

Legislative Assembly of Alberta

Title: **Monday, April 3, 2000**

1:30 p.m.

Date: 00/04/03

[The Speaker in the chair]

head: Prayers

THE SPEAKER: Good afternoon. Welcome back.

Please join me in the prayer. Father, on this day of a new beginning we ask for Your guidance in the responsibility we have undertaken and Your help in fulfilling our duties. As Members of this Legislative Assembly may we faithfully serve all Albertans and, in serving them, serve You. Amen.

Hon. members, would you please remain standing so that we might now participate in the singing of our national anthem, and we'll ask Mr. Paul Lorieau to lead us.

O Canada, our home and native land!
True patriot love in all thy sons command.
With glowing hearts we see thee rise,
The True North strong and free!
From far and wide, O Canada,
We stand on guard for thee.
God keep our land glorious and free!
O Canada, we stand on guard for thee.
O Canada, we stand on guard for thee.

Please be seated.

head: Presenting Petitions

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

MR. WICKMAN: Thank you, Mr. Speaker. I have a petition here signed by Edmontonians and surrounding area residents that is urging the government "to stop promoting private health care and undermining [the] public health care [system]."

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

MRS. SOETAERT: Thank you very much, Mr. Speaker. I have a petition signed by 281 people in the Glendon, Ashmont, Bonnyville, Mallaig area. They are petitioning "the government of Alberta to stop promoting private health care and undermining public health care."

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

MR. GIBBONS: Thank you, Mr. Speaker. I, too, have a petition supporting public health care in Alberta urging "the government of Alberta to stop promoting private health care and undermining public health care." This is on behalf of 221 Albertans from Edmonton, Sherwood Park, Gibbons, Bon Accord, Gunn, and St. Albert.

Thank you, Mr. Speaker.

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

MR. BONNER: Thank you very much, Mr. Speaker. I would like to present a petition signed by 327 Edmontonians, and this petition urges the Legislative Assembly and the government "to stop promoting private health care and undermining public health care."

Thank you.

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

MR. WHITE: Thank you, Mr. Speaker. I, too, have a petition signed by 244 residents of Edmonton and St. Albert, mostly from my constituency of Edmonton-Calder, and they "urge the government to stop promoting private health care and undermining public health care."

Thank you.

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

DR. NICOL: Thank you, Mr. Speaker. It's a real pleasure for me today to stand and present a petition to the Legislature. This is a petition organized by Debbie Dore on behalf of her daughter Tara McDonald, and this petition asks that the Legislative Assembly require "a minimum of two people" for nighttime shifts in businesses in Alberta.

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

DR. PANNU: Thank you very much, Mr. Speaker. I would like to present a petition signed by another 359 Albertans from Westlock, Leduc, Stony Plain, Edmonton, Lethbridge, Sherwood Park, and Fort Saskatchewan. This brings the total number of signatures on this petition to 8,409. The petition calls on

the Legislative Assembly of Alberta to pass a Bill banning private for-profit hospitals in Alberta so that the integrity of the public, universal health care system may be maintained.

Thank you, Mr. Speaker.

head: Tabling Returns and Reports

THE SPEAKER: The hon. Minister of Community Development.

MR. WOLOSHYN: Thank you, Mr. Speaker. I'm pleased to table today in the House five copies of an information bulletin regarding Information Rights Week, which runs April 3 through 10. This week is initiated by the Canadian Library Association to create awareness of any citizen's rights to information as well as protection of their privacy.

THE SPEAKER: The hon. Minister of Gaming.

MR. SMITH: Thank you, Mr. Speaker. I wish today to table appropriate copies of letters to Mr. Les Pearson, principal of the William Aberhart high school and also to Mr. David Oakleaf, the school council chair for William Aberhart high school. It's a letter expressing my personal condolences and sense of loss on the tragedy at William Aberhart high school and an offer of any assistance, should it be necessary.

Thank you.

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

DR. PANNU: Thank you, Mr. Speaker. I have two sets of tablings. The first one is an analysis of Shouldice Hospital Limited in Ontario. This is an analysis which points out that Shouldice is an anomaly, a throwback, grandparented before public medicare was brought in, and there are no private hospitals permitted in this province by the Private Hospitals Act. That's the first one.

The second is several letters, Mr. Speaker, all opposed to Bill 11, one of them coming from the Premier's own constituents.

Thank you, Mr. Speaker.

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

MR. WICKMAN: Thank you, Mr. Speaker. I have three sets of tablings today. The first one is a number of letters and e-mails from residents that are very, very unhappy with the government's direction in terms of health care, and I'll just read their names: Elizabeth Eddy, Mark Henderson, Wesley Eddy, Mike Hanna, Joan Leslie, Tanya Seh, Peter Stevenson, Fred Debre.

Secondly, I have sufficient copies of a letter from residents of Sherwood Park who would be very delighted to have a public debate on Bill 11.

Thirdly, I have a letter from Abe Fehr, who is part of a new organization to hold representatives accountable, including their voting pattern on Bill 11.

Thank you.

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

MS LEIBOVICI: Thank you, Mr. Speaker. I have one tabling this afternoon. It's a letter to Elinor Caplan, the minister of immigration in support of Leticia Cables, the Filipino nanny that was recently deported.

Thank you.

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

MS CARLSON: Thank you, Mr. Speaker. Today I have two sets of tablings. The first is from Frances Jablonca of Calgary, and the second is from July Lenek, also of Calgary. Both of them are opposed to the proposed development in Kananaskis Country and would like to bring this matter to the attention of the Premier.

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

MRS. SLOAN: Thank you, Mr. Speaker. I'm pleased today to rise and table five copies of the 1999-2000 annual report for Edmonton-Riverview. This report was mailed to all of the 20,000 constituents that reside in Edmonton-Riverview over the last week, and it provides an accounting of the services and expenditures incurred by the constituency in the last fiscal year.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar.

1:40

MR. MacDONALD: Thank you, Mr. Speaker. I have two tablings this afternoon. Both of them are from constituents of Edmonton-Gold Bar. The first one is from Mr. Ivan Whitson, and it is a letter addressed to the Premier. Bill 11 does not fool Mr. Whitson.

The second tabling is from Phyllis La Fleur on 52nd Street, and this is also a letter to the Premier. She is very disappointed in Bill 11.

Thank you.

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

MR. WHITE: Thank you, Mr. Speaker. I have two tablings today, sir. Both reflect the concerns of themselves over the developments in Spray Valley and Kananaskis Country. The one from Ms Louise Ewadinger is in fact opposed mainly because of the grizzly bear population in the transit zone there.

The second is also concerning that same development, the Spray Lakes development. It is a letter to Mr. Gobi Singh from two Calgary residents Kathryn Fisher and Gerry Stewart, both expressing the desire that the development be stopped.

Thank you, sir.

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

MS BLAKEMAN: Thank you, Mr. Speaker. I'd like to table five copies of a document prepared by the condominium advocate association. This is a very thorough collection of recommendations for amendments to Bill 16 around the Condominium Property Amendment Act.

Thank you.

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

MR. BONNER: Thank you very much, Mr. Speaker. With your permission I would like to table the appropriate number of copies of a legal package which examines the WCB act, the duties and responsibilities of the board of directors. As well, this legal package also offers a number of recommendations.

Thank you very much.

head: Introduction of Guests

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

MS GRAHAM: Thank you, Mr. Speaker. This afternoon I'm pleased to introduce a group of 43 from Calgary. They are parents and children from the CCHEA home school. One of the families is from my constituency of Calgary-Lougheed. This is in fact the first school group that I've had the privilege of introducing in the Legislature. The parents and children are seated in the members' gallery. I'd like to introduce them and would request that they stand after they've been introduced and that we provide them with the traditional warm welcome of this Assembly upon doing so. They are Mrs. Sharon Cassley and family, Mrs. Tracy Good and family, Mrs. Cheryl Eadon and family, Mrs. Sandy Widmer and family, Mrs. Patti Boser and family, Mr. and Mrs. Brad Osborne and family, Mrs. Harriet Paul and family, Mrs. Shirley Ann Wensley and family, Mrs. Dianne Conway and family, and finally Mrs. Carrol Zacher and family.

THE SPEAKER: The hon. Member for Medicine Hat.

MR. RENNER: Thank you, Mr. Speaker. It's a pleasure for me today to introduce to you and through you to all Members of the Legislative Assembly some guests who are with us today from the town of Foremost in southeastern Alberta. They're constituents of the Minister of Innovation and Science, so I'll be introducing them on his behalf. I'd like to introduce to you Kelly Calhoun, who is the mother of Donnie and JamieMay Calhoun. The Calhouns have been in Edmonton for the weekend and extended their stay so that they would have an opportunity to tour the Legislative Assembly. This morning I met briefly with them at lunch in the cafeteria, so they had the grand tour and even had a chance to sample our cuisine. They're seated in the members' gallery. I ask all members to give them a warm welcome.

THE SPEAKER: The hon. Minister of Infrastructure.

MR. STELMACH: Thank you, Mr. Speaker. I am very pleased to introduce to you and through you to all Members of the Legislative Assembly 51 very special guests from Tofield high school accompanied by very dedicated teachers, Ms Trish Loner and of course Mr. Fred Yachimec, who has visited the Assembly before. They're seated in both galleries. I would ask all of them to rise now and receive the traditional warm welcome of this Assembly.

THE SPEAKER: The hon. leader of the third party.

DR. PANNU: Thank you, Mr. Speaker. Two introductions today. The first one: 28 grade 10 high school students from Concordia high school located in Edmonton-Highlands, and they're accompanied by two adults, Mr. Lloyd Grosfield and Mrs. Barb Patricio. I think they are sitting on both sides of the House. I'll ask them to please rise and receive the warm welcome of the Assembly.

The second set of introductions, Mr. Speaker, are two young Albertans, Melissa Johnson and Kevin Flesher. Both of them are my constituents. During the noon hour today Melissa MC'd the citizens vigil rally on the steps of the Legislature, and Kevin Flesher composed a song and sang it to the same rally. I would ask both of them to rise and receive the warm welcome of the Assembly.

head: Oral Question Period

THE SPEAKER: The hon. Leader of the Official Opposition.

Private Health Services

MRS. MacBETH: Well, thank you, Mr. Speaker. The evidence is clear. Petitions, town hall meetings, and poll after poll: Albertans do not want Bill 11 by odds of 3 to 1. The Angus Reid poll just released over the weekend indicates that the more people know about Bill 11, the more they oppose it. My questions today are to the minister of health. Can the minister tell us whether he and the Premier are withholding any government-funded reports or studies that would strengthen public opposition to Bill 11?

MR. JONSON: Mr. Speaker, first of all, I think the preamble should not go uncommented upon. There are other polls and other reports; for instance, "Exclusive poll indicates opposition to Klein plan eroding." So there are different perspectives in terms of the polling.

Mr. Speaker, with respect to the overall budgetary commitment to publicizing the bill and providing supporting material, there has been an overall commitment to report on the costs of our overall communication program, and that has been stated previously in this Assembly.

MRS. MacBETH: Mr. Speaker, the minister didn't answer the question, which was whether there were any government-funded reports or studies, one of which I'm pleased to table today. The study was, in fact, sponsored by the government and obviously suppressed for reasons which will become apparent, because the March 2000 study says, "There is no published study of the efficiency (i.e. cost and quality) of the purchase of surgical services from private facilities by public funders." Have the minister and the Premier suppressed this report to Albertans because it leads to further opposition to Bill 11?

MR. JONSON: Mr. Speaker, we've had questions in the Assembly previously with respect to what has happened in the province with respect to contracting out. The examples we have right now are the surgical eye clinics in Calgary. We have indicated that the Calgary regional health authority reports that they are having more procedures done under the current contract arrangement for the same financial commitment from their budget as was previously the case.

MRS. MacBETH: Mr. Speaker, is this minister saying that he is unaware of a government-funded study by Dr. Cam Donaldson and Gillian Currie commissioned by his department to look into the issue of private surgical facilities?

1:50

MR. JONSON: Mr. Speaker, the overall information that we have is that it's very hard to quote any particular cases and evidence here in Alberta because at this point in time we do not, except for the exceptional case of the cataract clinics in Calgary, have these clinics that she's referring to.

MRS. MacBETH: Mr. Speaker, the report says that the work presented in this report was funded by the Institute of Health Economics through a grant by Alberta Health and Wellness. Is the minister aware or is he not aware of a report commissioned by his department?

MR. JONSON: Well, Mr. Speaker, the Institute of Health Economics is a section of the University of Alberta. With respect to studies that are done in this particular area, I have portrayed the situation correctly, and that is that in terms of examples here in this province, we do not have private surgical clinics under contract except for the exceptions that I've mentioned.

MRS. MacBETH: Well, Mr. Speaker, the Premier of this province told this Legislature on March 8, "If we had something to hide, if we had something to be afraid of, we would have kept this from the public." Was he referring to the government's suppression of this report paid for by their own department?

MR. JONSON: Well, Mr. Speaker, as the member across the way indicated in her preamble, she is saying that this is a government report. It's done through the office of health economics over at the University of Alberta, as I recall. That is part of the research that they do. Yes, we do provide funding to the University of Alberta. I think everybody is well aware of that.

MRS. MacBETH: So, Mr. Speaker, with 72 percent of Albertans saying that health is their top concern in Alberta and with the Bill 11 initiative under way, how could this minister not know about the report commissioned with taxpayers' money? Who is running the show?

MR. JONSON: Well, Mr. Speaker, I do have to admit that I agree with the hon. leader, and health care is a top concern of Albertans at 72 percent. That seems to be a commonly quoted statistic. I would also like to indicate to the hon. member in the Assembly that in polling responses as reported in our Alberta Health and Wellness documents, 80 percent feel that they're getting a very good health care system provided to them in this province.

MRS. MacBETH: Well, Mr. Speaker, this is quite an incredible revelation that the minister doesn't know about his own report. But let's go into the report, the one that was funded by his department. Given that the Premier told Albertans in his November 1999 TV address that there would not be two-tiered, American style health care in our province, why does his own government-funded research paper say that "forms of two-tierism" are likely to arise?

MR. JONSON: Mr. Speaker, as I heard the hon. member's statement, she is admitting that the report has not found any particular examples of two-tier services to Albertans and is making a statement, an opinion, which is not usually considered part of research; that is that in the opinion, I guess, of the author, it could arise, is likely to arise, if that's a correct quote. But I think the actual implication of her having to go to that question is that the report does not indicate there is two-tiered service here.

MRS. MacBETH: Mr. Speaker, how can Albertans believe a minister of health or a Premier that claims that Bill 11 isn't about padding profit margins when his own paper funded by his department says that sources of revenue other than from RHAs may be needed for private hospitals to survive financially? What is the minister's response to those kinds of issues in his own funded report?

MR. JONSON: Mr. Speaker, I would like to point out to the hon. member that in her own reading of the report, she has indicated that the author chooses to speculate and to say: may this, may that. Bill 11 has a very specific clause saying that there shall be no private hospitals in Alberta, and I think that is quite significant. Of course, that does not fit in with the tactics or the approach of the opposition, but the bill that we are going to be debating shortly in this Legislature is a very protective piece of legislation. No private hospitals, a whole set of other provisions in the bill designed, for instance, to deal with any possibility of excess charges and improper procedures for enhanced services and supplies: that is very much the theme of that legislation.

MRS. MacBETH: Mr. Speaker, Albertans know what this government is saying. What they don't trust is what this government is doing in Bill 11.

Mr. Speaker, I quote again from this government-funded review: our review has shown that "private facilities, generally, provide faster access to those who can pay and . . . do offer enhanced services." How can this minister stand here and tell Albertans that his bill isn't going to do enhanced services, two-tiered health care, and on and on?

MR. HAVELOCK: Point of order.

MR. JONSON: Because Bill 11 has specific provisions in it to deal with the whole matter of preventing queue-jumping, preventing being able to get faster service by virtue of any ability to pay. That is a very important part of this legislation.

As I've said before, it bans full-service private hospitals, Mr. Speaker. It has a number of other controls and recording procedures designed to provide for more openness with respect to any contracts that might be arrived at. It has a set of criteria designed to protect the public interest with respect to what factors a regional health authority must consider in terms of approving any contract. It is, as it's aptly named, the health protection act.

THE SPEAKER: The hon. leader of the third party, followed by the hon. Member for Edmonton-Castle Downs.

DR. PANNU: Thank you, Mr. Speaker. Despite asking a leading question that didn't even mention overnight patient stays, a solid majority of Albertans are found by a recent *Calgary Herald* Angus Reid poll to oppose Bill 11. The poll also shows that what little support the government has is soft while the opposition to Bill 11 is rock solid. My questions are to the Minister of Health and Wellness. Why hasn't the minister sent an angry letter criticizing the *Calgary Herald* like he did last week with A-Channel when the spin-doctored question asked by the *Herald* was clearly designed to underestimate public opposition to Bill 11?

MR. JONSON: Mr. Speaker, in terms of responding to surveys, I reserve the opportunity to comment on polls and their methodology if it is felt they are not appropriate, not accurate, not sound. If the *Calgary Herald* were to do a poll or use methodology which we questioned, I would certainly communicate with them.

DR. PANNU: Thank you, Mr. Speaker. Let me ask the minister another question. Why won't the minister admit that the more Albertans find out about Bill 11, the less they like it, as evidenced by this weekend's poll which shows that Albertans who have read Bill 11 strongly oppose it by a margin of 3 to 1?

MR. JONSON: Mr. Speaker, we could certainly at some other time have a debate about the interpretation of various polls that are taken. My interpretation of recent polls over the weekend is something that, of course, is very good and in keeping with our intent as far as government is concerned, and that is that more people are indicating they feel fully informed with respect to the legislation. In terms of debating what the different trends may mean, that is illustrated by the article that I quoted from previously. There are different interpretations of the data that's coming in, but certainly one that I don't think is being argued with is that more Albertans are availing themselves of the information that's available, and that is what the government's intention is.

2:00

DR. PANNU: Thank you, Mr. Speaker. Why is the government refusing to listen to the overwhelming majority of Albertans, including the president of the Capital Region Medical Staff Association, who last week described the government's proposal to contract out overnight surgeries as dumb, disastrous, and a threat to patient safety?

MR. JONSON: Mr. Speaker, I'm not aware of that particular comment by — was it the chair of the Edmonton medical staff association? But I am aware — and it has been recorded in this House — that there are a number of prominent physicians who feel that the legislation is appropriate and will be of advantage to the overall health care system in this province.

THE SPEAKER: The hon. Member for Edmonton-Castle Downs, followed by the hon. Member for Calgary-West.

Violent Crime

MS PAUL: Thank you, Mr. Speaker. My constituents in Edmonton-Castle Downs are bolting down the hatches and ducking for cover. It seems like the only thing to do as a result of the recent rash of shootings. This is not the only area in the city of Edmonton to have seen the escalation of violent acts either by gang-related or nongang-related individuals. People are afraid to move freely about the streets of our city as they don't want to be an innocent bystander involved in one of these random drive-by shootings. Newspapers are filling pages detailing shootings, stabbings, robberies, and gang activities that are occurring in our city and across the province. My questions are to the hon. Minister of Justice and Attorney General. Are you working to find solutions to resolve the gang or nongang violence that is occurring almost daily? If you are, Albertans want to know what steps you have taken. When are we going to see an end to this violence?

MR. HANCOCK: Thank you, Mr. Speaker. That may be all three questions in one; I don't know. Let me, first of all, deal with the preamble to the question, because I wouldn't want the public of Alberta or the citizens of Edmonton to believe what I believe to be a gross overexaggeration of the situation that has just been put forward. The streets in Edmonton are safe. Our communities are safe. There have been a few violent incidents. That happens in larger municipal centres, but let's not overexaggerate it. The citizens of Edmonton are not bolting for cover, are not batten-

down the hatches, and are not hiding from people in this city. This is a safe city. We have had a few incidents.

Now, to get to the details of the question. In November of 1998 an organized crime strategy was announced, and the provincial government put, I believe, \$8 million into that strategy. That strategy is working, Mr. Speaker. For example, there's a trial to begin this fall in September with respect to one of the major actions that has been taken against gangs in this province. The city of Edmonton police are working closely with the RCMP and other police jurisdictions around the province to deal with incidences of organized crime and gangs. There's good co-operation happening, good information-sharing happening, but I want to end where I started by saying: let's not exaggerate the situation and scare the citizens of Alberta. There are a few incidents that are happening, but our streets are still safe.

MS PAUL: Thank you, Mr. Minister, but in fact I've had more calls on this incident than on health care.

My first supplementary to the same minister: have you been communicating with the federal Justice minister to stop the availability of illegal firearms coming into the hands of our criminal element?

MR. HANCOCK: No, Mr. Speaker, I haven't spoken directly with the federal Minister of Justice on that issue. I know that our departments talk all the time on issues, but with respect to the question of importation of firearms, that's clearly a federal jurisdiction.

MS PAUL: My second supplementary to the same minister. The Premier offered financial assistance to the former Edmonton chief of police in dealing with gang-related incidents, which you know was refused. Is this offer still on the table?

MR. HANCOCK: Mr. Speaker, I think the hon. member is speculating from a news story that was printed early in January. I'm not sure that there was an incident of a specific offer of cash made. I think it was probably a response to questions relating to: if more resources were needed to combat organized crime in this province, would more resources be available? Of course, this government is very committed to combating organized crime. It's one of my department's clear objectives. It's a high priority area, and we will put forward the resources necessary to appropriately combat organized crime in this province.

THE SPEAKER: The hon. Member for Calgary-West, followed by the hon. Member for Lethbridge-East.

Seniors' Benefit Program

MS KRYCZKA: Thank you, Mr. Speaker. Alberta is most definitely benefiting from a very strong economy under the leadership of this government, I might note, and the majority of our seniors lead active, independent lives. However, there are low-income seniors who are receiving help from our income support program who are having a difficult time covering rising costs, especially with rent, gas, and other services basic to shelter costs. My question is to the Minister of Community Development. What are you planning to do about this concern?

MR. WOLOSHYN: Thank you, Mr. Speaker. I think it's worthy to note that Alberta has the highest threshold of qualification dollarwise of any jurisdiction in Canada, meaning that we bring in and start to assist seniors at the highest income level anywhere in Canada.

That's within the context of the advantages that you have in Alberta. In addition, this year we will have a minimum increase of 10 percent to every individual who is receiving Alberta seniors' benefit payments at this point in time. That will be coming forward with the approvals very, very shortly.

The other aspect, Mr. Speaker, that I think it's worthy to note is that Alberta is the only province with a special-needs program that addresses the very issues that have been brought forward by the hon. member. I would like to point out that we have increased the staff there, increased the budget to this program with the intention of having a much shorter wait time to have approvals for the program. I'd like to also note that the program this year has served some 6,000 people with an average payout of about \$2,700, which is considerably less than the \$5,000 maximum that would be available if they can show need.

MS KRYCZKA: Mr. Speaker, my first supplemental is to the same minister. Given that it is generally agreed that shelter costs are higher in some areas of the province than others – for example, in Calgary and Fort McMurray – are you considering a review of the Alberta seniors' benefit program to accommodate higher shelter costs in some areas of the province?

Thank you.

MR. WOLOSHYN: Mr. Speaker, we are certainly aware that in places like Canmore, Fort McMurray, Grande Prairie, and to some degree Calgary – anywhere you have a high degree of economic activity, shelter costs go up across the board. We've been looking at this program to see what we can do, but I think it's worthy to note that currently the province provides some 23,000 government-funded housing units in the province. These range from lodges and cottages to self-contained apartments. Quite frankly, eligibility is based on need, but I might reiterate that if people are finding themselves in dire straits, they can apply to the special-needs program.

MS KRYCZKA: Mr. Speaker, my second supplemental is again to the same minister. Given that some middle-income seniors are just above the threshold cutoff between low- and middle-income levels and feel somewhat disadvantaged, are their concerns justified considering Alberta's total benefit plan for seniors in relation to the plans of other provinces?

MR. WOLOSHYN: Mr. Speaker, it's quite known that Alberta has the best programs for seniors of any jurisdiction. That can be shown statistically, comparatively, any way you want to look at it. I'd also like to point out that there were some 306,000 seniors in Alberta as of September of 1999. If you take one aspect, simply the health care premium, of those, 130,000 have the premium totally paid for; another 50,000 have a partial payment towards it. Quite frankly, we will be looking further at what we can do to aid seniors. We're constantly in a review process, making sure we stay ahead of the needs of the seniors to see that they live comfortably and securely in this province.

THE SPEAKER: The hon. Member for Lethbridge-East, followed by the hon. Member for Wetaskiwin-Camrose.

2:10

Private Health Services

(continued)

DR. NICOL: Thank you, Mr. Speaker. There is no evidence to show any benefit from the contracting out of surgical operations to private

hospitals. The government claims that under Bill 11 regional health authorities will have to show through a cost-benefit analysis that contracting out surgical procedures to approved surgical facilities will be more cost-effective. My questions are to the minister of health. Why should Albertans trust anything this government says about the cost-effectiveness of private providers under Bill 11 when the report from the Institute of Health Economics done for his own department says that "it seems that in no country is there a system in place to monitor costs, quality of care or outcomes in private providers"?

MR. JONSON: The answer, Mr. Speaker, is and should be, I think, quite clear to the hon. member, and that is that we are bringing under the auspices of provincial legislation and through a contracting process the provision of surgical facilities under contract. In the legislation, as the hon. member has acknowledged through referring to one clause among many that deal with setting the rules and parameters and controls around contracts, we will have the ability to control through a contract and through the criteria through which that contract has to be arrived at the overall funds to be dedicated to that particular contract.

It also, therefore, sets the situation whereby that contract will be able to be monitored. It will be able to be costed. It will be able to be evaluated, Mr. Speaker, as the overall health care system is subject to accountability measures. So the reference to countries or other places in the world where they have a freestanding, so to speak, private health care system is really not relevant to what is contemplated in Bill 11.

DR. NICOL: Thank you, Mr. Speaker. Given that the study points out on page 4 that people in rural areas tend to have lower access to health care than urban residents, the report then goes on to ask "whether the Alberta proposal would exacerbate this situation so that conditions and access would not be reasonable or uniform around major urban centres," why is the government proceeding with this privatization plan?

MR. JONSON: Well, Mr. Speaker, I am fairly familiar with the rural areas of this province, and it is certainly the case, as has been acknowledged, that the full range of services cannot practically be delivered in every rural part of this province. We take the overall strategy that in our regional hospitals and in the specialized hospitals in Edmonton and Calgary we planned and we fund a wide range of very difficult, needed services which just cannot be practically provided in every centre in the province.

Bill 11 is designed to provide an option whereby in a site or in an area where there is sufficient volume and need for a specialized surgical service, it can be done under contract if, in the terms of the overall assessment that's done of a proposal, it is deemed to be an advantage for all Albertans in terms of reducing waiting lists or providing a service.

DR. NICOL: Thank you, Mr. Speaker. The same study on page 17 states that

there are serious issues and questions raised regarding the Alberta experience with private provision of a publicly funded service, which should be investigated seriously by a government considering further extensions of private provision.

Will the government withdraw Bill 11 until such investigations are complete?

MR. JONSON: As I've indicated in this Assembly before and I think all members of the Assembly are well aware, in terms of the delivery

of services in the overall health sector it has been for decades and is today, Mr. Speaker, a mixture of totally publicly run facilities and services, the voluntary sector – our voluntary hospitals, for instance, operate across this province – and the private sector has been involved. There is high-quality service being provided by all of those sectors.

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

National Infrastructure Program

MR. JOHNSON: Thank you, Mr. Speaker. The federal government has announced its intent to establish a new infrastructure program requiring funding participation from the federal, provincial, and municipal levels of government. Since the federal budget announcement many questions have been raised about this program by municipalities in my constituency and others throughout the province. My first question is to the Minister of Municipal Affairs. Should municipalities be budgeting now for this program, and if so, what information is available to both the province and municipalities to enable both levels to do so in a responsible manner?

MR. PASZKOWSKI: In the past the federal, provincial, and municipal infrastructure program has been a very, very successful program. Mr. Speaker, it might be wise for municipalities to consider their mid to longer range planning and prioritize what their needs may be. Unfortunately, at the present time we have very little information regarding this particular program and absolutely less detail, so we're not in a position to provide any advisement as to the nature of this program at the present time. It remains a question as to just when this information will come forward and whether indeed that information will be here in time for this coming year's budget.

MR. JOHNSON: Thank you. My second question is to the same minister. While you have said that there is very little information, I'm wondering if you might enlarge upon what the individual municipalities might be eligible to receive?

MR. PASZKOWSKI: As I pointed out, Mr. Speaker, there are very few details and very little information regarding this program. What we do know is that the federal government has said that it will provide \$100 million for the year 2000-2001 budget, \$350 million for the year 2001-2002 budget and \$550 million for the four years following that. These moneys would need to be matched by the province as well as the municipalities. However, I should point out that the details are certainly not there and are very, very sketchy at the present time.

Mr. Speaker, it's completely unknown as to what portion Alberta will receive as well. We would be assuming that we would be receiving approximately 10 percent, which would be on a per capita basis, but there is no guarantee that this is going to be the case. If that were the case, if we received 10 percent of the overall on a per capita basis, that means that Alberta would qualify for something like \$205 million over the six-year period of this program. Therefore, municipalities would be asked to contribute on an equal basis. When you put it into the perspective that indeed the federal government collects well over \$600 million a year in fuel tax alone, \$205 million over six years certainly is not what we consider a fair share to be returned to this province: to the municipalities or to the province.

Obviously there are some major anomalies in the overall program. Nevertheless, we're still awaiting the details as they may come forward.

MR. JOHNSON: My final question is to the Minister of Infrastructure. Can he advise as to what process will be used in finalizing details of the federal infrastructure program? In light of recent federal actions in the agriculture sector will Alberta be included?

MR. STELMACH: Thank you, Mr. Speaker. We will do our very best to negotiate an amount of the expected dollars that were announced recently by the minister responsible for infrastructure. If it's done on a population basis, it should be at least 10 percent. However, there has been some talk now in circles in Ottawa that they would be looking at block funding for individual provinces and then do some part of the residual amount in a population grant. That would be grossly unfair. This is the province where we see a large increase in wealth, and it's the wealth that's being produced here in the province that's taxed by the federal government and goes back to Ottawa.

2:20

So at the end of the day we hope that we see a fair share, at least 10 percent, and as the Minister of Municipal Affairs said, 10 percent of the \$100 million in the first year is \$10 million. We would hope that all of that goes directly into very hard infrastructure: roads, water projects. No Zambonis this time; we're out of that business.

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

Private Health Services

(continued)

MS LEIBOVICI: Thank you, Mr. Speaker. Albertans realize that the Premier and his Minister of Health and Wellness have been less than forthright about their plan to privatize our health care system. [interjections] That's what's happening. Today we had yet another example from one of the government's own reports which contradicts what the minister and the Premier have been trying to tell us. My questions are to the Minister of Health and Wellness. Why should Albertans trust this minister's claim that their private health care scheme will reduce costs and waiting lists when your own report says that "there were no comparative studies of effects on costs per day, cost per case, total hospital costs, quality of care or health outcome"? Where's your evidence for Bill 11?

MR. JONSON: Mr. Speaker, they seem to quote selectively from the report. For instance, reading from page 28, since that has evidently been the approach of the opposition, it indicates that

the most common result of these studies is that no differences in efficiency were detected between for-profit and not-for-profit hospitals.

Keep in mind, of course, that we're not talking about full service, private hospitals in Bill 11.

This was the case for five of the studies reviewed. Two [other] studies found that for-profit hospitals are more efficient. One study found that not-for-profits performed worse.

So, Mr. Speaker, this is an overall analysis that's been provided, and it does not have the overwhelming, consistent negative message that the opposition across the way is portraying. I think it is quite a balanced report of what does exist in some parts of North America and, for that matter, the world. It does provide useful information, but it doesn't reach the conclusions that are being portrayed by those across the way.

MS LEIBOVICI: Right at the beginning it says that the main finding of this study is that "there is no published study of the efficiency . . .

of the purchase of surgical services from private facilities by public funders."

My second question is again to the minister. This government-funded report states that extra costs will be involved in contracting out to private providers. How can the minister tell Albertans that this is in the best public interest?

MR. JONSON: Mr. Speaker, I think it would be helpful, and we will certainly commend the report to all members of the Assembly to read for themselves, because the report is quite balanced, I think, in the information that they have provided. They indicate quite clearly in the report that they had no particular example to quote where you had a private surgical facility entering into a contract under the types of controls and protections which are imbedded in Bill 11. That is what is quite important with respect to the overall protective features of Bill 11. Built right into the legislation that we're proposing to the Assembly is the set of controls which address and provide for the determination of the various issues and advantages that are referred to in our overall presentation of the bill.

THE SPEAKER: Hon. member, before you proceed, please. A number of hon. members today have really violated the rule with respect to preambles, so get to your question, please, hon. Member for Edmonton-Meadowlark.

MS LEIBOVICI: Thank you, Mr. Speaker. Why won't the minister just stop the experiment and pull the bill?

MR. JONSON: Mr. Speaker, the overall legislation, Bill 11, has a number of very important provisions in it, including the one the member is focusing on, and that is the very extensive section which deals with the criteria that would have to be met through private firms or voluntary firms, nonprofit firms, bidding for and obtaining a contract to provide a select, narrow range of surgical services. There are a number of other features in the bill, which I will not try to go through in question period, such as the prohibition on queue-jumping, the openness of contracts, and so forth that, if their memories are not too short, the members across the way have from time to time indicated they're in favour of.

THE SPEAKER: The hon. Member for Calgary-Fort, followed by the hon. Member for Calgary-Buffalo.

Health Care System

MR. CAO: Thank you, Mr. Speaker. Reflecting questions from a number of my Calgary-Fort constituents, I would like to ask our Minister of Health and Wellness: given that our public health care insurance program is the foundation for our much-valued health care system in Alberta, is there any legislation to protect our public health care insurance program in terms of changes in premiums and coverage?

MR. JONSON: Mr. Speaker, we do raise about 12 to 13 percent of our overall health budget through the charging of premiums, and the authority for this charge is through the Health Insurance Premiums Act. It is a piece of legislation approved by this Assembly. The rationale for premiums was that there should be an obvious charge to Albertans to support the health care system. It's a very important service, one that Albertans value very highly, and as I've noted, it is a small percentage of the overall health care budget.

As far as the changing of rates in terms of the premiums, Mr. Speaker, they've not been changed in this province since 1995, and

they are rapidly going down as a proportion of our overall spending on health care in the province.

MR. CAO: Well, thank you, Mr. Minister. My first supplementary question is also to the Minister of Health and Wellness. How is our health care insurance coverage decided in terms of insured persons and insured services, and are there any insured services covered in Alberta and not covered in other provinces?

MR. JONSON: Well, first of all, Mr. Speaker, we provide a wider range of coverage of individual health care services than, I think, pretty well any other province in Canada. Some of the areas where we provide total or partial coverage that is not provided in all provinces would be in the whole area of chiropractic treatments, in the whole area of physiotherapy. Those would be two of the key examples. Also, the way that we limit charges that are provided to individuals in long-term care is not uniform across the province. Overall in our coverage we certainly comply totally with and, as I say, far beyond the provisions of the Canada Health Act.

In addition to that, I think it should be pointed out that for low-income seniors we have partial or total forgiveness or no charges for people in that category, also low-income Albertans that are on assistance programs. So it is a charge which is sensitive to the relative ability of Albertans to pay, and it is established on that basis.

2:30

MR. CAO: Thank you. My last supplementary question is also to the Minister of Health and Wellness. What is the revenue from our public health care insurance premium payments in comparison to our total public health care expense?

MR. JONSON: We collect in health care premiums, Mr. Speaker, I believe in the neighbourhood of \$650 million, and as I indicated earlier, in terms of a percentage it is in that 15 percent range as far as its proportion of the health care budget.

THE SPEAKER: The hon. Member for Calgary-Buffalo, followed by the hon. Member for Clover Bar-Fort Saskatchewan.

Private Health Services

(continued)

MR. DICKSON: Thank you, Mr. Speaker. This government has promised time and time again that Bill 11 would not lead to queue-jumping, so let's put that promise to a little test this afternoon. I have three questions, all for the Minister of Health and Wellness, and each one of the questions is based on the study entitled *The Public Purchase of Private Surgical Services: a Systematic Review of the Evidence on Efficiency and Equity*. My question first to the minister would be this: how can Albertans trust this government when it promises to prevent queue-jumping when its own report says – and it's right here on page 6 – that

complications will arise however where surgeons are permitted to offer 'enhanced medical services' in private hospitals, as is currently the case in Alberta . . . Thus, the package of enhanced medical services includes . . . faster access to care (i.e. queue-jumping) for those willing and able to pay?

MR. JONSON: Well, there are three or four things that need to be said in answer to the question, Mr. Speaker. First of all, the provisions of Bill 11 provide for legislation which will put in law a set of provisions to prevent the whole issue of queue-jumping or being able to get faster service by virtue of your ability to pay, whether it's your ability to pay for getting the service up front, so to

speak, or whether it's your ability to pay by purchasing something else that might be attractive or get you advanced in the line. So that is the purpose of the legislation.

The other thing that should be acknowledged here is that the provision of uninsured services is part of our overall health care system. We have the whole area of cosmetic surgery. That is one of the areas of service that is not insured under the Canada Health Act or under our own health care insurance provisions, but it does happen and is paid for in our system.

MR. DICKSON: Mr. Speaker, since it may be that this Minister of Health and Wellness may be the only person in the province that doesn't understand: enhanced services are enabled by Bill 11, not prohibited.

Mr. Speaker, how can Albertans trust this government when it promises to prevent queue-jumping when its own report says:

The forms of two-tierism that will result from this are, firstly, receipt of different quality services according to ability to pay and, secondly, likely receipt of 'enhanced' services quicker (i.e. queue-jumping)?

MR. JONSON: Mr. Speaker, I think there is something, you know, with the comments across the way and the question, that should be pointed out, and that is that the position of the Liberal Party across the way and their leader is that doctors should be free to opt out of the health care system, operate entirely on their own, and also it would be fine for anybody who could qualify and I guess get the approval of the College of Physicians and Surgeons to set up a hospital and charge Albertans directly. I'm sure that they would charge and would be very appreciative of those that could pay more to get faster service.

In other words, the Liberals are on record, at least their leader is, as having a completely private system in this province outside of the public system with all the difficulties and so on that they seem to be concerned about with respect to queue-jumping and so on which are being addressed in a positive way in Bill 11. That is the Liberal position over there. So I'm really quite amazed that they're concerned about these things since that is their overall policy and position.

Now, Mr. Speaker, with respect to the legislation there is provision in the bill, as the member across the way well knows, to deal with the whole issue of limiting the charges with respect to any kind of enhanced service, with respect to preventing queue-jumping for insured services by virtue of a person's ability to pay. Those are provisions in the legislation, and we need that legislation to deal with those types of situations.

MR. DICKSON: Mr. Speaker, given that Alberta's record when it comes to cataract surgery and MRI treatment speaks for itself, I would ask this minister my final question. How is it that we might expect Albertans to trust this government with respect to Bill 11 when its own commissioned report says, "If patients start requesting such services, they will be offered, and, if surgeons start offering such services, they will be taken up."

MR. JONSON: Well, Mr. Speaker, I don't know about Albertans trusting the hon. member across the way, because he forgets to read, of course, all of the relevant sections of a particular report. For instance, when he was talking about queue-jumping and two-tierism, as I think he was referring to, the report goes on to say in the section he was quoting from: this is a form for two-tierism and would, therefore, contravene the Alberta government policy. So it would be useful if they would report the whole.

Speaker's Ruling Anticipation

THE SPEAKER: Hon. members, before we conclude question period, I would just like to advise all hon. members that a review of Orders of the Day and the scheduled motion – in light of certain bills scheduled to be debated over the next several days, the chair would like to remind all hon. members about Standing Order 23(e), which provides that

a member will be called to order by the Speaker if . . . that member . . .

(e) anticipates, contrary to good parliamentary practice, any matter already on the Order Paper or on notice for consideration on that day.

The chair has commented numerous times that questions concerning the content of a bill will be out of order if the bill is scheduled to be debated that day. As the chair indicated in its March 3, 1998, ruling on this subject, found on page 649 of *Hansard* for that day, this Speaker "will give the greatest degree of flexibility to private members when they choose to rise in this . . . Assembly." Of course, this latitude is tempered by the rules which members themselves have chosen to be governed by. Accordingly, the chair simply wants to remind members about Standing Order 23(e) so that no one is caught off guard in the next few days.

head: Reading and Receiving Petitions

THE SPEAKER: Hon. members, a few seconds from now we'll call upon the first of seven hon. members to participate in Recognitions, but prior to that will you all join me in congratulating the hon. Member for Calgary-Mountain View on reaching another milestone in his life. Happy birthday.

The hon. Member for Olds-Didsbury-Three Hills.

Provincial Midget B Hockey Championship

MR. MARZ: Thank you, Mr. Speaker. March 24 to 26 Three Hills and Trochu arenas were the sites of the 1999-2000 provincial midget B hockey championships. I extend congratulations to the towns of Three Hills and Trochu as well as all the sponsors, volunteers, fans, and players for making it such a successful event, drawing packed crowds to enjoy the display of top-notch hockey and sportsmanship provided by young hockey players from Whitecourt, Winfield, Lac La Biche, Sexsmith, Drumheller, Taber, Sedgewick, and the Three Hills area. I extend a special congratulations to the Three Hills Chiefs, who are a young team with only six second-year players and a very young coaching staff, on their outstanding level of play and their success at winning the gold medal for provincial midget B hockey by winning it five games straight with no losses. An outstanding achievement in light of the good competition, and I'm sure the fans got to preview some of the stars of the future.

Thank you.

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

2:40

Val and Flora Matteotti

DR. NICOL: Thank you, Mr. Speaker. On the 17th of March the Member for Lethbridge-West and I had a chance to attend the 13th annual management scholarship fund-raising dinner. Each year the Faculty of Management honours businesspeople in our community. This year they chose to honour Val and Flora Matteotti, and I want to congratulate Mr. and Mrs. Matteotti today for the fact that they support our community in such a broad-based way. They have given to numerous causes in our community, but they really favour sports,

health, and education because, as they say, these require discipline and dedication to succeed. The sports teams that have been supported in our community have been numerous, and Mrs. Matteotti is quite proud when she says, as she has on a number of occasions, that when she looks out on the community, she has more than 2,500 children.

This family shows what it is to contribute to the community. They've put their money back into our community to make it strong, and everybody in our community thanks them for doing that.

THE SPEAKER: The hon. Member for Leduc.

Amy Fox

MR. KLAPSTEIN: Thank you, Mr. Speaker. I'm very proud to rise today to pay tribute to one of my young constituents who has received one of the highest honours a high school student in Canada can receive. Amy Fox, a grade 12 student from Hay Lakes school, a small school of 70 students, has succeeded in winning both the Canadian merit scholarship, valued at \$45,000, and the Morehead scholarship, valued at \$100,000. The Canadian merit scholarship must be applied to a Canadian university, whereas the J.M. Morehead scholarship must be applied to the University of North Carolina. Both scholarships pay for tuition and living expenses for four years of study.

Amy first heard about these scholarships from her school guidance counselor, Mr. Lyseng. Although she was competing with students from large schools, the competition interviewers were amazed at her capabilities considering she came from such a small school. Amy herself believes that going to a small high school is a great advantage in that she knows the teachers and they know her. She believes she has excellent teachers and appreciates how everything is personalized. Students who receive these scholarships are assessed on values beyond those visible on academic transcripts, though Amy's marks are between 94 and 96 percent. Candidates must show good character, service to the community, and entrepreneurial energy, all of which Amy expresses through interest in 4-H, her school paper, her students' union work, and the 15 hours of dance she takes per week in Wetaskiwin.

I would like to commend Amy Fox for her achievement and wish her the best of luck in the future.

THE SPEAKER: Hon. members, notwithstanding the merit of the recognition comments, the time allocation is one minute.

The hon. Member for Edmonton-Glengarry.

CIAU Hockey Championship

MR. BONNER: Thank you, Mr. Speaker. It is my very great honour and privilege today to recognize the University of Alberta Golden Bears hockey team. The Bears won their second consecutive CIAU hockey championship last weekend. They defeated the University of New Brunswick Varsity Reds, and CIAU player of the year, Russ Hewson, scored the winning goal eight minutes into the second overtime. This win ties the Bears with the University of Toronto for a record of 10 university cups. This championship also brings the U of A the prestige of winning a total of nine medals in the 1999-2000 season, the most won by the university in a single year. Special recognition goes to coach Rob Daum, U of A defenceman Mike Garrow, and forwards Kevin Marsh and Ryan Wade, who were named to the all-star team. Kevin Marsh also was named tournament MVP. Russ Hewson was named CIAU player of the year, and goaltender Clayton Pool received CIAU rookie of the year honours.

The hardworking and dedicated men who form the Bears hockey

team deserve tremendous respect and admiration for their accomplishments and for bringing the CIAU banner home again to the University of Alberta. Congratulations, Bears.

THE SPEAKER: Once again, hon. members, notwithstanding the merits of the statement being in place, the time allocation is one minute.

The hon. Member for Calgary-North West.

California School Field Trip Deaths

MR. MELCHIN: Thank you, Mr. Speaker. Students at two Calgary high schools, William Aberhart and Bowness, returned to their classes this morning. Today, as they have been since March 25, they will be mourning the loss of two fellow students and one parent, Barbara Clement, a 45-year-old mother of two, a wife and active member of the community and lover of the outdoors, fatally swept out to sea by a rogue wave. Brodie McDonald and David Elton lost their lives while trying to save her. Brodie McDonald was described as someone loved by all, a boy with a kind and giving nature. He enjoyed and was excited by the outdoors and saw a future career there. David Elton, like Brodie, was participating in the Lost Coast hike in northern California because of his keen interest in the outdoors and his leadership skills.

There's no explaining why tragedies occur, why bad things sometimes happen to good people. What we do know is that three individuals, Calgarians and Albertans, lost their lives doing something they enjoyed doing. One of them was giving her time and energy to assist a group of young Albertans to better understand and enjoy and appreciate the natural environment. Two of them, young men with bright futures before them, were experiencing their love of the outdoors.

On behalf of all of the Assembly we express our appreciation and sympathy to the families and the community.

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

Dominion Seniors Legion Curling

MRS. SOETAERT: Thank you, Mr. Speaker. This past week Spruce Grove saw some of the finest curling in Canada. The Dominion Seniors Curling Championship took place at the Spruce Grove Arena. This grand event was hosted by the Spruce Grove Legion branch 281, and this event was organized by a strong team of volunteers chaired by Blaine Price. Along with excellent curling there was a spousal program which allowed the hosts to show off the many tourism highlights in our area. Tuesday night the Calmar Legion hosted a banquet and combined it with their mortgage-burning party. Thursday night the team from Newfoundland cooked a caribou for the teams, and Spruce Grove hosted the closing banquet, that recognized the winning team from Ontario.

Our thanks and recognition to the Spruce Grove Legion for their continued commitment to our community.

THE SPEAKER: The hon. Deputy Government House Leader on a point of order.

Point of Order Preambles

MR. HAVELOCK: Thank you. Mr. Speaker, you did reference it earlier during your remarks. I'd like to refer to Standing Order 13(1), "the Speaker shall preserve order and decorum and shall decide questions of order." I kept a very close eye on the progres-

sion of the questions through the House today, and I'd like to recap for you what occurred.

The hon. Leader of the Opposition during her first question, first supplemental, tabled a report and gave a rather lengthy preamble. During her second question, first supplemental, she gave another lengthy preamble. During her third question, in both the first supplemental and second supplemental, she again provided us with a lengthy preamble. It was at that point in time I believe I raised a point of order.

I'm happy to say that the leader of the third party actually complied with the rules. We then went to the Member for Edmonton-Castle Downs, who came awfully close. However, in her second supplemental she also gave us a lengthy preamble. The Member for Lethbridge-East: I'm quite pleased to say that he skillfully crafted his introduction so as not to actually offend the House rules. We then went to Edmonton-Meadowlark; in the first supplemental there was a lengthy preamble and also a response to the minister's response. At that time, Mr. Speaker, you interrupted, prior to the second supplemental being asked, and you indicated that a number of members had actually offended the rules of the House and directed the member to go straight to her question. Notwithstanding that advice, the Member for Calgary-Bufferlo provided us with a preamble in the form of an argumentative response with respect to his first supplemental and gave us another preamble as part of his second supplemental.

Mr. Speaker, the House leaders' agreement was executed some years ago, and my simple point of order is to request, when there is any deviation from that House leader agreement, that you please intervene immediately regardless of the side of the House which happens to be offending the House leader agreement. Unfortunately, because these lengthy preambles take up so much of question period, we did not get to as many questions today as I felt we could have.

So again I ask that you enforce the terms of the House leader agreement and in particular, if the House leader agreement is being offended by a member very early in question period, that you intervene at that time. That will hopefully preclude any further such infractions with respect to such agreement.

Thank you.

THE SPEAKER: The hon. Opposition House Leader on this point. 2:50

MR. DICKSON: Mr. Speaker, you know, sometimes when lawyers plead a weak case, you use what's called a scattergun approach, which is that you absolutely throw everything in front of the judge and hope something sticks. What's curious is that I saw him rise on a point of order, but much of what he has talked about are things that happened subsequent. If he's going to offer us his colour commentary on 50 minutes of question period, one would hope he would have also addressed the numerous breaches that we witnessed on the part of those people responding to questions.

So you intervened, Mr. Speaker. We heard your admonitions, certainly in terms of anticipation, but I think there's been no legitimate point of order raised other than a general lament that that particular minister, that particular government representative didn't like the tone of question period today. But unless we're going to go through and systematically deal with every breach of question period on both sides of the House, I'm not sure where his intervention takes us.

Thank you very much.

THE SPEAKER: Thank you, hon. members. Several very interesting things occurred in the last 10 days. One had an opportunity to

review *Hansard* for the last 10, 15, 20 years, and one conclusion that this particular Speaker came to was the conclusion that whenever there have been House leaders in the House who were not trained in the law, there is a corresponding reduction in the number of points of order that are raised in question period. So I find it interesting today that in essence the two distinguished leaders, the Deputy Government House Leader and the Opposition House Leader, both do happen to be, coincidentally, trained in matters of the law and both chose to participate in the point of order today.

Interestingly enough, I suspect if one then says that in a court of law we throw out information and then we ask for adjudication, one would hope, though, that one would provide all of the information rather than just perhaps pertinent points that might be beneficial to one particular cause.

The hon. Deputy Government House Leader rose on a point of order that basically – and I quote from the Blues when the hon. Leader of the Official Opposition rose and said:

Mr. Speaker, Albertans know what this government is saying. What they don't trust is what this government is doing in Bill 11.

Then she went on.

Mr. Speaker I quote again from this government-funded review: our review has shown that private facilities generally provide faster access to those who can pay and do offer enhanced services.

Then the question.

How can this minister stand here and tell Albertans that his bill isn't going to do enhanced services, two-tiered health care, and on and on?

So, in essence, there definitely was a supplemental with respect to this third question, and it definitely does violate clause 5(4) of the April 30, 1997, House leaders' agreement. No doubt about that. So from that perspective there absolutely is a point of order.

I note, however, that no one rose on a point of order when the hon. Member for Edmonton-Castle Downs provided her question, but preceding her question she did say the following, which was clearly a preamble, "I've had more calls on this" issue, meaning crime, "than on health care," and then proceeded to go on to raise her question. It's always of interest to see that again no one rose a point of order with respect to that particular preamble.

I might add that the hon. Member for Calgary-West in her third question was definitely seeking opinions and asking for an opinion with respect to that, yet some leverage was provided to that, she being an honourable hon. member.

The hon. Member for Lethbridge-East, in the chair's view, in his third question gave a very long preamble prior to arriving at his third question.

The hon. Member for Edmonton-Meadowlark on the second question gave a very long preamble. There was an interjection following that. The hon. Member for Edmonton-Meadowlark quickly came to the point.

The hon. Member for Wetaskiwin-Camrose was certainly on the edge – on the edge – in seeking opinions with respect to his question.

The hon. Member for Calgary-Buffalo did, obviously, give a very long preamble prior to arriving at his second question.

So there's been a bit of give-and-take, but the good point about all of this today was that there were 11 questions, allowing us to arrive at 33 questions in all, which is just slightly above average. However, the chair last week did have an opportunity to go to an adjoining parliament and visit the parliament of British Columbia. In British Columbia their daily question period is 15 minutes – I repeat, underline: 15 minutes – and in the parliament of British Columbia there were in that 15 minutes 12 questions and answers. Twelve questions and answers in 15 minutes. We arrived today with

33 questions and answers. They in British Columbia had 12 questions. I just say that as a bit of a comparative.

The bottom line of this was very correctly provided for us by the Deputy Government House Leader, who did basically say that the conclusion to all of this is that fewer members have a chance to ask a question. In today's question period there were eight hon. members who still did not have an opportunity to ask a question, and when you recognize that there has been a brief adjournment of the House for a few days, one can conclude that those eight hon. members had matters of importance with respect to this.

So thank you very much, Deputy Government House Leader, for raising the point of order. You win. Thank you very much, Official Opposition House Leader, for participating in this. Thank you all very much for the joy of having this daily intervention.

head: Orders of the Day

head: Government Bills and Orders

head: Second Reading

Bill 16

Condominium Property Amendment Act, 2000

THE SPEAKER: The hon. Minister of Government Services on behalf of the hon. Member for Calgary-Bow.

MRS. NELSON: Thank you, Mr. Speaker. On behalf of my colleague the Member for Calgary-Bow I'm pleased to move second reading of Bill 16, the Condominium Property Amendment Act, 2000.

The hon. Member for Calgary-Bow in 1996 sponsored a condominium property amendment act that actually received royal assent but was never proclaimed after stakeholders expressed strong concerns with some of the amendments. Therefore, a working group of condominium owners and developers was formed in August of last year to address these concerns. The amendments that are before you in Bill 16 have been unanimously recommended by a working group of people representing both condominium owners and developers. The members of this group are to be congratulated for finding a common ground to resolve the often opposing views of condominium stakeholders. These amendments will also fine-tune and clarify the legislation and will allow for greater flexibility without eroding the consumer protection that it also affords.

Going through Bill 16, Mr. Speaker, you'll find that the first amendments add some definitions to the act. Section 3 of the 1996 act is then repealed. This section allowed for individuals to discharge blanket mortgages under certain conditions. Mortgagees have shown that this is not a workable practice, and the proposal to delete this section is also supported by the consumer representatives. Section 8 has been clarified following the new definitions.

One of the key amendments, Mr. Speaker, allows condominium developers access to more of the funds that are held in trust pending completion of a condominium development. In fact, instead of requiring 50 percent to be held back, an amount that developers complained was unrealistic and truly is, section 11 now ties the amount to be held back in trust to the amount required to complete the project. This ensures developers have access to funds as they complete their project. It still ensures that there is enough in trust to protect the purchaser.

The next few amendments have been requested by condominium corporations. At present, Mr. Speaker, a corporation may not amend its legal condominium plan once the plan has been registered at the land titles office. Section 14.1 will allow for suitable mechanisms to amend a plan as required. Section 21 clarifies the voting rights of

owners and mortgagees at board meetings. The new section 29 allows corporations to go to small claims court to recover damages and sanctions up to the limit in force under the Provincial Court Act. Section 33 allows corporations to charge interest on the balance of any unpaid condominium fees, but the rate will be capped in the regulations.

3:00

Mr. Speaker, corporations in the insurance industry told us that the insurance requirements in section 38 were unworkable. As a result, they have been moved to regulation to allow for flexibility as insurance instruments change from time to time.

Finally, Mr. Speaker, Bill 16 brings these amendments and those of the Condominium Property Amendment Act, 1996, into force on September 1, 2000. This will allow time to develop both the regulations required for this legislation and the information and educational materials that condominium stakeholders are asking for. Hopefully, this will bring a close to a long battle over having an amended Condominium Property Act.

I'd also like to say a special thanks on behalf of the Member for Calgary-Bow, Mr. Speaker, to the condominium stakeholder groups and the critics from the side opposite, who have sat down and reviewed this bill and are all in agreement with the process. I know she wanted me to thank you for your co-operation and diligence in being briefed on what the intentions were.

With that, Mr. Speaker, I move second reading on behalf of the Member for Calgary-Bow.

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

MR. GIBBONS: Thank you, Mr. Speaker. I'm pleased to stand today to speak to Bill 16, the Condominium Property Amendment Act, which is amendments to the Condominium Property Amendment Act, 1996. Changes to the act are long overdue and are as a result of a legislative review process that has been under way in Alberta for at least 10 years. While Alberta legislation on condominiums was one of the first in the country, it has since lagged behind other jurisdictions and is no longer up to date, considering that we started in 1980 and up to 1996 and so on.

Mr. Speaker, in 1996 Bill 23 was introduced with proposed changes to the Condominium Property Act. Some of the changes included removal of the unanimous resolution, recognition of phased developments, coverage of all condominiums, and mandatory reserve funds. The Condominium Property Amendment Act, 1996, was passed and received royal assent but was never proclaimed because of the strong concern expressed by stakeholders. In 1999 under the present minister thankfully this was carried forward and the working group formed by the government proceeded with this process. The passage of this legislation will allow not only the Condominium Property Amendment Act, 2000, to come into effect but also the amendments of the act in 1996.

It should be noted that the bill is developer driven and caters more to their concerns. What we're noticing in section 11 is the focus that the bill panders more to the developer than was originally intended when they drafted regulations in 1996 in Bill 23.

Many of the changes in section 11 of the Condominium Property Act help to provide better consumer protection. First, it gives a much more extensive and detailed definition of common property. Secondly, it allows for money to be held in trust for those things promised in the purchase agreement. Thirdly, it puts into the act the right of a corporation or interested party to go to court if the developer has not met the requirements. The bill also clarifies the voting right of the insurance coverage.

Passage of this bill will allow the Condominium Property Act, 1996, to be brought into force. What I'm noticing and realizing is that what the group and the organization is looking forward to is September 1 for actually putting it into existence.

When studying the bill, one of the concerns jumping out at us and from some of the stakeholders we have talked to is that it does not touch upon the condo fees. Is it pressure from the banks that condo fees were given such a low priority compared to the mortgages when recovering the fees? Self-regulation is a question we did ask in the meeting when we were briefed. People contacted feel that the lack of enforcement is a severe problem and do not see the act as a self-regulation. We should note that there have been four prosecutions under the condominium act and only one actual conviction. The concern with the enforcement is that it is left up to the consumer, who does not have the resources or the skills to enforce them. It's a major item that was brought back to us from the information that has been e-mailed to us so far.

After perusing Bill 16 and believing that it's a good compromise and may be a workable piece of legislation with some amendments coming forward in the later process, the main thing we want to emphasize in this is that why the bill is a good, workable piece of legislation is that it defines, fine-tunes, and clarifies the existing condominium act, considering that, as mentioned before, we never did enact the 1996 bill and the original bill was in place since 1980 with very few changes in that time period. It brings the Alberta condominium laws up to date.

It improves the amendments first made in the condominium act of 1996 to tie the amount of money held in trust to the costs of completion. Stakeholders are happy to see the many changes in regard to the developer and trust moneys and feel this will definitely protect the public in a more certain manner. This, in fact, was one of the stakeholders' main items that was present from the Alberta Real Estate Association back in '96. It allows condominiums to be built in phases. With this process in this bill, it will protect the rights of the condominium owners while allowing the builders to finance their project more easily.

As we're looking through different items and getting e-mails in from different people, they're talking about this new condominium amendment act, which was tabled and now is in second reading, and the processes to protect the rights of the condominium owners while allowing the builders to finance their projects more easily. Reserve fund requirements are now in the act, and there are now provisions for phasing condominiums with consumer protection built in. I wish it were a little bit stricter and that the holdback was considerably more, but if we are going to have a condominium, the condominium's developer has to be able to proceed with the project.

As the 1996 act stood, the builder had to hold back 50 percent of the sales proceeds until the project was completed. In a typical project the builder would not be able to discharge the project mortgage on the home and give title to the home buyer until the project was completed. By and large, with a phased project this could mean that for three to five years all the money would be set up in trust, and nobody benefits in that period of time. It means that they couldn't give title to the unit until the whole project was built. It also creates a cash flow problem for the whole development.

This is a major concern that, from what I'm understanding in talking to different stakeholders, we have to bring out. I hope that during our discussion we will be talking more and more about the type of builders that are in this game. Are we presenting a better product out there with condominiums than what we did see back in the 1970s and early '80s?

We're looking at what was in the paper this past weekend on the condominium over in Mill Woods, that people were evacuated

because of fungus growing and so on. We're also looking at a number of condominium projects in my constituency that were built back 30 years ago. With the condominium boards and the fighting that's going on as they are trying to bring them into shape, they're finding out it's what isn't behind the walls that is the main concern.

The current act also mandates that every corporation must have a reasonable reserve fund and a chunk of money set aside for major nonannual repairs such as reshingling the roofs or fixing collapsed sewers. Under the current legislation there is no requirement that condominium corporations keep a reserve fund.

Other items dealt with in this new act include changes in voting rights of the condominium owners, mortgages that are more than 30 days in arrears, their fees, and clarification with respect to condominium insurance.

As we read some of the concerns that were given to us, insurance is a major, major item. Many owners of condominiums are not properly insured. Maybe there will be some enactments, some different things within this bill and with the regulations coming forward so that people will start to understand what type of insurance they should have. As we read different articles, people honestly don't know. A lot of people are still getting what they call a package that they think is the right one, and then condo owners often don't know what their insurance is and what is covered under this.

Mr. Speaker, this bill I hope will be talked about a lot. I believe that there are a lot of members on our side who would like to speak to this and bring up different concerns that were brought forward to us by the discussion group recommendations that were tabled today.

So as I sit down, Mr. Speaker, thank you very much.

3:10

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

MS BLAKEMAN: Thanks very much, Mr. Speaker. I'm glad of the opportunity to enter into the debate in second reading of Bill 16, the Condominium Property Amendment Act, 2000.

As I was going over all the information around this bill and the background on it, I found that sometimes MLAs have to become instant experts when they're debating a bill. I'll admit that I've never been a condo owner, so I've had to do a fair amount of groundwork in understanding this. What I can say is that there are a large number of condominiums in my constituency of Edmonton-Centre. We have had a lot of rental apartments converted into condominiums. We've had warehouses and even office buildings converted into condominium residences. I think in just one section, one district of Edmonton-Centre – and that's the district of Oliver – in 1998 we had more than 12,000 units, and that is climbing every day.

Obviously a lot of people have a great interest in condominium living. I know that for many people it is an economic decision, but for others it's a lifestyle decision. The importance of having comprehensive legislation and I think strong consumer protection is very important. So to the question, "Do we need some legislation on condominium development and ownership?" yes, indeed we do. This bill, Bill 16, the amendment act for 2000 – is this it? I'm going to reserve my opinion on that one. I will be listening very intently to the debate, but I have a number of questions.

I'll note that this seems to have been a struggle for the government. The '96 legislation was amending the 1980 legislation, but it was never proclaimed, and that was a surprise to me as a starting MLA. One of the first calls I had from a constituent was: when is this bill going to be proclaimed? I phoned up and made my way through all the different employees and finally got somebody that said: well, we're having trouble with the regulations; probably six

months from now. So I phoned back in six months. "Well, no. They're still working on it. Maybe six months later." I have phoned every six months for the three-plus years I've been elected, and every time I'm told that it might be coming. So I'm glad to see that there's at least an amendment act that I can debate.

One of the things I've noticed is that there do seem to be two distinct interest groups around this bill. One is the developers, the builders, the home warranty people, those folks, and the other is the owners. Even amongst the owners there are some differences, because there seem to be owners who in fact own a condominium but don't live in it and those who both own it and do live in it. That affects the way they make decisions about the condominium association.

I do note that I had received a letter from the Canadian Condominium Institute, which, according to who was listed, seemed to be representing a lot of the builders' side and the builders' interests. They were very keen on the bill and said: "Dear MLA. We've worked with the minister. We got invited into the consultations. We're gung ho on the bill. It's a great bill. Pass it quickly." I said: "Okay. Fine."

Then I also received documentation from a group called the Condominium Advocate Association, and they are representing owners. They're pointing out that they have some reservations and some concerns, and they want some changes. Actually, earlier today during tablings I did table a copy of the document they prepared in which they were suggesting a number of amendments. But they didn't mention that they had had a cozy working relationship with the minister and were invited into meetings. I thought: well, maybe they just didn't mention it in the letter. So I followed up and contacted the group and said: "Well, were you asked to the meetings? Were you invited? Were you included?" They said, "No, we weren't." I thought: oh, dear; that's a concern. I'm sure the minister will be able to talk about why that group wasn't included.

I am very concerned that this be a bill that has balance in it and that is fair and is equitable. There are obviously two different parties, and I think it's absolutely critical that both sides are well represented. If anything, I will probably end up showing a bias in favour of the owners, because I find that those are the people that really end up with everything. The developers are gone, have moved on to other projects, but the owners are still there and are having to deal with whatever is left. So I do hope that if this bill does pass, we're able to craft it into a bill that is equitable for all interested parties.

Now, plain English. I can think of a few other bills in which it's more important, but boy, is it important in this bill. This affects the most intimate part of people's lives: where they live, their home, and how things go on around their home and the control they have over what happens in their home and just outside the door. Plain English is absolutely critical because individual Albertans out there will have to be sitting with this bill and going through it. It is going to guide them as to how they run their life, their home. I don't think many of them are going to be able to have a lawyer sit down with them while they go through it.

I think part of the reason that we need very clear, plain English legislation on this is that we've had a very long history of home ownership, and I think that most people, even if they don't own their home, have got a pretty good idea of what's involved with it. There's a lot of common knowledge about the obligations and responsibilities of home ownership, and by that I mean detached single-family dwellings, just to be clear about it. I think much less is known about the ins and outs of condo ownership, and I started out by saying that indeed I had had to phone a number of people and say, "Okay; tell me how this works," just so that I understood what was going on here.

Now, I have some reservations or concerns. It's actually a puzzlement. I was listening carefully to what the minister was saying as she introduced the bill, and I think my concerns may have been alleviated, but I'll put it on record nonetheless. We're all aware that the Condominium Property Amendment Act, 1996, was indeed passed and received royal assent but was never proclaimed. This 2000 amendment act is amending the 1996 act, which has never been proclaimed. I'm really hoping that in fact the '96 act is going to be proclaimed because otherwise this gets really confusing, where we're amending something that still isn't going to be proclaimed. I see the minister nodding at me, I see others nodding at me, but I'd like to get her on the record with that one because it sure would be a mess if we didn't.

One of the other issues that I have run across while I've been researching this is how quickly this whole area of condo ownership has changed. When I spoke to my mom, she told me she bought her condo in 1980. At that time the whole concept of condominium ownership was so new that she told me that a number of her good friends and advisers were cautioning her about whether she really wanted to get involved in this as yet unproven business, and boy, she really had to question whether she was making a wise move here. That's a mere 20 years ago. This entire idea and everything around it has moved very quickly, and I would like to see something in the legislation that allows for updating on a more regular basis. I noted somewhere that the sponsoring member had suggested a sunset clause with a five-year review in it. Now, I haven't actually run across that in the legislation. If it's not in there and it was going to be amended or put in there, may I suggest that it be a much faster review process, more like two years, just given how quickly everything is changing in this sector.

3:20

I think for me it's very important that this condominium act should have very clear consumer protection. In fact, that's what it should be. It should be a bill about consumer protection. If you do buy a single-family, detached home, you know what you're getting into. You know that you are responsible for everything: taxes, improvements, your good relationship with your neighbours. If you fail to maintain your property, well, you lose. You didn't do the right things, and you will pay for it. The value will go down, and you'll get less when you sell your home. But condos are different in that decision-making, for instance, is done by a board of directors. It can in some cases be hard for an individual to know whether all the paperwork is being done, whether the bills are being paid, whether the maintenance is being done properly, whether there's enough money in a reserve fund.

Yet that individual, that condo owner, has to bear the consequences of this decision-making process, which they are not or may not necessarily be involved with. They are bearing these consequences through their home and through their pocketbook, so I think it's very important that full disclosure is built into the clauses of this bill, that all the information is up front, and that there is a system that allows individual owners to be able to scrutinize the work of the board of the association without tying their hands. I'm not recommending miles and miles of red tape here. I think it's important that we be sensible and use common sense for this.

Even in just chatting the last few days and saying that I was going to be debating this bill, I've had people say: "Oh, yeah. This is what happened with us. The board decided to do such and such, and we didn't know about it until afterwards." Well, I'm sure there are just as many complaints on the other side from the board associations going: "Why won't this owner pay their condominium fees, for heaven's sake? What are we supposed to run this thing on?

Buttons?" So it's important that there be as much disclosure and sharing of information as possible so that all parties can make informed decisions.

Under that same category, some people had talked to me about the ability of the owners to have the board of the association call a general meeting. In some cases it's not set down anywhere how often there has to be a meeting. It's just never called, and in many cases they don't have in their bylaws the ability to call the meeting. That's something else that we should be looking at.

There's a large section on special resolutions, and I have a concern about that. I've actually brought the same concern up in context of other legislation. It's saying that special resolutions can be passed by 75 percent of the current owners that are "entitled to exercise the powers of voting." Well, I'm assuming what that means is that it's like saying: by a member in good standing. In other words, your dues have to be paid up. You can't be owing any money. I think in many cases that could be a problem in this situation. We can certainly have scenarios – and I've heard of some of them – where owners are precluded from voting on something that's really critical to the condominium association because they owe money. But in some cases what I've heard is that they owed money because they were assessed thousands of dollars for their share of a reserve fund study. So we have to be really careful about that, because you could have quite a minority of people making decisions that affect everyone. You could have 20 percent of that 75 percent that are making very critical decisions.

This issue that I'm about to discuss is not limited to condominiums by any means, but I'm surprised to see it turn up here as well. It's the issue about the developer setting aside moneys for costs for unsold units where owners are assessed or must contribute, but they're being hit for the whole development, even when they don't own those other parts or if they don't own those other units. I had something similar happen in my home district, where there were only homes on one side of the street. The other side of the street was a city park. Well, they decided to pave the road, and they wanted to assess the entire cost of the road to the people living on one side of it. You know, that wasn't fair at all. There was enough protest, and finally it was done a different way, but I can easily see that happening here, where you have only part of the unit sold and people being assessed for the entire costs of something. So that's another thing to look for here.

[The Deputy Speaker in the chair]

It's acknowledged in the bill – and I think there's still quite a bit of work to do – about the setting up of the condominium association. Now, the builder is responsible to get that going and to convene the first association. They're also responsible for developing the original set of bylaws, but I'm hearing concerns from people that in some cases the developer has put forward bylaws for the association which are very friendly to the developer and which cause the owners severe problems down the road. Long after the developer has ceased any obligations to the association, they're stuck with these bylaws. I think we are in a position to be making sure that that sort of thing isn't happening.

I think my time is close to running out here, but I do want to speak briefly about regulations. I had spoken earlier about the reassurances I kept getting from department staff that the 1996 amendment act was coming, that they were just working on the regulations, which they were struggling with. I think this is a perfect example of a bill that needs to have the regulations go before the all-party legislative Committee on Law and Regulations. A lot of mistakes could be found if we were all putting our heads together on this one.

The government refuses to call that Law and Regulations Committee. It should be, and it particularly should be in this instance. Who knows? There could be thousands of regulations that hold up this legislation, and it is virtually impossible for a person out there, an Albertan, an owner, a potential owner of a condominium to get their hands on the regulations and understand what's really going on.

What we often have with legislation is that the legislation is the what and the regulations are the how. That's where all the specifics of exactly what's supposed to happen are embedded. They're very difficult to get hold of, to even know that they exist, to find any kind of changes that have happened to them. I really urge the government to call that Law and Regulations Committee in this instance on this bill. Then, you see, once they find out that it's a good process, I'm sure they'll be doing it for every other bill, which is what should have happened in the first place.

One thing that I am really pleased to see is the regulations around the reserve fund, because that has been a cause of great heartache for a number of condominium associations. Some are very well managed, and they looked ahead and knew that they had to have a reserve fund and started setting it up, however they did it. One of them that I asked about had their condominium fees that everyone submitted, and at the end of the year if there was a surplus, well, that surplus went into the reserve fund. That's how they built it up. There is a common and joint responsibility to have money set aside to cover those large repairs and large maintenance bills. It has caused great unhappiness to some. I know that in some cases people didn't do it because they weren't required to do it. This legislation does enshrine that requirement, and I think that is a very good thing.

3:30

One of the hesitations that I have is that enforcement of any bylaws or rules or regulations is left up to the consumer/owner, and in many cases I think people don't have the personal resources to pursue this. So while there seems to be a raising of the fines that can be given to people for not following the regulations, the way it's set up is that, yes, this is what you're supposed to be doing, but then it's the owner's responsibility to chase this through court. Even then, when they get into court, it looks like the judge can decide on what the final fine is anyway. So I think we might need to look at that and tighten it up or make it a little clearer.

I always have a concern where the actual enforcement of something is left up to the individual, because many, many times people either don't have the wherewithal, the knowledge, or the finances to pursue that through the courts. As a result, people just get away with things, and the entire setup becomes a big joke. Who really loses? Well, Albertans are the ones that really lose there, so I think that's something we need to be careful of.

I notice that my time is gone, and I do look forward to continuing this debate in Committee of the Whole. Thank you, Mr. Speaker.

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

MR. WHITE: Thank you, Mr. Speaker. It's a privilege and, quite frankly, it's a duty to speak a certain amount on this bill in that it does affect a great deal of people living in the city of Edmonton and certainly in my constituency. It affects a great deal of who they define themselves to be, where they live, and how they function with their neighbours.

Condominium associations are always difficult to deal with as an owner in that these are people that affect your daily life and are not always people of your choosing. This particular piece of legislation had a great deal of discussion in the early '80s and resulted in a great number of changes in the act. As an alderman at the time, in the

early '80s, I heard a great deal of the complaints and had to deal with them. As a matter of fact, a large part of one session dealt with a great number of difficulties as it related to conversions of properties from rental accommodation to condominiums, the lack of reserve funds to properly maintain those structures, and a great many other concerns, many of which were simply the lack of rules for a condominium association to follow to manage their properties and to manage them in a manner which was sustainable, because hitherto it had never been done in legislation.

I would like to acknowledge, too, that there's a great deal of regulation that falls from this act that the condominium associations must follow. In fact, a great deal of the regulations are more suggestive than anything else – and so they should be – to help condominium owners with the management of their collective properties. The difficulty I find myself in here in trying to rationalize agreement with Bill 16 is that the Standing Committee on Law and Regulations of this House simply does not sit. I would think that a great deal of these problems could be ironed out with some public hearings, some interest shown by the population in the law and regulations that relate to this act, and I think perhaps a good working group could be put together and the proper amendments brought to a place where they could be actually studied.

Of course, we know that the tendency of this government is to not hold meetings, particularly meetings that have any kind of representation of opposition members, for, heaven forbid, they might move something that was of value, and then the government would be forced to defeat that just simply because it came from a nongovernment member, which happens, we know, in this House a great deal. It is unfortunate.

Examination of this bill would not be reasonable without looking at the history. It was in a previous session of this Legislature that Bill 23 was passed, given royal assent, but it was never proclaimed. That is a terrible, terrible indictment of a piece of legislation. It goes through all the readings, has all the comments of members elected to represent their part of this great province, passes through all the supposed checks and balances, and is not proclaimed because there are some stakeholder issues. That is the worst possible legislation you could have in this province. It brings expectations up to a level that cannot be fulfilled and then dashes them.

All kinds of lawsuits and interested parties were all left hanging for four years. This is ludicrous. It takes four years for a government to decide it needs a new working group, that it needs some more input? This government should be roundly and soundly ashamed of a piece of legislation that cannot be proclaimed for some interests. It doesn't even identify what those interests are. Well, this member has had some experience at another level of government, where when you passed a piece of legislation, quite frankly it was enacted immediately. If you made a mistake, you were told. If you had to reverse, you had to do it immediately, and you knew why.

This piece of legislation, while well received now, is late, horribly late. This member feels that, hopefully, consultation with the interested parties has taken place to this point and that enough input has been sought so that there are some clear lines and definitions set out so everyone knows what to expect. Yes, perhaps everyone is not satisfied, but at least they had a good airing with someone. It certainly wouldn't be with Law and Regulations and certainly wouldn't be with the opposition members, because in the government's eyes we are oh so unworthy to do so.

Mr. Speaker, there are a number of changes that were intended to occur at that time, in the '96 bill. The removal of unanimous resolutions has, in effect, taken place, but I gather it is not in law.

The recognition of phased developments, which is the norm these days for a substantive development. It's not likely that a developer

can risk the failure of a development by reason of being unable to market enough properties in a timely fashion, therefore putting a larger burden of finance on a project. So that was supposed to have been done.

Insurance coverage of condominiums. I mean, it would be painfully obvious to anyone that studies anything of tenants' rights and tenants' responsibilities to try and superimpose those on a condominium and leave it at that. The changes in coverage for condominiums, for both common property and for individual property, were sorely needed in regulations. Now, it has not been put in place. I'm told by most of those that are in condominium situations and in ownership of their property that they are very aware of the insurance responsibilities and their individual responsibilities to their own units and to those of their neighbours and co-owners of the property. This regulation may not have the effect that it could have had in earlier years when that kind of knowledge was not prevalent in the ownership of condominiums.

The establishment of a mandatory reserve fund. This member would think that there should be a fairly substantive body of work that has gone into this area, the development of a reserve fund, so as to truly plan for the maintenance and upkeep and the major work that must go on in a condominium, in the physical property, so that a new owner or an existing owner always knows where they stand with regard to the repair and maintenance of their property and therefore can easily discern whether in the next year it will need some major input of cash. This should be a moving target. The fund should be maintained and reviewed on a regular basis so that all those that are selling and buying properties will know what they're getting themselves into.

3:40

There's a particular area that did concern me while I was an alderman and still does today, and it's cited by a noted lawyer in Edmonton who deals with the condominium act and the difficulties that are related to holding property under the act. A gentleman by the name of Don Kramer, a lawyer here in town, is concerned that consumer protection is rather limited in the bill as it is drafted. I'd like to hear from the government side to see how they feel that it is in fact protected and to further that debate. It's section 11, and when we get to the portion of debate in committee, I suspect that I'll ask some of these questions and have them answered.

There is some concern about proper consultation. I mentioned earlier that the '96 act was a disastrous failure and that this government should apologize to all of those that hold property under the condominium act in the province of Alberta for that failure. I wonder why the organization called the CAA, the Condominium Advocate Association, was not consulted and given any credence at all for their position. We wonder why. If it is going to be four or 10 years in the making, surely you could ask one more interested party, that does have some expertise in the matter, for their input. This obviously was not done. I would like to know why there would not be any of these members in the working group. I don't understand why these people would not be included.

Another area of some concern to a number of people that participated in the consultations is: will the enforcement of the act be enhanced at all? It's a sad record that in 20 years of history there have been four prosecutions and only one conviction on the matter. Now, I don't know of any industry that has players that are all that honourable and just that would not give rise to a number of prosecutions. Certainly the enforcement provisions appear to have been so, so weak that they would give cause to any claimant to back off for fear of spending a great deal of money chasing, in this case, a developer and coming up empty because of the provisions of the act

or because of the major expense to get to a place where you could enforce an action.

Of course, the legislation should be and is, I suspect, under continual review, but every once in a while review has to stop and you say: okay; this is going to be debated. That being done in '96, it showed it to be a failure. Here's hoping that this same situation will not occur with this bill.

There's another section that was tried in '96, and we're not sure whether it's going to be fulfilled in this bill: the user-friendly language. It's most important that this principle be applied as fully as possible to define those responsibilities of each party in contract so that the average soul out there that wants to sit on the condominium association and help manage their own property can understand what the intent of the act is, understand all the provisions, and is not having to run off and seek legal counsel every time something of magnitude has to occur within the association. This member would think that that would be a notable contribution to any act and particularly this act in that it has to be applied by so, so many people.

The provisions under one particular section, amendments, have some interest to me, having been, in a former life, in construction and contracting. The definition of substantial completion will be better defined. That's always a concern in the relationship between the developer and the owners of any property, that it is clear at the outset what that definition is so that when that point arrives, it is not a shock to either party. It defines the amount of holdback, that which is held in reserve for some completions of the project.

We would hope that those provisions are seen to be fair both to the developer, because certainly the developer is not expected to finance a project to the extent that the bottom line of his or her operation would be affected in the negative to the extent that they could not further develop any of these properties, and to the condominium owner/consumer such that the provisions are adequate to protect them should the developer suddenly cease to be in business or pass away or any number of other events that could frustrate any contract and such that another could pick up from where that project left off and continue to completion to the satisfaction of all concerned.

There's some calculation of interest on outstanding accounts that seems to be a bone of contention for a great number of condominium owners in that their fellow condominium owners at times do not contribute in a timely manner their portion of condominium fees. It puts the whole project in jeopardy, of course, and the interest on those funds oftentimes was so low that there was actually an incentive for one not to pay their condominium fees and to just set those funds aside collecting interest in an interest-bearing account and be further ahead in the long run. Well, of course that was most detrimental to the operation of any condominium association, and that is being addressed and repaired.

Hopefully, there will be some regulations that'll prevent the unscrupulous activities of some developers. I know of two such instances – one of them has been rectified, and the other one has yet to be – and that's where a condominium owner has purchased the properties and then, while the developer is still in the process of completing the project, is dealing with the developer to buy another parking stall or buy another piece of property on the site. It's happened twice in my experience that this particular developer sold property that was not severable by title, such that that property was common property, and the developer attempted to sell that property and, in fact, received what would be fair value in the estimation of the purchaser.

When the developer went to register that piece of property – and I'm speaking this time of parking stalls and surface parking pads – the developer found that it could not be registered, not just because

the entire package of registration was not ready because the construction hadn't been completed, but a year later they found that they couldn't register it because the property was held in common. In the interim, of course, the developer held the funds all this time and then in one instance said, "Oh, sorry," and returned the money.

3:50

In the second instance the older person, plus 82, I believe, just does not want to fight, just does not want to put up with all the consternation it takes to deal with lawyers and the like. It is a sad situation and in fact puts a very, very bad taste in the mouth of those that do not want to have the responsibilities of the individual property, with land and the like. They're older people, and they would just as soon have a condominium that has all of this taken care of, only to find that that is not the case because the regulations are such that it does allow these kinds of unscrupulous activities to go on unchecked and unprosecuted.

Mr. Speaker, I'd like to thank you for your time and consideration of this matter. I look forward to the clause-by-clause review of Bill 16 so as to be able to amend those portions. Thank you, sir.

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

MR. DICKSON: Thanks very much. You know, this is actually a pleasant surprise, because I had expected that this was going to be adjourned by the government, as we discussed before. Since arrangements change frequently, it's always a useful idea to pack your bill file with you.

The concerns I've got with respect to Bill 16 are numerous. Let me start off by recognizing that this is a bill that has a number of different audiences, or constituencies, if you will. It has condominium unit owners, who have a very obvious interest. *Calgary-*Buffalo**, I suspect, has probably the largest concentration of condominiums certainly in the city of *Calgary* and, I suspect, because *Edmonton*'s downtown is more dispersed, maybe anywhere in the province. So I've got lots of constituents who own condominium units who have been keenly interested in what has been happening with this legislation.

The second group is developers. One thing about condominium developers: they have been working hard to ensure that their interests are front and centre in any sort of legislation that's going to affect condominium developments. We expect that; we understand it. They have a clear interest.

The third group is a group that sometimes isn't thought of so readily. These are the people who manage condominium developments. What's interesting is that each of these three groups – unit owners, developers, and condominium managers – has a different set of problems, issues, challenges, and so on to deal with.

Now, I know that after I sit down, assuming there are no government members that are going to participate, I'll have at least some other colleagues that will also want to participate in the debate on Bill 16, but in the time that I've got, I want to say that there has been a great deal of frustration in the community. You know, the process of overhauling our condominium property legislation has taken a decade, a full decade, ten years, to try and fine-tune legislation that has been shown to be deficient in a host of different ways. We thought government was finally going to be able to address some of those things. In 1996 many of us were in this Chamber and looked forward to that debate, participated in that debate, got feedback and so on. You may remember, members who were here in 1996, that the assurance we all received was: "Let's pass the bill, the Condominium Property Amendment Act, Bill 23. Then we'll have some regulations that will look after the remaining outstanding items."

Well, Mr. Speaker, what did we find? The Legislature passed Bill 23 in 1996, and then we saw one of those processes that many of us in the House marvel can happen in a province with as many smart people as *Alberta*. Something happened between royal assent to Bill 23 and proclamation. What we discovered was that when government sat down to make the regulations, as they're wont to do, with their selected group of stakeholders, what they found was that there were major, substantial disagreements between some of those three communities that I've identified. Condominium property managers had some issues that were different from condominium property developers, and unit owners in some respects had yet a third perspective.

Many of the people who live in *Calgary-*Buffalo**, who now we've got to know on a first-name basis, are tired of phoning my constituency office saying: "Dickson, when are the rules going to change? When is this new law going into force?" Mr. Speaker, I don't like making apologies for the government of the province of *Alberta*. I really don't like having to make apologies for the government that I pay taxes to. I want to be able to tell people that this government really gets it right most of the time. I'd like to be able to tell my constituents that the regulations really are just the minutia to make a well-thought-out piece of legislation effective.

Mr. Speaker, I can't do that because we see with this shades of – what was it? – the mobile home tenancies act. Now, this is an act that was never proclaimed. My recollection is that it was passed about six years ago, and because the regulation-making process was a closed rather than a very inclusive, expansive one, what happened is that there were problems that had been sloughed over, glossed over in debate in this Assembly. Then when it came time to do the regulations, we found that there was not clear consensus, that people in fact were still battling key issues that should have been addressed in the debate in the Legislative Assembly.

We've seen some other legislation like that. We're in such a darn rush to take that bill and tie the ribbon around it and package it up, gift wrap it, if you will, and send it out. We've got that \$8 million budget in the Public Affairs Bureau just salivating at the prospect of telling *Albertans* how great this government is. Maybe if we spent a little less time worrying about how we're going to gussy up the package, how we're going to decorate the package, and a little more time worrying about what's in it, regulations would be done more expeditiously. We'd have the major debate where it belongs, in this Assembly.

What's happened around the Condominium Property Amendment Act of 1996 is that there have been some substantial protracted disagreements, debate, if you will, around what should happen with the bill, but it doesn't happen here, Mr. Speaker. It doesn't happen where there's a *Hansard* record, and it doesn't happen where members of the public can come in and view. Where is it happening? It's happening in backrooms of governments. It's happening in the smoke-filled rooms where developers and government bureaucrats sit down and decide what the law is going to be. Does nobody else see something wrong with this picture? Is it just perhaps this misguided member that thinks there's something wrong with this process? In any event, I have some real concerns with the process that's evident here, and I can only hope that we do a better job in terms of the process of dealing with legislation.

4:00

Now, I've got a number of concerns I'm going to share with the new Provincial Treasurer when we move to the next stage of this bill, but right now we're talking in principle about the bill, and I wanted to highlight a couple of thoughts. The first one is that in *Alberta* what we've got is a process or a regime which is largely

self-regulating. Really what that means is that if you're a unit owner or you're on the board of a condominium corporation and there's a problem, what your government says is: go down and hire a lawyer, pay the retainer, and go to the Court of Queen's Bench, because that's where you have to go to get your remedy.

Now, a lot of those constituents that I represent and many of the people living in condominiums are seniors. They're not all \$2 million condominiums, like you find in the Eau Claire community. Some of them are very modestly priced. People have little left by the time they've finished putting down the down payment and then making mortgage payments on their condominium. To tell these people, "If there's a problem, you're on your own," to say to a condo corporation board in a small project, "If you don't like what's happening here, you go down and hire a lawyer to do it," does not seem very satisfactory. For some reason we've got a government that doesn't seem to see that they have a legitimate role and a valid role in terms of enforcement to make sure that the safeguards and the protection in their legislation in fact are going to be properly regulated.

In fact, I saw an interesting statistic. I don't have it in front of me, Mr. Speaker, but if you'd recognize that this is just going from memory. I think in the entire history of the Condominium Property Act there have been four prosecutions. I stand open to correction. If there's any member that has more current information, more current statistics, please signal and let me know. Of the four prosecutions I think only one actually resulted in a conviction. If you're going to suggest to me that there have never been any illegal acts, improper acts around condominiums in this province other than four, I think that just wouldn't be credible. I know you wouldn't try and tell me that, but there might be others that would try and suggest that.

So I think one of the things that's worth while asking is whether there is not a role for government in appropriate cases to do some of the enforcement, to do some of the compliance monitoring. You know, Adam Smith I'm sure was a wonderful guy in his time, and the laissez-faire economists of the time would see nothing wrong with this kind of approach, but in a complex society such as we have in the year 2000, condominium legislation is very complex. Large condominium developers are a pretty formidable opponent. I think we at least ought to be talking about: is there not a more efficacious way of trying to ensure that provisions in condominium purchase offers are adhered to or complied with? Is there not a more efficacious way of ensuring that some of the representations made by developers are in fact realized?

Mr. Speaker, we talked about the process that has been used with Bill 16, and we note again that if you look at section 11 of Bill 16, we have extensive, extensive provision for regulation. We go through and we look at three pages of matters that are going to be dealt with by regulation. In fact, my count is off; it's actually four and a half pages of material. We can start at page 15 and go all the way through to page 18 dealing with matters that are going to be dealt with by way of regulation.

Need I remind you, Mr. Speaker, that we are, I think, the only jurisdiction in all of North America where regulations are not reviewed, vetted by some kind of an all-party committee, some kind of a process. I daresay that if we had the moribund Standing Committee on Law and Regulations activated, we wouldn't have seen such long delays in terms of trying to resolve regulation. [interjection] Mr. Speaker, I'm getting some great advice from the new Provincial Treasurer, who I think is so darn excited with his new position that he just cannot sit in his seat any longer. He's been ignored for the better of 50 minutes in question period. He's sat here for another couple of hours, and he is chafing – we can almost feel

that member's pain of wanting to get up and just be able to talk, as he does so well.

Anyway, getting back to Bill 16. I am concerned that there are issues with the bill that have not been adequately answered to this stage. I'm just looking for some of the notes I made of some of the amendments that I'm hoping we'll see to this. I think I noted one concern – and I think you've heard this from other members – that the question of condo fees is not dealt with in Bill 16, and that's a huge concern.

I have a relative who right now is looking to move into a new condominium under construction in the lovely subdivision of Tuscany in northwest Calgary. One of the first things she asked was: what are the condominium fees going to be? What you find is that there is a very substantial disparity in terms of condominium fees. This is a woman that had lived in a condominium in Victoria. They have some very different legislation out there, and she was quite surprised to find in Tuscany, I think in the constituency of Calgary-North West, that the Alberta legislation doesn't have a lot to say, doesn't have a lot to say to her, doesn't have a lot to say on that issue. I'm confident that my MLA for Calgary-North West is going to want to participate in this debate, because I know that he's got lots of constituents like my relative that want to hear what concerns he may have with this bill and what constructive proposals he has to put forward to address some of those concerns.

So what's going to happen with condominium fees? There is a concern that when a project doesn't proceed or there are problems down the road, the mortgagee is in a terrific position. The mortgagee is in a wonderful, preferred position as a preferred creditor, a secured creditor, but when it comes to condo fees, that's a very low priority, indeed.

I think that the bill in many respects – and I pay a compliment to the draftspeople and the people involved in putting the bill together – is not an unfair compromise. I think it has tried to address a number of difficult issues, and it seems to me that it may in fact be a significant improvement over what we had before. I think it's a workable piece of legislation. I do think, however, that government has had much more acute hearing when listening to the concerns of developers than property managers or unit owners.

There had been a huge concern in the last bill about windows and doors, Mr. Speaker. Who would have responsibility for repairs to windows and doors? As I understand Bill 16, the compromise that has been achieved is one where we allow more flexibility to the condominium corporation. You have what we might call a default formula, as the condo corporation is entitled to elect to deal with windows and doors in a different way, and I think that flexibility is positive. If government had afforded us a more ample opportunity to debate the bill the last time we dealt with this, in 1996, we might have been able to avoid all the years of indecision and address some of these things at an earlier stage.

Now, I think the clarification in terms of voting rights seems to be appropriate. There was an issue before in terms of whether votes were by individuals or number of units owned, and I think some resolution there, some clarity has been helpful.

I think the money to be held in trust and tying that in with the cost of completion on new projects is advantageous.

4:10

Mr. Speaker, I suspect I'm getting very close to the end of my time, and I just want to give notice to the Member for Calgary-Bow, actually a member for whom I always have considerable respect, that I'm going to be suggesting to her a number of amendments. I know she'll be looking at those amendments and dealing with them in good faith, going back to people in the department and seeing what

can be done with those. I'm hopeful that we can pass a bill that will become a statute, a bill that will become an act and become enacted in time to be able to have some impact on the large number of constituents living in those kinds of dwellings.

Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I would move that we now adjourn debate.

[Motion to adjourn debate carried]

Bill 18 Alberta Personal Income Tax Act

DR. WEST: Mr. Speaker, the hon. Member for Calgary-Buffalo did indicate that I wanted to get right up here and start speaking. What better bill to start on than moving second reading of Bill 18, the Alberta Personal Income Tax Act, 2000.

Because of some of the statements that have been made by the opposition over the last year – I could read them, and sometime I will in here – I know that they support this bill because they support the lowering of taxes for Albertans in a balanced approach, and I'm sure they're going to stand up and acknowledge that to Albertans in this session.

As you know, Mr. Speaker, Alberta has led the country in tax reform, and we have introduced a new, single-rate provincial income tax, scheduled to take effect January 1, 2001. This bill will officially introduce our new, single-rate tax plan to the people of this province, making a bold step towards meaningful tax reform. The people of this province deserve to keep more of the money they work so hard for, and we're going to continue to review taxes in the province to make sure that this happens. This bill will set the framework in place for the tax system that will truly benefit all Albertans.

Now, let me take a moment, Mr. Speaker, to outline the basic components of this plan. The province will unhook from the federal system by levying provincial income tax on taxable income. This is an important component of this plan because it means Alberta, not the federal government, determines how we cut our taxes now and in the future. I'd also like to point out, as we unhook from the federal tax system, that if we did not, we would not be able to address the fairness issues such as the differences in taxes paid by single- and two-income families.

We should also keep in mind that simply passing through the changes announced in the past federal budget would not have taken 132,000 low-income Albertans off the tax rolls. Under our plan minimum wage earners won't pay any Alberta income tax, but they'll pay federal income tax. This is possible, Mr. Speaker, precisely because we are able to unhook from the federal system.

This new legislation will also see the introduction of our single rate of 11 percent, which will apply on taxable income. The basic spousal exemption will also be increased to \$11,620. The remaining nonrefundable credits will still apply, and the credits will be fully indexed to offset inflation.

Mr. Speaker, there has been a lot of debate about the effect that the federal tax changes will have on this plan. It is true that given the tax cuts announced in the federal budget, some Alberta taxpayers would save more under our current personal income tax system. However, we've said that we're committed to ensuring that federal savings are passed on to Albertans. The rate and/or the exemption level will be adjusted, following the first quarter, to pass the federal

savings on to Alberta taxpayers. Details of these changes will be provided following the release of the first-quarter report.

Now, I realize the argument across the way will be: why would we pass this legislation only to change it? Well, Mr. Speaker, the answer to that question is really quite simple. We need to put the structure in place so that we can provide lower taxes to the people of this province. Of course, there will always be influencing factors which may change things, but with the foundations in place we can make adjustments to ensure we get the results that the people of this province desire, and that's lower taxes.

Mr. Speaker, we need to pass Bill 18 to be ready for the launch of our new tax system on January 1. The early release of the bill allows companies and accountants time to develop the software needed to calculate provincial taxes under the single-rate tax and to make the required source deductions starting January 1, 2001. Once a clear understanding of the structure is in place, it is not hard to make these simple adjustments.

Mr. Speaker, Albertans have the right to keep more money in their pockets, and we've done a lot of work to get our fiscal house in order so that we can pass those benefits on to Albertans. I trust that all members of this House will support this bill, the Alberta Personal Income Tax Act, 2000. Let's get on with lowering taxes.

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

MR. SAPERS: Thanks very much, Mr. Speaker. Welcome to the debate, Acting Provincial Treasurer. It's nice to have some fresh thinking on this issue. The problem, of course, is that somehow into your notebook you seemed to slip the notes from the former Provincial Treasurer. It's too bad you were saddled with those notes, because the fresh thinking that I was hoping for I think would've seen a more robust defence of passing along sustainable tax reform that all Albertans would benefit from instead of just a select few and then only at the political desire of the government of the day. I know this, members, because I've reviewed his *Hansard* record over the past few years. I know that he's committed to this notion of lower taxes, but I must say that I was a little bit confused just now with the comments about ensuring that a foundation be in place first.

Now, if this member has carefully read the arguments of the Official Opposition regarding the need for sustainable, comprehensive tax reform that's fair and equitable, then he would understand, of course, that Alberta Liberals have been talking about the need for a firm foundation for a long time. It was this same hon. member who just talked about the need to put in place a foundation first and then worry about the details who of course, when he was on some of his earlier privatization escapades, it was: full speed ahead and damn the torpedoes; we don't need the legislative framework; we'll just go ahead and privatize things like registries and liquor stores because we can't wait for the legislation. So it's a little curious.

[Mr. Herard in the chair]

As the member knows, I used to work for an organization whose credo in part was that people can and will change. Of course, it's encouraging to me that perhaps this member has seen the light of day and understands the importance of putting in place a foundation, a firm foundation, a predictable one and a legislated one, so that governments can't play quick and dirty with the facts or with the rules. Maybe this member has proven the credo that people can and do change. Maybe it's a new corner that he's turned, and I'm happy to see that.

Now, the problem that I have with Bill 18 is that it is in fact more of this incremental, politically driven tax reform. The government would have us believe that they have to delink from the tax-on-tax system to pass along true tax savings, but as the facts come out in this debate on Bill 18, what we will quickly discover is that all Albertans would receive a greater and fairer share of tax relief if we simply lowered the existing rate. The government would also argue that we had to move to a flat tax to get rid of bracket creep.

Now, this government has collected untold millions of dollars through bracket creep over all of these years when they simply could have indexed the provincial rate and eliminated the provincial portion of bracket creep, but they chose not to do that. They chose to sort of backhand collect these taxes and then somehow try to blame it on the federal government.

Now, it's the federal government over these last couple of years that has passed along the only meaningful, real, and sustainable tax relief not just to Albertans but to all Canadians. It was only the federal government that figured out a way to deindex and then eliminate bracket creep without selectively picking some Canadians who would benefit and others that wouldn't.

4:20

So when I hear this government defend its own ideologically driven bills to the exclusion of the facts, it makes me wonder exactly whose interests they're serving. Of course, with Bill 18 we know the answer to that question. They are serving the interests of a select few very wealthy taxpayers. [interjection] I hear the Minister of International and Intergovernmental Relations talking about the GST. I'm so glad she mentioned the GST, that great Conservative legacy brought in by that Conservative government. You know, when it comes to tax policy, Canadians know full well whom to blame when it comes to things like the GST and raising taxes.

Mr. Speaker, you may be interested to know that this government has increased taxes by billions of dollars since 1993. In fact, over 12 percent of the fiscal dividend, over 12 percent of the more than \$9 billion worth of budget surpluses have come about exactly as a result of tax increases. For a government that prides itself on saying that the only way the taxes are going is down, of course the facts tell an entirely different story. So I would hope that the government will quickly rethink its position on this flat tax and will come to the conclusion that it's not fair, that it's an unequal distribution of benefits, and it destroys some of the parts of Canadian tax policy which have made this country one of the most desirable places in the world to live and this province one of the most prosperous places in the world to live and do business. I think this government at its peril will dismantle this kind of progressive tax regime.

[The Speaker in the chair]

We want to make sure that any tax changes maintain the values of equity. This is something that this government seems to have lost. We also want to make sure that in any change we don't lose the benefits of progressivity, and of course we want to make sure that it does not create new tax burdens on some Albertans.

The bill that's proposed by the government will unhook us from the federal system. It will impose a single rate, and it will raise some exemptions. It will also deindex. I can go along with deindexing, and I can certainly support raising personal exemptions and getting low-income Albertans off the tax rolls. Of course, both of these could happen without delinking or without imposing a single rate. In fact, both of them have been parts of Alberta Liberal policy for some time. So again it's nice to see the current government giving the government-in-waiting a little bit of credit by taking some of our

better ideas and incorporating them into their own provincial policy.

As is usually the case with this government, you know, Mr. Speaker, they mix in the good with the bad, so we have some of this good, sustainable, reasonable tax policy mixed in with this notion of a flat tax, which punishes the middle class and rewards the very wealthy. The government has said that maybe what they'll do is tinker around a little bit with the rates, but we've heard promises and musing from this government so many times when it comes to tax policy.

Let me refresh our collective memories here for just a moment about this government's musing about tax policy and their propensity for making up tax policy on the fly. Now, it's obvious that this government has not done its homework by assessing the distributive effects of the 11 percent single rate on various income classes and family types. To get the majority of the benefit from the federal tax reforms, this government would have to totally rework not just its exemption levels but also the single rate. But they didn't do that homework, and they didn't anticipate even though, clearly, the federal government telegraphed what its intentions were.

Now, we only need to look at the record of this government over, let's say, the past six to eight months to see how this government has been veering from one side of the road to the other on tax policy and has been making suggestions on the fly, everything from giving people hundred dollar rebate cheques to eliminating personal income taxes. We've had the Premier saying one thing and the former Treasurer saying something else, and who knows what the current Acting Treasurer is going to say and whether or not he's going to be around to be accountable for it.

We had the Premier back in the middle of July of 1999 musing about accelerating Alberta's single tax rate scheme in 1999 and 2000 by increasing the personal and spousal exemptions to \$11,621 as a means of providing tax relief to low- and middle-income Albertans. What he didn't realize, of course, is that under the existing tax collection agreements the province cannot adjust federally defined amounts of nonrefundable tax credits while remaining linked to the tax-on-tax system. So that was just an oops, I guess, Mr. Speaker, and they had to rethink that.

Then we had later on in the year, in November of 1999, the Premier saying that the government, to provide Albertans some fiscal benefit from its surpluses, may lower the 9 cents per litre gasoline tax. But that didn't seem to be a workable solution, because it was just two days later, November 25 of '99, that the Premier out loud said: I know; we should have a gasoline tax rebate. But that didn't seem to fly either, because a month later, in that quiet period between Christmas and New Year's, on December 29 of 1999, we had the Premier musing again about providing Albertans with a hundred dollar tax rebate cheque in the mail.

So we've gone from a reduction of the amount collected at the pump to maybe a tax rebate overall to now a cheque that would be sent to every Albertan, we think, but it didn't happen. Of course, this government loves to talk about tax relief and do very little other than the talking.

Right after the beginning of the year, seven days into the new millennium, we had the Treasurer now saying that the government is considering a personal income tax cut in the year 2000. This wasn't anything that was announced in the budget. It wasn't part of the government's tax plan. It was just the Treasurer, we suspect, freelancing maybe to get a headline. Ten days later, on January 17, the Treasurer again said: I know; it won't be a tax reduction; maybe we'll reduce health care premiums. Another headline, another day.

The very next day, on the 18th of January, that very same ex-Treasurer said: "Well, you know what? We should use the surplus to pay down the debt rather than being used to provide tax cuts."

Now, I'll stop at this point in the history, Mr. Speaker, because in fact it's interesting to know that the Treasurer might have just kept his word on this point. If you take a look at the record of the federal government and their fiscal surplus, their dividend, and the provincial government and how it's used its fiscal surplus, what you note is that the federal government has been able to commit a full 42 percent of its surplus to tax relief, while this government has provided 12 percent. So, obviously, the Treasurer and his colleagues in cabinet made the decision that they would much rather pay down the debt even though we were years and years and years ahead of the debt-servicing plan and would deny Albertans the tax relief that they had been demanding, because it is the ordinary working Albertans, the taxpayers of this province, that have enabled this government to see the prosperity that it reaps the rewards of.

I think it has done a disservice to those taxpaying men and women that this government, in spite of some clear direction to the contrary and some promises to the contrary, would once again choose to accelerate that debt repayment plan rather than provide some balance, as the federal government was able to do in balancing debt repayment and tax relief, to say nothing, Mr. Speaker, of course, of the absence of meaningful investment in sustainable, comprehensive, and high-quality social programs.

4:30

Mr. Speaker, the history goes on. About 10 days later, January 26 to be exact, the government offered an 18 cent reduction in the mill rate for the education property tax applicable to the next fiscal year. Now, this will amount to about \$22 or \$23 in tax cuts to the average homeowner, and this was after all these months of speculation of meaningful and sustainable tax cuts. What homeowners got was about \$22 a month.

On February 24 the Treasurer, for the eighth time since it was originally announced – this has got to be a new personal best for the ex-Treasurer – announced the 11 percent flat tax scheme one more time as though it was newsworthy once again. Of course, this was on the heels of other jurisdictions who have explored flat taxes and other politicians in other jurisdictions exploring flat taxes saying: well, we're not going to proceed with this because it's inherently unfair.

On February 27, prior to the federal budget, the ex-Provincial Treasurer, the one who's left us now, called on the federal government to cut taxes. I quote. He said: what we're saying to Mr. Martin is try it; you'll like it. End quote. Well, of course, we learned very soon thereafter that Mr. Martin not only liked it, but he did it much better than the ex-Provincial Treasurer would have.

On February 28, when the ex-Treasurer commented on the federal budget, he did say that federal tax cuts didn't go as far as Alberta's, but they were better than tax increases. Well, then the reality sunk in, that of course as a result of the federal initiative in leadership, Albertans in most income classes were going to be paying much more under the flat tax scheme than they would have if we had left it on the tax-on-tax formula.

Now, this was brought to light by Brad Severin, who is the senior tax manager at BDO Dunwoody, when he crunched some numbers and disclosed that Alberta's 11 percent flat tax will cost middle-income earners more than staying under the current tax-on-tax system based on the tax reduction measures announced in the year 2000 federal budget.

Even with that information in hand, on March 3, the next day, that former Provincial Treasurer – and maybe we understand now why he was anxious to go – said, and I'm quoting: well, 10 months from now our entire tax reduction kicks in; we're not going to wait for the

federal government to incrementally bump things downward, end quote.

Well, the problem is that he seemed to ignore what Mr. Severin and others had so clearly indicated, and that is that at several tax levels Albertans were going to be paying much more under the 11 percent rate. For example, for an income earner at the taxable income level of \$30,000, they were going to be paying at least \$60 more under the Alberta rate, and these are supposed to be some of the low-income earners that this government is promising to bring relief to, meaningful relief. All they're going to get from this provincial government if Bill 18 becomes law is a tax increase.

Now, on March 12 further calculations prepared by Brad Severin showed that middle-income earners in Alberta are better off within the existing tax-on-tax system than under the 11 percent rate. The former Treasurer said that maybe Mr. Severin's figures were wrong, but that argument only lasted a mere 24 hours, because on March 13 the Treasurer said: oops, maybe. In fact he was wrong, and he said: we'll have to cut the proposed flat tax to keep up with the federal reductions.

Then, most interestingly of all, Mr. Speaker, on March 14, the day after all of this to-and-froing on the part of the former Provincial Treasurer about the 11 percent flat rate, we had the Premier declare in one of his uncharacteristic outbursts that he would bring in a law to ensure that Albertans will always have the lowest personal income tax rates in Canada. He made this statement with the suggestion that as a result of federal tax initiatives, he wanted to make sure that Albertans were never going to be shortchanged.

Well, two things that the Premier seemed to have forgotten. Number one is that he's not going to have anywhere near the tax room in this province that any Prime Minister of the country would have, but most importantly he seemed to have forgotten that a key part of his tax policy was delinking from the federal government, and in that outburst he relinked. What he said was: we are going to make sure that we always have the lowest tax based on what the federal government does. So, in fact, he's once again contradicted his policy and his Treasurer, and if I heard the Acting Treasurer correctly when he said, "You know, one of the joys of Bill 18 is that tax policy for Albertans will no longer be made in Ottawa," if I understood his point correctly, he'd better sit down with the Premier one of these days and see which one of them is really speaking for the government when it comes to delinking or relinking with the federal government. Of course, the Official Opposition wants to ensure that Alberta taxpayers receive the full benefits of federal government tax reductions, but we wonder whether the Premier and his government have considered all of the implications of this latest thinking out loud or thinking on the run by the Premier.

Most interestingly, if you do follow through the numbers, Mr. Speaker, the provincial government has not set aside enough money in the current budget to fully flow through the benefits of the federal tax reductions at the predicted rates of growth, so we have some serious concerns regarding this government's intention to follow through on that pledge even if they could.

Now, the other part of the difficulty I have with the Premier's comments in light of Bill 18 is that provincial program spending commitments, particularly in health care and education, are growing at a faster rate than federal program spending commitments. In fact, if you review the numbers – and more of this might come up when we're dealing with Bill 19 – I think just to help the House follow through with the argument, the former Provincial Treasurer's, not this Acting Provincial Treasurer, spending has actually gone up at a higher rate than I think any of his predecessors, and with that rate of spending increase it would be very hard to know where this provincial government would find the revenue to back up the Premier's

boast about always maintaining in law this lowest tax regime. Of course, then you have to wonder whether or not the lowest tax regime on the single measure of income tax is the most sound fiscal policy if you simply isolate that as the one objective and you don't put it together with other tax policies and fiscal policies for government.

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

MR. MELCHIN: Thank you, Mr. Speaker. I'm thrilled to be able to stand and speak a few moments on Bill 18, Alberta Personal Income Tax Act, as introduced for second reading today by the hon. Minister of Resource Development. You know, I'd like to mention that it's nice to hear the support from the Member for Edmonton-Glenora, that he wants to see that we move maybe even faster to reduce income taxes. I'm thrilled to hear that he's put that on the record, that he would like Albertans to continue to see that we push for more progress for more and faster tax reduction. I'm glad to hear that on record.

It's nice to say that by the time this act is introduced in 2001, taxes would have been reduced by over \$852 million from 1999. It's nice to say, "Well, let's do more," but let's put it in perspective. How much more? Then from that aspect, how is it that you're actually going to then also finance all of the expenditure plans that we will hear also pronounced from the Member for Edmonton-Glenora and from the opposition? They want us to drive all of the taxes down faster but also want to increase the spending significantly. So it's nice to be able to say both, but it's nice to also have their issues on record.

On the topic of fairness one of the greatest distortions I would say about fairness that's been sold to the public is that it's fair to have complex, multiple levels of rates of tax. It would be interesting, if we would survey even the members here, how many would know the three federal rates and at what levels of income they kick in. That's just one simple part of the Income Tax Act.

4:40

When you start adding on the complexity of that Income Tax Act, you've now had to ask the public to go to accountants and lawyers and give all of their money to plan. They're going to have to assess how do I divide the income between that of my spouse or a child or amongst their employees so that you start looking towards how you maximize tax and spend all that time and effort and all that money to professionals who specialize in this area. That very productive work could be better put towards everybody being able to understand a very simple, fair basis of taxation. What could be better than everybody looking towards how do I contribute towards the services I receive, that all Albertans would know and understand. In fact, for the first time in talking to people, they understand: yes, 11 percent. It doesn't matter if it's after the personal exemption level of \$11,620, but after those rates I'm only going to pay 11 percent. I'm now not going to be penalized for working harder, being industrious, and trying to save.

We talk about being fair. In fact, all the multiple levels of tax do is penalize the middle income from being able to save and accumulate their wealth. As soon as they start accumulating sufficient wealth, it gets taxed at higher rates. They can't break through that threshold of being beyond the middle income. We keep them down at that level. If we don't take away that incentive from them, from being able to save and to earn higher levels of income and to save those moneys, then we will keep the middle income literally in that class. The wealthy already have the ability and will always have the ability to arrange their affairs, be it corporately, be it through

income-splitting techniques, through investments, and through all kinds of deductions that are available in various income tax acts to be able to avoid and/or delay the tax that they would pay. This makes it very visible, it makes it understandable, it makes it simple for everybody to understand, and it certainly probably makes the fairest basis of taxation. Why is it that everybody shouldn't contribute in the same fashion to making this country a very prosperous one?

This tax did provide, by unhooking from the federal system, some major advantages. If we don't unhook, we don't have the same latitude of assessing where it is that income tax policy should benefit and to what extent Albertans should benefit and in which areas. We wouldn't have had the ability to pass the federal changes through to 132,000 lower income Albertans on the tax roll. The minimum wage earners wouldn't have had the ability to no longer have to pay tax, those at the very low end of the scale. It's by having significantly changed and improved the exemption level for personal and/or spouse or for the married equivalent that those will help reduce. Those that are at the lowest levels now will no longer have to pay tax; 132,000 lower income Albertans will no longer have to pay provincial income taxes.

Now, I don't know if you talk about fair, but after you start earning any level of income beyond the very low amounts, everyone is now able to understand what it is that they will pay for tax.

I would like to also make mention that part of the challenge we do face is that we can't look at Alberta or even Canada in isolation from the world. When we look at tax policy, you have to be looking at a fashion or a way of how you attract and maintain the brightest and the best and those that would attract the capital and allow the capital to freely flow into Alberta. How is it that we create an environment that says, "This is a place to come and set up our businesses and earn our income"? Already this single issue of a flat tax is attracting many. Alberta is a place where they want to come and start their businesses. It is a place where there will be an opportunity for their children to find jobs in the future. It is an ability to then drive the policy to see that that income will stay here versus being put into other countries and other nations, to just shelter the tax so that they will leave it in Alberta. We're finding many already will come to Alberta and find reasons why their residence should be here on December 31 rather than maybe somewhere else in the rest of Canada so that they can already take advantage of the low taxes.

We do have in this income tax act some significant changes with respect to the flat rate taxes I've just discussed, but because of the complexity of the federal tax many of these things still have to stay on their own. All the nonrefundable tax credits will be left in place so that no one will be penalized. The charitable donations, all the medical expenses, the tax credits: those will all be left in place so that we will not be penalizing anyone. All Albertans truly do benefit by seeing this new income tax act being put into place as of January of 2001.

I have not specialized in income tax, but I certainly have had that opportunity of working with income tax. I can tell you that one of the greatest problems that people come looking for advice on their income tax is just the plain ability to understand it, for them to be able to predict with some certainty what it will mean for them for the future and that they won't be left to the interpretation of tax courts and tax accountants and tax lawyers as to how to invest their money, how to save it, and how to earn it.

The best thing that we could do is to simplify taxation for all Albertans. This tax act will start in that measure for it. This is only one piece of income tax in relation to all the forms of taxes that are collected in Alberta. There is the whole question of mix. Albertans already have the lowest tax load of all provinces in the country. It's

going to be harder for us to have the same percentage decreases in our tax rates versus the other provinces as we're already substantively lower. When we start comparing hypothetical situations of what could have existed if we'd remained under the old roll, one can always make an argument for their particular case that maybe it was advantaged or not. Overall this system will be much fairer, simpler, and more understandable for all Albertans and will probably help drive this province for the next century, for the next millennium to be the place to live in Canada.

Thank you, Mr. Speaker.

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

DR. NICOL: Thank you, Mr. Speaker. It's a real pleasure this afternoon to get up and speak to Bill 18. It was interesting. As the Acting Treasurer sat down from moving second reading on this, he closed by saying: let's get on with lowering taxes. That's a paraphrase of his exact quote, but it was kind of that. When I look at Bill 18, Bill 18 deals with the structure of taxation much more than it deals with the level of taxation. What we want to do then is look at Bill 18 in terms of how it determines how we're going to tax, because each of the parameters within this bill can be adjusted at any particular time by an amendment to the act which will then allow for a particular level of taxation. So the real issue then becomes one of: are we going to deal with a different structure of taxation?

Mr. Speaker, when we look at the four major parts of the bill and how it's going to change the structure, what we're going to look at first, I guess, is the one that a lot of people are talking about and that forms the basis for this whole bill, and that is the unhooking from the federal process. From my perspective and I think from a lot of people's perspective this is a good idea. This gives us the independence at the province to deal with our taxation. We are then directly accountable to the people of Alberta on the basis that we tax them, the level that we tax them, and how that tax gets measured. It's not clouded over or masked by changes at the federal level, because we're dealing with a measure of income and then we're dealing with a tax on that income as opposed to a second level calculation from that income. So I think that all Albertans should feel very positive and very encouraged as we move from a tax-on-tax system to a tax-on-income system.

The other one that we're talking about is the relationship of income tax to income earners. The historic approach that we've had in our income tax system has been that the person who achieves that income is the one who is responsible for basically paying the income tax.

We've gradually started to create exemptions. You get exemptions for your children, and you get exemptions for your spouse. What we're seeing here now is basically a separation and an attempt within the structure of our taxation to develop some degree of equity for families that have one or two income earners so that the tax payable by that family is more equitable or more even than it was under a system where each individual was individually responsible for their income and their income taxation. So what we're seeing then is basically a change now to more of a family income tax situation rather than an individual income tax situation.

4:50

The other thing that comes up and is very, I guess, straight in terms of how this is applied is the recognition that within the federal and provincial systems there were a number of tax credits that were offered at the federal level that will be honoured and dealt with within the context of this new tax structure in Alberta. So those

three, basically, I think most Albertans would see as being reasonable, would see as actually improving our taxation system.

The one that's left out of that, then, is the move to the 11 percent single provincial tax rate, and I think that is where we have to really look to see whether this new structure is going to be reasonable or whether or not it's going to be reflective of some of the things that we've heard in the lead-up to this debate. Also, we heard from the Member for Calgary-North West as he talked about the equity that was going to be created for people as they increased their incomes. I guess the thing we have to look at here is that if we're going to have a single rate of taxation and if we want to deal with equity, we have to look at how we measure the income that that single rate gets multiplied by.

Within the structure of incomes of individuals in any of the western economies what we're basically seeing now is that as you earn more income, you in essence develop and achieve options to delay the reporting and measurement of incomes in the context of an income tax form. I know, Mr. Speaker, that I do it on a regular basis when I sit down and I talk about: "Well, I've got money in some investments. Do I put those into an income-earning investment where I can get interest on it?" If I do that, then at the end of the year, whether or not that interest is actually transferred to my bank account, I get a little statement from the financial institution which then gets added to my taxable income, and I pay income tax on that income. But if I put it into an equity fund, that income or the growth in the value of that asset is measured in the context of equity, and this effectively is a capital gain, which is not taxed for taxation purposes, is not measured as income for taxation purposes until I actually liquidate that asset.

So what we're seeing, then, is that this kind of a structure discriminates against people as they get older, because almost all of our financial planning institutions tell us that as we move through the aging process, Mr. Speaker, we're supposed to transfer more and more of our money from the equity base, where there's a high degree of risk and a high degree of speculation, into a more capital-secure investment style.

Well, generally those are income-earning investments rather than equity-earning investments, so what we're in essence seeing is that if we have a middle-income earner, where they have to start thinking about someday having that investment to spend as part of their income after retirement, they're going to have to start and make sure that they protect that capital base. Any financial adviser will tell them, as they age, to put more and more of it into that income-earning format rather than the equity-earning format. So what we're seeing is that these individuals are going to be paying income tax on that and the person who is either younger or whose investment is not critical to their financial management will be tax exempt. They will be exempt.

Well, the whole idea behind a progressive taxation system, where you have steps, is effectively saying that as I put more and more of my money as a middle-aged person into equity, then some degree of fairness in that taxation system needs to be applied. So, in essence, by having a slightly higher tax rate, it compensates for the income that I earn which is not being reported as taxable income on my tax form. I think we have to look at this.

Mr. Speaker, I'll be the first to admit, and I think a lot of Albertans would, that our tax rate differences were probably much too broad. But the idea of having a progressive tax system needs to be looked at in terms of: is it an equitable tax system when we have this option to hide incomes or to divert incomes so that you don't have to report it on your income tax form? That's the kind of question that we have to be looking at as we go to this 11 percent.

Now, for a young person going through their very rapid increase

of income with new employment advancement, the gaining of experience, probably a flat tax is very reasonable for them, because what you're going to see is that by the time they're paying off their student loan, they're buying their home, they're doing all these other things, they effectively are spending their total income. They don't get into the decisions – at least, Mr. Speaker, I never had enough money to start saving until the kids were all gone, the mortgages were paid. Then I could put my money away in terms of looking at: how can I prepare for my future?

Well, you know, those individuals may find a flat tax very attractive, and we may find the spin-off that comes from that very supportive to our economy in terms of multiplier effects. But I think that if we're going to look at this in the context of the entire spectrum of incomes and tax possibilities, we have to very seriously look at whether or not the 11 percent flat tax is the kind of tax system that we want as a structure in Alberta.

Mr. Speaker, we see all kinds of things that talk about, you know, who pays less, who pays more. Well, when we're talking about a change in structure, there always will be winners and losers, even if it's degree of winning or degree of losing. It's not necessarily this thing that everybody has to come out a winner. Once we change anything in our tax system, any structure in our tax system, any rate in our tax system, unless we sit down and calculate it – and I would suggest that maybe our computer capacity isn't enough to sit down and calculate the proper adjustments so that everybody is treated equally. Any time we change taxes, there is an inequity created. The debate here has to be as to whether or not this new structure is going to give us a more equitable, a more fair tax system than what we had before.

Mr. Speaker, as I've said, three parts of it I like, I think would be very attractive, but the movement to the flat tax I have to question, because I don't really think that this is going to give us the fairer taxation that we see in Alberta. I can give you some examples of that. I've talked to a number of individuals in my constituency who are what I would consider middle income, the rising income level person. What they've talked about is: well, you know, it's going to be nice to know that if I get a \$5,000 raise, I don't have to jump to a new bracket. Well, when you start talking about how they are going to spend that \$5,000, a lot of them are saying: we're going to buy some investments; we're going to start saving some money. You say: well, how are you going to save that money? You start explaining it to them, and pretty soon they say: okay; maybe it isn't quite fair when all I do is pay the flat rate. From this year forward the 11 percent attaches to all of your income, but when you take some of that and put it into a saving, then how you save that determines your income for the next tax year and tax years subsequent to that until you convert that saving pool back into an income stream.

What you end up with then is a real discrepancy, and most Albertans realize that they can effectively defer taxation by choosing how they invest their dollars. They then are putting themselves, based on their risk aversion, their willingness to accept risk, in a different category from someone either who is not quite as much of a risk-taker or someone who is older who has to have the higher degree of certainty associated with their actual capital accumulated stock, the stock of capital that's in that saving program.

5:00

Basically, what they're realizing is that, yes, within the context of a flat tax rate there are some advantages, but also then you end up in a situation at some time when there is no real equity created by a flat tax. So what I would do is encourage the Acting Treasurer to look at that and determine whether or not that inequity can be addressed

in the context of how we're going to deal with this. Using the federal taxable income form as the base for our flat tax will not allow this to occur.

Mr. Speaker, what we may have to do is go to some kind of a net worth taxation so that you get the tax from all sources of income treated equally, no matter how you deal with risk or how you deal with your investments. I don't think that in itself is reasonable. The administrative load, the degree of reporting, the ability to not quite report all of your assets would be a temptation, I think, that we don't want to have to enter into in the context of trying to have Albertans approach a fair taxation system. That means we have to go back to looking at how we can deal with adjustments in the issue of the measurement or the rate of taxation as opposed to the base of taxation.

With that, we need to make sure that we look at the possibility of putting into account the ideas of a progressive tax. I think all of us that work in this room effectively report to the Ethics Commissioner every year an asset base, effectively a net worth statement, and I don't think that we should be expected to have to deal with putting that into the tax domain and in the context of trying to look at what proportion of those investments that are reported in our disclosure statements are income-earning as opposed to equity-earning sources or investments. So it really creates a dilemma for us in terms of trying to make sure that our taxation system is really fair.

Mr. Speaker, as I kind of close and summarize, what we have to do in terms of looking at Bill 18 is look at it basically in the context of who pays the taxes in Alberta. At what level do those individuals who are paying the tax have to pay? Anytime we can move to reduce taxes, we can do that in any kind of a structure. As I said to start, Bill 18 is an approach that will take us to a new structure, not necessarily any particular level of taxation, because the taxation level will be determined later as we adjust whether or not 11 percent is right, whether we adjust the consumer price indexing of the categories, the exemptions, or the credits. We have to look at that from the perspective of what it is that we want in the context of an equitable tax system for Albertans.

The option that we've got in here that is going to continue to look at and honour the nonrefundable tax credits at the federal level I think is quite easy. What it does, then, is create a consistency between how a lot of the activities that we undertake with charitable organizations, the contributions we make – as long as we're going to keep some kind of a consistency between the provincial and federal government levels in taxation, what we'll be able to say is: okay; these are the benefits that you get for making a charitable contribution. If we were to break ourselves off on that area, what we'll end up with is people starting to make decisions about where they will make their charitable contributions based on where the tax credits or tax deductions are. Then what we end up with is a fight between the two levels of taxation to decide who's going to get people to put the money into the charitable organization that they want to give the credit for as opposed to the other one. So the idea that we're going to keep that tied together, keep it uniform, and keep it linked I think is a good process that we're looking at.

So, Mr. Speaker, with those kinds of comments on the base level and the principle of what Bill 18 stands for, I'd just like to conclude by saying that if we could deal with this bill from the perspective of the three sections, I think it would be worth voting yes for. When we look at how it impacts on the equity and the potential equity and the perceived equity, because this bill is being sold as being a fair representation of taxation, I think maybe with proper looking at the data, we might be able to determine that maybe it is fairer than what we already have, but it is not fair in the sense that it provides for a lot of options and a lot of income shifts. I can tell you that when you

deal with this now, you're going to look at what the impact would be in terms of how you make investments, how you defer income. I haven't even gotten into the whole area of what happens to the issue of stock options, what value they get taken at for the executive-level people in the province who participate in share ownership.

With that, Mr. Speaker, I'll conclude my comments. Thank you very much.

MRS. McCLELLAN: Mr. Speaker, it's interesting to listen to the debate on Bill 18. It's very difficult to argue with lower taxes. However, there have been some comments from both sides on methodology, and I think that's a very helpful and useful debate. I think Albertans are proud of the fact that their province in fact has led the nation in the importance of reduction of taxes to strong economies, to chances for advancement for our businesses, for our corporations, and for our young people.

Mr. Speaker, with those comments I would now adjourn debate on Bill 18.

[Motion to adjourn debate carried]

Bill 19

Alberta Income Tax Amendment Act, 2000

THE SPEAKER: The hon. Acting Provincial Treasurer.

DR. WEST: Thank you, Mr. Speaker. It's a pleasure to start the debate on Bill 19, the Alberta Income Tax Amendment Act, 2000.

This bill is a milestone as we have got rid of the net debt in the province of Alberta, and now we're getting rid of the 8 percent deficit elimination surtax that was put in place at the time. This tax was imposed in 1987 as a temporary deficit elimination tax on Albertans with incomes greater than \$44,000, and if you refer that to today, it has the equivalency to about \$47,000. This was essentially put in place to combat government waste and overspending, and it was intended to deal with the mismanagement of taxpayers' dollars by increasing the amount of money we took from taxpayers. I just don't understand that, Mr. Speaker.

We have taken the trend of mounting debt and reversed that, and we've put our financial house in order to this date. It's a model for the rest of the country that we've done this, and it's a source of pride. So taking this surtax out is definitely that milestone I talked about.

5:10

Now that that net debt is gone, we are going to get rid of this tax completely. We've gone a step further though. While we got rid of the debt and we're going to remove this tax, we've also put in place legislation that says that deficits are illegal in this province.

In addition to this, Mr. Speaker, our good financial position and strong Alberta economy mean that we are able to accelerate the elimination of the surtax 18 months ahead of the schedule that we had set back when we passed that law. This legislation also does some cleanup, and it will continue for seven to 10 years. For example, the legislation removes terminated credit programs and reference to corporations which are now dealt with in corporate-specific legislation. Ultimately, the bill will leave more money in the pockets of the people of this province and finally lay to rest one of the last reminders of deficit spending in the province of Alberta.

We should also note that while this particular tax is directed towards Albertans who originally had tax imposed on them, it is not the only recent tax break that has come into Alberta. In fact, in 1997

we introduced the Alberta family employment tax credit, which gives tax breaks of up to a \$1,000 to lower income and middle-income families. In 1998 we cut the tax rate from 45 and a half percent to 44 percent, which benefited all Albertans. The combined impact of those moves meant a 65 percent cut for a single-income family with two children earning \$30,000 a year. I repeat: a 65 percent cut for single-income families with two children earning \$30,000 per year.

Personal income tax will be paid under the new Alberta Personal Income Tax Act beginning in 2001. However, the Alberta Income Tax Act will continue to remain in effect for seven to 10 years for administrative purposes. The government will use this opportunity to make some technical amendments that will delete obsolete passages.

Also, in 1999 we have matched the federal increases in basic and spousal exemptions.

Mr. Speaker, I hope that we have total support for this and that this marks an end to an era of overspending in government and puts back in place some sensible taxation processes. I can remember a day when I sat around the table when the deficits were mounting, when the total debt was mounting at a massive rate, and a group of four or five taxes would be brought in for discussion by government. When asked which one they'd like, the government of the day would say: we're going to have to have all of them to try to stem the flow. They were done on almost an ad hoc basis.

I can remember a day, too, when we started the arduous task in '92-93 of removing the massive deficit, the 3 and a half billion dollars, to get rid of the net debt as well as deal with the massive true mortgage in this province. When we came to debate removing taxes, there was long, long debate, not that ad hoc approach. It was hard to get rid of taxes that we'd put in place. Governments like taxes. They like to feed on taxes. It's easy to put in a percent here, an 8 percent surtax on certain brackets, but it's very hard to remove them once the animal starts to feed on them. That's a good reason never to bring in a sales tax in this province until all the other taxes are gone or lowered.

Mr. Speaker, I would continue this debate at a further time and bring up examples of how taxes have been misused by government, even this government and other governments in Canada, but at this time I would like to adjourn debate. We'll certainly have ample time during committee to bring out the historical nature of tax.

[Motion to adjourn debate carried]

THE SPEAKER: The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I would move that we now call it 5:30 p.m. and that when we reconvene at 8 p.m., we do so in Committee of the Whole.

THE SPEAKER: On the motion put forward by the hon. Deputy Government House Leader, would all hon. members in favour please say aye?

HON. MEMBERS: Aye.

THE SPEAKER: Opposed, please say no. The motion is carried. The House is adjourned until 8 o'clock tonight, when it reconvenes in committee.

[The Assembly adjourned at 5:15 p.m.]

