

## Legislative Assembly of Alberta

**Title:** Monday, March 30, 1998 1:30 p.m.

Date: 98/03/30

[The Speaker in the chair]

head: **Prayers**

THE SPEAKER: Good afternoon. The prayer today is condensed from one that is said in the Manitoba Legislative Assembly.

Grant, O merciful God, we pray Thee, that we may desire only that which is in accordance with Thy will, that we may seek it with wisdom and know it with certainty and accomplish it perfectly for the glory and honour of Thy name and for the welfare of all our people.

Amen.

Please be seated.

head: **Introduction of Bills**

THE SPEAKER: The hon. Minister of Health.

### Bill 21 Alberta Health Care Insurance Amendment Act, 1998

MR. JONSON: Thank you, Mr. Speaker. I request leave to introduce Bill 21, the Alberta Health Care Insurance Amendment Act, 1998.

The purpose of this act is to ensure that all Albertans have access to all medically necessary physician services within our public health care system and to provide a clear process for any physician considering withdrawing their services from the public system and also a process for re-entering the public health care system.

[Leave granted; Bill 21 read a first time]

THE SPEAKER: The hon. Member for Leduc.

### Bill 34 Municipal Government Amendment Act, 1998

MR. KLAPSTEIN: Thank you, Mr. Speaker. I request leave to introduce a bill being Bill 34, Municipal Government Amendment Act, 1998.

[Leave granted; Bill 34 read a first time]

THE SPEAKER: The hon. Government House Leader.

MR. HAVELOCK: Yes. Thank you, Mr. Speaker. I move that Bill 34 be moved onto the Order Paper under Government Bills and Orders.

[Motion carried]

### Bill 35 Colleges, Technical Institutes and Universities Statutes Amendment Act, 1998

MR. DUNFORD: Mr. Speaker, I request leave to introduce Bill 35, the Colleges, Technical Institutes and Universities Statutes Amendment Act, 1998.

This umbrella act will legislate the tuition fee cap already

established in the Advanced Education and Career Development tuition fee policy. Each of these three acts is being amended in the same way, and that is why they are being introduced in the Assembly as one bill. Mr. Speaker, this is an Assembly tuition cap.

[Leave granted; Bill 35 read a first time]

### Bill 37 Health Statutes Amendment Act, 1998

MR. JONSON: Mr. Speaker, I request leave to introduce Bill 37, the Health Statutes Amendment Act, 1998.

The purpose of this act is to protect the integrity of our public health care system and provide appropriate mechanisms to prohibit or control private nonhospital treatment facilities in Alberta.

[Leave granted; Bill 37 read a first time]

head: **Tabling Returns and Reports**

MRS. BLACK: Mr. Speaker, I am pleased to table four copies of the response to Motion for a Return 55.

MRS. McCLELLAN: Mr. Speaker, I'm pleased to file with the Assembly copies of letters that I sent congratulating Alberta athletes who won national and international competitions this week: firstly, to Curtis Myden of Calgary, who won gold in the men's 400-metre individual medley at a World Cup swimming competition in Italy; secondly, to Dustin Wilson of Edmonton, who won bronze in aerials at the Canadian freestyle skiing championships; thirdly, to Paul Stutz of Banff, who had first-place finishes in men's downhill, super-G, combined, and overall championships, second in slalom, and fourth in giant slalom at the Midland Walwyn Canadian juvenile championships in Quebec; and fourthly, to Mark Ridgely and John Gillies of Lake Louise, who won the Canadian Powder 8 championship in Lake Louise.

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

MRS. SOETAERT: Thank you, Mr. Speaker. I've copies of a letter sent by the Friends of Leduc Hospital and copies for each of the ministers, because it's felt that they aren't listening about privatization. There's a hearing aid on each letter.

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

MS BLAKEMAN: Thank you, Mr. Speaker. I'd like to table five copies of 23 letters I've received in the last week from concerned Albertans asking the government to include sexual orientation under human rights protection and to not make use of the notwithstanding clause in reaction to the Vriend case decision.

THE SPEAKER: The hon. Minister of Justice and Attorney General.

MR. HAVELOCK: Thank you, Mr. Speaker. I'd like to file five copies of a letter dated March 26, 1998, to the Hon. Ed Wachowich, Chief Judge of the Provincial Court of Alberta, regarding Bill 25.

MR. DICKSON: Mr. Speaker, I have two tablings. The first one

is copies of correspondence from this MLA to Mr. Rushforth, CEO of the Calgary regional health authority, concerning allocation of cataract cases and a potential conflict of interest.

The second tabling is a report from the Health Facilities Review Committee addressed to Mr. McCaig, chairman of the Calgary regional health authority, dated December 22, 1997.

Thank you.

head: **Introduction of Guests**

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

MRS. SLOAN: Thank you, Mr. Speaker. It gives me great pleasure to rise today and introduce Mineko Fujikura-Blakeman, an Edmonton-Riverview constituent, and two guests accompanying her: Hiroki Sakai, a student of law from Japan, and Shu-chen Yang, a student of business from Taiwan. I would ask the members of the Assembly to give them a warm welcome.

Thank you.

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

MR. MELCHIN: Thank you, Mr. Speaker. I am pleased to rise today and introduce to you and through you to members of the Assembly a number of constituents from Calgary-North West. There are 12 girls from the 188th Pathfinder unit in Calgary-North West, and they are accompanied by three of their leaders. I'd like to introduce their leaders as well: Sharon Kulbida, Marion Mackie, and Arlene Dickson. I understand they're not just here to observe the government in action, but it's rumoured that they may be interested in viewing the hon. Member for Calgary-Buffalo. Arlene Dickson is the wife of the Member for Calgary-Buffalo. If they'd rise and accept the warm welcome.

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

MS KRYCZKA: Thank you, Mr. Speaker. I'm very pleased to introduce today a very fine young man who is a constituent of Calgary-West, Gordon Van Vliet. Gordon is a second-year law student at the University of Alberta. I would like Gordon to receive the traditional warm welcome of this Assembly today.

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

MRS. SOETAERT: Thank you, Mr. Speaker. It's my pleasure today to introduce to you and through you to members of the Assembly a very involved person from Leduc. Christine Burdett is a trustee at Black Gold regional division and also the spokesperson for Friends of the Leduc Hospital, who are hosting a conference this weekend. They're very concerned about the privatization of health care. I would ask Christine to please rise and receive the warm welcome of the Assembly.

THE SPEAKER: And now the hon. Member for Edmonton-Meadowlark with a very special introduction.

**1:40**

MS LEIBOVICI: That's right, Mr. Speaker. It gives me great honour this afternoon to introduce to you and through you 36 girls from the Alberta Girls' Parliament and their group leaders. There are 36 girls, as I indicated, from at least 12 communities across Alberta, from as far north as Grande Prairie to as far south as

Foremost. They are here today to watch the proceedings in the Legislative Assembly. There are representatives from the Girl Guides, 4-H clubs, and the Canadian Girls in Training.

The Alberta Girls' Parliament is in its 27th session, and it's sponsored by the Girl Guides. They're involved in four days of a model Parliament being held at the Bennett Centre. Their theme this year is the lifestyle of Alberta's superwomen, and we all know that they are the future Alberta superwomen sitting up in the balcony. For those of you who've had an opportunity to hear their impromptu singing, you'll also know that they are very powerful singers as well.

They're accompanied by Mrs. Sue Schroder, Mrs. Kathi DesChene, Mrs. Mary Waugh, Mrs. Bernadette O'Connor, and Miss Sam Maupin and are seated in the members' gallery. If the hon. members of the Alberta Girls' Parliament would please rise, they will receive the warm welcome of the House.

THE SPEAKER: The hon. Member for Little Bow.

MR. McFARLAND: Thank you, Mr. Speaker. It's my pleasure today to introduce to you and through you to members of the Assembly a couple of fourth generation Albertans. I would like them to rise when I introduce them. They're in to see if their dad will come home and help them with the calving. They farm out in the Andrew area from the constituency of Vegreville-Viking. Would grade 12 student Nathan and grade 7 student Lynette and wife and mom Mrs. Marie Stelmach please rise and receive the warm welcome.

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

MR. SAPERS: Thank you, Mr. Speaker. With your permission I'd like to introduce two very special guests through you to all members of the Assembly. The first is Mr. Bill Daly, who is a very well-known seniors' advocate, a tremendous assistance to myself and others who are interested in the plight of seniors in the province of Alberta. I'd ask Bill to please stand and receive the warm welcome of this Assembly.

My second guest today is also seated in the public gallery, Mr. Speaker. I would like to introduce to you a very bright and insightful young man who couldn't wait to come to the Assembly, couldn't wait for spring break so he could spend his time monitoring the hard work of the Assembly and particularly the efforts of the Member for Edmonton-Norwood. I would ask that Blake Olsen please rise and receive the warm welcome of this Assembly.

head: **Oral Question Period**

THE SPEAKER: First Official Opposition main question. The hon. Member for Edmonton-Centre.

**Sexual Orientation**

MS BLAKEMAN: Thank you, Mr. Speaker. At 7:45 a.m. mountain standard time on Thursday, April 2, 1998, the Supreme Court of Canada will deliver judgment in the case of the government of Alberta and Delwin Vriend. The Premier has announced that he is creating yet another task force to prepare the government's response. To the Acting Premier: why do you need a task force unless the plan is to find a way not to comply with the Supreme Court's decision?

MR. DAY: You know, Mr. Speaker, this is an item that's been before the courts for about seven years. The Supreme Court has spent literally months and months on this particular item. The proper response would be to have the decision looked at – typically these could be 100 pages or more – with people who are closely involved with it from the perspective of their own departmental responsibilities and then options presented not just to our caucus but in fact to the citizens at large so that there can be input from around the province. It is a very standard process to have a committee put together to look at a situation like this and come forward with the options.

MS BLAKEMAN: My next question is also to the Acting Premier. Will the government commit that any changes to the Alberta law required to comply with the court's decision will be dealt with in the Legislature during this spring session?

MR. DAY: Well, it's in anticipation of something, Mr. Speaker. We don't know what that ruling is going to be or if in fact there would be any cause to have any law changed.

MS BLAKEMAN: Okay. My final question is to the Minister of Justice. Will the Justice minister undertake that he will not invoke the notwithstanding clause to deny Albertans protection from discrimination when they attempt something as simple as finding a job or a place to live?

MR. HAVELOCK: Mr. Speaker, as the Premier has indicated publicly, he's asked four ministers to review the decision in depth. We will be doing that. I believe it's inappropriate at this time to discuss options of any sort because it's very difficult to respond when one doesn't know what the original decision is. Rest assured, nevertheless, that we will examine the issue very closely. We will bring options forward for full discussion at caucus.

THE SPEAKER: Second Official Opposition main question. The hon. Member for Calgary-Buffalo.

### Hospital Services

MR. DICKSON: Thank you, Mr. Speaker. The government's own Health Facilities Review Committee identified a number of problems at the Foothills hospital after an inspection in late 1997. These included a patient with bowel problems placed on a gynecology floor where staff were apparently unfamiliar with gastroenterology care and patients being kept in hallways of the Tom Baker cancer centre because there were no beds for them in the main hospital building. My question is of course to the Minister of Health. Since even his own committee reported that "all staff expressed frustration with the lack of available beds," why has this minister not added sufficient additional beds to meet that need?

MR. JONSON: Mr. Speaker, first of all, as part of the overall interest of government and Alberta Health in doing assessments of the situation in health facilities across the province, we do have the Health Facilities Review Committee, which does these types of reviews and provides I think, overall, very good and well-considered recommendations to the regional health authorities.

Mr. Speaker, with respect to the specific question regarding beds, the minister does not direct regional health authorities to add beds. I think the regional health authority is following up on the recommendations of that particular report, and as I have indicated

several times in this Assembly, a very significant amount of additional funding has been provided to the regional health authority both in the area of overall funding as well as in the area of provincewide services, which of course the Foothills hospital is very heavily involved in.

MR. DICKSON: Well, since the minister won't allow the election of members and citizens to regional health authority boards, who's going to accept responsibility when there's a shortfall in a hospital in this province if the minister won't stand to do it in this place?

MR. JONSON: Well, Mr. Speaker, the regional health authorities in this province do look at the needs of their particular system. They have been adding beds. Right here in the Capital region I believe I've outlined quite specifically the additions in beds being established here; for example, the reopening of ICU service at the Grey Nuns hospital, an additional 30 beds. So I think the action in this area is being taken.

MR. DICKSON: Well, unless Calgarians are being directed to the Grey Nuns hospital, not very helpful, Mr. Speaker.

My final question would be this to the same minister: since his committee reported that, and I quote, patients are being discharged sooner and perhaps less fully recovered than in the past, close quote, what steps has this minister taken to ensure that no one leaves the Foothills or any other Alberta hospital until they're fit and able to do so?

MR. JONSON: Mr. Speaker, this particular issue is one that is monitored by the regional health authority. In fact, yes, it's a very good point to make that no person should be leaving a hospital before they are in a condition to deal with either being sent home or going into a long-term care or transition type of situation, and that is something that the medical staff and the regional health authorities work hard to make sure is the case.

THE SPEAKER: Third Official Opposition main question. The hon. Member for Edmonton-Riverview.

### 1:50 Children's Mental Health Services

MRS. SLOAN: Thank you. If the waiting list for diabetic assessment, cardiac or orthopedic surgery for children aged five to 18 years was 331 kids waiting an average of five months, the public outrage would be fierce and immediate government action demanded. In contrast, in Edmonton today 331 children, 92 assessed at high risk of suicide or causing harm to themselves or others, wait for assessment. The most acute will wait five months; the less acute nine months. To the Minister of Health: what could possibly be the explanation for children at high risk of suicide or causing harm to themselves or others having to wait five months for assessment in this province?

MR. JONSON: Well, Mr. Speaker, I as minister have certainly indicated that we are as Alberta Health and in conjunction with other related departments putting an additional emphasis on community services vis-à-vis mental health. It is an area which I certainly think is often not given the priority it should have within our health care system. This goes back perhaps, I would say, as much as two or three decades if not more. So that is something we are putting a priority on. We have in our recently announced budget indicated that we're allocating additional funds in the area of overall community mental health care, which is

designed of course to address situations such as the member has referred to in general.

MRS. SLOAN: Thank you, Mr. Speaker. I'm wondering, then, if the minister could clarify. People on the front line are saying that they've had no new funding since '94, no additional dollars since 1991. Why are these vulnerable children not deserving the comparable types of cash allocations your government makes for computer upgrading and to address orthopedic and cardiac surgery waiting lists?

MR. JONSON: Well, Mr. Speaker, there has been additional money allocated in the area of mental health and particularly in the area of community mental health. I quite frankly hope that increase can continue and be larger in the future.

With respect to the reference, I assume, to the Y2K allocation of money, I think the hon. member and other members of the Assembly realize that this, too, is directed to and important for those individuals in the health care system who are dependent upon this equipment functioning well beyond the year 2000.

MRS. SLOAN: I have difficulty, Mr. Speaker, and I would again ask the minister to clarify how he proposes that 91 children at high risk of suicide has any relationship or comparable value to upgrading computer equipment in this province.

MR. JONSON: Mr. Speaker, I'm not making any comparison in terms of the needs of children within the system. I quite frankly call on all members of the Assembly to think about the whole area of mental health and give additional priority to it, particularly as it applies to children. The point I was making is that whether it is a child on a heart monitor or a child needing the assessment referred to, certainly that should be a priority.

#### **Private Health Services**

MS BARRETT: Mr. Speaker, the bill that was introduced by the Health minister a few weeks ago I think needs a different name. It should be called the HRG legalization act. The bill does exactly what I projected it would do this weekend in a news release. It expands the definition of nonhospital surgical facilities to include private treatment facilities providing inpatient services. That's a hospital by any other name. Will the minister answer to Albertans who want to preserve our public system how he can justify introducing this legislation, which just paves the way for HRG and its investors to become Canada's first for-profit hospital?

MR. JONSON: Mr. Speaker, could I ask for a point of clarification? I'm not aware of any such bill being introduced a few weeks ago.

MS BARRETT: Today.

MR. JONSON: Oh, that one.

Mr. Speaker, this bill of course will be before the Assembly through the usual processes of second and third readings and study in Committee of the Whole. The legislation is designed to deal very precisely with an issue that is relatively new in terms of the health care system, and that is the prospect of there needing to be a very thorough process in place with respect to the approval of hospital facilities that are out there. With respect to clinics and hospitals it outlines this very carefully, and of course, it is a bill

designed in great detail, in my view, to protect the public interest, to make sure that any kind of development that might be contemplated conforms to the principles of the Canada Health Act, to make sure that it is never contemplated for approval without having the necessary standards and quality controls. I could go on with respect to the bill, which I would intend to do of course in second reading and committee.

MS BARRETT: Well, Mr. Speaker, given that the College of Physicians and Surgeons stated in December that private hospitals pose a serious threat to public health care, how can the minister now propose changes without any public consultation and in direct contradiction to the College of Physicians and Surgeons?

MR. JONSON: Well, Mr. Speaker, I am appreciative of the fact that the college and, the last time I checked at least, the Alberta Medical Association are supportive of maintaining the Canada Health Act and a good public health care system in this province. As I indicated, the legislation is designed to put very extensive controls where previously there were none, and I acknowledge this somewhat legislative vacuum that we've had before in this province in this particular area. So I think the legislation is needed. I hope that there will be very thorough debate. Certainly any legislation can be improved, and we will have I think a very important debate on this particular bill.

MS BARRETT: Well, Mr. Speaker, considering that HRG and other private, for-profit hospitals cannot provide inpatient services involving overnight stays and that these legislative changes would set up an approval process for that very thing to happen, how can the minister state, as he did a few moments ago, that his plans do not undermine medicare?

MR. JONSON: Well, Mr. Speaker, in terms of the principles of the Canada Health Act, which are the underpinning of our current public health care system, we certainly contend that in the drafting of this particular legislation we have been very careful to make sure that those principles are not to be undermined. As I've said, this legislation is before the Assembly, and I look forward to the debate.

THE SPEAKER: The hon. Member for Edmonton-Beverly-Clareview, followed by the hon. Member for Edmonton-Mill Woods.

#### **Edmonton Teachers' Collective Bargaining**

MR. YANKOWSKY: Thank you, Mr. Speaker. I understand that teachers in the Edmonton public school system have indicated that they will begin work-to-rule job action on April 6. Now, this is going to mean that there will be no extracurricular activities for students, including graduations. It also means that teachers will arrive just one-half hour before school begins and leave one-half hour after it ends. Students that have to arrive early or stay late will of course not be supervised. My questions are all to the hon. Minister of Education. Could the hon. minister tell this Assembly if he will intervene to help resolve this situation?

MR. MAR: Mr. Speaker, as always, throughout the province of Alberta the responsibility for negotiating teacher contracts rests with the local school board and the local of the Alberta teachers' union. The Minister of Education does not have a role in that negotiation process, but I do urge the boards and the teachers in

this case to continue their talks, to work with their mediator, and to come to an agreement for the benefit of all Edmonton students.

**2:00**

MR. YANKOWSKY: Thank you, Mr. Speaker. Could the hon. minister tell this Assembly if Edmonton public school teachers have recovered the salary reduction they took back in 1994 and how their salaries now compare to other boards in the province?

MR. MAR: Mr. Speaker, in 1994 the Edmonton public board and the local of the Alberta teachers' union had negotiated a 5 percent rollback, and that was for the 1994 school year. By 1996-97 their contract had restored 2.9 percent of that 5 percent, and the deal that was proposed by the board and agreed to by the union negotiators on behalf of Edmonton teachers would have seen an additional 1.6 percent retroactive to September 1, 1997, and a further 1.43 percent increase starting April 1, 1998, a vision care package, and an early retirement incentive plan. Accordingly, if you add that all up, if they had accepted that deal, the teachers would have received their 5 percent back plus more. Upon review of Edmonton teachers' salaries with those in other major urban boards, they are very comparable in this regard.

MR. YANKOWSKY: Thank you, Mr. Speaker. To the same minister: will the Edmonton public school teachers' work-to-rule campaign compromise student safety in the schools?

MR. MAR: Well, Mr. Speaker, teacher job action should never compromise the safety of our students. Under the School Act teachers and principals do have an obligation to ensure that students are safe while they're at school. It is unfortunate that if there should be a strike, then schools would not be able to operate, as teachers and principals are part of the same bargaining unit. I know that the Edmonton public school board and its teachers take the obligation for the safety of students seriously, and if teachers do begin a work-to-rule program on April 6, I'm sure they will continue to make student safety a top priority. Again, that's an obligation on both parts.

THE SPEAKER: The hon. Member for Edmonton-Mill Woods, followed by the hon. Member for Drayton Valley-Calmar.

#### Private Schools

DR. MASSEY: Thank you, Mr. Speaker. In many private schools children with mild and moderate special needs or behaviour disorders simply are not welcome. Yet this September every private school will receive \$195 per pupil to cover the cost of these special-needs programs as part of their basic instructional grant. My questions are to the Minister of Education. How does the minister justify giving \$195 per pupil for special-needs programs to private schools that refuse to take children with special needs?

MR. MAR: Mr. Speaker, I think the hon. member knows that there are private schools in this province that deal with students that have particular special needs, whether they're mild, moderate, or sometimes severe. In going back to the recommendations made by the task force that canvassed the opinions of thousands of Albertans, a process was gone through, a process that was very fair, that yielded 26 recommendations. Those recommendations, again, while I might not have agreed with individual recommendations, taken as a whole represent a sensible compromise unani-

mously agreed to by members of that task force. In looking at the responses of both private school supporters and public school supporters, I think that is the reason why we can support the recommendations of that task force.

DR. MASSEY: Thank you, Mr. Speaker. A question to the same minister: given that public schools must report how they apply every dollar of special-needs funding, how will private schools be held accountable?

MR. MAR: Mr. Speaker, private schools are accountable for the moneys that we provide to them, and they report back to us by way of things like audited financial statements. For those people that suggest they'd like access to that information, any information that is reported back to us by private schools is subject to FOIP and will be released in accordance with the principles of FOIP.

DR. MASSEY: Thank you. To the same minister: will the minister deduct the nearly \$200 per pupil funding from private schools that refuse to educate children with moderate and mild special needs?

MR. MAR: Mr. Speaker, in response to the hon. member's question, at the outset I return to my first response. Again, there may be individual recommendations that I might not accept from the task force, but taken as a whole, it is a sound report, and that is the reason those recommendations were accepted by this government.

THE SPEAKER: The hon. Member for Drayton Valley-Calmar, followed by the hon. Member for Edmonton-Calder.

#### Rural Physicians

MR. THURBER: Thank you, Mr. Speaker. In my constituency of Drayton Valley-Calmar a situation is developing that is very important in reference to the health care of my constituents. This is coming about primarily because of the lack of rural physicians. In the past two to three years the number of physicians in the town of Drayton Valley has dropped from 14 to seven. The key to this unfortunate situation is that by May 1 there will not be an anesthesiologist in practice in Drayton Valley who wishes to participate with the hospital. To the Minister of Health: can you or your department do anything to avoid this situation becoming a very major pressure point after the 1st of May?

MR. JONSON: Well, Mr. Speaker, overall in the province through the rural physician action plan, which is supported of course by Alberta Health and involves working with the College of Physicians and Surgeons, we are involved in endeavouring to recruit both general practitioners and specialists to rural areas where needed. So I would indicate – and I expect this has happened already – that the regional health authority involved has already contacted the RPAP office.

I would just like to comment further, though, Mr. Speaker. Anesthetists are specialists who are very much in demand all across Canada and for that matter in North America. I had a meeting recently which involved the deans of the two faculties of medicine in Alberta, and we did discuss those types of physician shortages. So it is something we will have to work on cooperatively.

The other thing I would like to mention, Mr. Speaker, is that

there are programs available – I know a number of rural physicians in this province have availed themselves of them – which provide for a basic level of anesthetist training to rural physicians so they can practise in a rural hospital. I know there are a number of centres in the province where doctors provide this service on that basis.

MR. THURBER: Mr. Speaker, given that this scenario, as the minister has mentioned, is not unique to Drayton Valley and is provincewide as far as the lack of anesthetists is concerned, could you inform this House what specifically you intend to do to rectify this, not only on a short-term basis but in the long term as well? [interjections]

MR. JONSON: Well, Mr. Speaker, I am experiencing some interjections here. I guess there is some difficulty with an MLA questioning in the interests of his constituency.

As I indicated, we do have the rural physician action plan. There is an active recruitment effort going on right now. I'm informed that there has been actually quite a good response to this recruitment effort. Recently I was informed by the College of Physicians and Surgeons that they have had, I guess you would say, 20 or so very serious inquiries with respect to positions in rural Alberta. Interestingly enough, Mr. Speaker, of those 20 or 23 inquiries, 21 of them were from other parts of Canada, which I think indicates that it is not just a matter of endeavouring to recruit foreign physicians, but certainly it would seem that they are being successful in recruiting Canadian physicians to these spots.

MR. THURBER: Thank you. Mr. Speaker, given that there has been a rural doctor recruitment plan in place for a number of years, could you inform the rural residents of this province what incentives or changes to this plan are being proposed to maintain and preserve health care in rural Alberta?

**2:10**

MR. JONSON: Mr. Speaker, there are two specific things that I would like to mention. One is that over the last few years there has been an expansion of what is referred to as the locum program to help with weekend and holiday relief for rural physicians, particularly where there are only a very small number in a particular hospital area.

We have also provided some relief, Mr. Speaker, to certain physicians who are graduating and willing to practise in rural Alberta, relief in the form of help with student loans. As I think is generally known, although still a matter of discussions and negotiations with the AMA, the government is looking at least at a modest on-call program for rural physicians.

THE SPEAKER: The hon. Member for Edmonton-Calder, followed by the hon. Member for Wainwright.

### **Electric Utilities Deregulation**

MR. WHITE: Thank you, Mr. Speaker. On March 18 the Minister of Energy informed the Legislature that all benefits from existing generating plants would be returned to the customers under the government's electricity reregulation policy. But Mr. Ron Southern, the chairman of Alberta Power, has shown that there's as much as \$8.7 billion worth of benefits that should flow through the pockets of the utilities companies to the customers.

Even the government's technical reports have spelled out that there will be some anticipated residual benefits after the arbitrary deadline imposed on this policy by the minister. Will the minister now agree with Mr. Southern and establish a review process to assess how much residual value is left in the existing generating plants that should be returned to the customers?

DR. WEST: Mr. Speaker, we have been down this road over an arduous task of hiring consultants and working with the stakeholders over the last period of some four years, but on this issue here at least the last year we had the key players, including Mr. Southern's company, involved in this. The three major ones sat at the table a long time until they couldn't agree anymore. We had stakeholder meeting after stakeholder meeting with them until we got down to the nitty and gritty of having to put in assumptions that were prudent and fair to all players, including the consumers of Alberta. When we put those into the formula, we came up with a 20-year contract that would address the majority as far as fair and prudent definition went to the residual value owing to the people of Alberta.

Now, somebody can put any assumptions they want into the formula and come up with any figure. I just have to say that if you could wisely forecast that there was that type of dollars left in the contract after 20 years and take the contract out to 40 years, then you should be in a different business than producing electrical power.

MR. WHITE: Given that the consultation was complete and full with the three major power producers but not with the citizens of this province or the consumers of this province, will the minister now agree to table immediately the reports that he has in his possession to show that there is no residual value or at least the full exposure of those reports so that customers need not worry about the gouging of this policy change to their pockets?

DR. WEST: Mr. Speaker, during the process with many of the consumer-based groups and the independent power producers, the cities and municipalities, and the REAs, we made them aware of the assumptions that were made by the London Economics group that did the research for us. As I say, we'll continue to work with them to discuss those formulas that we have used in bringing forth our 20-year time frame.

MR. WHITE: If the minister will not table those reports, will the minister then at least allow the population of this province time to review the effect of these policies and set this bill over to another fall session?

DR. WEST: Mr. Speaker, there is no doubt that there has to come a time and place when decisions have to be made as we move forward into the future. We have worked on the Electric Utilities Act arduously since 1994, and discussions on EEMA have taken place over the last 14 years. We had a 10-year review that was hard enough in this province. To set this act over now and to delay it again would just allow those people to orchestrate their positions as they prepare themselves for a market-based electrical economy. It would allow them to orchestrate themselves more to, I think, the detriment of the province of Alberta and to the detriment of the consumers in this province.

THE SPEAKER: The hon. Member for Wainwright, followed by the hon. Member for Edmonton-Gold Bar.

### Grain Marketing

MR. FISCHER: Thank you, Mr. Speaker. My question is to the minister of agriculture. In the fall of 1995 the Alberta government conducted a plebiscite among Alberta farmers on marketing choice for their wheat and barley. It is now 1998, and Alberta farmers still are not allowed marketing choice. Could the minister of agriculture explain why it is that Ontario wheat producers, who will soon be voting on a proposal to allow for marketing choice, can effect change under their provincial jurisdiction but we in Alberta do not have the same rights as those in Ontario?

MR. STELMACH: Mr. Speaker, in 1995 we held a plebiscite in the province of Alberta to gauge the opinions of farmers as to choice in marketing their grain. Clearly farmers indicated they would like choice, not to eliminate the Canadian Wheat Board but to have the Canadian Wheat Board as one of the purchasers, allowing the farmers to decide where and when they'd sell their grain. The same strategy was implemented in the province of Ontario, and in Ontario in fact the producers are ready to go to a producer vote and once and for all decide the issue of marketing.

With respect to what's taking place in our province, unfortunately, recently through closure Bill C-4, an amendment to the Canadian Wheat Board Act, was passed. It was voted on by members, Ontario MPs and Maritime MPs, and has declaratory powers over not only the province of Alberta but Saskatchewan, Manitoba, and northern B.C., not allowing us any marketing choice. What we're attempting to do is again bring forth the issue to the Senate committee that will be meeting here on April 21.

MR. FISCHER: So will the minister, then, be making a presentation to the Senate committee hearings in either Edmonton or Calgary on Bill C-4 and demanding that the bill be amended so that we can reflect the results of our plebiscite?

MR. STELMACH: Mr. Speaker, about three weeks ago the hon. Member for Livingstone-Macleod and I traveled to Ottawa to meet with Minister Vanclief, intergovernmental minister Stéphane Dion, and members of the Official Opposition and the Senate. Part of the reason for our visit was to ask the parties there to delay passage. Before we got there, the bill was passed, so we asked them to delay proclamation of the bill until Justice Estey brings forth all his recommendations with respect to transportation of grain and grain handling. We feel that the two are interrelated. You can't split the two, and once and for all we have an opportunity to finally bring some efficiency and productivity into the transportation system.

I'm quite sure, Mr. Speaker, that when you were just tall enough to run under your father's kitchen table, transportation was an issue at that time. Farmers complained about the lack of efficiency, and we're hoping we're going to bring this to an end. So, again, on April 21 we're going to make a submission to the Senate asking them to delay proclamation until December 1998 so Justice Estey can bring the recommendations forward, and let's implement them and bring some efficiency back.

MR. FISCHER: Yes. Thank you. You're meeting with Justice Estey to explain why the farmers need changes in both transportation and grain marketing. Will you get that message across to them?

MR. STELMACH: Mr. Speaker, we're going to make every effort to bring the message to the Senate. One of the messages we want to bring to the Senate is to allow the Canadian Wheat

Board to purchase at port, whether it be Churchill or Vancouver, so that we can pull the grain to port rather than push it, the way it is. Today when the Canadian Wheat Board buys that grain at the elevator point, there is really no responsibility on behalf of the grain company or the railway company to move that grain to port. As a result, all of those inefficiencies are built into the system. All of the reports so far indicate that there is a \$16 to \$18 per tonne inefficiency in grain marketing. So it's a substantial amount of dollars that the farmer is not gaining today. They're letting it fall through their fingers: inefficiency. So we'll bring that message very clearly to the Senate here in Edmonton on April 21.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Wetaskiwin-Camrose.

2:20

### LPNs' Collective Bargaining

MR. MacDONALD: Thank you, Mr. Speaker. There are still more problems for the Department of Labour. Frustrated teachers in Grande Prairie, in Battle River, and here in Edmonton are threatening job action. Negotiations with 1,200 LPNs are stalled in the Capital health region. My first question today is to the Minister of Health. What financial support has the minister provided to the Capital health authority in order that they may offer the LPNs a settlement that is consistent with the pattern of settlement to hospital support staff last week and the LPNs at the Cross Cancer Institute?

MR. JONSON: Mr. Speaker, I think as almost all hon. members are aware, we do provide funding on an overall formula basis to regional health authorities for them to operate the programs needed by the health care region. Of course, an important part of that is to pay and provide benefits to their staff and, from time to time as agreements come up for renegotiation, to renegotiate those agreements. In terms of the additional funding that has been announced for the regional health authority here in the Capital region, that funding has been announced, and the regional health authority is working on these negotiations in that context.

MR. MacDONALD: Thank you, Mr. Speaker. My second question is also to the Minister of Health. What is the minister personally doing to help avert any possible LPN job action to ensure that Alberta's sick are not affected by this government's dismal labour relations?

MR. JONSON: Mr. Speaker, I've outlined the overall system of funding for regional health authorities for the hon. member. Also, it's my understanding that according to the labour legislation of this province there is a process of collective bargaining, of mediation, which as I understand it is currently taking place. We certainly hope at the level of mediation that an agreement can be reached, but if that does not occur, there is a process – I think ultimately a very fair process, as I understand it – of third-party arbitration. That is open to the parties involved in this labour negotiation, although I certainly hope of course that collective agreements can be reached at the bargaining table and, if not, preferably at mediation.

MR. MacDONALD: Thank you. Mr. Speaker, my third question this afternoon is to the Minister of Education. Why has there been no money in education to restore lost wages to the teachers, resulting in this possible job action in the city?

### Speaker's Ruling Unrelated Supplementary

THE SPEAKER: There is a consistent rule that there should be some flow with the questions and they should be in a similar type of subject. We've moved off there, hon. member.

We're moving on to the hon. Member for Wetaskiwin-Camrose, followed by the hon. Member for Spruce Grove-Sturgeon-St. Albert.

### Intermunicipal Planning

MR. JOHNSON: Thank you, Mr. Speaker. My questions are directed to the Minister of Municipal Affairs. Section 11 of the subdivision and development regulation under the Municipal Government Act sets out restrictions on country development within the vicinity of urban municipalities. While some municipalities have developed intermunicipal planning agreements, others are having difficulty. My first question: could the Minister of Municipal Affairs confirm that section 11 of the Municipal Government Act will not be extended beyond March 31 of this year?

MS EVANS: Yes, Mr. Speaker, I can confirm that section 11 of the MGA will conclude on March 31.

MR. JOHNSON: My second question to the same minister: what has Alberta Municipal Affairs done to help municipalities finalize their intermunicipal development plan?

MS EVANS: Mr. Speaker, historically rural and urban municipalities that had conflict appealed to the provincial government to resolve their conflict in a very costly process. Section 11 in the Municipal Government Act regulation defined that municipalities may address land issues in a partnership but they must address at least conflict management so that in fact they would be able to resolve their own problems at the local level. In February and March we have held five sessions with every municipality represented: over 374 delegates. For one of the first times in Alberta in municipal government sponsorship we have put both rural and urban municipalities together, hoping by the joint consultation and the process of working together that they will resolve some of the issues, address their fears, and be able to proceed in a co-operative framework with their intermunicipal planning.

MR. JOHNSON: My final question with respect to the municipalities still working on these agreements: does the minister expect that intermunicipal co-operation will deteriorate between rural and urban municipalities after section 11 lapses tomorrow?

MS EVANS: Mr. Speaker, on September 1, '98, all municipalities must have an intermunicipal plan in place with their neighbours. We expect an acceleration of the planning process. We know there are some hurdles to be achieved, but many municipalities have proceeded very well, with the help of facilitators when the going got rough in some cases. Overall, I'm very confident that they'll have achieved their objectives by September 1.

THE SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert, followed by the hon. Member for Calgary-Fort.

### Protection of Privacy

MRS. SOETAERT: Thank you, Mr. Speaker. Last week

government members voted to defeat Bill 210, Protection of Personal Information in the Private Sector. Their chief argument was that there is already a federal initiative under way to regulate privacy protection. My questions are to the minister responsible for freedom of information and protection of privacy. Why did the government not even make a submission to the federal government's consultation prior to the March 27 deadline?

MR. SMITH: Well, I think the topic of submissions is very timely, Mr. Speaker, and I would invite the hon. member to make her submission to the all-party committee on the review of freedom of information and protection of privacy legislation resident in the House. I look forward to that.

MRS. SOETAERT: Mr. Speaker, my second supplemental to the minister. If you won't support Bill 210 and you won't make a submission on behalf of Albertans to the federal process, just who represents Albertans when it comes to protecting their most . . . [interjection] Personal privacy. And I have a right to finish my question before you answer, Mr. Minister. [interjections]

THE SPEAKER: Hon. members. Sit down. In order for somebody to participate in here, you have to be recognized by the Speaker. The Speaker did not recognize the Minister of Labour. Now you're recognized. Do you want to respond?

MR. SMITH: Mr. Speaker, the answer of just who represents Albertans is very clear. Albertans through an all-party committee in 1993 and the legislation that came forward as Bill 1 in this House – it's very obvious that at one time some parts of Alberta were represented by 32 members of the opposition in the Legislature when we started. I think today that number is 63. So what we do know is representation has changed from the government side being 51 to now being 63.

MRS. SOETAERT: No point, Mr. Speaker.

THE SPEAKER: The hon. Member for Calgary-Fort, followed by the hon. Member for Edmonton-Mill Creek.

### Economic Growth Pressures

MR. CAO: Thank you, Mr. Speaker. Alberta and Calgary specifically have experienced tremendous growth both in economic activities and in population. Together with other Albertans Calgarians have made a very significant, if not the largest, contribution to our province in terms of paying taxes. My question is to our Provincial Treasurer. There has been a lot of talk that Calgarians don't get their fair share of our tax dollars. Can the Treasurer explain to me and my constituents if that is true?

2:30

MR. DAY: Mr. Speaker, tax dollars are collected and then distributed around the province in an equitable way to deal with all the essential services that Albertans need. When we talk to people in Calgary, we do often hear that they feel, for instance, that Edmonton receives more dollars than they do. Then we do from time to time hear reports from people in Edmonton who suggest in fact that Calgary gets an unfair share and a greater share than Edmonton does. It's tough to compare. It's built on need, and it's built on various situations.

Calgary, for instance, this year will be receiving something like



2.5 billion provincial dollars. That comes from all around the province. Edmonton will be receiving about \$2.7 billion. So sometimes someone in Calgary might then react and say: well, Edmonton gets more dollars than we do. When you look at certain factors, for instance in health, that's true because they serve a larger area in the northern part of the province. Social services: they have more demands than in Calgary because the economy at times is more buoyant in Calgary than it is in Edmonton. So there are a number of different factors at play, but I can assure you that it's an equitable distribution and a lot of money going to both cities. As I said, to Calgary about \$2.5 billion.

MR. CAO: Thank you, Mr. Speaker. My second question is also to the Treasurer. When you talk about infrastructure funding, considering the growth in the population of Calgary and the rest of the province, what specifically are you doing about infrastructure needs in Alberta?

MR. DAY: Mr. Speaker, the Premier has convened a committee of elected officials from around the province and technical people to look at this whole challenge. It is a challenge, but it's also an opportunity. As has already been said, we're going through tremendous growth in this province. The economy is growing at a very exciting rate. When that happens, it does put more pressure on infrastructure. With some of the developments in the Calgary area and Calgary expanding as it is, that creates a demand on your infrastructure, but it's no less a demand than Fort McMurray faces or Grande Prairie faces or Red Deer or Medicine Hat and out in the rural areas where there's resource development. There's significant demand that is going on.

I think we've got a group of people who are capable of coming up with some options in terms of funding these pressures. That's being worked on by officials right now. They'll be reporting back in six weeks or so, and we'll take those reports to our caucus colleagues and see what are the best ways to fund these pressures that are the result of the tremendous growth that we're going through right now.

MR. CAO: Thank you, Mr. Speaker. My last question is also to the Treasurer. Is there room for the province to help out those communities who are facing increased growth pressures?

MR. DAY: Well, I think there is room, Mr. Speaker. Already we've addressed the area of increased growth. You know, in the province for the upcoming year taxpayers will spend over a billion dollars just on infrastructure. That's related to roads and hospitals and schools: over a billion dollars.

I'm still interested to hear reports daily of people who travel here from other provinces, and they're literally amazed at even our present infrastructure. They talk about the fabulous road system. They talk about the incredible infrastructure on our campuses. This is known and talked about in other places, other provinces, and even by people from around the world. They marvel at the strength of the infrastructure we have. We do, however, have pressures that are brought on by growth. We are going to address those. We're going to maintain the world-class and first-class infrastructure system that we have.

### Recognitions

THE SPEAKER: Five members today have indicated their desire to participate in recognitions. We'll go in the following order: the

hon. Member for Calgary-Bow, followed by the hon. Member for Edmonton-Riverview, followed by the hon. Member for Calgary-Egmont, followed by the hon. Member for Edmonton-Ellerslie, and then the hon. Member for Calgary-Buffalo.

The hon. Member for Calgary-Bow.

### Leonard Blumenthal

MRS. LAING: Thank you. I would like to congratulate Leonard Blumenthal, CEO of AADAC, for his 32 years of service in the field of addiction. Leonard joined AADAC as a counselor in 1966 and, after serving in a variety of positions, was named CEO in 1988. Leonard has represented Canada on the United Nations Commission on Narcotic Drugs since 1993, as a member of expert committees of the World Health Organization and the inter-American commission on drug dependence of the Organization of American States and is a member of the International Council on Alcohol and Addictions board of directors since 1990. In 1993 Leonard received the medal of distinction from the Governor General and was awarded the white eagle feather by the Nechi Institute in recognition of his expertise and dedicated years of service. Leonard is well known for the work he has done for aboriginal people.

Congratulations, Leonard. You have served AADAC and indeed all Albertans with distinction provincially, nationally, and internationally. We wish you all the best on your upcoming retirement. You will be missed.

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

### World Cup Swimming Championship

MRS. SLOAN: Thank you, Mr. Speaker. It gives me great pleasure to rise and recognize today four outstanding Albertans and athletes. Members of the University of Calgary's swim club and National Sports Centre Tara Sloan, Curtis Myden, Andrea Schwartz, and Lauren VanOosten and their coaches, Mike Blondal and Jan Bidrman, return home today after winning 20 out of 48 medals at the World Cup swimming championship. Competing in Great Britain, Sweden, Germany, Italy, and France, these young Albertans have personified the strength and spirit of our great province for all the world to see.

Individually I would like to recognize Tara Sloan, my niece and a winner of nine medals – one gold, three silver, five bronze – Curtis Myden, winner of nine medals – two gold, six silver, and a bronze – Andrea Schwartz, winner of a bronze medal; and Lauren VanOosten, winner of one silver medal.

Tara, Curtis, Andrea, and Lauren, you have inspired us with your determination and accomplishments. Congratulations and welcome home.

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

### Adolescent Recovery Centre

MR. HERARD: Thank you, Mr. Speaker. I recently attended the 90th graduation from serious drug addiction at the Alberta Adolescent Recovery Centre in my constituency. ARC has a unique treatment program that heals the entire family. Adolescent addicts are supported seven days a week in the homes and by the families who have successfully graduated from this program.

The 90th graduate was a lovely 16-year-old girl who sadly began using drugs at the age of nine. She had been incarcerated as a young offender more times than the judge could remember.

She's now a great young lady who has taken ownership of her own life, and she did it against all odds. Terri-Lynn is the first ever to successfully complete this program without her parents completing the program with her. She has great inner strength and now has the tools and the will to succeed in life.

Congratulations, Terri-Lynn, and thanks to ARC staff and ARC families who took her in and made this wonderful new life blossom.

### Provincial Basketball Championship

MS CARLSON: Mr. Speaker, last week I congratulated the Sherwood Park Thunder midget boys team on winning the A division city championship in Edmonton. This week I congratulate them on winning gold at the provincials in basketball. Michael Zacour, Tony Rowe, Kevin MacAlpine, Devin Stacey, Keith Miller, Craig MacAlpine, Richard Vandergriend, Josh Valladares, Glen Handley, Tyler Hatch, Matt Mang, and Jordan Mador, coached by Gord MacAlpine and Mitch Oviatt, won the gold in a nail-biting game that went down to the final basket.

I would like to congratulate all the athletes and their coaches for their efforts this past weekend. The young people in every division worked hard and exhibited a high calibre of skill and sportsmanship. The Alberta community basketball association, their volunteers, and referees provide an invaluable service to the community at large in addition to the young people who participate on their teams. They deserve to be recognized and congratulated on the completion of another very successful year.

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

### Firefighters' Awards

MR. ZWOZDESKY: Thank you, Mr. Speaker. Earlier today I had the great pleasure of attending His Honour the Lieutenant Governor of Canada's reception in honour of many outstanding Albertans who serve our community daily in the cause of fire prevention, fire safety, and fire fighting. These individuals provide an invaluable service to our communities and provide us with the confidence and security of knowing that we are well protected against the tragedies that fires can cause.

Today's recipients received long-service medals and long-service bars ranging anywhere from 20 to 30 to 40 years for their outstanding contribution at the community level. As you know, Mr. Speaker, the vast majority of our firefighters across this province are volunteers. So to all the volunteers and to all the professionals I want to extend the sincere congratulations that were extended earlier on behalf of all members of this House. In particular, I'd like to salute one of my own constituents, Captain Investigator Gary Court of Edmonton, who received the 20-year medal bar, and say thank you to him and to his wife, Elaine, for their outstanding work in this endeavour.

Thank you very much.

THE SPEAKER: Before calling Orders of the Day, might we revert briefly to Introduction of Guests?

HON. MEMBERS: Agreed.

THE SPEAKER: The hon. Minister of Public Works, Supply and Services.

### head: Introduction of Guests 2:40 (reversion)

MR. WOLOSZYN: Thank you, Mr. Speaker. I'd like to introduce 10 young people from the Stony Plain Alliance Church, eight students and two group leaders. The group leaders are Mr. Jordie Maxwell, who's the youth pastor, and Juliana Lee, a youth staff with him. I'd ask you to give them the traditional warm welcome of the Assembly.

### head: Orders of the Day head: Government Bills and Orders head: Second Reading

### Bill 33 Environmental Protection and Enhancement Amendment Act, 1998

THE SPEAKER: The hon. Minister of Environmental Protection.

MR. LUND: Thank you, Mr. Speaker. I would like to move second reading of Bill 33, the Environmental Protection and Enhancement Amendment Act, 1998.

This bill really has four major purposes. The first is to enhance the ability of the government to recover its costs. An example of that is costs of environmental cleanups and unpaid administrative penalties and the limited powers now available, being that the government often can't recover those costs.

The second area is to streamline and clarify the regulatory process; for instance, clarifying that waste moved onto adjacent property by natural forces is still the responsibility of the owner of the property it came from.

The third is to provide for more regulation powers. An example we would use is provision for remediation certificates.

Fourthly, to make some minor miscellaneous administrative improvements, and these include items such as changing the name of the document used to initiate an appeal to the Environmental Appeal Board.

Mr. Speaker, I believe that the foregoing adequately summarizes the provisions and the principles of the bill, and I would encourage all members of the Assembly to pass this in a timely fashion.

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

MS CARLSON: Thank you, Mr. Speaker. I'm happy to rise and speak to Bill 33 in principle. We agree with the minister in terms of this bill updating the act in some sensible ways. We think that expanding definitions to include the mining for ammonite shell is positive. Enabling federal government officials to be members of ministerial advisory committees and enabling contaminated sites, environmental protection orders, and so on to be recorded at the land titles registry is a move forward. Transferring the regulation of water well drilling from this act to the Water Act also makes sense. The additional regulations regarding waste handling are an improvement over what we had before.

We spent an hour this morning with the minister going over the specifics of this bill, Mr. Speaker, and I'm happy to say that this side of the House is entirely in support of this bill in principle.

[Motion carried; Bill 33 read a second time]

**Bill 28**  
**Drainage Districts Act**

MR. HANCOCK: Mr. Speaker, on behalf of the hon. Member for Little Bow I'd like to move second reading of the Drainage Districts Act.

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

MS CARLSON: Thank you, Mr. Speaker. I'd be happy to review what this bill does to some extent so that we know what it is we'll be talking about today at second reading when we discuss this bill in principle. What it does is it completely revises and modernizes the former Drainage Districts Act, which has been repealed, and it restructures the drainage council so that its voting members are from the drainage district boards and not government employees. This is certainly a step in the right direction. It's something that the boards have been asking for and definitely addresses the needs of the community better than the previous situation, where we had government employees making the decisions. They aren't necessarily the people who are closest to the action, so to speak, in these areas and don't always have the best information and don't understand always the impact that what they're doing has on the community.

Then if you do that, I think you also need to give more powers to the drainage council. That's what's being done here, and that's a step in the right direction too. These powers were previously held by the minister. Once again, there's a lot of detail that goes on at this level. Certainly the minister isn't always hands on in this regard, so it's better held by the council itself than at the ministerial level.

You revised here the operations of the board of trustees that run each drainage district. Certainly, for the most part, we don't have too many problems with this. There are a few concerns I've got, which I'll list a little later on. It provides for appeals to the drainage council. Once again, Mr. Speaker, this is a step in the right direction. The appeals need to be heard at a level where they can have an impact on the decision-making and can take all of the consequences into account, and I think this will start to do this.

Before I get into some of the concerns we have, I would like the member who introduced this bill to take one area back to the department and answer some concerns for us so that when we get into committee, we can perhaps have the answers and won't have to get into a protracted debate on the issue. We need some clarification on section 30 here. This deals with work that's carried out in the drainage areas. We need to know how normal approvals like impact on neighbouring communities are going to be handled here. The Water Act, we think, should be what's imposed here in terms of the expectations and approval stage that we have to go to, but it isn't clearly defined in this section. So if the member could address that for us and give us some feedback on how problems in this area are going to be handled and how the approvals are going to be handled in that specific area, it would help us. It certainly isn't spelled out in this bill. We think it's a very important part, and certainly we'd be interested in looking at an amendment to strengthen that and would support one if it came forward from the government side. So if you could take a look at that before we get to committee, I would appreciate it.

I think that the object of this bill is excellent. It was to make the drainage council more representative of the people who are affected by it. Previously, the council consisted of three members

that were appointed by cabinet, actual government employees. In future we understand there will be three members selected by the minister "from a list of nominees submitted by the boards of trustees" of the drainage districts. We think that's excellent. That will give representatives, we expect, from a variety of areas in the province, who will be able to bring concerns to the table and discuss them in an informed manner. At the same time, there will be one person from the Department of Environmental Protection sitting on the committee. That's also good because then they can take those recommendations forward and the gist of the conversations back to the ministry, and that should help a flow-through of information both to the ministry and back down to the grass roots. So certainly I think that it was well done. They listened to what the people who were advising them on this said and acted on it.

Certainly what this does is update the legislation. It makes its structure more comparable with modern legislation and takes out some of the outdated details that were in there and certainly some information that now we currently see being dealt with through regulations, so I anticipate that we're going to be seeing some regulations coming up with regard to this, perhaps not this session but in the fall or next spring. I'll be looking forward to reviewing those when they come forward and reviewing the operations of this new council in terms of seeing how effectively it has been operating. We're told from some of the feedback we've had that some drainage districts are awaiting this change because they want to conduct new assessments under the new regulations. So by the fall or next spring they'll be able to give us some feedback in terms of how well it's working. They asked for it. They're getting almost, as I understand, exactly what they asked for, so definitely that's a step in the right direction.

**2:50**

These drainage districts are able to set up the regulation of drainage activities and co-ordinate them, and that's good. Their task is to improve the drainage of the land. We've seen several instances in the province over the last little while where there have been problems associated with the drainage of land. Peace River has had a number of problems with the flooding they've had the last two years. We see isolated pockets of concern throughout the province when one landowner wants to drain their land and it impacts on neighbouring lands, and sometimes we see that drainage works themselves don't operate efficiently. Often we've seen instances where neighbouring landowners have been impacted by the drainage works, and that can be problem. So to have a functioning council that's got some authority, that has some impact when there are problems so they can be addressed speedily, is important.

In some areas we have erosion problems. Not that long ago here in the Legislature I asked a question about the county of Stettler, which had some major problems with one of their county roads when a landowner drained sloughs off their land, dug large culverts which flooded the road and flooded the drainage system the county had in place, causing some substantial erosion and therefore causing substantial costs to the county, which have to be picked up by the local ratepayers. That's a problem, Mr. Speaker. We want to see that that's minimized whenever possible, and when we have landowners who don't comply or make a serious attempt to comply in a timely fashion, then we need to be able to move on those kinds of problems speedily.

In this case that I'm talking about now, it took 18 months for the departments to move forward. That's way too long. That's through two spring seasons, through unseasonable types of rains

that they had over those two seasons, and it caused a great deal of problems, not just for the county in terms of erosion of county roads but also in terms of the neighbouring farmer, who not only had some erosion on his land but was literally flooded out on 50 acres of his farmyard, causing some irreparable damage to equipment, travel trailers, and so on. The water was truly four feet deep.

It's interesting to note that water that's three feet deep in this province comes under federal jurisdiction in the Fisheries Act, so in fact had we not got some resolution from the province in this area, we would have been appealing to a higher ministry and asking them to step in, because it was a substantial problem.

We've had similar concerns in two other areas of the province to date. We're hoping that this council and the way it's set up will be able to find resolution to these kinds of problems in a much speedier fashion, where we don't need to get into a conflict between local landowners themselves, between them and the county, and between them and the province. Hopefully, this will address these concerns. It's nearly spring now. We'll see what happens throughout the province, and hopefully we'll be able to report back this fall in terms of how successful this has been.

There's a total of nine drainage districts in the whole province, with the first one being set up way back in 1918 and the most recent one in 1956. The legislation still stands that new ones could be put together if communities found it to be necessary. How they would do that is send the minister a petition containing the signatures of the registered owners of at least 75 percent of the proposed district. So it's good that that's left in there I think.

We have some concerns, Mr. Speaker, and they're all in terms of accountability. I'm hoping that if I address them at this stage and speak to them about the concerns we have in principle, the member will be able to get back to us before it gets to committee, and we should be able to simplify the process at that stage.

We're concerned that this bill doesn't require an automatic annual audit of the financial statements of a board of trustees. The board does have to appoint an auditor, but they are not required to have their financial statements audited unless requested by the drainage council. This seems unusual to me, Mr. Speaker. With other groups that we've looked at with similar kinds of rules and responsibilities, audited statements would be mandatory. I don't know why you wouldn't want to do it. Certainly it would seem that the board should be requesting something like this. It's something that streamlines processes and actually avoids any potential problems down the road. So in principle we would be opposed to their not having an annual audit included in this bill. If the sponsor of this bill could tell us the rationale behind not having included that, we would certainly appreciate it.

We also have a concern, Mr. Speaker, that although the meetings of the board are to be public, which is what has happened in the past, now there's a provision for all or part of a meeting to be held in camera at the discretion of the board. We were told that this may be necessary in case they have to deal with discussions around an employee. I respect that; I have no problem with that at all. But it seems to me that it would have been more appropriate in this instance to put in that specific provision rather than saying that there was no kind of a limitation at all on when a meeting could be held in camera. In the normal course of operations, if everything goes smoothly, this shouldn't be a problem, but we all know of instances in the past where boards have operated to a different tune than what the general public or the community at large may wish or want.

To avoid that kind of a potential problem down the road, it

seems to be very reasonable to have these meetings open and public. Certainly I think that's something that should be addressed here, and it isn't, so if you could explain whether this provision was just to deal with employees or if it really had more reasons for that. We think the public should at all times, unless there's some sort of specific notification about an issue that is really confidential in nature, be allowed to attend.

Following that, Mr. Speaker, there's another concern we have with accountability. The old act also required that all records and documents be open to the public during normal office hours, and now it seems that only the assessment roll has to be open for inspection by owners and occupiers during normal business hours. The books and records must only be available for inspection by the minister or a person they designate and the drainage council itself. So my question is: will the public have to request under the freedom of information this information that they could previously view just by stepping into the local office?

It's been suggested that ratepayers need to know only the affairs of the district which they can get at an annual general meeting. Mr. Speaker, I don't think that's substantive enough. I think the information that's shared at a general meeting is general in nature, and there may be many instances when ratepayers in the area may need or want more specific details. It seems to me that we're moving away from the openness and direct accountability in the past, and it seems to me that that would be definitely a step backwards in this regard. I'm wondering if that could be explained to us. I'm truly wondering why this would be, because it seems that while you're moving forward in terms of putting the right people at the table, you're moving backwards in terms of closing the doors on who can access that information and who can participate in those discussions. So if we could get some information on that, I would appreciate it.

One other concern. There doesn't appear to be any limit on remuneration paid to the board members. A board "may make by-laws governing . . . the payment of remuneration and expenses to trustees." That is, Mr. Speaker, they're going to decide their own pay in this particular instance. I'm wondering why the act doesn't require members to be remunerated in accordance with the committee remuneration order. In principle we would have a problem with people deciding their own rate of pay. It's the same principle that we use when the discussion of MLA pay comes up. We've always advocated that this decision be sent out to a third party so that it would be made in a fair and open kind of manner. We think similar kinds of rules apply in these kinds of circumstances and that people shouldn't be deciding their own remuneration.

### 3:00

Certainly if they went under the committee remuneration order, then the remuneration for a committee, board, or commission set up by an act of the Legislature and with the travel and subsistence allowance regulation – I think this regulation should apply to those board members. There are several schedules there with different levels of remuneration, so certainly an appropriate schedule could be selected for these people. I understand clearly that some people may be traveling a very far distance. I have no problems with them being remunerated for their travel and subsistence allowance, but once again, I just don't think they should be doing it themselves. We don't think that board members will award themselves excessive fees, because certainly they are subject to the scrutiny of the ratepayers at the annual meetings, but appearances mean a lot in this kind of an instance I believe, Mr. Speaker. When you tie that to no audited financial statements and

the ability to have closed meetings and not opening up the books and records to the ratepayers, then it starts to have an appearance that really doesn't look very open and accountable and is a concern for us.

So if the member could review these concerns that we have and answer them for us before we get to committee, then I'm sure that in general we'll be able to support this bill in principle. We haven't got all the feedback in yet, but it looks like overall it's not a bad bill.

Thank you, Mr. Speaker.

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

**DR. MASSEY:** Thank you, Mr. Speaker. I'd like to talk to Bill 28 and the principles underlying Bill 28 at second reading. Some of those principles are ones that I think most in this House will heartily endorse. In this particular case, the focus is the drainage problems that are found in land that lies south of Westlock and north of Red Deer. So it's a narrow band across the province, and it's to those people that the government has gone to seek advice, the principle being that those local communities that are most affected by a government decision and government legislation should have a strong voice in both the solutions that are going to be proposed for the problems and in crafting the legislation that will govern them in trying to come to terms with the difficulties they face. So I think that underlying principle, that you involve those people who are most affected, is a sound principle.

I think they've drawn upon a model of governance that is very familiar within the province: the notion of an overarching council that supervises and looks after all the operations, makes decisions, and is in contact with the minister; and then at the local level, the election of trustees in each of the drainage districts to deal with local issues, make local assessments, and organize things locally where there are concerns about the drainage of land. Again, that's a model that we've used extensively in the province in a number of areas.

The whole notion of trustees is an interesting one as it's used in this bill. It contrasts in some ways with the notion of trustees in our school districts. Where school trustees seem to have lost power, the trustees under this proposed bill, if these principles are followed through on, will actually gain the kind of control that school trustees would like in terms of having financial control, some financial resources, and the ability to spend those resources based on local needs and have this all done at a local level. So there is a bit of a contrast here and, I think, a good contrast. I like the model the government has chosen to proceed with in terms of structuring the governance of Bill 28 and the drainage distance.

The bill, too, is striking in how it differs from other bills in front of the Legislature right now, in particular Bill 27. We can see two rather strong approaches to crafting legislation and deriving the kinds of principles that are going to be followed in the drafting of legislation. With Bill 27 those most affected by the legislation, consumers, seem to have been largely ignored. One of the associations has had some input into Bill 27, but for the most part, everyday Albertans have been left out of the process of devising the shape and the kinds of underlying principles that will govern power generation and distribution in the province. Instead, there has been a drafting of the legislation that is to be imposed. This is quite different, with a number of meetings being held in the drainage districts and opinions sought, the gathering of those opinions and their being brought together in the crafting of the legislation.

A number of the problems have been outlined by my colleague

for Edmonton-Ellerslie, but I think that if you look at the bill, the kinds of safeguards that have been built into it are healthy. Local trustees will be in the position of maintaining, operating, or abandoning drainage works as they see necessary, and they'll have the same power as government engineers. They'll have the right to solve local programs by using adjoining land if it's needed for drainage works. They can build bridges and fences. They can do all the kinds of infrastructure things that are needed to improve drainage systems and to relieve any problems that landowners may be facing. They can also, if need be, carry drainage works outside the district. It's a kind of power that's needed if they are to deal with drainage problems effectively, because those problems have wider implications geographically and geologically.

The principle of the bill is that landowners have a right to appeal. The decisions can quite rightly be challenged by the landowners. That's something that I think is a mark of good legislation, that there is an appeal process or mechanism built into the legislation at the beginning, before those kinds of problems surface.

The way in which the trustees will acquire the resources, the kinds of funds they need to carry out the work they're mandated to take care of, is carefully detailed. I think the principles of fairness and openness are principles that pervade that kind of process as it's outlined in the bill. It shows how the assessment rolls will be prepared, and if there are errors, it lays out the procedures for correcting those errors. It lays out the notification of assessment, and it talks about the ways in which those assessments will be collected.

### **3:10**

The kinds of time lines involved in making appeals of the assessment and other actions of the trustees are laid out rather carefully, and the underlying principles of the bill related to reviews and appeals I think are well done. So in terms of the underlying principles, I think the bill has outlined a set of principles that are solid. I think those principles were adhered to in the drafting of the legislation, and we'll have an opportunity in Committee of the Whole to take a look at the details of the bill, relate them back to the underlying principles, and I think at that time may suggest some changes or some improvements. I think for the most part we all agree that the bill has done a very good job of laying out principles and then crafting legislation that takes and exemplifies or is true to those principles.

So with those comments about the principles, I'd conclude my remarks, Mr. Speaker.

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

**MRS. SOETAERT:** Thank you very much, Mr. Speaker. I'd like to speak just briefly to the Drainage Districts Act. At the close of this bill we may hear from the sponsor of it. To be quite honest, I've had to do a little homework on this. I guess that's the joy of being in politics and being in the Legislature: you learn something new every day.

These drainage districts were set up in 1918 to make sure that the use of the land and the drainage of the land were properly monitored. That's interesting for me because much of my area is rural. It would be interesting if there was a drainage district around the Big Lake area. There would be quite a hue and cry. Or is there one for that area? There certainly would be many people interested in it; put it that way. I was looking at this and thinking: now, is this farmers? Farmers are environmentalists,

but then there are other environmentalists who don't want anything drained. So this was kind of most interesting to me. Then I realized that one of the drainage districts is at Manawan, which is near Devil Lake, which of course is close to my riding. I've been by there often. From my understanding of this, the work they do is usually in the best interests of the area, and to make sure that people don't get flooded out, the water is managed properly.

Some of my questions might be to the sponsor of the bill. I realize there aren't drainage districts set up in the Peace River area. Now, would they fall under a different piece of legislation, or are they looking at setting up a drainage system? Certainly that's an area that's had very wet years, and I'm wondering if there's any way – I mean, you can't control the rain, but maybe you can control the route that the water drains off the land. Maybe that is something that is being looked at in the Peace country.

I realize that within this legislation there are ways that you can set up a drainage district. That is within the power of this legislation. I'm just wondering if the sponsor in his research on this – is this an issue that the people up in the Peace country and Athabasca are even looking at? Is it handled under something different? Certainly I know he's well aware – mind you, being from southern Alberta, I'm sure this isn't too much of an issue: the proper drainage of land. However, that doesn't mean we don't care about all parts of the province. Are they looking at, possibly, drainage districts to maybe help with some of the extremely wet years? That was just one of my questions as I was doing some homework on this act. I think it updates this piece of legislation; it's probably in need of that.

One of the questions that part of the bill has and that I'm sure will be answered, maybe not in second reading but maybe in Committee of the Whole, is about the annual audits of the financial statements. It isn't an automatic annual audit, so I'm wondering if that isn't an amendment that should be put in. Even though it's arm's length from the minister and appointed from different people that have been recommended, I am sure that in an accountable system certainly that would be expected as an annual audit.

I am wondering what remuneration will be paid to these board members. I know there are different charts, graphs, et cetera, expenses that are paid for different board members for different activities. So I'm wondering if that will be settled within the regulations or if it's a set formula that would be put into the legislation. That's just my question to the sponsor of the bill.

I'm actually looking forward to the comments of the sponsor of the bill just to see why this came about, why it's being changed now, what concerns have been brought forward, and any specific information on Manawan. That's always of interest to me because it's one that is near my riding that we are often at. So I look forward to committee. I'm interested to see if something's going to change on the annual audit process and if there are going to be some specifics on remuneration.

With those few comments, Mr. Speaker, I appreciate the opportunity to speak to Bill 28.

**THE SPEAKER:** The hon. Member for Edmonton-Glengarry.

**MR. BONNER:** Thank you, Mr. Speaker. It's a privilege to rise today to speak to Bill 28, the Drainage Districts Act. I am also looking forward to comments in Committee of the Whole by the Member for Little Bow, who will brief us on this particular bill.

In looking at the bill, at first glance it looks like a bill that is needed. It is a bill that has to be updated, and I'm also encouraged by many other things that I see in the bill. I do have a few questions and concerns on the bill.

In looking at this bill, I think it is good that it will revise the Drainage Districts Act. In doing this, perhaps one of the best issues I see here is that it is representative. The people who actually make up the new committees will be members selected by the minister from a list of nominees submitted by the board of trustees of the drainage districts.

Secondly, Mr. Speaker, I also like the makeup of this, that there is a representative from the Department of Environmental Protection. I do feel that particularly in Alberta, particularly with the changes we're experiencing with our weather, we could see situations arise somewhat as they have in recent months in California, where their weather pattern has changed drastically. I would think they would be considering a bill of this nature at this time as well or at least updating whatever they had.

Now, then, when we are talking about drainage as well, Mr. Speaker, presently on the prairies we have approximately one centimetre of erosion for, I believe, every 10 years. Another interesting fact on this is that with erosion, whenever we double the speed of moving water, we increase the amount of erosion to existing topsoil and whatever by four times the amount. It's increased fourfold. So running water does have a tremendous impact on our arable lands and is something that we do have to protect in the province. It was very good to see that there are stakeholders who will be representing all of these people involved with this bill.

**3:20**

The second thing I like about this bill is that it was requested by the drainage council to be revised and to be updated, and it represents the stakeholders. Certainly when we have the stakeholders involved in any piece of legislation, the ultimate outcome is going to be much better.

As I mentioned earlier, I do have some questions, and these are primarily on accountability. As some of the hon. members have mentioned earlier, the bill doesn't go far enough as far as requiring an annual audit of the financial statement by the board of trustees. We've seen concerns even today in question period how, particularly when we're using public funds for things like private education or in this particular case for a board of trustees, there should then be ongoing and specified periods of time when these audits should be completed.

As well along the lines of accountability, there is now a provision for all or part of the meetings of these particular people to be held in camera. It is at the discretion of the board, and again this flaunts the lack of openness. It tends to lead us to what is going on in there. I like the idea that it does protect whatever is being discussed about employees. It should be specified that when we have sensitive issues, then of course they can go in camera, and all others should be out in the open so we do have a greater amount of accountability.

The old act, when it came to accountability, Mr. Speaker, also required that all records and documents be open to the public during normal office hours. Now it seems that only the assessment roll has to be open for inspection by owners and occupiers during normal business hours. Again, if we have to go to something like the freedom of information act in order to get information, it leads to long time delays, and this is, again, one of my concerns, particularly when it comes to accountability.

Another concern when it comes to accountability with this

particular bill is that there does not appear to be a limit on the remuneration paid to the board members. A board "may make by-laws governing . . . the payment of remuneration and expenses to trustees"; that is, they decide their own rate of pay. I think one of my major concerns is particularly what we saw happen with the Workers' Compensation Board, where we had the CEO making an exorbitant amount of money and getting incredible increases, a situation where they seemed to be out of control. I would hope that on this particular board this would not happen.

In closing my comments on this particular bill, I do like the fact that this legislation is going to be updated and it will enable the drainage districts to operate certainly more efficiently and effectively. It reflects the wishes of those who are elected to operate the drainage districts and their members. I hope that particularly my concerns with accountability we can look at in Committee of the Whole and can ensure that these boards are open and accountable.

With those comments I would like to close my discussion on Bill 28. Thank you, Mr. Speaker.

**THE SPEAKER:** The hon. Member for Edmonton-Castle Downs.

**MS PAUL:** Thank you, Mr. Speaker. It's with pleasure that I stand and speak to Bill 28, the Drainage Districts Act. In reviewing the bill, I found that the revisions are to the liking, I suspect, of more of the public who are represented and need to have input. It makes representation to this bill by people who are actually affected.

Previously the council consisted of three members appointed by cabinet and who were in fact government employees. In the future there will be three members selected by the minister "from a list of nominees submitted by the board of trustees" of the drainage districts. I think, Mr. Speaker, that that speaks very well for this bill being more accountable and having input from people who are actually affected.

Also, the drainage districts were set up to enable the coordination and regulation of drainage activities. Mr. Speaker, their task was to improve the drainage of the land. We must ensure that drainage works operate effectively so that landowners are not adversely affected by drainage works and there is no erosion.

Mr. Speaker, there are nine drainage districts in total, and they are located in the area north of Red Deer and south of Westlock. The areas which this bill is addressing are Big Hills Lake, Big Hay Lake, Cameron, Hay Lakes, and a few others. There are about 600 people who directly benefit from the activities of the drainage districts. A drainage district can be set up by sending the minister a petition containing the signatures of the registered owners of at least 75 percent of the proposed district. The new legislation still provides for the establishment of new districts if required.

This bill is revised at the request of the drainage districts council and the boards of drainage districts. It reflects what they want for the efficient, effective operation of the drainage districts. Mr. Speaker, there was an opportunity for input at least at three public meetings, and unfortunately we do not know if any objections were raised at these public meetings. We do not know of any correspondence or complaints made at the public meetings.

There are a few concerns, and I think they've already been raised by a few of my colleagues. However, one point that needs to be addressed is that of accountability. There seems to be, Mr. Speaker, no limitation put on the in camera sessions that can be

held, even if discussions with regard to employees are taking place. That raises a concern because the meetings are actually held in public, as they have in the past. Now that there are in camera parts that are covered in the bill, that sort of leaves the question as to how much time that would actually entail.

The old act also required that all records and documents be open to the public during normal office hours. Now it seems that only the assessment roll has to be open for inspection by owners and occupiers during normal business hours. Mr. Speaker, the books and records must only be available for inspection by the minister and the drainage council. Where does that leave the public? Will the public have to request under freedom of information the information which they could previously view by stepping into the local office? That sort of raises another question of accountability, and I'm sure that would be addressed during Committee of the Whole.

**3:30**

There also seems to be some sense of concern – and I would express this concern as well – that there doesn't appear to be a limit on the remuneration paid to the board members. A board "may make by-laws governing . . . the payment of remuneration and expenses to trustees." That is, they decide their own pay.

[The Deputy Speaker in the chair]

So my question in that respect is: why does the act not require members to be remunerated in accordance with the committee remuneration order? This order just stipulates the remuneration for the committee, the board, and the commission which were set up by an act of legislation and with the travel and subsidies allowance regulation. Shouldn't this regulation apply to board members? There are several schedules with different levels of remuneration. So which schedule is going to apply for this group?

So with those few comments, Mr. Speaker, I'm pleased to see that there is an updating of this legislation, which will enable the drainage districts to operate more efficiently and effectively. I think there are a vast number of concerns in the northern regions of Alberta, and I'm pleased that this bill reflects the wishes of those who are elected to operate the drainage districts and their members. I would stress that we ensure that these boards are open and accountable.

Thank you, Mr. Speaker.

**THE DEPUTY SPEAKER:** The hon. Member for Little Bow to close debate.

**MR. McFARLAND:** Thank you, Mr. Speaker, and thank you to the members of the opposition who have asked some questions. I have taken note of the questions that you have raised. If I can't answer them right now, I will commit to giving you information before we get into Committee of the Whole.

I would like to reiterate some of the things you yourselves have mentioned. One is that this is an act that the drainage districts and the drainage council themselves have requested. You are quite right; there were three public meetings, and there was very strong support for the recommendations they've asked to be incorporated into the bill to bring it up.

I guess the first thing was lessening the role of the government in the routine activities of the districts. Placing a greater responsibility on the districts themselves, Mr. Speaker, was one of the paramount issues. Secondly, they wanted the act streamlined so

that they could provide more efficient use of their administration, and I think that's more than adequately reflected when you look at the change from three government members to three district members. We've had a number of comments about the impact on the neighbouring communities. Between now and when I get you the information, if you could refer specifically to section 33(3), I think that gives you the gist of what they're actually trying to do, and if there's any adverse impact outside the district, the powers they may have to go in and rectify it even quicker than the local municipality may have the desire or the priority to do. So they're wanting to make sure everything is done properly, that it's done in a very responsive way.

The other question that came up and I've heard quite a bit is on the remuneration. I will check it out for sure, but it's my understanding that even though they do get provincial funding for the drainage, that's for the engineering and the construction, and it wouldn't be anything that's allowed for in any of their per diems, if you want to call it that.

So in effect what they'd be doing through their own assessment that they charge themselves as members of the drainage district if they chose to pay an exorbitant fee to themselves for sitting on a board to administer themselves – they're answerable to themselves – it would basically be robbing Peter to pay Paul, because it's coming out of their own assessment fee off their land. But I will double-check that and get back to you.

Lastly, they also wanted to be able to respond, as I said before, quickly and efficiently to local drainage concerns. That's something the municipal governments aren't always able to respond to as quickly as this individual drainage district or all nine of them might be able to.

We've had a couple of comments as well on the public meetings. I believe it's the intention for the public meetings to go in camera, as you've indicated, only for personnel reasons. If I could use an example. In irrigation districts where water users pay the fee, they too are invited to come to any of the meetings. I am not aware myself of any time that an irrigation district has gone in camera in front of a group of ratepayers who were there to ask questions. I would hope that wouldn't be the case with the drainage districts.

I'll check out the accountability on the automatic audit and the rationale that you brought forward, how it could be incorporated or if, in our view, it's already being addressed in the act.

If I have missed any, I'll go over my notes again and I will check *Hansard* and try to get you some information before we go into Committee of the Whole.

With that, if it's appropriate, Mr. Speaker, I would like to move that we call the question on Bill 28 in second reading.

[Motion carried; Bill 28 read a second time]

### **Bill 36 Credit Union Amendment Act, 1998**

THE DEPUTY SPEAKER: The hon. Member for Medicine Hat.

MR. RENNERT: Thank you, Mr. Speaker. It's a pleasure for me to rise today to move second reading of Bill 36. I want to cover a few of the main points in the bill and discuss in broad terms the principles behind this bill, and I look forward to a much more in-depth discussion at the committee stage.

This bill really is designed to bring the rules under which the credit union operates in the province of Alberta in line and to create a more level playing field with other banking institutions in Alberta and nationally and internationally.

The credit union is somewhat unique in that it is incorporated under an act of the Alberta Legislature, but it operates in a competitive environment with chartered banks, trust companies and, here in Alberta, the Alberta Treasury Branches. So it is necessary that from time to time the legislation affecting the credit union be reviewed and updated to bring it in line with changes that have occurred in the marketplace or have occurred in other pieces of legislation that govern the competitors of the credit union.

There are a number of things that are covered in this bill, but one of the high points includes clarifying the credit unions with respect to FOIP legislation. As all members know, freedom of information and protection of privacy is something that we need to deal with as it affects government agencies, and the credit union, being a quasi-government agency, needs some clarification on how this legislation affects them. Members will find in reviewing this legislation that there is exception given to the credit union from the freedom of information legislation, and that puts them on the same basis as the Alberta Treasury Branches and the amendments that were made to that legislation last year. There also is a section in this bill that deals with the obligation of the credit union to protect the information they hold on behalf of their client. So while on one hand we exclude the credit union from the freedom of information and protection of privacy legislation, this bill also creates a comfort level for the members of a credit union that the private information the credit union holds is protected under the credit union legislation.

There's also a fair amount of space, for lack of a better term, in this bill that's allocated to dealing with removing the highly prescriptive requirements with respect to lending and investments that have been in place in the legislation regarding credit unions and replacing them with the much more current terminology of prudent lending or prudent investment standards. This is again an industry standard. There are in fact industry standards that deal with prudent investment and prudent lending. At the same time, it's also recognizing the maturity of the credit unions and the fact that they are getting much more sophisticated and do have the ability to make some decisions at the management level within the credit union rather than being so prescriptive under existing legislation.

#### **3:40**

So while the legislation allows credit unions to move towards prudent investment and prudent lending standards, it will also require them to develop internally a policy they would be required to follow. That policy would be approved by the regulatory authority, the Credit Union Deposit Guarantee Corporation. So while we're moving towards the reality that there is sophistication, there is the ability for credit unions to make many more of these decisions at the local level, we still recognize that the Alberta government does have a stake in credit unions and through CUDGC will continue to play a role in approving the policies that are adopted within the credit union.

In conjunction with the regulations that are being developed concurrently with this bill, this bill also will allow credit unions to expand their business opportunities. I'd like to make particular note, because I did receive some phone calls over the weekend on this issue, that one of the areas that credit unions will be allowed to offer services to their members and to the public in is the area of registries. There was some concern, particularly by registry agents but also by a number of other individuals who contacted me on the weekend, that the perception was raised in the media, in the newspaper, that all credit unions upon passage of this bill



would automatically be able to offer registry services. Well, that's not in fact the case, Mr. Speaker.

What credit unions will be able to do, like many other businesses, when a registries location becomes available, when Municipal Affairs puts out a request for proposals for registry agents, is that if they wish, they will be able to be one of the businesses that can put in a proposal. So there will not be registry agents automatically in every credit union. There may not be registry agents in any credit unions. But it will mean that like insurance companies, which house some of the registry agents – in fact, I understand there is even a registry agent located within a car dealership – the credit union will be on a level playing field with those businesses and will be able to put in a proposal when a registry agency opens up. Those agencies open up as a result of an expanding market and a proven need for additional capacity or if one of the existing licensees ceases to operate the business and it becomes necessary to put out a request for proposals to replace that agency. So that's the only time the credit union would be involved.

A credit union will also be able to work on real estate management, for example, if they so wish. There are a number of areas where there will be opportunities for credit unions, but again the intent is to create a level playing field and provide them with opportunities that exist in other financial institutions.

There's also a provision in this act that will further define the small credit union. Under existing legislation a small credit union is defined as a credit union with assets less than \$2 million. In essence, in many of the industrial sectors they will have an employees' credit union. You might have an employer that has 300 or 400 or 500 employees, and those employees oftentimes will get together and form a credit union that's separate and apart from other credit unions but is still part of the overall credit union movement. The way in which that small credit union is governed is different under the legislation. There are some differences, and one of the main ones is with respect to the requirement to have an external auditor.

Members I'm sure are aware that the costs involving an external auditor are fairly substantial. With a credit union with relatively small assets, the difference between being able to pay a dividend and not being able to pay a dividend to members could well be the costs involved in an external audit. So this bill will move the provision in the definition for a small credit union from \$2 million to \$5 million in assets, but at the same time that will be with respect to the provisions for an external auditor.

Some of the other areas that have to do with the governance of credit unions between \$2 million and \$5 million remain unchanged as a result of this legislation. There also will be a provision for the small credit unions that choose to use an internal auditor, and this will be on a motion that's passed by their members. That individual will have to be approved by the regulator. There also will be provision for that individual to produce a management letter so that any inconsistencies or any concerns that the individual has may be drawn to the attention of the board of directors of the credit union. This will be referred to as an internal operations report.

There also will be some minor changes as they affect, again, some of the prescriptive nature of existing legislation. For example, credit unions will be able to determine their own policy with respect to overdrafts. Again, that really is consequential to the whole concept of prudent lending standards. Currently credit unions are restricted, when borrowing is required on behalf of a credit union, to borrowing only from Credit Union Central. This

legislation will again level the playing field and will allow credit unions, when they have borrowing needs, to access the broader marketplace. I think this is healthy from the point of view of the individual credit unions, but I think it also will ensure that Credit Union Central is competitive and that the interest rates they charge are competitive rates.

The rest of the bill really deals with issues that are either redundancies, whereby the legislation includes dates and specific terms that were put in place years ago during the restructuring of credit unions, or else consequential amendments that are required to the legislation as a result of some of the other aspects that I've just been discussing.

So I really think that pretty much covers the principles of the bill, and I look forward to discussion on the bill. As I said earlier, I certainly would be prepared to deal with it in a little bit more detail when we get to this bill at committee stage.

With that, I encourage all members to participate in debate.

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

MR. ZWOZDESKY: Thank you, Mr. Speaker, and thank you to the hon. Member for Medicine Hat, who is sponsoring this series of amendments to the credit unions of the province under the title of Bill 36, Credit Union Amendment Act, 1998.

Mr. Speaker, I have several comments to make with respect to this bill. If you will allow, I would just like to go on record saying to the sponsor and to his capable assistants who participated in the drafting of this legislation how grateful I am and other members of our caucus are for the excellent briefing which we were able to participate in last week. It's been my experience over the last year, since these types of technical briefings really got started, that they provide tremendous insight into not only the bill itself but also into the rationale and reasons behind the changes that are being proposed in a bill such as this. I believe it goes a long way toward providing the type of co-operation that oftentimes goes unnoticed. Her Majesty's Loyal Opposition has the task, of course, of being the watchdog, but at the same time we also have the task, I think, of rising to the other challenge, and that is to be as co-operative as possible when we see something that advances and moves the cause of good government along the way. I believe this bill does in fact do that.

### 3:50

There is something to be said, Mr. Speaker, about the very positive business climate in which we are fortunate enough to live in this province, and that positive business climate is given rise to and contributed to when we have legislation that is fair, that is even, that is equal and results in similar opportunities to people in similar businesses. If we are vigilant to maintain that particular positioning, I think Alberta will always continue to be strong in the type of environment we're able to create. I would always say that in order to let free market forces prevail, we have to have the kinds of circumstances that provide for level playing fields, as we say, and that certainly is what I believe this bill is about.

In a nutshell, Mr. Speaker, this bill impacts about 180 or so different outlets across the province in almost 100 of our Alberta communities, and it's interesting to note that there are many communities in Alberta where only the credit union is available as a financial institution. I believe there are at least a couple of dozen like that, and I think we have a similar situation with respect to Alberta Treasury Branches.

Now, both of these made-in-Alberta institutions contribute an

immense amount of positive operations and positive services for the thousands of people who are now actively members of one or the other. In the case of the credit unions we know that there are at least half a million, if not more, individual members who have participated in these services, so the changes we're making through this bill affect a very large number of our brothers and sisters out there.

In fact, the credit unions are quite a success story. I was interested very much, as we were discussing this bill last week, to have attended their annual general meeting, which was held here in Edmonton, at which time some of the changes to the act were discussed and some of the specifics, as alluded to by the sponsor, were in fact addressed and presented to the larger membership, all in the hopes of course that the bill would succeed here in the Legislature and that the changes would be ushered in forthwith. So I'm happy to say, hon. Speaker and hon. member who is the sponsor, that the changes that we see forthcoming here I think for the most part are extremely good and likely are also in agreement by the people who are going to be affected, and that is the operators of the credit unions and certainly the members.

The other interesting thing about the credit unions that surprised me somewhat and is directly impacted by some of the changes in this bill is with respect to the rather large and ever increasing portfolio of agricultural loans to, obviously, the farming community, where we see loans increasing something in the order of about 16 to 20 percent during '96-97 and even into '98. I think that if you took a longer look at that increase, Mr. Speaker, you'd probably recognize that the total increase since 1992 to the agricultural sector loans portfolio by credit unions amounts to something in the order of over 50 percent. I think that's rather tremendous and rather phenomenal growth, and it shows that this particular financial institution has kept pace with the times not only in urban Alberta but also in rural Alberta, where, as I said earlier, financial services would otherwise be void.

In that respect, too, I know that we have a number of small towns and villages, hamlets as they were, that benefit from the proximity to a credit union. I just wanted to extend thanks and congratulations to the credit unions in general for the extremely good business that they do and in particular for the range of services they provide to our small business community. We all know that small business contributes extremely significantly to our well-being and to the economy of our province. In fact small business is the economic generator. So when we have a situation like we do today with Bill 36 to advance that need and that assistance to small business, certainly we should embrace it.

Now, the spirit of Bill 36, as has been noted, does create this more level playing field, as it's been described, and I like that, Mr. Speaker. I recall when we were in this House over the last year or two or three talking about the Alberta Treasury Branches and how important it was for them to become more competitive, how important it was for them to have a more level playing field with the chartered banks, and I think we accomplished that. I think we participated very positively in that particular turn of events, and I think we have the same ability to do so here with the credit unions. I don't think there have been that many significant changes, if at all, to credit unions in certain aspects for at least two years, but more importantly, not for about nine or 10 years have we actually addressed the situation of business powers, as they're called. So I want to address some of those now.

It's my belief that these business powers that we're talking about will increase the flexibility for our credit unions to provide more services, to provide better services, a wider range of

services, and in particular it will allow credit unions to offer the customers, who are also the shareholders and owners incidently, a wider range of services with respect to registry operations, mutual funds, and other financial vehicles. The changes in this proposed act would also allow credit unions to now insure or own a mutual fund distribution corporation or a real estate brokerage corporation or a portfolio management corporation, provided of course that there's approval from the CUDGC group, which of course stands for Credit Union Deposit Guarantee Corporation, and that is an extremely vital checkpoint to bear in mind.

Another interesting part of the legislation, Mr. Speaker, deals with the simplification and the reduction of regulatory burdens on our credit unions. We talked last week with the sponsor of the bill and his staff about more and simpler prudent investment standards, I believe was the term, and I'm happy to see that theme carried through and actually appearing in the bill. There needs to be greater flexibility for the credit unions to respond to what is becoming more and more a competitive environment in the financial banking institutions, especially when you see these powers being given to the Treasury Branches, which we're also in support of, and also where the chartered banks have had some of these powers for quite some time. Then we talk about and listen to the amalgamations that are now happening at the national level across Canada, and one wonders where, you know, our smaller financial institutions like the credit unions are going to earn their livelihood as some of these larger mergers take place. So maintaining that flexibility is extremely critical, because in this case it will permit our credit unions, for example, to borrow funds from more than the original source, which used to be Credit Union Central. Now they'll have the ability to actually get out there and borrow money from whatever competitive option supplier meets their needs. That's a good move.

Another important change in the bill is the removal of that mandatory disclosure provision of compensation levels for senior executives who work at credit unions that have assets of over \$500 million. Now, that's probably consistent with the provisions that other banking institutions have, and it's definitely an issue of competitiveness. You can appreciate that once the competition knows how much you're paying your top people, it doesn't take too much for them to offer a little bit more and perhaps borrow them or in fact steal them away, which we wouldn't want to see happening. So I support that need for confidentiality in that respect.

**4:00**

A third point here is with respect to the bestowing, if you will, of CUDGC power to permit credit unions the share redemption where the equity level is below 4 percent after 1999 as well as permitting credit unions to define their own loan policy that is consistent with the prudent investment rules and strategies referred to earlier. That can happen when we remove CUDGC's authority for credit union loan mix overviews. However, there's another issue here that allows for the removal of the CUDGC approval to open a branch at any level, and that's probably a very good move, because we can see more of these branches now opening up without having to go through the same hoops that they perhaps used to have to go through. So that should move greater access closer to the community where it's actually required.

In a general sense these business powers that we referred to are important to review on a very timely basis, and I'm not sure if there's anything in the act – at least I didn't see it – that requires these powers to be revisited every couple, three years or every five years. I don't remember if that was there, and I was actually

curious about that and whether or not we would be reviewing this again in two or three years' time with respect to those specific powers. The powers that I'm going to comment on here are with respect to where we now will allow credit unions to provide financial services in a subsidiary corporation. These would include a corporation that is an insurer, as I mentioned earlier, or a real estate brokerage corporation or a real property corporation, perhaps a factoring corporation. It could also be a mutual fund distribution corporation or an asset management corporation, an investment counseling corporation. There's such a variety there, Mr. Speaker, that as I reviewed this, I wasn't sure that some of this stuff couldn't and shouldn't have been included or referred to in forthcoming regulations. However, I will wait until the actual regulations do come through and see if we've touched on some of those points and how they are touched upon.

With respect to the extension here for credit unions to perform the registry services where licensed by Municipal Affairs, I think that constitutes a good step. I note also that the Municipal Affairs department does have under its authority the Government Organization Act and will actually be reviewing the impact of each application on things like competition and other issues prior to actually issuing the licence for these registry services. I would assume that I have the correct understanding of that, and I think the hon. sponsor can comment in more detail on it as we go.

One other interesting point about additional protection to depositors' funds is with respect to the requirement that credit unions incorporate some of these services that they offer in a new subsidiary such as I mentioned. That additional protection to depositors' funds would likely mean that they will not be exposed to some of the additional risks as related, for example, to the insurance area. There was considerable discussion amongst some people at the meeting last week that I referred to. Now, these were more or less private discussions, so I won't mention any names, but it was noted that credit unions will not be granted the power to own an insurance agency or to own a brokerage, let's say, as a subsidiary in that respect. For the time being, I understand that's an acceptable scenario because there are so many other things that were required and we're moving forward with those, so perhaps this issue will be revisited later. I know that the hon. Member for Calgary-Lougheed has mentioned this in the House on a few occasions, and I'm looking forward to reviewing those comments again and how they may or may not apply in this case.

Another interesting part of Bill 36 refers to the changes that are being introduced so that credit unions with an asset base of less than \$5 million in total assets can by their own resolution now elect to have an internal audit done by an independent auditor instead of the traditionally audited financial statements, and I think that's good. They can opt whichever way they wish, but in this case it would be much less expensive for them to have an internal audit done if they wish. The internal audit, Mr. Speaker, as we all know, is of more benefit to members of these smaller credit unions who have not joined the credit union so much from the standpoint of becoming a heavy investor but more so just as a member who requires some financial services. This would allow them to focus indeed on how to improve their own operations from an internal aspect and provide the kind of control and management that they need at the local level.

One other important aspect of greater flexibility, Mr. Speaker, is with respect to the investments. In this instance Bill 36 definitely provides some additional flexibility in that respect. However, there is a specification in the amendments to section

101 that would limit inter credit union investment, including loans and deposits, to about 2 percent of credit union assets. I want to review that more carefully when we get to the committee stage, because I may have some additional points to raise and some specific questions in that respect.

With respect to the statutory liquidity aspect of the bill, we know that Bill 36 will now require that credit unions and Credit Union Central hold a greater of the amount that is determined by Credit Union Central to be prudent, which would likely be in the range of anywhere from 6 to 10 percent, and that a minimum of 6 percent of the assets will have to be held in liquid form at Credit Union Central. That's likely something that will be welcomed from the standpoint of competitiveness, and it's quite consistent I believe with the percentages that are required to be held by ATB. So it's a comparable level of liquidity, and I think that's very good.

The issue of liquidity management on behalf of credit unions is something that I think everyone has a concern about. We wouldn't want to see a repeat of what happened back in the late '70s, early '80s, when we actually had the asset values of credit unions fall far below their cost.

DR. WEST: How much?

MR. ZWOZDESKY: Well, they fell substantially, hon. member, and it was at that point I think that the province actually came in and helped out, and those credit unions are forever grateful. That was mentioned at the meeting last week as well.

Mr. Speaker, I have many, many other points to raise. I hear the bell has gone, and my time is up for the time being, so I'll reserve those comments for committee stage at a later date.

Thank you.

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

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to have the opportunity to speak at second reading to Bill 36, the Credit Union Amendment Act, 1998. Many of us have some fairly fond associations and memories of the work of credit unions. For many families in this province credit unions were able to extend credit to them or make possible for them to obtain credit when other institutions weren't willing to do so. I remember in our household talk about credit unions and again the notion that the customers had some control over the financial institution because they were in fact part owners through the share program that credit unions made possible.

#### 4:10

The other thing that was always striking about credit unions was how customer friendly credit unions could be. Before the large financial institutions discovered catering to customer needs, credit unions had discovered that, and because of, I suspect, partly the nature of their ownership they went out of their way to make sure that the customers, the people doing business with those financial institutions, were for the most part kept happy and their needs were catered to. Again it goes back partly to the client control of the financial institution. So they have a long history and I think a favourable history in our province.

This bill, I suspect, could be called the credit union coming-of-age bill because, as the mover of the bill has indicated, it tries to move credit unions to a more level playing field with the other financial institutions that it has to compete a bit with, the other

institutions that are offering similar services. Yet in the past credit unions by regulation or by legislation have been constrained in how they could react in the marketplace.

It's a good bill. I think it's a proper bill to have come forward at this time, and it's also a bill that raises some questions. The principles underlying the bill I think are fairly clear. The notion that it should operate on a more level playing field – and there are examples in the bill that support that principle. In fact it's a bill where you can take the principles and then look through and find where they're supported by detail.

Being able to offer other financial services I think is a major move for the credit unions. Those of us who've dealt with banks for mutual funds and for insurance have seen the kinds of services that banks have expanded into and will recognize that if credit unions are to compete, they too must have the power to offer those services through their branches to Albertans.

Portfolio management again is part of that, and it's a huge service offered by other financial institutions. This bill will of course allow credit unions to do that, to offer financial services in subsidiary corporations. Again mutual funds, investment counseling, portfolio counseling; those kinds of services will be available with credit unions. So this notion of moving to a more level playing field I think is a good principle, and I'm glad it's one that undergirds the bill.

A second principle is that credit unions should have more control of their own affairs. I think that's again a good principle. If they are to be responsible financial institutions, then with that responsibility should come the right to have greater control over their own affairs, and that's exemplified in a number of the provisions of the legislation.

The amount of shares has already been mentioned. The requirement that credit union members must hold at least \$25 in common shares will be changed, and it will allow a credit union's general membership to determine the minimum common shareholdings to qualify as a member. So they'll have that control now over their own affairs, and that's right. The membership should determine the level of commitment they require or desire for a business to do business with a credit union and to vote on affairs and to make sure there is adequate capital in place for the conduct of the business.

Again it's been mentioned that disclosing the salaries of executives has placed credit unions at a disadvantage compared to other financial institutions who don't have to operate under the same requirements. Those with assets over \$500 million had to disclose the salaries. We may all think the disclosures of salaries is a good thing. We're all impressed or distressed, be what you believe, when the salaries of large banks are disclosed, but I think we have to remember that that's done at a national level. You don't find the bank manager's salary in a local community being made public. The requirement that credit unions do so can possibly put those credit unions at a disadvantage in a local community, where those salaries can be resented in parts of the community. Again, when their competitors' salaries aren't made public, it seems like an unfair business practice to require them to do so.

The requirements under the Freedom of Information and Protection of Privacy Act are ones that we may want to come back and revisit. I think the rationale for the change is clear, why the legislation is written as it is. The arm's-length transaction, the exchange of information between the credit union and their clients, is really very important. It would be exempted from application of FOIP, and this would then treat credit unions in the

same way that the Alberta Treasury Branch clients are treated and all other financial institutions. Again to allow for disclosure of who the clients are through the FOIP Act would put credit unions at a competitive disadvantage with other financial institutions as clients would not deal with them. So the essence of this is to treat everyone the same under the provisions of FOIP. As I said, we may come back to that with another perspective, but I think we can support the argument that whatever is done, they should all be treated the same way, that there shouldn't be exceptions.

One other comment I'd like to make and a principle that seems to undergird all of the legislation is that credit unions should operate as other financial institutions do in making their service decisions. Again, if you look at the legislation allowing them control over where branches are going to be opened in the province, control over where ATM sites will be located, it only puts them on a level playing field with other financial institutions. It gives them the flexibility, being in the kind of business they're in, they should have if they're going to serve their clients. So the notion that they should be able to operate as other financial institutions in making business decisions is an important one.

One of the balances in the bill is the whole notion of responsibility and fiscal responsibility. I think that as we watched with horror what happened south of the border to credit unions and some of the institutions there in the last decade, we were happy to know and to feel secure that there were adequate provisions in legislation that would protect clients from that kind of a thing happening here. I think the legislation has on the one hand tried to provide those institutions with greater flexibility, with being able to enter the marketplace on a more level playing field and has at the same time been able to balance that with the kind of responsibility that a government is expected to exercise in assuring clients that their financial interests are going to be protected. So it's a good balance.

#### 4:20

One of the things that I would ask – and I've never quite understood why it hasn't happened. As the regulations are developed, I've never quite understood why there was a reluctance to place the regulations before our – what's the committee that doesn't meet? – rules and regulations review committee. I would think that this might be a good bill to break that practice. The kinds of regulations that credit unions operate under are going to be important to a wide number of Albertans, and that committee I think could offer a useful service to the members of the Legislature. I think the review of regulations by that committee would offer all of us in the Legislature some comfort in knowing that the regulations that do follow from the bill are consistent with the legislation and that they're regulations that are acceptable to a large number of Albertans.

I would, I guess, suggest that this might be a good starting place for that committee to be reactivated. We indicate the members from each of our caucuses that will sit on that committee each year, and then it proceeds never to meet. It seems to me that this is a place where it could do us a good job and could help assure us that the regulations that are put in place for an area as important as financial services and the operations of credit unions are good regulations and do serve the legislation well.

So with those comments I look forward to committee stage of the bill, Mr. Speaker, and making some changes and remarks at that time. Thank you very much.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Calder.

MR. WHITE: Thank you, Mr. Speaker, for recognizing me and for being allowed to speak as a member of the Legislature on Bill 36, the Credit Union Amendment Act, 1998. This bill has been long in the gestation period, as it should be, because dealing with credit unions in the province of Alberta in the past, in history, has been periodically problematic in that credit unions were, in the crunch of the mid-'80s, virtually put out of business except for the saving hand of the province, that at the time decided they were worth keeping. They have shown now that in fact that was a good decision.

The history of credit unions throughout western Canada, of course, has been a mixed one. A lot of the need for credit unions was taken over by the Alberta Treasury Branches at the time. We all know what the need for those was. The branches were in every small town and enabled the rural and farming communities, particularly when transportation was difficult, to have their banking needs met with deposits and mailing off cheques and the like.

Now, that need has diminished somewhat over time. But the need to have another alternative to the big banks, something much closer to home, that an individual consumer feels much more comfortable with – and being an equity shareholder, as it were, in a credit union, however small that might be, allows those people to participate and to manage their own affairs in a manner that they see fit, within the rules of course.

This piece of legislation is by and large designed to display the coming-of-age, if you will, of the credit unions from the mid-'80s to now. They have been responsible in paying down their debt to the province and have kept very current and in fact in the last five years have been very, very progressive in looking for 'innovaitive' ways of dealing with their membership. [interjection] 'Innowaitive.' Yes, right. That's creative licence for a new word in the business.

I want to deal with one of the areas that I'll have some questions on a little later, but first I'd like to deal with the relationship of a member to their credit union and the products that they're allowed to market and sell. This bill opens up a new range of opportunities that I thought were already in existence in large measure. I have some relatives that deal with the Capital City – I think they call it that now – credit union. They tell me that they have been investing for some time in something called ethical funds. That would be a fund generally of the nature that we collectively refer to as buying shares in firms that do not deal in the sale of cigarettes perhaps or the manufacture of cigarettes and don't deal with manufacturers that have offshore labour that some people might consider slave labour. These people have been investing in these through these credit unions for some time. I didn't know it at the time, but I thought that just recently the chartered banks were allowed to do that, and these people got right into it. This bill, I understand, allows them to do those things, but I didn't know that they were not allowed to beforehand. So I'm a little taken aback that they were allowed to go into that area without the proper legislation in place. That may be one effect of this legislation.

Now, the area that somewhat concerns me is the registries. As you know, the history of the registries was – and rightly so; this side of the House agreed wholeheartedly – that the registries in fact could be privatized. Our objection then and still is now: what are the enduring rules of operation of a registry, and what were the rules at the time? This government rushed so headlong and went so fast into the privatization of registries that they forgot to do all those necessary things, like informing those that are

interested in providing the service what the deal was. To this day they don't know exactly what the deal is. For example, their current rule is that any one group of shareholders can only offer services at two locations throughout the entire province. I suspect that the regulation was set in place so as to keep some large monopoly from taking over these registries.

4:30

Well, this piece of legislation allows credit unions to move into the area and make application. Does that indicate now that there's some major policy change in the works? Where's the hard-and-fast rule? Why would this piece of legislation be so permissive in allowing businesses that are certainly many times over larger than the small registry offices – is this not akin to the alcohol distribution, that this government did too, where all of a sudden: where are the rules in that? The first thing we objected to on this side of the House was: what's the rationale here? Is it to maintain these liquor sales operations for small operators, and if so, then is it going to be a hard-and-fast rule that Safeway, Save-On-Foods, and the big box stores are never going to be allowed to be in the business? Well, if that be so, then write it down somewhere. That was the understanding that these people had that got into that business, and what is happening today?

[The Speaker in the chair]

I know the Minister of Municipal Affairs has taken some pains to talk to the owners of these registries and understand their difficulty and understand the thin margins that they're under. She in fact inherited this piece of legislation and regulations that relate to registries from a predecessor and had to do a lot of fixing with these people. I recognize that the margins are so very skinny that it cannot be an exclusive business. There's very few – I only know of two in the city – where in fact their entire business is registration and they just can't make it anything else. Some of them have used their staff to do other things, sell insurance and that sort of thing, and have to maintain the office. This margin is painfully thin, as it should be, and that's exactly the way it should be operated. It provides the most efficiency to the customer. The difficulty is every time you put up something else that could be larger than life in their competition. They know how to compete amongst themselves, but they certainly have a great deal of difficulty with a very large player knocking at the door, and that's what this piece of legislation does. It says that we're coming.

Yes, you'll tell me that there are two credit unions that today are operating as registries. Yes, in very small towns. In fact, they were in business and grandfathered into the registry business because in fact the department didn't have anybody close at hand to distribute licence plates and the like in a smaller town. It was a reasonable thing to do at the time, and it is a reasonable thing to do today. But putting this major cloud of uncertainty over the heads of all these small businesspeople – unless there's something in this bill or around this bill and the regulations that fall from it that says specifically what the desire of Bill 36 and the credit unions as it relates to registries is, then I have some difficulty with it.

As I heard the proponent of this bill put forward, it merely allows these people to make application. Well, if it allows them to make application, why? Why would they be allowed to make application if there wasn't some expectation that they would be allowed to get into the business? That comes down to somebody's judgment and certainly not in legislation. Somebody's judgment

somewhere down the road is going to say to a credit union of whatever magnitude, "You are allowed to have a registry," and the floodgate is now open. If you have one, then how can there not be more?

I'd say that if you're going to separate businesses and keep businesses operating efficiently in a deregulated market, then make sure that any of the regulations and the rules that are in place stick for a good length of time. This piece of legislation opens that crack that wide, enough to get one through. Those people that provide these services have made it known to me, three different people now – two that I know called me, and I called one to find out where they sat on this matter – that they're all a little apprehensive. I suspect that the association these people belong to provincially should probably, before we get out of committee, be in touch with the minister and then through the minister perhaps to the proponent of the bill to see if there's some reason for modification here.

There's another area in the same part of the bill that concerns me also, and that's as it relates to freedom of information and the disclosure of same. I'm not sure offhand which section it is; it's section 16(1) I guess. In that general area is discussion of the FOIPable applications and the exemptions from that, as there should be, between a member/client and the credit unions.

Now, one gets into a registry, and there are some rules as it relates to registries. The commissioner for freedom of information and privacy has clearly pointed out to the registries that they specifically are not allowed to disclose to financial institutions some information that is available to them through computer through their access to the government files. Well, here is a financial institution and here is a registry. Do they have two separate rules that they must follow depending on which keyboard they're at? It begs the question. I would like to have the answers to those questions prior to going into committee so as to know whether in fact some modifications are required to that section or to the deletion of those sections that relate to the credit unions and their applications, through the Minister of Municipal Affairs to her branch, that deal with the granting of registry licences.

I should like now to return more to the main bill, to some of the areas that I know could well be brought into question. Quite frankly, I don't know the answers. I just had those representations made to me. Now, the recognition that a much more level playing field – it can never be perfectly level of course. But these financial institutions offer a great deal of service to their customer base and in fact in most of the province are in a major expansion mode. Because they are not the big five banks and they do provide these services and can provide competitive loan rates and mortgage rates to their shareholders, from the customer point of view it provides them with the comfort that there is somebody at the other end of that loan that actually is from the community that is going to stay in the community and is not automatically transferred out. It does make a fair bit of difference.

If you can level that playing field much more than it is currently, it can be nothing but good for the financial institutions across this province and the service that they provide, and in large measure that's what this bill is intended to do. I would think it can be akin much more to a coming-of-age of these institutions, not completely yet because there's still some areas where the government is, rightly so, holding back and saying, "No, we'll just go a little further down this road of recovery and growth," to allow them to prove themselves a little more perhaps.

I point out the area that I particularly like, and it's not having the regulatory agency that currently regulates the opening of credit

union branches and ATBs, as we speak, give complete approval of an application for a branch or an ATB. Well, that's a business decision really, and it should be left to the business. Yes, under this bill it will require those decisions to be reported, I imagine under certain time constraints. But the business decision is, then, made by the institution as opposed to the regulator, and that cuts down of course on red tape. Any red tape that can be cut down on has to flow through as savings to the consumer.

4:40

The minimum share stipulations certainly were not all that onerous of course, but it's still a concern for many that want to carry a soccer team's or a hockey team's accounts in the credit union, and with the \$25 minimum share it does make it rather difficult to balance those.

The compensation disclosure is another area. I don't know the origin of that portion of the original bill, but it certainly is amended to the betterment of all under this act, and I would therefore support it.

The recognition of those fledgling credit unions or small credit unions that operate at the end of the road, if you will, where a small company town or a very, very small farming or logging community can actually have a mini banking institution, if you will, right close at hand and still operate with exchange and moving cheques back and forth and have a part-time person operate and do all those things, is of major import to the provision of these kinds of services. There is one section in the act that allows these small credit unions to not have to on a regular basis provide the full, complete, audited statements as the larger institutions should provide.

With the smaller institutions the rationale, I suspect, is that the smaller institutions are regulated by their members, duly elected from their membership, and they would have an audit committee that would be substantial, would have the wherewithal to understand what is transpiring and therefore have no need of an audit that would be provided by a certified accountant or a certified general accountant. Authorizing the investments, too, and maintaining the control and the size of those investments and the redemption of shares and the unclaimed balances and all of those provisions should and could be reviewed by the rules and regulations committee, if it were ever called, sir.

Thank you for your time.

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

MR. BONNER: Thank you, Mr. Speaker. I rise today to speak to Bill 36, the Credit Union Amendment Act, 1998. The hon. Member for Medicine Hat has certainly done a lot of work here in trying to bring credit unions up to speed with our other financial institutions. It seems that when we look at the development of credit unions in the province of Alberta, there were certainly some good reasons why in the past there were such stringent rules for credit unions. But as time has gone on, the credit unions have certainly changed and the competitive environment here in the province has also changed. So these particular changes in this bill will bring them up to speed with the others, and it will provide an environment where there is no one advantage for one institution over another. I think what this will also do is it will protect the consumer in all of these issues.

So I think there are some very positive gains in this particular bill. I would certainly, at first glance, think this is a bill that we could support, that I could support, and I would of course reserve that until we've had the opportunity to look at this particular bill

in Committee of the Whole and have the input of all members of the House, whether it be the Member for West Yellowhead or wherever. I'll certainly be interested in seeing what sorts of comments those people have when it comes to debating this bill as well.

If there ever was a time in Alberta when we do need a bill such as Bill 36, it is now. We had the news last fall that two of our major banks were considering amalgamation. I think there have to be some changes in order to protect our smaller financial institutions and allow them to do business on the same level as the larger institutions. We have certainly seen that the larger institutions are closing down branches across this province which are smaller, which are not as economically viable, and it opens up a niche in there where we can have credit unions and Alberta Treasury Branches filling a much-needed service to the people of Alberta. Mr. Speaker, this is particularly true in Small Town, Alberta. In discussions with the stakeholders last summer, they were quite concerned about some of the things that this bill does appear to be addressing. So I again must say that this is a step in the right direction, and it will allow our credit unions to be competitive.

Then in my discussions with some of the stakeholders, they came up with an interesting little statistic, that 80 percent of the moneys in financial institutions are put there by only 20 percent of the population and that the remaining 20 percent of the moneys in financial institutions is put there by 80 percent of the population. So when we think of the number of people that do use our credit unions, of course representing the smaller investors, then I do believe that this is a very, very good bill.

In looking at Bill 36, there are two mechanisms that meet the objectives, and these are the enhancement of business powers and the reduction of restrictive regulations. These are presently a burden to the credit unions, so this will remove some of those burdens and make it more equitable for those to compete with major competitors, our chartered banks and the Alberta Treasury Branches. Under the Credit Union Act credit unions are prohibited or restricted from providing a variety of financial services which are offered by competing financial institutions. The ability to act as a trustee, an investment portfolio manager, and real estate brokerage functions will be extended to the credit union system. They will then be able to keep pace with the ever changing financial environment in the marketplace.

#### 4:50

There are a number of specific major changes in Bill 36. Now, these business powers under current legislation restrict credit unions to offering the following services only. They can offer financial services wholly or primarily for their members. They can also act as a custodian of property. Under the current legislation they can also engage in tax preparation services, and they can also act in trust services for self-directed RRSPs, RRIFs, and RESPs. Another thing that current legislation allows credit unions to do is act as financial leasing corporations if the residual value exceeds 50 percent of the purchase price. An affiliate service corporation can provide services to credit unions that are stakeholders. Also, a subsidiary of a credit union may undertake the following activities: those businesses that a credit union can do, securities dealer, act as a service corporation, loan and trust corporation. Bill 36 will, again, expand the business power opportunities and will allow the credit union system to compete more effectively and efficiently with other deposit-taking institutions to increase their profitability, their customer and equity base.

Again, all of this is beneficial when we look at these expanded

services, and it also protects Albertans who invest in these. It gives them a wider range of services that they can have. Particularly an important part of these changes is that people in Small Town, Alberta, will have not only the services of banks that happen to remain there or any Alberta Treasury Branches but also of credit unions that wish to move into this market.

Now, another reason why we do require these changes for credit unions is that there were changes to the Bank Act in 1992 and also to the Alberta Treasury Branches Act in 1997. These changes to these two particular institutions left the credit unions behind. What this particular bill will do, then, is it will expand the principle of regulation 13 to allow a credit union to perform registry services where licensed by Municipal Affairs under the Government Organization Act. Municipal Affairs would review the impact of each application on competition and other issues prior to issuing a licence.

Bill 36, Mr. Speaker, will also allow credit union employees to sell mutual funds and other portfolio management services as set out under the terms and conditions of the Securities Act. Particularly with savings accounts, the way they now stand, the returns to people with moneys in savings accounts is exceptionally low compared to what we have experienced over the last two decades. So this will give consumers certainly another avenue to invest their moneys to get maximum return on their savings. Rather than putting them into the savings accounts, they can buy securities, mutual funds, whatever.

Bill 36 removes to an arm's-length measure the transactions, those involving credit unions and the government, and they would now be subject to FOIP. These arm's-length transactions, Mr. Speaker, would allow for an exchange of information between the credit union and their clients. They would be exempted from the application of FOIP. So this here is another advantage to Bill 36, that there will be the confidentiality of information.

Under this proposed report the bill will address the issue of the minimum member share. Currently credit union members must hold at least \$25 in common shares. Bill 36 will allow the credit union general membership to determine the minimum common shareholdings to qualify as a member, and membership should determine the level of commitment to do business with a credit union and vote on its own affairs. There is a need to ensure adequate capital is in place. As well, Mr. Speaker, Bill 36 would make credit unions with assets over \$500 million subject to the same resolution requirements as credit unions with under \$500 million in assets. Senior executives of Credit Union Central would continue to be disclosed.

Now, again, Mr. Speaker, in moving on to the issue of statutory liquidity, liquidity requirements are consistent with those of the Alberta Treasury Branch. So, again, the credit union system has been put on the same level playing field as the ATB, and it will certainly make it much fairer. Again, another good step, and this step will also allow Credit Union Central to manage liquidity on behalf of the credit unions and as part of a national liquidity pool for credit unions operating in Canada.

The redemption of common shares is another thing that is addressed in this bill, and it will also improve the credit unions' ability to raise capital as investors will not be scared off from investing in credit unions due to the lack of a liquid market.

Another issue that this bill will address is the unclaimed balances. Currently credit unions may take an unclaimed balance under \$100 into income after a period of two years where efforts to locate the account holder have been unsuccessful. Credit unions cannot impose any charge for maintaining these accounts,

and inactive accounts earn interest at 3 percent. Now, then, under Bill 36 credit unions will be allowed to charge inactive accounts the same charges as would be incurred if the accounts were active to allow credit unions to pay interest in an amount equal to that which would be paid if the account were active, or at an annual interest of prime less 3.75 percent, with a minimum of 1 percent. Again, the cost to maintain accounts is comparable, and the credit union is capable of making the same return on the amount deposited.

When we look at overdraft loans, under current legislation credit unions cannot grant an overdraft without a loan agreement where the amount borrowed would be in excess of a limit approved by CUDGC or where it would exceed \$10,000. Now, Bill 36 would delete this restriction in order to allow credit unions to be more competitive, as they'll be in a better position to accommodate preferred customer loan requirements prior to documentation.

Another point that Bill 36 will address is that currently when we are looking at loans and guarantees for individuals, a credit union cannot make a loan to an individual who is not a member, except where the individual represents a member, the loan is purchased, or where another credit union cannot provide that service to that member. Bill 36 will allow credit unions to use a loan program in addition to purchasing loans in an attempt to attract new members. Now, this is a very good change in that it will allow credit unions to expand their base, not only for members but as far as attracting new moneys.

When I look at this bill, Mr. Speaker, I believe that the changes outlined in Bill 36 will help achieve a more profitable credit union system by removing legislation and regulatory impediments to competitiveness and by removing these restrictions on business powers and inflexible regulatory requirements in the areas of investment, borrowing, and liquidity. Bill 36, Mr. Speaker, must be seen as part of a continuing process of consultation between the government and the credit union system. It will level the playing field within the financial services sector and reduce the regulatory burden, creating a climate for profitability, investment, capital accumulation, and competitiveness.

**5:00**

So with those comments, Mr. Speaker, I would at first glance certainly like to say that I would reserve my approval of the bill, but I certainly think I will. I do look forward to future comments by the members as they debate this bill and also to looking at it in Committee of the Whole.

With those comments, Mr. Speaker, I will close my comments on this bill.

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

**MR. SAPERS:** Thank you, Mr. Speaker. The credit unions of the province of Alberta should be congratulated for doing a pretty good job over the last number of years of lobbying government and as well lobbying opposition members as to their desires and their vision for credit unions for the future in this province. Their lobbying efforts have obviously paid off, because even though it took them some time, they have managed to convince the government that there were some necessary changes to be made to the legislation that governs their operations.

I have been critical, I should add, of some of the lobbying of Credit Union Central over the last little while. One of the things that they did that I thought was kind of curious was that in one of the last promotional pieces that they developed to ask for some

changes to their legislation, they had asked all the people that were interested to send back a self-addressed reply card that was part of the promotional piece to the Member for St. Albert, who was identified as the Edmonton caucus chair. I had to point out to Credit Union Central, whose offices I think are in Calgary, that the Member for St. Albert might be the Edmonton area caucus chair for the government and not for the Official Opposition. Of course, it's the Official Opposition that so effectively represents the majority of the people of the city of Edmonton, which also happens to be the home of the largest credit union that makes up part of that Credit Union Central family. Anyway, I was glad that they were interested in that criticism and ensured that they would be a little bit more sensitive next time around.

Now, Mr. Speaker, before I go any further in my comments, I have to declare for you and for all members of the Assembly and for anybody who may be reading *Hansard* that I'm treading upon a conflict of interest when I speak to this bill. My three children are depositors in Capital City Savings and they have – I think they call them Jurassic accounts, which are the kids' accounts. For each deposit that they make, they get a share in Capital City Savings. So my three children will be the direct recipients of any changes that come about as a result of this legislation that may enhance the business operations of Capital City Savings. While it's not a direct benefit to me, it may be to my children. So at this point I will stick to speaking to the principle of the bill, and I will be seeking permission from the Ethics Commissioner regarding whether or not I have to abstain from any further detailed debate of this legislation. [interjections]

I didn't hear what the Minister of Economic Development had to say. Perhaps she could say it louder or she could send me a note.

**MS CARLSON:** Or she could participate in debate.

**MR. SAPERS:** Yeah. She could wait her turn and participate in debate.

There are a couple of things about this bill in general. I think it's been pretty well established, Mr. Speaker, that the intent of this bill is to put credit unions on par in several aspects of their business with other deposit-receiving institutions and other financial institutions. The streamlining, the simplification, the modernization are all quite laudable, and of course we will support this initiative in the general sense. We do have some questions about any deregulation that comes from this government because of some of the rather serious problems that have been created by other deregulation activities of the government: CKUA and liquor retailing and some of the other things that have been very problematic and probably some others still to come maybe with electricity deregulation.

When I looked at this bill, there were a couple of things that caught my attention right off the bat. One of them is the continuing distinction between those credit unions that have assets under \$500 million and those that have assets over \$500 million. While I understand that there are substantial differences in the kind of regulatory regime one might want to have because of just the magnitude of the business, the exception that's being extended in this act is the one that talks about compensation levels. I'm just wondering about that, and I'm hoping that the sponsor of the bill or somebody else from government can tell us why it is that depositors in a credit union or supporters of a credit union where the assets are less than \$500 million would have a different expectation about knowing the compensation level of senior



executive versus those with assets of more than \$500 million?

The chartered banks, as you know, make it a habit these days to disclose compensation levels. So I'm just wondering why, you know, particularly because, Mr. Speaker, I hear so often from this government preambles to tablings saying things like: keeping with the spirit of being open, accountable, and transparent. So keeping in the spirit of the government wanting to be open, accountable, and transparent, perhaps they could explain why there'd be this one little bit of secrecy being maintained. If there's a good reason for it, I'd be happy to hear it. If there isn't a good reason for it, perhaps the act could be further amended to correct the deficiency in the drafting of the legislation.

The other issue that caught my attention immediately, Mr. Speaker, has to do with the charging of fees. You know, I note that the chartered banks have recently undertaken through their association a multimillion dollar advertising campaign letting the world know that chartered banks are really friendly places to do business and that people just misunderstand them and that their fees are all very reasonable. Even in the face of that commitment to advertising and public communication and telling the stories on behalf of the banks, most people that I talk to think that fees charged by financial institutions are too high, that there are too many of them, and that they're often too hidden. People always get their statements, and they're hit with a big surprise at the end of the month when they see all of these little charges, all these debits adding up. They have no idea really where they came from.

With that backdrop in mind, I see that this act allows for reasonable charges or fees to be levied on unclaimed balances and perhaps some increases in other fees as well. So I'd be very interested in hearing from the government what they heard from stakeholders in this regard, if anything, and what information Credit Union Central may have provided that they needed more flexibility in the introducing of fees. It could very well be again that there's a legitimate case to be made. On the other hand, Mr. Speaker, if the people of this province would expect anything from this Assembly, they would expect us to be vigilant that they were not being gouged as consumers. They would want to make sure that at the very least the questions were asked and an opportunity provided for the answer to be given in a way that the answer would be on the record and would be subject to review by anybody who had an interest in the subject. I would hope that that information will be forthcoming.

Likewise, I would hope that we will receive a little bit more information on the additional exposure of the Credit Union Deposit Guarantee Corporation, if any, that may come about as a result of this act and what the smaller players in Credit Union Central will have to say. It could very well be that the larger credit unions may feel one way and the smaller credit unions an entirely different way about this particular change. I didn't hear that when the hon. member who was sponsoring the bill rose to speak at second reading, and I haven't seen anything come out of the government's Public Affairs Bureau that would address that question either. So it would be of interest to me and I know to many, many other people to see some statement on the record addressing that issue.

#### 5:10

The credit unions currently under the Credit Union Act have faced these restriction or prohibitions in their areas of business for quite some time. I'm wondering about the plans in terms of implementing changes that may flow if Bill 36 becomes law in this province and whether or not things will be phased in and

whether or not any discussion or consideration has been given. I ask that question in particular reference to the issue to do with registries that has been raised by my colleagues. If the legislation will allow a credit union with multiple branches to designate two of those branches to house registry services or registry departments and those branches set up in a locale that may already be serviced by a number of small registries where their sole business is a registry service, I'm just wondering whether or not that is seen as fair.

Now, I guess you've got to walk a fine line here when you're talking about interference with business and what might be considered fair, but businesspeople in this province have been encouraged by government policy to take certain risks, whether it's setting up a corner liquor store or whether it's setting up a corner registry service. If they've been encouraged to take that risk given some understanding about what the environment for their business might be for some time to come and that environment changes not because of anything that was predictable but simply because of a government change in policy that wasn't well broadcast beforehand, then it seems to me that government has an obligation to minimize the impact of that policy change. Of course, one way that you can do that would be to phase in a change or phase out an operation, much as, just simply by way of example, Mr. Speaker, the Alberta Liberal policy on video lottery terminals, which would simply be to phase them out over three years following a provincewide plebiscite on the vote if that was in fact the direction that the people of Alberta decided to go.

So we would like to see the government make some comment, if not some commitment, on what the time line would be for operationalizing the changes that are contemplated by Bill 36. Would they be immediate, and how much of that would be left to regulation? If, of course, the real meat of this legislation, the phasing-in, is being left to regulation, then unfortunately the people of Alberta will be cheated out of any real involvement in that process, because as is always the case with this government, regulations are only talked about at cabinet meetings. They are discussed and promulgated and then passed behind closed doors.

You know, we're talking about credit unions, and we're talking about things that effect a tremendous number of small depositors, and you would think that the regulations are something that would be seen to be justified, to be heard in an open debate, in an open forum. In that regard, Mr. Speaker, we would of course encourage the government that if there are regulations to be passed in connection with Bill 36, they be referred to the Legislature's Standing Committee on Law and Regulations, which is a committee that has been struck. It has all-party representation, and it's really at the whim of government to call that committee to order. We would hope that they would do so in connection with Bill 36 when the time is appropriate.

Mr. Speaker, the success of any changes in the business environment will be judged by history. Certainly some of the changes contemplated by Bill 36 have been a long time coming. On balance, as I said at the beginning of my comments, this hon. member and in fact I believe my colleagues in the Official Opposition are generally in favour of the direction. It's getting more and more difficult, though, to give a blanket endorsement to a legislative initiative on the part of the government because of, particularly in this session, the number of bills that have come forward that have been unfortunately very flawed. We think that they may be flawed because of the political pressure being put on the hardworking men and women that actually draft the bills. Of course, their numbers have been thinned as well, and there just

simply aren't as many people to do that hard work as there used to be or as in fact there still should be. So the result is that the Legislature gets bills that aren't in the best form, and we end up seeing a number of amendments. When I look at Bill 36 and I see some good intent here, I am encouraged, but then I look at the detail and get discouraged because it seems that there again are some opportunities here for some rather significant deficiencies in the drafting. So I expect that Bill 36 will enjoy some rather robust debate at the committee stage.

Given that expectation, I won't dwell on any particular sections of the bill, because I know we'll have a chance to do that detail work when the bill does pass from second reading to committee. I know that the sponsor of the bill has been paying close attention to the comments entered into debate this afternoon, and I hope that when in fact we do proceed to committee, he will be encouraged to kick that section of the debate off by responding to some of the questions that have been posed already. That should shorten somewhat the committee process for this bill. Of course, in the interests of efficiency we are always interested in shortening the debate and getting on with the business that requires a more lengthy discussion.

Mr. Speaker, I appreciate the opportunity to speak to Bill 36 at this juncture, and I look forward to responses from the government on some of the matters raised.

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

MS CARLSON: Thank you, Mr. Speaker. I'm happy to rise and speak to Bill 36, the Credit Union Amendment Act. Certainly, there was an effective lobby by the credit unions over the past couple of years to bring this act forward and make the changes that we see highlighted throughout this bill. Certainly, it was important for those changes to happen, I believe, if credit unions were to succeed and retain their place in the province if not potentially expand. With the added services that have been allowed through the more traditional banks in the country, credit unions are being placed into a position where they were simply not competitive. They wouldn't be able to retain their market share. In fact, I'm sure they would be losing it because of alternate services offered by other banking institutions. So it was, in fact, critical that they get this kind of recognition and support from the government in this area.

So for the most part, to me it looks like in principle I don't have too many problems with what's going to be occurring in this bill. Certainly, there's been no doubt that over at least the past five years we've been calling on the government to examine legislative and regulatory regimes of financial institutions at all levels in this province, and that includes the Alberta Treasury Branches. We see the results of what's happened in the last couple of years with the massive write-downs and problems at the Treasury Branches because they didn't have a proper legislative structure in place and they didn't have an arm's-length requirement.

Credit unions have got, really, the opposite kind of problem. They needed more tools in order to be able to compete in the marketplace. They've effectively lobbied, they are getting some of them, and that's a step in the right direction, Mr. Speaker. I'm certainly happy to see some of those in this bill. Definitely, if they can't be competitive in a financial services kind of environment, they will not be able to sustain their viability over the long run. That would be too bad if that happened, because there are many, many Albertans who participate in the credit unions and

who really believe in the integrity of this system and want to participate in a share basis like that. It gives them some ownership in the kind of banking institute that they're dealing with, which is a far cry from the arm's-length, cold kind of reception that most of us get from traditional banks. In the credit unions you feel like you're sharing a part of the accumulated wealth that they acquire over the years. Certainly, you don't get that same feeling with traditional banks, who are raking in those incredible profits year after year. So at least with the credit union you certainly don't feel like you're being gouged in your banking arrangements. Many people support that kind of a move, and certainly we as a caucus support their role in the province in parts of the banking institutions.

Credit unions have seen some problems over the past few years. With the rapid expansion that happened here in the '80s, they also rapidly expanded and crashed in many instances in many areas in terms of real estate loans and other kinds of business loans, but to their credit they worked very hard on a recovery program and came back to really a very solid state, doing what many businesses would do in that kind of situation: stabilized themselves, resolved their liquidity crisis, re-established themselves in the marketplace, and started to regain market share. Now they're not only wanting to regain market share, they're wanting to move in and be a player with some of the major banking institutions, and for that I applaud them.

So I'll be supporting this at second reading, and I'll be looking forward to other comments in committee.

5:20

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

MRS. SOETAERT: Thank you, Mr. Speaker. I just wanted to make a few brief comments about the credit union because I appreciate the interest that people show in the credit unions, that it's very much, you might call it, a local endeavour across the communities. I know the big banks seem to make all the big decisions in the province, but there's no doubt that the credit unions have a very important role to play in our communities. At first glance at this bill, it looks like it will give them a more level playing field and an opportunity for them to do business much like the bigger banks but maybe, I would venture to say, on a more personal level.

I would venture to say that Bill 36 as it stands looks like it's one worth supporting, and it certainly gives the business powers under different sections, more opportunities for the credit union to be involved in financial services wholly or primarily for its members: acting as a custodian for property, engaging in tax preparation, trust services for self-directed RRSPs, RIFPs, RESPs, which of course are changing as soon as that federal legislation comes in, which I think will be quite an advantage for those of us with children looking at going to university or college – those will certainly be advantageous for us – acting as a leasing corporation and an affiliate to service corporation to other shareholders.

Generally, Mr. Speaker, from what I've gathered and what I continue to learn as we look at all these different changes in legislation and as we all take the opportunity to read and find out more about what these bills mean, as I'm sure every member in this Legislative Assembly has done, I will be looking forward to Committee of the Whole. Maybe the sponsor will be able to stand up and answer our questions, as I know he has done before, although in second reading if he does that, that would end second

reading. However, I will appreciate his input in Committee of the Whole.

With those few remarks, Mr. Speaker, I will move – do you want me to move to adjourn? They don't want me to move to adjourn. I am pleased to make those comments about the Credit Union Amendment Act.

THE SPEAKER: The hon. Member for Medicine Hat to close the debate.

MR. RENNER: Thank you, Mr. Speaker. I am pleased to bring the debate on this piece of legislation to a close. There were a number of comments made by members of the opposition. I've certainly taken note of the comments, and I look forward to addressing them at committee.

Mr. Speaker, I would just like to comment that I did take the time to sit down and go through this bill in great detail with the Member for Edmonton-Mill Woods, and frankly I find it disappointing that when we take the time to go through these bills in intimate detail, we get members of the opposition making cheap shots about us not taking the time to discuss it with them. Maybe if they'd listen to their own member from time to time, they would know.

With that I call the question.

[Motion carried; Bill 36 read a second time]

head: **Government Bills and Orders**  
head: **Third Reading**

**Bill 12**  
**Alcohol and Drug Abuse Amendment Act, 1998**

MRS. LAING: On behalf of my colleague from Calgary-Currie I would like to move third reading of Bill 12.

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

MR. SAPERS: Thanks, Mr. Speaker. The Member for Medicine Hat was just talking about consultation. Of course, this wasn't on the Order Paper or Projected Government Business, but we'll give the government the flexibility. If they want to discuss Bill 12 for another four minutes in third reading, we can do that today.

The Alberta Alcohol and Drug Abuse Commission is an organization that has been doing yeoman service these days in Alberta and of course has provided services in increasingly difficult times, what with funding cuts and increased demands, particularly flowing from things like increases in gaming addiction

and gambling addiction and the rate of alcohol addiction that has grown in this province.

Bill 12 would propose to do rather limited changes in the operations of AADAC, and it has to do with the disclosure of personal information. As this bill has made its way through the House at the various stages, there have been concerns raised that AADAC, while even with the best of intentions, may be somehow unable to continue to protect client confidentiality. Mr. Speaker, without in any way questioning the people that work in AADAC, their integrity or in fact the controls under which they operate, I would like to say that even though we're now at the point where this bill is as close as it can be to being passed, there are still those lingering questions about how confidence is going to be maintained.

In the report Towards an Addiction-free Alberta, which was a reconsideration of the role and mandate of the Alberta Alcohol and Drug Abuse Commission, there were several recommendations, and only some of the recommendations had to do with the need for AADAC, in order to protect personal safety, to disclose information. There were several other recommendations that would have expanded the mandate and the role of AADAC for the future. It's just curious that the government chose the one recommendation to bring forward in the way of an amendment but not the other recommendations. Of course, it's of interest to me and all members of the Assembly when we see some of those other recommendations come forward and whether they require legislation or not.

Also very interested just to hear of AADAC's plans for the development of regulations on the release of the information, and when those regulations are developed – because I know that she takes this seriously, and I commend her for that – I would encourage the sponsor to have those draft regulations perhaps circulated to stakeholders, because it is of interest. Certainly those in the counseling community are going to find that this is in some ways frightening new ground for them, that they're going to have to be dealing with the release of information that up until now they have held very, very close to their chest and have protected – and in some cases protected, they felt, against their own better judgment, but because of their professional sense they protected information. So I think it would be important to see regulations or guidelines circulated broadly for discussion.

The other thing that disappoints me that I think I should just mention . . .

THE SPEAKER: The Assembly stands adjourned until 8 p.m.

[The Assembly adjourned at 5:30 p.m.]

