – and this goes back to Dr. Pannu's comments as well – that when you get into compliance in the workplace, you have to have the ability to prosecute, you have to have the ability to really nail, to really penalize, I think, in a noticeable fashion perennial, chronic, persistent violators of either standards or legislation. So we're building that up. We have said – and the information is in the public domain – that as minister I am not reluctant to prosecute chronic violators in order to say: fix this up. There are two reasons for it. One, there is a problem in the marketplace. If one person, an employer, is consistently violating employment standards, that employer is then gaining a competitive advantage over other employers in the marketplace. Secondly, also with the violation of that, is ensuring that the workers are not being treated in the marketplace as competitively as the other workers are throughout the province of Alberta. So there are really two reason there to ensure compliance.

MR. MacDONALD: I agree with you one hundred percent, and I thank you for your comments.

MR. SMITH: I'd like to finish on that, because he's really hit an area of great interest and excitement to the department.

One, we can continue to determine the sectors that are weak. Yes, the hospitality industry does not have as good a record as other sides of the industry. What we have entered into is discussions with the Alberta Tourism Education Council, which was formerly an arm of government that trained waiters and waitresses across Alberta in a hospitality program called the Alberta Best program.

MR. MacDONALD: Are you going to give them the RITE number, if they feel their rights have been violated, and instruct them how to use the government RITE number so they can use this telephone advisory committee?

MR. SMITH: More than that. We're not going to react to the . . .

THE CHAIRMAN: Excuse me. Mr. MacDonald, could you please use the microphone when you're talking? It is in *Hansard*, and we want to ensure that everything said is recorded accurately.

MR. MacDONALD: I apologize.

THE CHAIRMAN: Thank you.

MR. SMITH: What we're going to ensure we do is that we get less of a need to ensure they don't have to make that phone call. You do that by education and knowledge, and education and knowledge extends to the employer. In many cases – there was one just a while back. There was an employment practice going on at this particular company, and they did not know they were in violation of employment standards. By dialogue and education and training, the problem was corrected. Also, you know that when you're training the potential employees and the new employees in employment standards, they know what to expect as well. So those two factors increase the knowledge in the market-

place, and we all know that some of the new and younger employees are much smarter than us old, jaded ones now. They will, in fact, decrease the level of activity because they will be able to solve the problem at the business site. I think that's an important function of the employment standards group.

The other item that we are doing is finally identifying these chronic violators and taking specific goal-oriented action to correct the chronic violators.

Good question. Thank you very much.

9:26

THE CHAIRMAN: Mrs. Paul.

MRS. PAUL: Thank you very much, Mr. Chairman. I am actually going to go back to the freedom of information and protection of privacy. I know the Assembly is currently considering Bill 1, the FOIP Amendment Act, which the government says is needed to allow it to start bringing different parts of the MUSH sector together, and you're going to do this sector by sector. The MUSH sector is municipalities, universities, schools, and hospitals. What is not included in the legislation is any indication of what date we will begin to see some of the local public bodies covered by the FOIP Act. Given that it would be advantageous to give these public bodies as much lead time as possible so, obviously, they can be prepared to comply with the Act, can the minister give us what date we can expect to start seeing the inclusion of some of these sectors, such as education and post-secondary?

MR. SMITH: Thank you for the question. It's a good question. I think the best response to that, Mr. Chairman, is probably "stay tuned," because I would prefer not to make a unilateral date. I would prefer to consult with the key stakeholders after the legislation has been passed and ensure that we have an orderly process that is reached upon consensus with the various groups involved.

MRS. PAUL: So you have no sense in terms of time frame?

MR. SMITH: I would be reluctant to nail down a specific time at this juncture, but once we get through with it – of course, with the usual good co-operation of the opposition parties in this House – the sooner we nail that down, the sooner we'll be out in the marketplace getting this information codified.

MRS. PAUL: Do you feel, Mr. Minister, that it is not necessary to include the four private colleges in Alberta that receive over \$9 million in annual funding from the provincial government?

MR. SMITH: That was the interesting basis for a question in the House just two weeks ago, I believe, Mr. Chairman.

MRS. PAUL: That's correct.

MR. SMITH: In response to that – and certainly it is my great hope that I'm echoing the response I gave in the House – in fact the debate is on with respect to that particular issue. In the Bill we spoke to, if there's a need for an amendment to be brought to it, I think it would probably be more appropriate – and your comments would be welcome, Mr. Chairman – to leave the debate as to the policy aspect of this piece of legislation, excluding private colleges, to the general debate in the Legislature as a whole.

MRS. PAUL: Were you going to comment, Mr. Chairman?

THE CHAIRMAN: No, I'm not going to comment. The minister can answer the question however he sees appropriate.

MRS. PAUL: Okay.

One more question in this area. Can the minister provide more information about the directory of records referred to in the department's business plan? I refer to page 215. That is in the Budget '97 Post-Election Update.

MR. SMITH: That's part and parcel of the development of a business plan for this particular area, hon. member. The directory of records will be a part of the business plan that will be tabled with the annual report as well as, as I say, an accompanying financial statement that supports that.

MRS. PAUL: Thank you.

Now I'm going to get to the employment standards of line 3.3.4. I notice there is a slight reduction in this area. Does the minister not believe it is necessary to put even more resources into this area, especially when we continue to hear about serious breaches of the Employment Standards Code that are not being rectified, such as the use of so-called noncaptive employees in the carwash and restaurant industries? I think you are aware of what is happening in the carwashes. It was brought to the House.

MR. SMITH: That's correct, hon. member. I do remember that issue. I found it quite interesting that the issue was, in fact, media driven and a specific complaint had not been filed at that stage by employees. I also note that there was some discussion on the employment standards applicability to the carwash industry in 1992 and that there was a court judgment rendered at that time.

What that has pointed out is a couple of things. One, when the issue came to the employment standards branch, they did have the employment and management capacity to act and act quickly on the issue and went out and consulted with both employer and employee. So in fact I would point to the rapid response and the efficient handling of that issue to say that we are, in fact, well staffed at this point to handle this issue, and also point out, in my earlier answer to the Member for Edmonton-Gold Bar, that part of what we're doing is determining the planned increase in capacity. The business plans are designed to educate and provide knowledge in the marketplace that will, in fact, shrink our demand for traditional intervention and intercession by this branch.

MRS. PAUL: Okay.

With respect to the employment standards branch, what kind of auditing procedure is the branch currently following?

MR. SMITH: Could you define audit?

MRS. PAUL: Sort of looking at following up procedures, record keeping, just an overview.

MR. SMITH: How do we manage the business?

MRS. PAUL: Yeah.

MR. SMITH: There are detailed records kept on the activity of the department, and those have been built up since as early as 1935-1936, when they tabled employment standards complaints and investigations into the Minimum Wage Act. So there is that ongoing statistical collection as well as identifying specific sectors,

taking specific management action, and then determining whether the level of activity has decreased in the department.

One of the things I am impressed with in the short time I've been Minister of Labour is the management efficiency of senior managers of this particular branch. They have compassion for their client base on the employee side, and they have the professional ability to impart knowledge to the employer side. So that drive, that management dedication, coupled with the reinvention of the department, indicates to us that their statistical record-keeping activity is part of the audit process, ongoing customer surveys – they also audit the calls. In fact, the deputy minister sitting beside me is himself well-trained on phone activities and has been down manning the phones on employment standards as an important part of his management direction.

[Mr. Renner in the chair]

The other thing we do is start to put together pieces of the client profile, hon. member, so that we have an idea of who we should be trying to target in the training process, how we should be drafting the self-help and education booklets that people can use. The introduction two, three years ago of the self-help booklet actually led to a dramatic decrease in the amount of calls that came in to us, and we find that posting that information in a wide variety of places has demonstrated a concrete benefit in reducing calls and eventual files.

MRS. PAUL: Okay. Thank you.

I'll pass the mike on to Mr. Bonner.

MR. BONNER: Thank you very much. What I might do here, Murray – I have a number of questions still on workers' compensation. If I could just get them on record, I'll wait for a reply.

What I'd like to do first is refer to a news release by the Workers' Compensation Board of May 6, 1997: "Injured Worker Satisfaction with WCB Increased According to Survey." I do have some concerns here. My predecessor, Terry Kirkland, had conducted his own survey in which he got 300 copies back. I'm sure that Terry's is biased, and I do have some concerns with this particular report as well. My first question would be: would it be possible to get a copy of the survey the Workers' Compensation Board had their workers complete?

9:36

MR. SMITH: A copy of the survey as well as a copy of the findings of the results, Bill, were tabled in the House last week. So all you have to do is ask the Clerk for a copy of those tablings.

MR. BONNER: I did. I didn't have a copy of the survey in the report that I got.

MR. SMITH: Okay. There was a copy of the survey and a copy of the report both tabled.

MR. BONNER: Very good, sir.

MR. SMITH: So we'll ensure that you get a copy.

MR. BONNER: Super. Then I'll go back and see if I can get a copy of the survey then. I'd like to compare the two.

Now, then, in all that I've seen – and I don't know if it'll be in the survey or not. I'd like to know how the board selected the injured workers who were going to complete the survey to make certain that it wasn't biased, you know. My specific questions

there: are these people that didn't have any lost time in their injuries, were they back to work within 14 days, or were they people who had gone longer than 14 days or six months or whatever without returning to work? Another question I have is: how many of these complaints were transferred to the Ombudsman and not handled by the Workers' Compensation Board? My last question in this regard: were any of those people whose cases were transferred to the Ombudsman survey – have they been completed or what were these results that came from that particular portion?

Again I'd like to refer to the news release put out by Workers' Compensation Board on May 1 where it announced that

refund cheques totalling \$10.75 million will be distributed to 1,508 companies across the province. The cheques are a partial refund of WCB premiums and represent employers' success in reducing workplace injuries and better managing claims when injuries do occur.

My question here is: how available are these statistics as to who got refund cheques? Would it be possible to get a partial or a complete list of those 1,500 companies?

[Mr. Jacques in the chair]

My second question along the same lines is: what monitoring and measuring devices does the Workers' Compensation Board have in place to ensure that these workplaces do have a safer work environment and there is not a concerted effort to refrain from reporting accidents in order to take advantage of premium refunds? Again, from this perspective what I'm interested in are people that are reassigned to different duties while they are injured, before they can return. There seems to be quite an impact on these people when they try to return, if they can return or can't return from injuries. At that point, if they're not prepared to stay at the reassigned job, then they're terminated. I have some concerns there.

As well here can the minister provide details on the workers' compensation's investment fund? Will the minister of the Workers' Compensation Board release a breakdown of the types of investments that this fund is currently in? Albertans have a strong interest in ensuring the strength of this fund to ensure that the Workers' Compensation Board never again falls into the terrible situation of a few years ago, and that is where I had commented that we had approximately a \$600 million deficit. In this regard, can the minister comment on the status of the Workers' Compensation Board's rate and benefit stabilization reserve? Again, Murray, I don't expect these answers now. You know, written replies will be good. Can the minister indicate what the fund balance was for the past fiscal year, and what his department anticipates it will be for the current budget year?

MR. SMITH: Thanks, Bill. Those are good questions. I know that the WCB, which is a group that is subject to the freedom of information and protection of privacy legislation as well as working in that marketplace, will want to get that information packaged up in a manner that addresses your questions specifically. I can reference you to legislation passed in '95 that makes it illegal, makes it against the law, for them to run an unfunded liability. So your worries are assuaged insofar as there will not be another unfunded liability in the Alberta Workers' Compensation Board, which is prevalent and a major, major problem in other jurisdictions throughout Canada, North America, and the G-7 world.

In fact, only as comment, Mr. Chairman, I reflect that in the compensation industry other boards are using the Alberta model

as a benchmark and as best practices. Both your interest and other political interest in that board is, you know – I think the WCB has the ability to respond, welcomes that vigilance and scrutiny, and is prepared to work in detail with you on that.

MR. BONNER: Good.

Just a few more questions here then. One of the major concerns – and I think particularly Pam alluded to it earlier and myself and I'm sure any number of MLAs – is the number of phone calls we get from injured workers that do seem to be having a great deal of difficulty in the amount of response time that the Workers' Compensation Board does have and the incredible hardships that it places on some families and people especially when they have financial commitments.

MR. SMITH: If I can just editorialize on your comments, knowing that the board will want to respond to you in detail, one of the things that we log in our office is the number of calls that come in with respect to this issue. If you could start building up some of that statistical data, perhaps it would give you a bit of a benchmark as to the activity that's occurring over the period of time that you're in this critic position as well as an MLA.

MR. BONNER: Great.

My first question in this regards, then, Murray, would be: could you tell me the current ratio of caseworkers employed by the Workers' Compensation Board and the number of claims files handled by each particular caseworker? Is the minister able to provide any statistical information on how long on average it takes to have a claim processed at the WCB? I certainly would, you know, be interested in that compared to the information we will be gathering. I think that's an excellent suggestion.

My other question is: can the minister provide any indication of what the projected rates for Workers' Compensation Board's assessments will be for the next three years? I've looked through a number of the plans, and I don't see anything there to indicate that.

A couple of other areas here. By far the greatest number of injuries that are processed by the Workers' Compensation Board are back injuries. What steps is the Department of Labour taking to increase education about the types of risks that cause back injuries, and has the department made any progress in expanding preventative education programs to reduce the number of claims in this area?

9:46

My final set of questions here. The annual report indicates that there has been a steady growth in the number of injured workers being served by the Millard Rehabilitation Centre with 3,481 clients in 1995. Can the minister update the committee on the status of the centre and what plans the Workers' Compensation Board has to assist the centre in meeting this growing demand?

The final one is that a lot of complaints that I do get from people that are phoning me are with chronic pain that seems to persist and continue long after these people should have been rehabilitated or back at the jobsite. There doesn't seem to be something in the process there that really deals adequately with these people. Again, we do have this problem of what is a legitimate complaint and what isn't. How do they assess at this point whether a person has chronic pain or not? That would be my final question.

Thank you very much.

MR. MacDONALD: Mr. Chairman, I have some more questions for the minister, please.

THE CHAIRMAN: Before you proceed, Mr. MacDonald, I just want to know if the minister wanted to reply to Mr. Bonner's questions or not.

MR. SMITH: Yeah, I will. How many complaints did you get last week, Bill?

MR. BONNER: Chronic pain? I would probably say eight or nine overall.

MR. SMITH: Okay. You said overall?

MR. BONNER: That's an estimation. Just last week. Yeah.

MR. SMITH: Okay. Again, the board will look with interest at your questions and I know will want to provide some of the statistical analysis that you've pointed out, as well as some of the policy direction that they're undertaking at present.

Again I'm going to, I guess, editorialize and comment from the perspective of the Department of Labour with respect to the shared levy that is collected from the WCB and is used by the Department of Labour in its OH and S initiative. Back injuries traditionally have made up about 25 percent of injury claims. This is consistent worldwide as well as in Alberta. I think that, again, what you see is similar to the issue of employment standards: a need for education in the workplace, certainly a basic lesson on ergonomics and the way people work.

I look back and reference the time that I spent in the oil industry when I broke in, I guess, as a roughneck, as a floor hand, and as a drilling hand in the seismic industry. There was no specific program for workplace safety, workplace practices. You not only learned on the job; you learned from your buddy that you're working with. Although *Hansard* doesn't record number of fingers, I do have a full complement and found out that we could make connections without having the chains spin tight on my thumbs.

The issue that I find today is that, one, the workplace has aged. The average age of our workers is a little older, and they've got more experience. We have, as you know, the most productive workforce in North America as well as the best trained workforce. That's contributing to lower injuries per hundred person years worked. In fact, last year was the lowest ever recorded in the history of Alberta. So that education is taking place. The ability for government to work in concert and in partnership with the private sector to provide those educational areas is very important.

When I look at the safety initiatives that have been taking place in the oil industry since I was previously an owner – it became so important that it actually affected your bid for work. The contractor would ask for lost-time accidents, the contractor would ask for your safety record, the contractor would ask for details of your safety program, and the safety program would have to be filed with the contractor. The company that would contract you really wanted to know what you were doing in the safety area. It became a fundamental component of your bid index, and that has led to safer work practices, particularly in the oil field.

The other thing is that the whole concept of safety and injury and lost time in the workplace has been integrated as part of loss management. It's just as bad as disappearing tools; it's just as bad as supply erosion. If you lose people, you lose your workplace, you work in an unsafe environment, it's going to cost you money bottom-line. It's going to affect the bottom-line profits of the company; it will affect the bottom-line wage, the take-home pay of the employee. Those programs that have worked in concert have contributed to more profits and more money in the workers'

jeans than ever before. I think that's a recognition industrywide, provincewide that loss management is the route to go. It's with that model that we've worked with a wide range of stakeholders and the Partnership Advisory Council of Occupational Health and Safety to just find out: what is the best role you want the government of Alberta to play, how do we play it, and how do we relate to the various factors, namely the insuring company, which is the WCB, as well as the employer and the employee? It's that process that I believe is leading up to further enhancements in the workplace today.

MR. BONNER: I wonder if I could just have another question, please, Murray. I do like how you addressed the safety issue concerns. I think when we do have an older workforce, they are a smarter workforce, particularly when it comes to safety. Because of that, as you have said, there is greater profitability, and they are more productive because their time is spent on work.

MR. SMITH: I'd just add another thing before we finish off. The young people breaking into the workforce are smarter than you and I were when we started. They're as invincible and bullet-proof as we were, but they also have the advantage of having more information at their hands, a better knowledge of how to manage that information and internalize it, and also much better trainers, I think, than we had when we broke into the workforce. So I think we're building on two fronts, both with the aging workforce as well as with a better training program and more receptivity by the young people who are breaking into the business.

MR. BONNER: Great. That's a perfect lead-in for my question.

MR. SMITH: Well, having seen your question . . .

MR. BONNER: Yeah. Right. It's in my head. I didn't even write it down.

I've had people talking to me who are extremely concerned that because we now have a shortage of skilled labour, particularly in the oil industry, younger people that are not properly trained, not properly informed, and whatever are being put into these positions. Do we have a monitoring and measuring device out there so that we can see where people are being placed in jobs they are not qualified for but are simply put there because there is a shortage of qualified labour and somebody is required to be there?

MR. SMITH: Specifically, do we have a way of knowing everybody that walks onto the job-site? Are they the right person for that job at that particular point in time? No, we don't. What we do know is that the safety industry has expanded, that the training industry has expanded. We do know that contracting companies now have standards that are higher than ever before. For example, I would cite Dow Chemical and their operation located in the now Conservative riding of . . .

AN HON. MEMBER: Clover Bar-Fort Saskatchewan.

MR. SMITH: Exactly. Clover Bar-Fort Saskatchewan. They will not allow anybody on site unless they have a training program that complies with the Dow Chemical standards. In fact all the way through the workplace everybody is meeting a specific safety standard. That structure will prevent bringing an untrained employee to work on that site, because the stakes are very high. If you bring in an untrained employee and that employee is part of a safety accident or a lost-time accident, that could remove

your company from doing contract work with what is probably one of your major customers. So those structures being put in place, the commitment to the partnership program, the certificate of recognition program, and then the capability of the safety industry to train those people ensure that once they hit the workplace they're better trained than ever before.

9:56

Now, in particular sectors we are noticing that they're expanding at a rate that we cannot fill internally. We have 6.2 percent unemployment, the lowest in Canada. We have a growing workforce. We are in a position where, similar to eras gone by, work is not going to take place at the same speed as it used to because the capable people aren't there. But standards are put in place that aren't being deviated from, so we're not seeing a return to the high accident period of prior years. When I look at the drilling industry, now they look for roughnecks and floorhands that have graduated from the Petroleum Industry Training Service roughneck school, from programs in NAIT and SAIT.

MR. MacDONALD: Or the rodeo.

MR. SMITH: Or the rodeo. No, there are all kinds of ways to get to the rodeo.

What they have shown is a far higher level of training and proficiency than we've had before. It's the industry and their attitude toward loss management that's creating that. It's not government intervention; it's not government legislation. It's the recognition that workplace safety is very much a part of a loss management program and ensures higher productivity, more money in everybody's pocket.

MR. BONNER: That is particularly true in the long run. Still, what have we got in place for particularly the fast growth, the people who are going to come in and do a job and they're gone? We do have a number of those areas.

MR. SMITH: Well, that's interesting. If you're referring to plant shutdowns, turnarounds, maintenances, and events of that nature, for example, when Brown & Root goes into Syncrude they have to fulfill the safety mandates that Syncrude set up for their own corporate body. That's also the policy of a Dow as well as a Nova, so that you have a consistent level of safety standard. That's what makes for repeat business.

When you're a contracting company to these major employers, you build up through a safety record and performance with loss management as well as worker efficiency a preferred supplier status. These are now forming themselves in the oil patches as strategic alliances, where there is a firewall of ownership between the contractor and the company. There are strategic alliances being made that say: we have these particular expectations of you with respect to loss management, with respect to safety, with respect to providing this type of equipment, and from that strategic alliance we will commit to this level of business activity over the next period.

So it starts to give small and medium businesses the ability to use some of the large corporate resources and also do some projected planning in terms of revenue and subsequent profit activity that then gives them the ability to deliver these loss management and safety programs. In fact, if you look at the safety management business and the safety business, it's grown dramatically over the last five years in Alberta and will continue to be healthy.

MR. BONNER: No further questions, Mr. Chairman.

MR. MacDONALD: Mr. Chairman, I would now like to direct some questions to the minister about the Safety Codes Act. The Safety Codes Act is part of the deregulation or initiatives to privatize some of the interests of the Department of Labour. I'm on page 221 of the business plan. We're talking in here about the municipalities. Why are so many municipalities not providing services under the Safety Codes Act? Who is doing this? I see, for instance, in the building sector Alberta Labour has responsibility for 38 percent of the municipalities. In the other municipalities, who is providing these services?

MR. SMITH: Some municipalities are growing in terms of becoming involved as accredited agencies themselves, and in other respects they are doing an examination to determine: is this our core business, do we want to be in this business, or can we buy this inspection? So you're back to your traditional make-or-buy decision, where traditionally governments have been profligate spenders and made duplicate services or made areas of overarching expertise that were more broad-based and less specific than what you could find in the private sector. What we're finding, Hugh, is that the accredited agencies who are contracted to the municipalities are in fact delivering better specific information to the code than they could have in their municipal jurisdiction. So part of that is an economic decision. They're getting into a make-or-buy decision. Others, because of the newness of the Act and the change in delivery, are evaluating how they want to proceed with it. Is it a profit or revenue opportunity for them that they'd like to be involved in, or would they like to internalize it within their own jurisdiction? In some cases they have done that. The forecast we have at this point is that more municipalities will probably undertake to internalize the accredited agency concept.

MR. MacDONALD: Okay. I would imagine this is looking after the building codes. The 62 percent of municipalities: who's doing that?

MR. SMITH: Define your "who."

MR. MacDONALD: We're down here, over on the right-hand side, in the results.

MR. SMITH: On page 221?

MR. MacDONALD: Yes, page 221, the middle section of the page, right-hand side: "Building: Alberta Labour has responsibility for 38% of municipalities." The other 62 percent of municipalities: who is ensuring that everything that's constructed is as per code?

MR. SMITH: That's the contracted agencies, the accredited agencies who will do work in the particular municipality.

MR. MacDONALD: But if the municipality has not agreed to have an accredited agency . . .

THE CHAIRMAN: Excuse me, Mr. MacDonald. Please use the microphone.

MR. MacDONALD: Yes. I apologize again.

The municipality that has not agreed yet to use the accredited agency: who is ensuring that everything is up to snuff with building codes? Is it your inspectors? Who is it?

MR. SMITH: The snuff report is, one, you have an accredited agency working inside the municipality as part of the municipality or as a contracted agency. The municipality can contract the agency as well. We have started with an audit program to determine that those who are accredited are in fact fulfilling the obligations of their contract with the Department of Labour as being accredited. I think if we built a hypothetical situation where we have the Hugh MacDonald accredited agency, for example, and found out through either an informal system or through audit that those employees of the Hugh MacDonald accredited agency were not fulfilling their contract – in other words passing by inspections or not ensuring up to snuff, as you say – that would come through either, one, informally or, two, through the audit process and then subsequent actions that would be taken. So the department is moving from the direct responsibility of us going out there and being the code people, if you will, to auditing those who are actually completing more.

10:06

My deputy has just pointed out as well that the agencies table quality management plans, QMPs, from the accredited agencies, and that there is an updating process that goes through with that as well. The nonaccredited are the department's responsibility, and the services delivered by the accredited agencies are under contract. So the final responsibility lies in the audit from our department, and that talks about a change in skill set from what the department has traditionally done to moving towards audit capability. Rather than checking the activity of 52 events, what we're doing is checking the activity of those who carry out 552 events, and by that we can ensure compliance and performance.

MR. MacDONALD: Can you tell me a little bit about the fire regulations? You say here, "Alberta Labour has responsibility for [only] 20% of municipalities." Is that for fire inspection?

MR. SMITH: Yeah, for the code and for, I believe, investigation into specific activities as well as that of the fire chief. We have a fire investigation staff as well. But it does not include Alberta Labour doing a fire inspection check on working the sprinklers or other fire detection systems within a commercial or residential facility.

MR. MacDONALD: Can you provide us with a list of the municipalities respectively which have decided to enforce their own safety codes for building, fire, electrical, gas, and plumbing and the ones that have not and which accredited agencies they are using to provide this service? Is that possible?

MR. SMITH: Yes, absolutely. I think so.

MR. MacDONALD: Perfect, because I would like to have a look at that. I thought with interest three years ago, whenever your department was introducing this, that lax enforcement of safety codes could perhaps lead to some sort of economic enhancement for the placement of industry, if there was to be a lax enforcement of codes. Fortunately, I don't see that happening.

MR. SMITH: The dreaded capitalist is actually behaving in a responsible manner.

MR. MacDONALD: Well, let's hope so.

Regarding what you said earlier and the frustrations that I feel as a small businessperson, you touched on something about the enforcement of the Employment Standards Code. It was a

question we brought up in the House. You certainly agreed with us on this issue, and that was the fact that lax enforcement is an unlevel economic playing field for employers who do not – and there are employers who do not – enforce the Employment Standards Code.

Then you were talking about Brown & Root at Dow. I have firsthand experience at this, and it does go on. There is enormous abuse of OH and S standards. They're used as an economic incentive by unscrupulous contractors. This practice has got to stop so that the people who are taking the time in developing programs, I think in consultation with your department, are not penalized economically. That is something that I would like to say on the record, because what you say is very, very truthful about a competitive, level economic playing field.

Now, the list of user fees, if you have time, between 1993 and now that have come from your department: is it possible also to provide us with that?

MR. SMITH: Yes, it is possible to provide you with that. I would undertake to provide you with a list of user fees that are either charged or legislated by the department, a record of where they started and what they are today. Some of these are not in the control of the ministry, of whether they're increased or decreased, but are in fact a consensus of those within the industry and from representatives of that industry. I think that's a healthy review, and we'll undertake to do that.

MR. MacDONALD: Okay. One day in the House – I can't recall the day; I believe it was around the 1st of May – you were talking about industrial disease and the acknowledgement of industrial disease as a workplace hazard. I, Mr. Minister, commend you for that. You are the first minister that I am aware of that even acknowledged that there was a thing called industrial disease. I would also like to be on the public record commending you for that.

Now, I have another question for you. On your labour relations adjudication board the budget is slightly smaller than it was. Can you tell us how, if the board is going to be reduced, it can be effective? This is on page 278 of the estimates.

MR. SMITH: You're talking about the Labour Relations Board; are you not, Hugh?

MR. MacDONALD: Yes, you bet.

MR. SMITH: And you're on page . . .

MR. MacDONALD: Page 278, department summary, operating expense, program 4.

MR. SMITH: Of course, this is one of the interesting agencies, boards, or commissions that report to the Ministry of Labour. It is an arm's-length board that makes adjudications and rulings without interference or guidance from the Department of Labour. However, as with any organization in this government it has been asked, and rightly so, to recognize the taxpayers' dollars as being sacred and to be able to respond with the most productive and efficient manner of delivering their service and what it is they do.

So in consultation with the chair of the Labour Relations Board we talked to this particular business plan, this particular set of estimates. We were moving towards meeting stretched targets with additional reductions, and we wanted to define his level of contributions. The contribution came through as you see in the estimate, and it was agreed to by him and suggested by him – the

business plan is by him – that they can meet the issues of the Labour Relations Board at the forecast estimate they're encountering now.

One of the interesting moves that I have seen take place at the relations board right now is that they're moving up the solicitor of the board into vice-chair, and that would be Mr. Les Wallace. So what they're doing now is creating another training position for training of counsel to move into vice-chairs, which delivers some level of efficiency and a broad extent of knowledge in these issues and so that we're getting more efficient disposition of cases, more efficient handling of related paper.

MR. MacDONALD: You're not expecting more cases are you?

MR. SMITH: We certainly hope not. You know, I think the board has shown its independence, and it's shown a record of competence, which had been established by the previous chair, Mr. Andy Sims, and now subsequently with Mr. Bob Blair.

I can't forecast what its demand will be, but I can tell you that the change in funding will not extend the period of time that it will take for them to deliver rulings or for them to hear cases. In fact, I would only publicly state that it is in the interest of both management and labour that they work with the board to provide a rapid dispatch of matters and not to be postponing cases and not to be playing timing games for strategic purposes.

10:16

MR. MacDONALD: So you feel that with the slight reduction in the budget, if there's going to be an increase in the number of collective bargaining agreements – apparently, according to some newspapers in the city, we're going to have a very active summer – that this board is going to be able to handle this?

MR. SMITH: I do, and one of the reasons that I do, Hugh, is that over the last period of four years there have been about a 180 some thousand jobs added to the workforce. That is as they are traditionally counted.

MR. MacDONALD: Yeah, I know people who have three of those jobs.

MR. SMITH: Well, then, you probably have a couple yourself, one here.

Having seen that rapid increase in employment in Alberta coupled with the increase in business formations, it tells me again, the statistics point out, that there are a lot more people working.

What hasn't followed, interestingly enough, is a similar percentage increase in the union jobs, in organized labour jobs. It's my information that the number of people employed and working under a collective agreement is about the same as it was in 1993 or somewhat less. As I talked earlier in response to Dr. Pannu's question, some of the changing contract methods of compensation, the changing concept of work, puts the Labour Relations Board into perhaps diminished activity, perhaps a change in its level of activity. In fact, its client base, if you will, has not expanded greatly from 1993.

MR. MacDONALD: Do you think that home-based work will be an area where there will be many claims to the employment standards branch, women starting up businesses in their own homes? You're talking about the changing workforce. I'm an example of that changing workforce. Your comments are valid, but are we going to start having shops in our own homes that are very hard to regulate, and what do you have in mind with the employment standards branch to prevent abuse?

MR. SMITH: There are, as you know, bylaw systems, business permitting that regulates the use of residences for home-based businesses. I think also what's stimulating that proliferation or growth in home-based businesses is the ability to manage and distill and bring information into the home through the Internet, through electronic means, through fax machines, through the use of cellular telephones. That now allows sophisticated management information businesses to be conducted in a residence.

How they will impact the rate of employment standards, I don't know specifically. I would suspect little or no impact, because I believe that expansion or growth of when employees are brought on by business owners is now usually done by letter of agreement. It's usually done by a type of contract. That is not the same as the traditional hiring of employees at a business site of operation.

MR. MacDONALD: You mentioned 180,000-plus jobs created. There is an increasing incidence of workers working alone, particularly part-time workers. Do you have any proposals in your department to protect workers working alone, particularly at night?

MR. SMITH: I agree with you. That's a tough one. I can remember back to when 7-Eleven was just that, it was 7 to 11, and if you were out of smokes at 12, you were in trouble. Now that's changed in the way business and commerce has changed. I think there is a commitment . . .

THE CHAIRMAN: Mr. Minister, I regret to interrupt, but the two hours for the opposition questioning has concluded.

MR. SMITH: Can I just finish this off? Because it's an important issue.

THE CHAIRMAN: Very quickly.

MR. SMITH: Yes. We're prepared to work with anybody in the municipal area of business jurisdiction, Hugh, that wants to regulate through bylaw or other consultation with the business stakeholders in that area. We're there, at their service, to identify the seriousness of this problem and to work on solutions that make this problem go away.

THE CHAIRMAN: Thank you, Mr. Minister.

Mr. Minister, an informal canvass of the government members has indicated that there are a fair number of questions, and it could take some time. I am prepared to take a recess for 10 minutes if that would be a little easier on you to proceed for the second half, if you like.

MR. SMITH: Well, just seeing that there are at least three times the number of government members here at this point, Mr. Chairman, tells me that there are burning questions that need to be doused with the rationale of plain talk and good answers.

THE CHAIRMAN: Would you like a 10-minute recess?

MR. SMITH: Absolutely.

THE CHAIRMAN: It's 10:25. We'll get back at 10:35.

[The committee adjourned from 10:25 a.m. to 10:36 a.m.]

THE CHAIRMAN: We'll call the meeting back to order and

proceed with the government members' questions, and we'll lead off with Mrs. Burgener.

MRS. BURGNER: Thank you, Mr. Chairman. Good morning. I want to talk a little bit about policy initiatives within the business plan, Murray. I understand that we have an obligation to co-ordinate some of our issues. If you look at the mission and mandate on 214 of the business plan, Labour has as its mission and mandate the promotion of a "good workplace for business and labour," and, also, "long term workplace planning and issues management."

I've gone through about four or five other departments, and there are similar statements with respect to income support for low-income families in Family and Social Services. In Advanced Ed and Career Development they have labour market skill development and some programming they do. PAO has human resource strategies. Treasury has a goal which includes looking at our tax burden and job creation.

My first question – and I'm hoping that it may be part of a longer term approach of the department – is: how do we integrate the labour issues that are reflected throughout our business planning process as a government? Does Labour have the lead on that? Is there a planning structure to co-ordinate some of this?

My second question is with respect to – I'll just narrow it down to the term "minimum wage." The wage issues that we deal with within this province – and we talked a little about them in Hugh's question. We have labour standards in our day cares, in our long-term care, and Hugh was talking about other examples. I'm wondering if on the minimum wage side of things those standards are going to be able to be met. Similarly on the minimum wage component, do we have any recognition of how our seniors, who are moving into healthier aging processes, are going to be able to enter or re-enter the workforce?

Lastly, do we have in conjunction with the Treasury Department any initiatives to evaluate how the minimum wage will affect our income tax position, and are we going to be looking at that maybe through the Growth Summit?

Those are my three areas of questions. I don't know that they can all be answered. They are policy as well.

MR. SMITH: I guess I comment, Mr. Chairman, on some of the issues about the Department of Labour walking a balanced approach of representing some of the thinking and the activity that's taking place in the private sector and representing that to government, to Executive Council. The ability for us to act as a consulting force to other departments is widely known. We're at the disposal of any department that is working with either labour agreements or with any of the related code matters.

One of the reasons that we passed on the Fire Training School to Advanced Ed was that in my opinion and in the opinion of the previous minister it reflected more accurately the core business and the core proficiencies of that department in which the activity is housed. Using that overarching perspective, that is why we are trying to place the things that we do well in our department and place the things that we are not doing well or that are not a part of the core businesses in the areas where they are the most core.

One of the processes that helps us integrate throughout government is People and Prosperity, the human resource strategy for Alberta that is resident in Advanced Ed and Career Development. That is the lead department, because that is the department where the training and the workplace analysis and trends take place. When we act in that particular segment of government activity, we act as a lightning rod, we act as an antenna to issues in the workplace that we can bring forward from the workplace and

direct them and point them to specific areas of expertise.

One of the other things that I think is a changing perception is that when you decide what your core businesses are and you align your activities with those of other departments, you also make decisions about what you don't do well and what is best left to the private sector, what is best left to stakeholder groups, what is best left to employees, what is best left to organized labour, and you don't meddle in areas where you do not have demonstrated competency or proficiency.

I go back to my previous comment about the competitive market system being the most optimal mechanism to allocate scarce resources. I think there is an inherent belief that the market system is functioning and is functioning well in Alberta and that it functions well with a minimum of regulation. In fact, there have been studies done by a United Nations group as well as the OECD that indicate in a study undertaken by OECD, Geneva, that employment and specific worker regulation actually acted as an inhibitor to job creation. It was identified that economies with a high degree of regulation – namely, the Common Market – were able to respond to new venture opportunities, new market opportunities, and of course new employment opportunities with much less speed, much less efficiency, and much less employment optimization than the much more market-based U.S. economy.

That was basically a function of two factors. One was the ability for capital to be employed quickly and efficiently. Capital is the fuel for any economic engine of growth, and employment gains are a result of capital deployment. I think that what you see in labour legislation in the province of Alberta is something that responds to employment gains after capital is injected in the marketplace. I would point to the Premier's M & E tax initiative of two years ago that subsequently led, along with other factors, to a massive amount of investment to areas such as the constituency of Lacombe-Stettler, where there is well over a billion dollars' worth of new investment on the train to, I believe, about \$3 billion of total investment that will create employment opportunities.

It is the market system of minimum regulation that attracts this capital, as well as other natural advantages. In order to capitalize on employment and to generate as much employment as possible, there's very strong evidence that indicates that an employment system without an overriding or an extensive umbrella of regulation will lead to greater employment.

That leads me to comment on your third question, that of minimum wage. It's interesting because it's a policy set by a government, a regulation set by a government that really doesn't affect the government. There are a number of views with respect to what minimum wage does and doesn't do in terms of generating employment opportunities and generating the growth of part-time work, also in terms of creating a level for other employment agreements to springboard from. It is, in many cases, contrary to the tenets of the market-based system, where you get, you know, a fair wage for fair work. That minimum wage in Alberta is now undergoing examination as part of the overall examination of the employment standards regulations in 1997-98 fiscal. So we look to hear more comments with respect to minimum wage.

10:46

It will also be a topic – that's my understanding – that is going to be discussed at the Growth Summit. We have seen a move over the weekend of a resolution passed by the Alberta Federation of Labour saying that they, as roughly 16 percent of the work force in Alberta and whatever their membership is representative of, will not be involved. I find that type of logic difficult to

understand and know they will undertake a sober second look and certainly be welcomed to the table, as are the other important industrial segments of the economy.

There's always much talk about: how much is the minimum wage? Is it good, is it bad, is it the right amount, is it the least amount, et cetera, et cetera? What we do know and what we're looking forward to in the review is that, one, the Alberta government does not tax any portion of minimum wage. So we do not go through the duplicitous process that other provinces do, notably those provinces with socialist governments, that will give you an artificially high minimum wage and then tax back the benefits of that money. Also, there are a number of other factors that relate to calculating what we'll call a net benefit minimum wage, and that is, of course, the standard of living in Alberta, the lack of a provincial sales tax, that could only be introduced with a referendum. It also points out that as people go into knowledge-based employment, as people go to different types of employment contracts, perhaps the concept of minimum wage is becoming more and more irrelevant than it was in prior years.

Going back through the Commissioner of Labour's annual report in 1935-1936 that talks about the Minimum Wage Board of Alberta, at that time it talked about

Permission . . . granted to store-keepers in Calgary, Edmonton, Lethbridge, Medicine Hat, and Red Deer to work employees overtime to take care of Christmas shopping rush, and establishing that special handicap rates were fixed for four employees on account of physical disabilities.

So minimum wage has been around a long time.

Sixty-some years later, in an economy of some \$85 billion, I would hope the investigation and review and recommendations that are coming forth over the next six to eight months address the true relevance of that wage in the province of Alberta.

MRS. BURGNER: Thank you.

No other questions, Mr. Chairman.

THE CHAIRMAN: Before we proceed with the next questions, in that particular question the answer was about three times the length the question took. I would appreciate it if both the questioners and the questionees could shorten it and get to the point.

The sequence that will follow now is Mr. Herard, then Mrs. Gordon, then Mr. Renner, and then Mr. Pham.

Mr. Herard.

MR. HERARD: Thank you, Mr. Chairman. Congratulations, Mr. Minister, on being yet again the Minister of Labour. I think that Labour in the 21st century will certainly play a major role in terms of the overall prosperity of this province.

You've answered one of the questions I had by indicating that the Alberta Federation of Labour represents 16 percent of the unionized employees in this province.

MR. SMITH: It does not represent 16 percent of unionized labour. The unionized labour force in this province, net of government, is about 16 percent. The grossed up amount, including the public sector, of employees under collective agreements is between 22 and 24 percent. I do not know the extent of the Alberta Federation of Labour's membership. I believe it approaches neither one of the above two mentioned numbers.

MR. HERARD: Okay. I will ask my question, then, and that is:

they do apparently represent 28 unions, including the 26,000 members of the Alberta Union of Provincial Employees, so I would like to know what percentage they represent in terms of total unionized employees. I think it's really a very irresponsible action to boycott the Growth Summit because of the fact that they will be a very large part of the prosperity of the future of Alberta, and they need to be at the table.

I guess, Mr. Minister, it's a very difficult position to be in. This is a nonpartisan Growth Summit, yet I guess I'm feeling the need to ask you to say something with respect to the value of having them there at the table, because I believe they need to be there. If we're going to find solutions to being able to employ more Albertans in the 21st century, my concern is that we're going to employ a lot of people, but they won't necessarily be from Alberta if we don't solve some of our human resources problems within this province. Certainly labour is a big part of that in terms of finding solutions. So I would really urge you to take a proactive view even though this is a nonpartisan activity.

As the Minister of Labour, I think we need to hear some words of encouragement to ensure that labour does not boycott this activity. We need them to be there. We need their input; we need their solutions. They have to be part of the solution, not part of the problem, and if they're not there, they're certainly going to be part of the problem. So my first question would be: what are you going to do about encouraging them to be there?

The second area – and I recognize the Chairman's and your comments with regard to the fact that we're not dealing with the details of the WCB. There have been a few questions on WCB. Certainly it's an area that I want to pursue, not in any large detail but in terms of the oversight the minister has with respect to that arm's-length government agency. The minister does have the power of oversight over that organization.

I guess over my last four years I've seen a number of occasions where individual MLAs have called for a review, a public review of how the WCB operates. I think that by and large it's not driven by those who seek to live off the avails of the WCB, but it's essentially driven by those who are seriously injured and who, through one way or another, find themselves not being represented or helped or even having any benefits with respect to WCB because there are myriad ways in which WCB is found to in fact take them off their rolls. Those are the people I'm concerned about. I must admit, Mr. Minister, that it does not amount to a lot of people, but I see the result of what happens to these people and their destroyed lives. Only one destroyed life, as far as I'm concerned, is enough to seek a review, and I'm finding a lot more than one, but not a large number.

I guess what I'm saying is that I really appreciate the fact that last year you brought the whole board along with the president and CEO to a standing policy committee meeting, and essentially we heard from them as to the tremendous job they're doing. I think they are doing a tremendous job in some areas, but in the area of the seriously disabled and hurt worker, Mr. Minister, I would plead with you to use your oversight to do a review. I mean, a few years back – I think it was the late '80s or perhaps the early '90s – there was a review of the WCB review commission, and that produced a lot of good, solid improvement in the way they do things. Well, perhaps it's time that we had a look at the body itself. I guess the question is: would you entertain having the subject of a WCB review at yet another standing policy committee meeting where you don't get individual requests to do so but collective requests of standing policy, cabinet, and caucus to undertake such a review?

Thank you.

10:56

MR. SMITH: Well, Mr. Chairman, having been chastised for my carelessness of earlier comments, I can only reply: yes and maybe. If, with the permission of the Chair, I could expand on that answer, I would be more than pleased to do so.

THE CHAIRMAN: Yes.

MR. SMITH: Thank you. I guess the extent of my broad width of comments on the previous question did help answer and presupposed an answer to the following question. I guess it could be thought of as time well spent. So having the ability to build off that bridge, Mr. Chairman, I will do so.

As a matter of fact, we have officials on the case as we speak, Denis, to determine the extent of membership of the Alberta Federation of Labour. Hopefully, we'll have an answer for you before we adjourn.

When I look at the patterns of other growth summits and think of what happened at the G-7 summit that was related directly to jobs and really only had political leaders in attendance with the communiqué issued after, and I look at the then-effect of the Quebec summit that included labour, it's clearly obvious that the dialogue and the honesty of interaction at the table will be one of the key determinants for government policy as well as other industrial sector policy outside of government over the next three to five years. There is no forum of splendid isolationism that lasts forever, nor is there any proof that it's an effective device. So having said that, burdened only by the time of the designated subcommittee to prevent me from phoning labour leaders in Alberta that are not affiliated and are affiliated with the Alberta Federation of Labour, we'll see what we can do. I hear your request.

With respect to your second question and the way the WCB works and the way its perceptions are with people and the way its perceptions are with elected representatives, with employers, with employees, injured workers: firstly, the board of directors is always open to this type of dialogue and is always open to and does perform extensive meetings with stakeholders that include injured workers, employees, organized labour. As a matter of fact, the business agent for the insulation workers, Bill Strang, is a member of the board. It's a governance board; it has a lot of annual feedback and discussion with its stakeholder groups.

I believe that elected officials are part of those stakeholder groups, and we'll continue to commit to this table that we will provide whatever I can do to provide facilitation to get these issues answered. Certainly in the great bulk of the 32,000 claims that go through the WCB on an annual basis, they have an outstanding record. So when you find the ones that aren't as outstanding, how do you get to natural justice? How do you get to the best outcomes, given the resources they have as an employee-funded/employer-funded organization that has a governance board of employees, employers, and injured workers? I think we'll do our part. You've indicated, I think, a need to speak specifically as well as in group form to the board of governors, to the board, and we'll work, whatever I can do, to help that event take place.

An update on AFL. The unions belonging to the AFL represent about 45 percent of the organized workforce. So if we take 25 percent of the entire workforce being under collective agreements and we take 45 percent of 25 percent, it's about 10 percent of 1.5 million, which is about 110,000 to 150,000.

THE CHAIRMAN: Thank you, Mr. Minister.
Mrs. Gordon.

MRS. GORDON: Thank you, Mr. Chairman. Hon. minister, I would just like to ask a couple of questions too. Mine have to do with workers' compensation as well. I think all of us around this table at certain periods are rather inundated with people that come to our offices to talk about WCB. I, like Bill, am concerned about response time, from the time a claim comes in till they must go through the full appeal process. It oftentimes seems very lengthy, and it is a time of anxiety for those individuals who are waiting to see if in fact they can have their case revisited and a cheque on the way.

I'm particularly concerned, as I've dealt with a number lately, with back injuries. I understand and appreciate the difficulty. I guess one question I would have is: when the accident happens and it's work related and it is determined that in fact the individual has had a history or a hereditary or chronic back problem – what comes first: the chicken or the egg? Oftentimes this doesn't come to light until the person has an accident. I've seen several cases related to that, and it does concern me a great deal. I would like some input into that.

Another area where it seems to be happening more and more is to a number of older women that are working in seniors' homes, nursing homes, hospital facilities, with more lifting. A lot of housekeeping and PCAs, with a lot of the changes that have happened in the health sector, are being asked to do more and more in their respective jobs. I've had a number of ladies, some in their early to mid-50s, that have come in with back injuries and have a very difficult time as they work through workers' compensation. So I just wanted to leave that with you.

I have another question for you. You brought up the tremendous expansion that will take place in my constituency. Of course, we're very pleased to have Nova, Union Carbide, and Amoco, which will basically within about a two-year span be coming onstream. With the different phases of their various projects we're going to have an awful lot of skilled tradespeople needed, construction people, and at times the peak will be something else. I guess I just would like to ask you as Minister of Labour: how do you think we will be able to handle the number of people that will be needed during those phased-in constructions in Alberta?

It is my understanding that through advanced education they are looking at changing the apprenticeship program somewhat, how people register for it as well as the involvement of the department themselves in conjunction with institutions such as NAIT, SAIT, Red Deer College, and other areas where these programs are offered. I'm just, I guess, going to ask your personal opinion. With this massive start-up – it will start in early 1998 – there will be a need for these people. I'm just wondering if it's advisable now to really look at changing the apprenticeship program when we are going to be in dire, dire need of jobs. I would certainly hope that we can put as many Albertans to work as possible and first and foremost use them before we have to go to other provinces.

Thank you, Murray.

11:06

MR. SMITH: Thank you. Again, I think you've generated a great deal of interest with respect to your comments on WCB, and we will undertake to have the board do more than just provide answers here. I think what we're hearing is the need for a mechanism that the board can deliver to the constituency that's involved with it.

I just want to make an editorial comment on the lifting and the back injuries in hospitals and institutions. Two groups, the Capital regional health authority and the Alberta safety council on

seniors' housing, both received rebates, bonus cheques for participating in a program at the WCB called the volunteer incentive program. They received money back because the safety programs that they implemented on site in the business reduced the number of injuries in comparison to their previous injury record. So there is progress being made there on a basis of recognizing loss management and recognizing what has to be done there.

Again, with minutes of this meeting and some discussion with the board we'll identify them of the issue that they need to undertake in terms of not only communicating but also finding out areas where they can work better, faster, higher, stronger.

I'll go back, of course, to your favourite and my favourite subject of giant plant expansion in the Lacombe-Stettler area, Joffre, Prentiss, second only to the massive expansions taking place in pulp and paper, agriculture, and petroleum in the Grande Prairie area, where there's been a tremendous amount of political influence wielded to ensure that projects undertaken are maximized to that area.

Firstly, I think we're already in the shortage area, Judy. The average age of a pipefitter in Calgary is 55. We can't get them now. Fort McMurray's full. You know, I think the Caroline story of where tradesmen were portable and came across borders to work on shutdown and turnaround projects is probably going to increase. It's also, as we're finding, a way that some of the aged and semiretired and older people are working in today's economy. They're actually becoming a part of these shutdown/turnaround teams. They'll go and work on a shutdown basis in Fort McMurray. They'll work for six weeks, pick up their money, and then continue on their retirement afterwards. So it's interesting how people are supplementing their incomes and that change in the way projects are maintained.

We've been on the corporate challenge route for at least two years in my previous responsibilities with this government. In committee we get talking about: what can we do, what should we do, where should government be, how much money should be in advanced ed, what should the Department of Labour do? But we don't lateralize our questioning to say: what is the commitment to the private sector; what are the challenges facing the private sector, where labour is one of their most important cost inputs in the profit equation; what is their responsibility?

I want to specifically laud the initiative called Careers: The Next Generation, where the private sector, under the stewardship of the Alberta Chamber of Resources and subsequently Mr. Eric Newell, chair of the Alberta Economic Development Authority and chief executive officer of Syncrude, has created a process that asks local industry in a Grande Prairie, in a Medicine Hat, in a Red Deer to dedicate a certain number of hours that they will provide to train people who want to be in the trades and in the vocational industry. If this program expands and gathers momentum, it's now going to start to direct people into – there's got to be a better word than “trades” – the trades industry.

There is a shortage. We're going to face a shortage. We will import labour; I'm convinced of that now. We have to make sure that two things happen: one, if we do import labour, that it stays here and pays its taxes here and contributes to the Alberta advantage, just as the expert labour that we have now contributes to the worldwide competitiveness of Alberta. Secondly, we can get into a theoretical discussion – it's only the limits of time that would prevent me from doing so – about: could 6.2 percent, given the wide social security net in Canada, be a new definition of full employment? The United States has reached down to about 5 percent. There are many areas of Alberta that are 2.3 and 4 percent. You know, conventional economic theory would indicate

that anything at 4 percent or lower would be simply due to structural unemployment.

I think we've addressed the problems of unemployment very well in this province. The private sector has done it. We've addressed it as a government by creating the environment that allows for success. But I think we have to find mechanisms now that stimulate the private sector into looking into more than one-year profit maximizing. One of the reasons we're in a shortage is because through the slow period of the late '80s and early '90s there were not spots to train these apprentices and there were not spots to develop the skilled labour. You have to find ways to move that process through an economy so that you're not subject to these peaks and valleys.

The other thing is, I think, a recognition in both schools and primary counseling areas now that the blue collar oftentimes has a tie around it. I'd reference a pulp and paper mill that's technology-based. It used to run with 160 employees of which 149 ran the mill and 11 were in maintenance. Now it's 149 that run maintenance and 11 people run the plant. When these people go out to troubleshoot, they go out with computer scanners, instrumentation gear. They're trained in software. They're trained in editing. They're trained in programming. They're not in fact what we have known as the traditional pipe-wrench crowd.

Also, the skill involved in interpreting blue prints and moving into plant assemblies such as the magnitude of Joffe, Prentiss, and all that – it's not blue collar anymore. In order to maintain our productivity and in order to maintain the growth that we're about to undertake in this province, it requires a time factor for training, requires a commitment from the private sector to bring those people in and a commitment from the private sector to meet that challenge of developing their own labour force.

I can only say in conclusion that similar to the *Edmonton Journal*, Judy, we're here to put the U back in labour.

THE CHAIRMAN: Mr. Renner.

MR. RENNEN: Thanks, Mr. Chairman. I'd like to spend a little bit of time discussing an area that I think is proving to be a real, true economic disincentive in the province of Alberta, and it has to do with the regulation related to underground storage tank facilities. I'm pleased to see it in your business plan. It's addressed. But I'm sure there's not a town or a city in this province that doesn't have a number of abandoned service station sites that are effectively sterilized from the economic development perspective. Nobody will touch these facilities. Banks will not finance. We have small businesses that have their retirement funds locked up in property that they cannot sell. It is a real problem that we have to deal with. Not to overlook the environmental problem related with the remediation, but there are a good number of Albertans who through no fault of their own are being economically and financially disadvantaged by the situation that we have.

Now, in your business plan you make reference to the Petroleum Tank Management Association of Alberta. There have been news releases from your department indicating that there was going to be some funding available to deal with this, yet I find no reference to this within the estimates. I'm wondering: what's the department's plan in this regard, and realistically how far will this go to addressing this really crippling problem, particularly in rural Alberta?

11:16

MR. SMITH: Mr. Chairman, from previous comments made in the House by the hon. Member for Medicine Hat that the

particular area he represents is indeed not a wealthy one, there are points on which certain help and assets would be helpful to the member and the constituency that he represents. So the question is bang on and germane to not only the Department of Labour but also to the not-so-wealthy members of the constituency of Medicine Hat.

In item 3.3.6, civil technical services, on page 281 of the business plan there is an increase of \$2 million that is primarily for the implementation of a petroleum tank site remediation program. The member is entirely right that at present there is a disincentive for moving land through the normal process of commercial transactions. We do know that there's been a tremendous rationalization in the industry with respect to retail distribution of petroleum products. We also know that this issue is not a new one, that it's been under study and investigation since 1988. We also know that the problem is much, much broader than the \$2 million that's put forward in estimates.

What we have identified, Mr. Chairman, is that through careful and prudent management of previous years' budgets by the Department of Labour, we were able to find through savings an additional \$500,000 that we invested in bringing petroleum tank management to this level that it's at today. I share the concerns of the member that this may not be the ultimate answer, and perhaps we can look more to the private sector for providing the revenues from both sectors, from the distributor as well as the consumer, to find ways of ameliorating this difficulty, correcting this problem in the local marketplace, and getting these tanks up to code at a faster speed.

We're fast moving to a June 30 deadline where in fact tanks that do not meet the specification will not get filled with gas. So that will create a further economic disincentive. Not only will we have tanks that are not out of the site and the site not cleaned up and not in a position to entertain a commercial transaction, but we'll also have sites that should be able to distribute petroleum products but will not be able to because their tanks are at variance. We're working actively with the private sector, the members of the PTAA, and through the good and effective liaison work of the member from St. Paul, who has come back to us with some different potential alternatives that we're pursuing in the department and would be able to put before government in a short period of time.

THE CHAIRMAN: Thank you, Mr. Minister.

Mr. Pham.

MR. PHAM: Thank you, Mr. Chairman. I would like to begin by thanking the minister and his staff for their help over the past year in dealing with the WCB. I am sure that without your help it would have been a lot more difficult for me to obtain the necessary information from the WCB. It is unfortunate that every time I criticize this organization, it is construed as a criticism of the minister or the government, and I would like to be on record as saying very clearly that I have no problem with the minister himself or his department. Any criticisms that I have for the WCB are for the WCB only, and it should not be a reflection on you, Mr. Minister, or on any of your staff, because the WCB has always maintained that they are operating at arm's length from the government. Therefore, I don't think that you should be responsible for any of their problems to the detail level.

I have many questions today on the WCB, and I would like to start off by having some of the soft questions just to set the stage for my other questions. You were indicating earlier that your department is now logging the number of phone calls and inquiries relating to the WCB. Can you advise me as to how many you have got, you know, since you began doing that?

MR. SMITH: The process is an informal one, Hung, and I don't have the numbers with me today.

MR. PHAM: Okay. There is an implicit cost to your department when you provide WCB-related services to MLAs or to constituents who call in and, you know, request this information or who are having problems. So there must be a component of your staff in your department that are dedicated to providing these services, and I would like to ask you: under which item in here are those costs being reflected? Is it under 1.0.1, the minister's office?

MR. SMITH: Any costs that would be entertained by answering the phone to handle either these specific inquiries or any other inquiries, something as simple as "What time does the Legislature stay open till?" are handled as part of the general budget figures of the minister's office. There is no allocated component outside of the minister's office to the WCB with the exception, I guess, of any kind of financial time that would be spent accounting for the OH and S levy that comes across from the WCB, who collect it as an additional levy to employers.

MR. PHAM: So even though it is more, there is a component in your minister's office expenditure spent on providing services related to the WCB.

MR. SMITH: There is not a specific component. If the phone rings, you answer it.

MR. PHAM: My next set of questions deals with accountability, because right now the WCB has many stakeholders, as you pointed out – the workers, the employers – and they're funded by employers' money. However, in any organization when you talk about accountability, the stakeholders have the power to vote for the board of directors or to remove members of the board of directors when they don't feel that they meet their needs or provide a service that they are happy with. In a way, the WCB is very special. It claims that it is at arm's length from the government, and we as the Legislature, both opposition and government, have given them a legislated monopoly power. Because the board of directors is being appointed by the minister, right now the injured workers or the employers, the people who are paying for the services of the WCB, have no power to remove them. You, on the other hand, are at arm's length from them, Mr. Minister. If they have a problem in their operations, if they're messing up, if they're doing something wrong, then who are they answering to? Who has the power to go in there and set them straight and say: you have messed this up, and you have to correct your activities?

MR. SMITH: You know, we'll table these questions along with the other questions for the ability of the WCB to get back to everybody on this.

The board of directors have a governance function over the staff and general day-to-day operations of the WCB.

MR. PHAM: Who is responsible for the members of the board of directors, Mr. Minister?

MR. SMITH: The members of the board are appointed by Lieutenant Governor order in council. They come from the various sectors of the stakeholders, and the process is through the board. For example, there will be some openings on the labour side of the board, and a group called the labour coalition has undertaken an examination of potential candidates for that position.

11:26

MR. PHAM: That is where I think many of my constituents have problems. The people who are paying for the service are not the government. Those are the employers. Because the employers have no control over the board of directors, the WCB, on the one hand, can tell the government: because you don't pay for our service, you shouldn't be able to dictate what we do. On the other hand, they turn to the employer and say: you pay for our service, but you have no control in appointing who is on our board. Therefore, they are in a limbo state. Nobody has control of them, nobody is responsible for them, and they can get away with almost anything.

My next set of questions is on the earnings loss supplement. When an injured worker is deemed to be able to return to work, he or she may not be fully recovered and has to take on a job that pays under what he or she used to make. In the case where he or she can find employment, it is easy. The earnings loss supplement is calculated very quickly, and the paycheque is received, you know, in a very short amount of time.

However, in the case where a person is severely injured and has received benefits for a long time and one day WCB just decides to cut him off the disability benefit, understanding full well that he has still not recovered to the point where he has the full earning capacity he had before, then he is entitled to something called deemed earnings loss supplement. However, the procedure to calculate this deemed earnings loss supplement takes a long time. Sometimes it can take six to eight weeks or even longer before the injured worker can receive the benefit. It puts the injured worker in a very difficult financial position. He or she has to go out and do whatever he or she has to to make ends meet. I'm just wondering: why is it that the WCB could not calculate the deemed earnings loss before they cut him off the disability benefit? They know full well that they are going to cut him off the disability benefit at a certain point in time, and if they know these things beforehand, then they could calculate the deemed earnings loss supplement and provide it immediately, the day they cut him off the disability benefit. I don't know why WCB has chosen not to do that.

The next question that I have is on the medical information the WCB has. In every case of severely injured workers that I saw in my office, there was always conflicting medical information. I have talked to many doctors, and they say that in medical science there is nothing absolutely true, that there is only medical opinion. So when we have conflicting information from two specialists, one saying that this injured worker is still sick and cannot return to work and the other specialist saying that he's a hundred percent healthy and can return to work, in that case I think that right now WCB most of the time seems to favour the opinion provided by WCB specialists. I would like to see the minister, if he can, check with WCB to see if they can develop a clear guideline as to how they will handle conflicting medical information. If ever there is a need to bring in a third-party opinion, who will make this decision? Will the injured worker have any leverage in selecting who he or she would like to provide an opinion?

Another area of concern to the injured worker is when the specialists that provide services for WCB are being paid higher fees than they would have otherwise received under Alberta health care. Whether it's right or wrong, many of the injured workers out there see this as a perceived conflict of interest. They are saying, you know, can we talk to the WCB and find a way to remove this problem by doing the following things? And they would like the minister to check with the WCB if they agree to it.

The first one is that right now the WCB provides contracts with certain doctors so that they can provide the service for higher fees. Can the WCB provide a list of qualifications: what they are looking for and who should be qualified to provide this service? Any doctor who meets those qualifications can then provide this service without having to sign a formal contract with the WCB and, by doing that, remove the perceived control that the WCB has over these doctors.

One of the reasons the WCB uses to justify paying higher fees for these doctors is the timeliness of the service. They say that they have to provide service in a timely fashion. Again, the injured worker asks a very good question, and I think that, you know, the WCB should address this thing. When the WCB makes an appointment for the injured worker to see a specialist at a certain time, if the injured worker can find a specialist in the same field who agrees to see him before that date, will he be allowed to do that? Assuming that every specialist in the same field can provide more or less the same service, then there is no need for him to go and see a specified specialist. Also, if the purpose is to reduce the waiting time, then this will serve the purpose very well.

Another issue that is related to this problem is the higher fee that these specialists charge. They say that because there is no subsidy that they know of, only less than 10 percent of their work comes from the WCB, and therefore they say that the public should not be concerned about the fact that these injured workers can jump the queue and see the doctor before a regular patient can. I beg to differ and would like the minister to take this back to the WCB and discuss this issue with them, because by their own reasoning the doctors admit that only 10 percent or less of their work comes from the WCB. The only way they can provide this faster service is because the other 90 percent of patients have paid for their overhead costs already, and therefore the WCB was able to use the bulk of regular Alberta health care patients to subsidize the operation.

Any people in business now can testify to this. For example, today I have a consulting company, and I have 10 consultants working for me. I have to pay their salary, and I have to rely on, you know, X number of contracts to keep them going. If there is a person out there somewhere coming in with one additional request for work and he's willing to pay 5 percent or 10 percent more than the regular fee that I charge to the regular customer but insists that I have to provide faster service, the only way that I can do that is because I already have the other 90 percent of my expenditures paid for by the rest of the other contracts. Otherwise, I could have never been able to meet his demand. Therefore, I think that this, if you look at it carefully, is in a very gray area. If they're going to push it a little bit further, then it may contravene the principles of the Canada Health Act.

The other issue is that the WCB is now thinking of setting up their own hospital, having their own doctors provide every service from A to Z to the injured worker.

11:36

THE CHAIRMAN: Excuse me, would the record please note that Mrs. Burgener has left the meeting at this point.

MR. PHAM: Mr. Chairman, does it mean anything?

MR. SMITH: Press on.

MR. PHAM: Okay.

One of the things the injured workers have talked about is the perception of conflict of interest. If the WCB is now going to set

up their own hospital and, you know, provide every service from A to Z, then I don't know whether you have reinforced this kind of image out there.

One of the programs that I think has worked well in some respects and has problems in some others is the VIP program. Now the injured worker is encouraged to return to work and take on modified work responsibilities, sometimes with lighter duties. In a case that was brought to my attention, the case manager wrote to the worker saying that he could come in to work. The case manager had checked with the employer that the worker could sit or lie down if it's necessary. Is it right for a case manager to force a worker to go back to work and lie down if necessary? When people were put on the modified work program after a certain period of time, a few weeks or a few months, many of them were laid off suddenly. Does the WCB have any statistics to keep track of these people to see how many of them who were on this modified work program could retain their employment, and what is the percentage being laid off after a while?

The other issue that some of the injured workers that have problems with the WCB brought to my attention is the pre-existing condition. At any point in time today any of us sitting around this table doesn't have a perfect body. We may have some problems with our bones, and we may have some problems with our arms and backbone that we are not even aware of. God bless us if we remain healthy from now until the day that we die, but if we are a worker out there working in the field and suddenly we have a back-pain problem, then we have to stay off work, and we file a claim with the WCB. Then the pre-existing condition can be brought in. They can say that you had this problem before, and therefore we're not responsible for you.

On one hand, if the WCB is going to argue the pre-existing condition, then these workers insist that they should do a medical checkup for every person who signs up with the WCB and identify clearly what their pre-existing conditions are so that when they file their claim, they know what their condition was before, just like when you go and take out insurance with any company. If they say that, you know, your car or your house already has these pre-existing problems, they have to identify clearly the . . .

THE CHAIRMAN: Excuse me for interjecting, Mr. Pham. You've been at it 20 minutes now. The normal procedure, as you know, in our House and otherwise is to restrict to 20 minutes. We don't have a specific time in terms of our designated committees. There has been very little in the way of questions; there's been more editorial comment. So I would ask you if you could please start to get down to the specific questions that you would like the minister to answer.

MR. PHAM: Mr. Chairman, if you can review *Hansard*, I am sure that these are the kinds of questions that I put forward. I have indicated from the beginning that if there are any other speakers who are on the list and wish to speak, I will be more than happy to relinquish my turn and wait for them.

THE CHAIRMAN: I'm just asking you to please cut down the editorial comment and get more to the question.

MR. PHAM: Thank you, Mr. Chairman.

The other question that I have is in the area of patients who are requested to have surgery by the WCB. It was brought to my attention that when the WCB requests an injured worker to have an operation, the WCB doesn't pay for any benefits until the injured worker has that operation, but they will pay the full benefits during the time of the operation and the time it will take

for this worker to recover from the operation. One question they have is that if they agree to have the operation and if the WCB recommends this operation, then it must be necessary and the WCB must be responsible for the operation; otherwise, they would not have recommended it. If that is the case and if they agree to have the operation, why is it the WCB doesn't pay any benefits from the day they agree to have that operation until the day they have the operation; i.e., why is it the WCB doesn't pay during the waiting period before he actually has the operation?

Those are the questions that I have for now, Mr. Minister. I am interested in hearing whatever information you can provide today and looking forward to any information the WCB can provide in writing. I will stop for a while and see if you have any comments, and otherwise I may continue.

MR. SMITH: Thank you, Mr. Chairman. You know, I think with the wide latitude of the designated subcommittee on supply considerable latitude has been given to the committee through your capable and expert stewardship. I'd like to thank you for the ability to have this wide-ranging discussion on items that are completely peripheral to the designated subcommittee on supply and reflect no line item in the report. In our spirit of ongoing dialogue and co-operation those comments that have been delivered today from critics and from government members with respect to the particular operation of this entity we will note in the minutes and return as per the mandate of the WCB.

THE CHAIRMAN: Yes, Mr. Pham.

MR. PHAM: Thank you, Mr. Minister. Another area that I am really interested in is the unfunded liability because there have been some references to the exact amount. Somebody claimed it is \$650 million; somebody claimed it is \$800 million. I have raised this issue in the past with the WCB. If you can ask them

to provide a detailed accounting of how they came up with this amount at the beginning, what actuarial assumption they had, and from that point what the actuarial assumption would change and how it came down from that amount to the point of being zero and going back to surplus.

The other area I have questions on is the survey that I raised earlier in the House. I'm still not very clear as to how the WCB selects the injured workers that they survey. If they can provide a detailed explanation as to how they come up with the names and phone numbers of the injured workers that they pass on to the research company to do the survey, then I would appreciate that.

One of the areas that the WCB has been very proud of is the preventative side of things. I would like to know if the WCB has realized any benefits in reducing the number of injuries in the past year and how many of the cases of injuries at work reported to the WCB were reduced in time lost from work. Many of the workers have brought to my attention that when they got injured at work, their employers were more than happy to compensate them money just to stay home. They do report these injuries to the WCB, but they do not claim for any benefits. So I wonder if the WCB has any statistics on the number of claims which do not result in any lost time at all.

Thank you, Mr. Chairman.

11:46

THE CHAIRMAN: Thank you, Mr. Pham.

Do you have any further comments, Mr. Minister? That being the case, we have finished the questioning by the government members. Therefore, I want to thank everybody for their participation today, particularly the minister. I know it's been a long morning and a very early one to start with. With that, the meeting is adjourned.

[The committee adjourned at 11:47 a.m.]

