

## Legislative Assembly of Alberta

**Title:** Monday, June 16, 1997 **8:00 p.m.**  
**Date:** 97/06/16  
 [The Speaker in the Chair]

THE SPEAKER: Please be seated, and those who are not in their normal places, you may return.

**head: Government Bills and Orders**  
**head: Third Reading**  
**Bill 28**  
**Fuel Tax Amendment Act, 1997**

[Adjourned debate June 16: Mr. Sapers]

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

DR. NICOL: Thank you, Mr. Speaker. I just want to make a couple of concluding remarks on the Fuel Tax Amendment Act. This is a Bill that came in to really kind of finalize through legislation the promises and the commitments that were made by the government that were needed to bring the tax in line with the competitive position I guess of the airlines as well as to look at the regulations that were set in place to finalize or to formalize the Alberta farm fuel distribution allowance.

During the debate we heard a lot of discussion about what should be the appropriate level for the aviation fuel tax. The amendment was brought in to essentially drop it to zero for international flights. I think one of the things that we want to look at as we go about bringing in this kind of legislation is the idea of the competitive position of Alberta more than the absolute levels. Is the 1.5 cents per litre for the aviation fuel tax an appropriate level for a competitive position? I think the debate brought that to the front here. So we've got to make sure that we get Alberta into a competitive position in terms of the airlines that are coming through.

Mr. Speaker, just an example in terms of how this works, I think, is some stories or some feedback that we're getting in terms of discussions that went on with the Prince Rupert grain terminal when we were asking questions about why it is that the boats don't want to stop at Prince Rupert, that they'd much rather go down to Vancouver. The comment was: well, if they're in Vancouver, they can run down to Seattle to get their fuel because it's cheaper there. It doesn't matter to them whether they go to Vancouver or Prince Rupert. They always go down to Seattle to fill up with fuel. Well, that takes out any kind of competitive position that Prince Rupert may have in terms of getting boats to give a preferential tariff for deliveries to Prince Rupert even though it's a shorter distance to most of the Pacific Rim countries. Well, this is why we have to look at the competitive position, the competitive pricing of our resources, in this case fuel, as it relates to the decisions that we make in terms of how we should price these inputs to our international trade, international transport carriers.

So from that perspective, Mr. Speaker, the whole idea of this Bill, bringing the aviation fuel tax in line with positions that will keep Alberta centres like Calgary and Edmonton competitive on an interprovincial landing basis, is much more appropriate, and I think the Bill brings into line a lot of the concerns that were expressed by the aviation fuel group. So this is I guess kind of the concluding remark that I wanted to make in terms of the Bill. I encourage the Provincial Treasurer, the government to look at

these kinds of competitive positions as we deal with any changes and any expectations in future taxation.

You know, the past weekend we've heard the minister responsible for the liquor control boards talking about maintaining a set revenue of \$400 million from the liquor tax. Well, should we be looking at: was the purpose of the tax to generate \$400 million, or was the purpose of the tax to kind of try and discourage the consumption of liquor? If that's the case, we shouldn't have a target level and allow the tax rate or the fee charged back to the dealers to fluctuate. What we've got to do is say that we want this kind of impact in terms of the tax to discourage consumption or to alter consumption patterns, and we should deal with it then in a fixed rate relative to consumption, not in terms of its ability to generate.

So this is the kind of focus that I just wanted to conclude on with Bill 28, the Fuel Tax Amendment Act. It deals with: what is the purpose of taxation, and how does our taxation policy affect the competitive position of our businesses as they enter into an international marketplace, an international focus? From that perspective, I think this is a good Bill and we should be supporting it. The government brought it forth. It's now moved through the process. It's moved through committee with a few suggested amendments, which were either accepted or defeated based on the preference of the House. Now it should be put into law because it's the kind of thing we need to do so that our businesses can be competitive in what is becoming a very international market.

Thank you, Mr. Speaker. I hope everybody supports the end of this Bill.

THE SPEAKER: The hon. Member for Edmonton-Mill Creek.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I, too, just wish to conclude discussion and debate on Bill 28 here in third reading. Just to reiterate the undertaking from my hon. colleague for Leduc with respect to where we left off this afternoon, that was to have the government take a look at what the implications are of specifically an aviation fuel tax in relation to international flights landing here. It's my understanding that the Edmonton airport, at least, resides in his particular area. Whereas I can appreciate the difficulties in terms of accepting some of the discussion that was offered earlier with regard to eliminating the aviation fuel tax for international flights, I do hope nonetheless that the government will, through the hon. member, take a look at seeing what they can do to reduce that completely, bring it down to zero.

The one thing I forgot to mention this afternoon, Mr. Speaker, when we were talking about this was that whereas I can appreciate there's a forgoing of a lot of revenue from the tax the way it sits, I do believe that having more international flights stop here and stop in Calgary would go a long way towards increasing some employment opportunities for individuals who have to service those flights, clean them. Anything related to that industry with regard to international flights stopping here I think we should try and support. This kind of an incentive would in fact do that.

Otherwise, I'm in favour of the rest of the legislation, and I look forward to its implementation and more discussion at a later stage on the point I've raised.

Thank you.

THE SPEAKER: The hon. Member for Leduc to close debate.

MR. KLAPSTEIN: I have no further comment.

[Motion carried; Bill 28 read a third time]

**Bill 32****Public Sector Pension Plans Amendment Act, 1997**

THE SPEAKER: The hon. Government House Leader.

MR. HAVELOCK: Thank you, Mr. Speaker. I move third reading of Bill 32.

THE SPEAKER: The hon. Member for Edmonton-Mill Creek.

MR. ZWOZDESKY: Thank you, Mr. Speaker. Again I rise just briefly, with the indulgence of all members, to reiterate that we understand that the major thrust of this Bill will enable the government to proceed with the exiting employees who were part of the Ed Tel sale, the sale of Ed Tel to Telus Corporation more specifically. This Bill does advance the cause of allowing those 2,000 employees to in fact be taken off the government pension plan and now put on a privatized pension plan which is available through Telus. That part of the Bill we have no problem with. At the same time, there are some discussions here in the Bill, which we've discussed at length, regarding the disclosure of information as it relates to pensions under the FOIP Act, and we've expressed our concerns there.

The one area that still requires some clarification has to do with the special forces pension plan. The pension plan, the way it sits right now, has two aspects to it: the basic fund and the indexing fund. I'm still not clear on the \$13 million and how that particular amount of money was moved, Mr. Speaker, from one account into another, but if it was done in the interest of streamlining and/or saving the government and consequently the employees some time and some money by simply amalgamating the two funds in such a fashion that one cheque could be written instead of two, then I'd be happy to hear that explanation from somebody at this stage.

**8:10**

I believe my colleagues from Edmonton-Glenora and from Calgary-Buffalo have spoken out regarding the concerns they had that pertain to the way the moneys were moved, and I guess in reviewing that, it's still not clear to this member why this transaction occurred the way it did. I'm sure an explanation exists for it. It wasn't particularly elaborated on during the otherwise excellent briefing that I received on this Bill, but I do know that my colleagues have expressed a concern with regard to that particular process and how it was done in '95-96. As I say, I'd like to rest assured that there was good, logical reasoning for it having been done the way it was being done. It's just that we need to hear that explanation before we adjourn this session. This is third reading, so I hope somebody from the government side will possibly provide that explanation in answer to the questions from Edmonton-Glenora and Calgary-Buffalo so that we can all rest a little more easily on our consciences regarding why the government saw fit to make the changes and the moves in the fashion that it did.

Other than that, Mr. Speaker, I will simply conclude by saying that for most of it I will be supporting this Bill, but given the provisos there, I'm still looking forward to hearing an answer or an explanation in that regard.

Thank you very much.

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

MS BLAKEMAN: Thank you, Mr. Speaker. [some applause]

Thank you, colleagues. I rise to speak to third reading of Bill 32, the Public Sector Pension Plans Amendment Act, 1997. My goodness, we've done a lot of amendment Acts. I have tried to peruse the Blues from this afternoon very quickly, so please forgive me if I repeat something my colleagues have said.

Having looked this over again, and I do understand this is third reading, I still don't understand how in that whole first section of this amendment Act we could be discovering now that there was a \$14 million - I don't want to say mistake - vanishment, reconstruction, validation. I'm at a loss to understand how the government could make this mistake in the first place and why it took so long to recover. I guess what I'm looking for at this point in third reading of this Bill is assurances from the government that there will be some monitoring or checks and balances in place to make sure that this never happens again.

If this were a private-sector company that had made these kinds of choices and these sorts of moves, I'm sure that the government would be on them with the full force of the law, as they should be, particularly when we're dealing with taxpayers' money on this one. I am truly at a loss to understand, again, how this could have happened, how the government could have acted without any authority to do so, and then why it took a year to fix this mistake once it had been discovered. How can this be? If anything, this is the strongest argument I've heard to have a fall sitting of this Legislature - [some applause] thank you for the support - so that there is a check and balance that is offered by this Assembly for these sorts of money matters. It's absolutely astounding to me that that sort of thing can go on.

My second point - and I did mention this in second reading, but I am truly concerned by this, and nothing that's been said has alleviated my concerns - is that in section 9.2(1) each time it talks about authorization to collect information on people, it adds at the end "any other prescribed body or person," and that is simply too vague for me in legislation. It may well be that my honoured colleagues across the way know very well what they mean by this. I'm sorry, but history has shown us that five years from now, 10 years from now, two years from now the people that knew what they were talking about when they looked at this are no longer here; they no longer remember what was happening. It leaves us open to an incredible abuse of people's employment history information and pension information.

Over and over in this session we have brought up how critical is protection of people's privacy and of information that is integral to their lives. We're not doing this to be troublesome to you. We're doing it because we are pushed by our constituents and the people that we answer to. I was late getting here because I got stopped in a bank lineup. Guess what they were talking about? "What is happening to the information about us? We keep hearing there is information here and information there, and it's being switched around." This is of critical concern to people, and I am still not happy with any explanation I've heard, which frankly has been none, on who this "any other prescribed body or person" is supposed to be. This is affecting the minister authorizing information to be taken, boards authorizing information to be taken, or employers authorizing information to be taken. This just leaves my friends across the way wide open, it leaves all of us in this Assembly wide open to accusations from the public of misusing this kind of information. We must be vigilant about this. With electronic data keeping in this day and age, we are the stewards of that information, and we must take that seriously. [interjections] Thank you.

I do ask that when this works its way into regulations commit-

tee, this is very carefully spelled out in great detail: exactly who is being referred to here and under what circumstances and even within a closed time line so it would be reviewed and monitored. I really think this is critical, and for me it's become one of the themes in this entire session: how we're handling the information of the public, how we're monitoring it, and how we are safeguarding it as stewards of this information.

With that urging to my colleagues across the way, I will conclude my remarks on Bill 32 and pass the floor over to one of my colleagues.

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

DR. NICOL: Thank you, Mr. Speaker. Just a few concluding remarks on Bill 32, the Public Sector Pension Plans Amendment Act, 1997. This Act brings in line some of the kind of clear-up issues that needed to be put in place to help administer the public pension plans and also to deal with the separation of the plans as we deal with some of the employers being privatized, turned over to other administrative and authority positions. This brings into account the structure that we in Alberta have put together in the last six or seven years now in terms of the handling of our public pensions. This deals with the Act the Treasurer spoke of this afternoon in his minister's statement about the accountability and the success that he's had in terms of improving the management of the public-sector pension plans. He spoke at length about the issue of how they were being successfully managed to the extent that we were having the option now to essentially bring some of those pensions into fully sustained management in as short a period of time as five years.

8:20

Well, this is one of the issues that I think we could have maybe seen addressed here in Bill 32 as well in the sense that when we put the legislation in place, some of those pensions were to be brought into full support, full funding in a 45-year period. The current year's payers into those funds were in essence asked to pay a surcharge to help bring them into line. Now as they come in line quicker, instead of reducing the payout time from that 45 years down to the five years, might it not be more appropriate to bring some relief to the people who had agreed to be subject to that extra surcharge to make these pensions viable? I would just like to have seen that kind of brought down a little bit.

You know, this all deals with the management of our pension plans, and the deal that was brought into this Act doesn't deal specifically with that pay-down, but it does deal with the issue of the appropriate management, the appropriate decision-making structure, the appropriate accountability. So I would like to commend the Treasurer for bringing this forth. It does straighten it all out, and I'd like to have him also consider some of the other suggestions that I've made.

On that basis, Mr. Speaker, I hope everybody supports this. It's needed, and it does the right thing.

THE SPEAKER: The hon. Member for Calgary-Buffalo.

MR. DICKSON: Thanks very much, Mr. Speaker. A number of comments I wanted to make at third reading on Bill 32, but I note the Minister of Community Development is with us this evening. I just wanted to take the opportunity as a Calgary MLA to thank that minister for her representation on behalf of Alberta in terms of the 2005 World's Fair bid. I also had the opportunity to hear at least some of her comments in Calgary at a rally at the time

that the announcement was made, and I appreciate the message that she delivered on behalf of all of us. I particularly want to thank that minister for coming into the Assembly. I'm sure she was tired and exhausted and probably disappointed as well, but she came back into the Assembly to answer questions, to participate in the process in the last few days of the session.

With that, I'm sure I'm joining with other members wallowing a little bit in nostalgia as we look at Bill 32, recognizing that perhaps this is one of the last Bills we're going to deal with in the spring session. It's with regret, because I know all members have had as interesting a time as I have over the last eight or nine weeks. We end, though, on an all-time low note with this Bill. When we look at what's happened in terms of the Regulations Act not complied with, and then we see some of the elements – and I know, Mr. Speaker, you're not going to want me to go through a section-by-section analysis at third reading. But I'm also mindful, sir, that you may have shared the concern I have that we are in fact amending the Regulations Act in the Bill not only to validate what was done improperly in the spring of 1996 but also with a prospective application, and members will see that the new section 4 presents a big problem.

Mindful of the World Police/Fire Games that are going to be starting very soon in Calgary, I expect the high jump is going to be one of those activities. And when I look at Bill 32, this is a little bit like saying that we've got a high jump competition. The bar starts out being set at five and a half feet, but because the athlete is out of shape and can't make it over the five-foot-five marker, then you bring the bar down. This out-of-shape athlete still struggles, knocks the bar over, and isn't able to make it over the top.

Looking at Bill 32, it seems to me that what we've done is we've lowered the level of the bar to the point where this very out-of-shape athlete has only to come up to the bar and sort of flop over to be able to get over. We've lowered the bar that far. What we're saying now is that even though we have arguably the weakest regime anywhere in Canada in terms of managing subordinate lawmaking, even though our regulations are not vetted in front of an all-party committee, even though our regulations are not published in draft form before they become law, even though our Regulations Act has the most minimal requirements – in this case just filing the regulation with the registrar of regulations, Mr. Pagano; not a tough challenge, not a particularly onerous requirement – this government has proven itself incapable of meeting that test.

That's the reason why we're dealing with a \$14 million foul-up, a \$14 million mistake a year after it was made. What's more, we're going to see, with the effect of the new section 4, that to the extent, if any, that is prescribed, a provision of the plan rules may be made to apply with effect from a date that is prior to that on which they are filed under the Regulations Act.

So we've now brought that high jump bar down. Now it's lying on the ground, and instead of a high jump competition it's simply a question of trying to fall over the bar to qualify for a medal. Well, there will be no medals handed out to this province in terms of subordinate lawmaking, because what we've done is taken the low standard and effectively gutted that with the provision of section 4 of this Act. There's virtually no requirement for this government to act in a responsible way in terms of dealing with regulations.

If we contrast the problems in Bill 32 with the wonderful rhetoric we heard from the hon. Provincial Treasurer earlier today – when he talked about public-sector pensions, he made the observation:

As well, the employees will have the extra security of belonging to a fully funded plan.

Well, where's the extra security when the person managing the fund has just made a \$13.9 million mistake, made it a year ago and it's taken the government a year to try and remedy it? The error was sufficiently serious that they weren't able to use the remedial provision, section 5 of the Regulations Act. The hon. Provincial Treasurer went on to say:

Mr. Speaker, the government remains committed to pension reform and keeping public-sector pension plans on a sound financial track. All 210,000 employees who participate in Alberta's public pension plans have the security of knowing their plans are being managed responsibly and invested wisely and that our target dates for becoming fully funded are being exceeded well ahead of time.

Mr. Speaker, the only thing that 210,000 government employees are going to be thinking tonight is how fearful they may be of a government that has already made one mistake totaling \$13.9 million. What else are they capable of? How many of those 210,000 employees may otherwise be adversely, prejudicially affected by the inability of the Treasury Department and the government of Alberta to manage those funds properly?

So, Mr. Speaker, I think lots of concerns relative to this Bill, still no explanation. We've had Bill 32 in front of the Assembly for a number of sitting/working days, and the Provincial Treasurer in uncharacteristic fashion is mute on this important issue. No explanation offered, no apology offered to Alberta civil servants who have been put at risk by the area he has responsibility for, and that should be, I think, a major concern.

Mr. Speaker, since we're no doubt very close to the end of the spring session, we'll have a summer for the Provincial Treasurer – and maybe even eight, nine, 10 months; who knows? – to go around and speak to Alberta civil servants, each one of those 210,000 employees, and tell them the extent to which this government put at risk their pension fund, their pension money, because this government can't meet their own requirements in the Regulations Act, because it took this government virtually 10 months to firstly apparently realize they'd made a \$14 million blunder and then attempt to redress it by lowering the bar, by changing the test. They may well be particularly concerned with section 4 and the effect that in the future the government isn't even going to have to file the regulation.

So we're in this preposterous situation where we're going to have a major change made in terms of civil servant pensions before the regulation is even filed with Mr. Pagano, the registrar of regulations. A pretty scary prospect, Mr. Speaker. As I look around, I can see the alarm on faces of members opposite. I know that the Medicine Hat MLAs are concerned, and as I look around, I see just studied looks of concentration. I see concern. I see apprehension. I know that those members are going to have an interesting time telling those 210,000 government employees how they messed up their pension fund and whether these people can be trusted to protect their pension in the future.

Thanks very much, Mr. Speaker.

**8:30**

MR. DAY: Mr. Speaker, to conclude, because there are some very, very dangerous statements that have been made here tonight, and 210,000 employees who just recently, a few days ago, received news, which I published today, are very secure in the fact that their pension plans in fact are going to be there for them, that in some cases the 45-year payout, which they thought was going to be in place, is going to be about a 5-year payout because

of improved actuarial projections. Now we have somebody standing, a person who feels compelled to speak on virtually every piece of legislation, which is fine . . .

MR. MITCHELL: What's wrong with that?

MR. DAY: Nothing wrong with it at all. I'm making a statement. Don't get touchy there, hon. leader, on your last days here as leader. Don't get touchy.

Mr. Speaker, on every Bill, virtually every amendment he rushes to his feet to speak, and he has made some statements today suggesting that 210,000 employees should be nervous. All members on this side of the House listened, or tried to, as the member said, studiously while he was speaking and giving out some of the most outrageous and outlandish comments reflecting on this Bill. Yet we listened quietly.

MR. MITCHELL: They love you, Stockwell. You're going to be the next leader.

MR. DAY: And here goes the opposition leader again chirping away.

Mr. Speaker, what happened about a year ago was not a blunder by the government. That particular fund, which is one of a number of areas being addressed in this Bill, in wanting to pay their own members' cost-of-living adjustment, moved funds from one division of the fund to the other, and then, as a matter of course, that was evaluated through the procedure of evaluation, through Justice officials who said that administrative procedure is not the best way to go, that there actually should be legislation.

This member tried to make it sound as if \$13 million or \$14 million was lost – not a dime was lost – as if illegal activity had happened. No illegal activity happened. No blunder was made. The board of whom there were employee representatives – half the board, employee representatives – made a decision to streamline the administration of these funds so that their members could receive the COLA adjustment they were due. I'll say to the Member for Edmonton-Centre – she was, you know, remarking about how we have to be in the Legislature so that these things won't happen. Well, that particular administrative improvement was seen and advised on while we were not in session. We were not in session when that was pointed out, and now we are in session to make a more improved administrative guideline.

I would really suggest that the Member for Calgary-Buffalo, in his rush to speak on every issue that's thrust in front of his nose, from time to time might consult with the critic in the particular department. He assumes he's the critic of every department. The Treasury critic many times delivers burning indictments of how this Treasurer operates. That's fine. But the Treasury critic also takes some time to study the areas he is criticizing and now and then comes up with a good piece of advice, one of which we took in the form of an amendment today on the Treasury Branch legislation.

So, Mr. Speaker, in conclusion, I would suggest that it's one thing just to make outlandish remarks about members here, but when you try and put unnecessary fear in the minds of 210,000 people whose funds are very secure, I say that's highly irresponsible, and I think the member knows it.

Mr. Speaker, I now move third reading of this Bill.

[Motion carried; Bill 32 read a third time]

**Bill 33**  
**Alberta Treasury Branches Act**

MRS. FORSYTH: Point of order.

THE SPEAKER: Point of order, the hon. Member for Calgary-Fish Creek.

MRS. FORSYTH: Sorry, Mr. Speaker, to have to do this again. Under Standing Order 33(1) and (2) I have to declare that I have to leave on a conflict of interest and for the record of *Hansard*.

THE SPEAKER: So noted.

MR. DAY: Mr. Speaker, this particular Bill 33 has undergone considerable study and consultation, and as I've already said a number of times, industry representatives both in the private and public sectors and financial institutions across the province have commended this Bill, as have certain opposition members. Also, there's been some good input and constructive criticism on the part of the opposition.

I'm happy to move this Bill for third reading.

THE SPEAKER: The hon. Member for Edmonton-Mill Creek.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I want to make a few brief concluding comments here on Bill 33 at third reading in support of the Bill and in support of what it is that is being attempted through this Bill. We have had some excellent discussion and debate both inside the House and, I'm happy to say, outside the House with regard to this particular piece of legislation, and I will not do anything to forestall proceeding on.

I would like to comment in a general sense once again that the Alberta Treasury Branches are, have been, and I hope will continue to be a very vibrant force in the sustainable economic development of our province by providing those kinds of Alberta-based financial services to which our residents have become accustomed. I think this Bill does a lot to allow the Treasury Branches to in fact move forward in a cost-conscious and very profit-oriented way, while at the same time giving the kind of service and value that the customers who use ATBs extensively throughout the province have become accustomed to.

We know that there are a number of discussions that we've had, particularly the Treasurer and I, in respect of the amendments, and I just wanted to again say how pleased I was that at least one of the amendments was given direct approval and acceptance by the government. To my knowledge it's the first formal amendment that I as a member of this Legislature have had the pleasure of moving and having the government accept, notwithstanding a few comments from Bill 24, perhaps, last spring. The net effect of that amendment, for people who will be following this debate tonight, Mr. Speaker, is that the asset management corporations that will be set up will have a little closer form of scrutiny, while at the same time still maintaining their arm's-length independence from government, which I think is critical, and I believe that the Treasurer would agree with those comments. We're all interested in a more open and, at the same time, a fairer and a more competitive environment between the Treasury Branches and the private-sector financial institutions, and I believe this Bill goes quite a long way toward accomplishing that aim.

I also want to comment on the Treasurer's acceptance, in spirit at least, of putting a request forward to the chief executive officer of the Treasury Branches to appear with the Treasurer in a forum

of openness and accountability such as the Standing Committee on Public Accounts offers, and I'm looking forward to that occurring at some point in the not too distant future, making it clear that what we'll be talking about are transactions of the past and not policy matters or anything of that nature.

**8:40**

The other comment is with respect to capital adequacy. There's still a bit of a debate and a discussion surrounding what capital adequacy is and why it's important for the Treasury Branches in particular to be guided by some very sound business practices in this regard. Capital adequacy refers to many things, but most primary among them is the level of money, if you will, that is kept on hand by way of a base of capital which can be used to derive further income as they branch out into other areas. It has to do with ratios of money held on hand versus money held on deposit and in trust on behalf of a lot of people. I had thought that it might be a prudent suggestion even at third reading, Mr. Speaker, to have the government review that entire issue of capital adequacy and determine what mechanisms they'd prefer to pursue insofar as those capital adequacy requirements being brought forward to a committee of the Legislature – perhaps that would be one suggestion – and/or to the full Legislative Assembly for approval prior to them being prescribed by some form of legislation. So I will leave that one suggestion there in that respect.

The other comment I wanted to make was with respect to the provisions in Bill 33 that actually give the Alberta Treasury Branches the opportunity to build up their noninterest income potential to provide them with the equity base they need to invest in Alberta, to invest in Albertans, and to succeed in a highly competitive financial institution as a banking sector here in the province. The opportunities that are provided by the service diversification, which we've been speaking about here now for weeks, and the creation of a more level playing field along with the move towards greater accountability and transparency and autonomy, which we've heard quite a lot about, I believe will help ATB eliminate its negative equity position and put the institution on the road to full financial health in a very short period of time.

I have that hope in my heart and in my mind, and having met with Paul Haggis, the chief executive officer, and with Marshall Williams, the chairman of the board, I have a real sense of optimism about how these two gentlemen, with the others that were in attendance, proceed with their day-to-day chores in handling the affairs of the ATB, and I feel quite confident, Mr. Speaker, that they will in fact put that financial health at an all-time high for Treasury Branches.

But simply eliminating the capital deficit of the ATB is not so much an end to the game as it is a means toward the larger end. All the financial institutions in this province and in this country have to look forward to a future where they on behalf of the constituents they represent want to be in the medium- to long-term insofar as their projections are concerned and how they can best serve their customers.

I know that this current management team, that I've referred to often, at the Treasury Branches is looking at that kind of a future. They have that kind of a window on the future, and they're concerned about how they can be involved with their shareholders and how they can involve their shareholders more directly in building that stronger and much more profitable Treasury Branch as we head into the 21st century. I believe that's what tomorrow's first annual general meeting in Red Deer is all about. I will be there attending it, and I hope that perhaps the Treasurer might be there as well, where we can cross paths at that point.

Over the last long while, Mr. Speaker, we've had some considerable debate as well with respect to the public share offering. There may have been some misconstruances or some misconceptions on how that would work, but in a general nutshell I think the spirit of that particular point may well be provided for in this legislation. I think the road has been paved now through this legislation, Bill 33, for a number of options to be looked at down in the future.

First of all, we could look at a limited number of shares being offered at a reasonable price per share. We could restrict the number of shares, say, to 5 percent to any one single individual Treasury Branch shareholder. We could look at protecting Alberta's interests in the future by offering these to Albertans first to avoid any monopolies by companies outside. We could offer these shares to ATB employees on a first served basis as well in compliance with the earlier statements I've just made. We could talk about settlement dates for the purchase of these shares by Albertans, giving them sort of a 12-month window within which to accomplish that. We could address oversubscriptions on share offerings and how to prorate shares in the event that were to happen.

What it would do, Mr. Speaker, is allow Albertans on an individual basis to express their personal support for this valued community banking system. I don't believe they've had a chance to do that yet, and in the process of being allowed that openness to enter through a share offering at some point – I'm not talking today or tomorrow necessarily but somewhere down the line – I think it would also clear up a lot of misconceptions that may have been arrived at over the last long while.

Finally, there should be at least a preliminary prospectus that the Alberta Treasury Branches could put together using a first-class underwriter who's well-known in the investment community. I don't have anybody in particular in mind but somebody of that calibre. File that prospectus with the Alberta Securities Commission; bring it out in the open; let Albertans have a real serious look at it and hopefully be given a chance and an opportunity for input. We can talk at another time, Mr. Speaker, about dividends which would become appropriate under that scenario and a number of other things.

I'll just conclude briefly by commenting on the performance measures which I think are integral to the spirit of this Bill and to the summary of this Bill in just two quick minutes or so here, if I could be permitted. I believe some of the performance measures that the Treasury Branches will want to look at now that they have the autonomy pursuant to this Bill would include things like expressing what they expect as a reasonable return on their assets. In the performance measure world this could be deemed as a measure of profitability and for that matter viability. They could discuss and look at expressing noninterest expense as a ratio against revenue, which would also be a measure of productivity. There'd have to be benchmarks in there, Mr. Speaker. This Bill, I believe, allows for that now to occur and to occur in a much more open, public forum.

As well, operating expenses on the whole – and we understand that there have been difficulties resulting in significant losses on the operational side – could also be shown as an average of total assets. In terms of benchmarks, that could be viewed as a measure of productivity as well. Just a few quick closers here. We have to take a look at this issue of loan losses, Mr. Speaker, as a percentage of average net loans and what bankers term acceptances. That would be a good measure of asset quality. That's another important performance measure. Cash and

securities, if they're expressed as a percentage of total assets, would give some comment on the measure of liquidity, and this Bill in fact probably will allow that. There's the issue of impaired loans being expressed as a percentage of total loans, and that would be another measure of asset quality which we'll look forward to through this Bill. Noninterest expense expressed as a percentage of operating revenues would be an incredible measure of profitability.

The two final comments are with regard to deposit interest expense, Mr. Speaker, being expressed as a percentage of total assets. That would be a measure, a benchmark, a performance measure – call it what you will – of liquidity. That is always a concern in the event that there should be an unforeseen run on deposits or something like that. It's a wonderful world, but we all know that it takes some strange turns. The final comment is with regard to loan loss provisions being expressed as a percentage of net income, which in effect is a measure of asset quality.

In conclusion, Mr. Speaker, I believe that the provisions within Bill 33 to allow Treasury Branches to offer the ancillary services will help generate a much higher level of noninterest income. They will provide the Alberta Treasury Branches with a pool of discretionary funds to grow a very positive capital or equity base generating a better return on capital employed, thus improving the bottom line for Treasury Branches, thus improving the bottom line for Albertans. These changes are welcome. They will provide the ATB with the ability to achieve sustained and structural profitability, and that can only spell a long and prosperous future for Treasury Branches and a better and much more glowing future for all Albertans.

THE SPEAKER: The hon. Minister of Advanced Education and Career Development.

MR. DUNFORD: Thank you, Mr. Speaker. I just wanted to make a few remarks on the Bill. I want to congratulate the Treasurer for finally making a move and coming to grips with this current situation. I think he's to be commended for all the hard work he's put into it. While we're at it, we should perhaps congratulate the critic. I thought that he took a very responsible, very proactive manner in this debate, and I think he should be commended.

Mr. Speaker, not wanting to delay the proceedings unnecessarily, I certainly want to indicate to you and to all my constituents at home that I, of course, will be voting for this Bill at third reading.

8:50

THE SPEAKER: The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Speaker. I would also like to make a few comments on Bill 33. I hope I'm not testing the patience of the hon. members around here at this late hour. [interjections]

THE SPEAKER: Hon. members, please. Hon. members, it seems that there is some anticipation that perhaps tonight is the night for some motion that'll be put forward by the Government House Leader. The Chair would like to advise all members that the Chair has also participated in the guess-the-time situation, and before calling any vote, the Chair will exercise whatever option there is to run to the time that he has.

Please proceed, hon. member. The hon. Member for Edmonton-Strathcona, please.

DR. PANNU: Thank you, Mr. Speaker. I want to just make two observations. I hope the hon. Treasurer, who is the sponsor of this Bill, will have something to say on at least one of the two comments that I make.

The first comment I want to make has to do with the silence of the Bill with respect to the successor rights of the employees as the transfer takes place from the present organization of the ATB to the status of a Crown corporation. I hope he puts something on the record to assure the employees that their successor rights will be protected.

The second point that I want to make . . .

MR. HAVELOCK: Mr. Speaker, if I could just remind the hon. member very gently that we are in third reading, and we're addressing the principles of the Bill, not principles that happen to be absent from the Bill.

DR. PANNU: My second observation, Mr. Speaker, has to do with the concern that still remains and has been expressed both in the debate here and in the debate outside with respect to the possibility that the ATB might be in the process of being readied to be privatized later on. I know that the hon. Treasurer is committed to maintaining it as a Crown corporation in the foreseeable future, but I also know that he's very, very sensitive to public opinion and in relation to some other Bill has proposed that before changes are made, say, to tax legislation, a referendum will be held to seek approval of the population of this province before that action can be taken.

I wonder if the hon. Treasurer is willing to stand up and commit himself to a similar process with respect to the possible privatization in the future of the Alberta Treasury Branches. In other words, before this government decides to privatize ATB, it in fact will go to the people of Alberta via a referendum to seek approval of that process. I personally am against referendums. I think this legislative body should be the supreme body in making these decisions, but since it is the preference of the hon. Treasurer to seek that kind of approval in certain situations, I hope this will be one situation in which he will choose that course of action, and I hope he puts himself on the record.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Glenora.

MR. SAPERS: Thank you, Mr. Speaker. I'm doing my best. [interjections] You need to call somebody to order.

The House has an opportunity with Bill 33 to reflect on whether or not the government has lived up to a challenge that it set for itself in terms of remaking the Treasury Branches in a way that all Albertans could have confidence that the government was truly wanting to separate the Treasury Branches away from the government, that we would cut the apron strings and that the Treasury Branches would no longer ever be considered to be just another policy branch of the provincial government. That's the measure against which we need to measure Bill 33 as it approaches getting consent on third reading.

Probably the area that we hear most concerns about on this side of the House – and I would daresay that the Provincial Treasurer probably gets his share of calls and letters about these concerns as well – is about the loan portfolio at Treasury Branches, particularly the bad loans. The details of those loans still aren't well known to Albertans, but there's a suspicion, Mr. Speaker, that there are millions and millions of dollars hidden somewhere in

that \$7.4 billion or \$7.5 billion loan portfolio that Treasury Branches has of loans that were given for political reasons, loans that were given for reasons other than prudent business practices by the Treasury Branch over the years, over the life of the branch. Albertans would like to know the details of those loans, would like to know whether they're recoverable, whether they're to be written off, whether this Bill is the first step in writing those off, whether we're looking at a multimillion or a hundred million or a multibillion dollar write-off or write-down of those loans.

You'd think that Bill 33, where the government is repealing one entire legislative framework and coming forward with an entirely new legislative framework, would have addressed that, that there'd be a section in this Bill about disclosure or a section in the Alberta Treasuries Branches Act as brought forward by the government that would specifically talk about that loan portfolio. Unfortunately that's not there.

There's been much speculation fuelled by the government that Treasury Branches might be well down the road to some kind of privatization or share offering, and many people see Bill 33 as the government's initial way of testing the water and sort of setting the stage. I just wish that Bill 33 would have gone further so that I could answer those phone calls and those letters from my constituents, from the people that want to know what the value of the loans are, to whom they were given, on what basis the decision was made, what kind of security was offered, what the government has as a guarantee, and on what basis Albertans can expect that they won't take a loss.

This Bill, which I assume is destined to close out this session, is like so many other Bills which have come forward during this session. It's a shell of a good idea. It gives us some hope for the future. It's the promise of a positive step, but it just falls that short of delivering. I truly regret that we can't endorse this Bill with open arms, we can't say that this is in fact the legislative remedy to what's ailing Albertans when they think of Alberta Treasury Branches.

We would hope that the government would recognize that there is some significant ground to cover yet, and we hope that whatever is the derivative of Bill 33, whatever the offspring of Bill 33 will be, whether it be an amending Bill or a stand-alone piece of legislation, it will be brought into the Legislature for full debate at the earliest opportunity. I would hope that that would be at a fall session, Mr. Speaker, a session where Albertans will have a chance once again to hold their government accountable, particularly as they begin to deal with Treasury Branches in a way that may remake them, may even see that they disappear. The government needs to make their intentions along those lines clear.

I do regret that it didn't go just that much further so we could have had just that much more clear a picture, but I do anticipate more legislation to come. I don't think this is the final chapter in Alberta Treasury Branches, and I hope that we can have that robust debate in the full light of day, subject to complete public scrutiny so that all Albertans can know for sure what the government has done with their assets and with their bank.

Mr. Speaker, I think I just want to take this opportunity to recap. [interjections]

I think I've made the point, and anything more would be gratuitous. Mr. Speaker, you know that no member on this side of the Assembly would ever want to squander one precious second of the debating time in this Chamber, that we wouldn't want to drag on debate when there was nothing new to add.

So, Mr. Speaker, I'll conclude my remarks.

9:00

THE SPEAKER: The hon. Provincial Treasurer to close the debate.

MR. DAY: Mr. Speaker, some are presuming that I would be up to speak just to take the time near to the projected pool time at which I would win. I would never do such a thing, of course, because I believe that the time in this Legislature is too valuable to do that. I'll merely take my full 20 minutes to address the concerns that we've heard here, and then I'll be seated.

I just want to briefly say, on the very direct question from the Member for Edmonton-Strathcona relating to a referendum on this Bill, that we have indicated that certainly we want to know what the public thinks in general. Also, considering that there are 900,000 deposit accounts in this particular institution, we will in the months ahead be trying to get a sense of what Albertans are saying about: should this institution in fact be divested, privatized, whatever it might be? I can assure the member that I am a supporter of referenda in terms of a principle. I think the people are every bit as intelligent if not more intelligent than we are and have all the information they need to make those types of decisions, but I cannot on this question commit to a referendum. I think that could lead to a precedent where you would have many different Bills being addressed through referenda.

Certainly I support referenda on sales tax protection and significant tax changes, but on this particular Bill I don't think I could do that. I can assure the member that as far as successorship rights go, those are very clearly laid out in legislation. The labour code and the Labour Relations Board are there, and were there to be some type of divestiture years down the road, there are protective provisions in place for employees to follow and to act upon.

Having said that, Mr. Speaker, I would at this point thank all members once again, opposition members included, for some good, constructive input on this particular Bill. I think it's going to make for a stronger institution and secure depositors, and it's going to be encouraging people to continue to do business with this particular institution.

On that note, I would move third reading.

[Motion carried; Bill 33 read a third time]

THE SPEAKER: Government House Leader.

MR. HAVELOCK: Yes. Mr. Speaker, it is with some degree of regret that pursuant to Government Motion 22, agreed to by this Assembly on June 11, 1997, I move that the Assembly stand adjourned.

THE SPEAKER: Before calling the vote for adjournment, I would like to say thank you to the Deputy Speaker and the Deputy Chairman of Committees for their assistance to the Chair during this session. I would as well like to thank all members for their conduct, their attitude, and their decorum in this session, and I say that to all members. I would as well like to thank the Table officers, and I would ask all members of the Assembly to join with me in thanking the pages. To all individuals associated with the Legislative Assembly – the staff, the security staff, *Hansard*, and all the people – thank you very much for your co-operation.

To all hon. members, best wishes for a very fruitful rest and productive days ahead. I also want to thank all members again. The hon. Member for Edmonton-Glenora used a word tonight that the Chair has not used on one occasion during this session, and he's very, very proud of not having used it. He will not use it now, but it does begin with the letter O and does end with the letter R.

For the information as well of all members, all members of this Assembly belong to the Alberta branch of the Commonwealth Parliamentary Association. You have automatic membership in the Canadian Parliamentary Association and the Commonwealth Parliamentary Association, and a number of hon. members will be representing this Legislative Assembly at the 36th Canadian regional conference, that will be held in Regina in Saskatchewan in July of 1997. The hon. members for Redwater, Wetaskiwin-Camrose, Leduc, Clover Bar-Fort Saskatchewan, Edmonton-Norwood, and Edmonton-Castle Downs will be doing that. Then the hon. Member for Calgary-Buffalo, the hon. Member for Lac La Biche-St. Paul, the hon. Member for Calgary-Montrose, and the hon. Member for West Yellowhead will be attending the Parliamentary Conference of the Americas in September, and the hon. Member for Lac La Biche-St. Paul will be attending the conférence de l'Assemblée internationale des parlementaires de langue française.

Thank you all.

[Pursuant to Government Motion 22 the Assembly adjourned at 9:07 p.m.]