

Legislative Assembly of Alberta

Title: **Wednesday, November 19, 2003** **8:00 p.m.**
 Date: 2003/11/19
 [Mr. Shariff in the chair]

The Acting Speaker: Please be seated.

head: **Government Bills and Orders**
 head: **Committee of the Whole**

[Mr. Shariff in the chair]

The Deputy Chair: We'll call the committee to order. Hon. members, before we proceed, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

The Deputy Chair: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thank you very much, Mr. Chairman. I am very pleased this evening to introduce to you and through you to all members of the Assembly a very excellent group that's joining us in the public gallery. This is the 25th Edmonton Christ Church, Cubs and Scouts. You can see them there. There are a number of them joining us, and they are accompanied tonight by their leaders Mr. John Simpson, Mr. Dwayne Hick, and Mr. Lance Bard. Also with them is Ms Clarkes. She's the parent helper that is along with the troop this evening. So we're very excited to have them joining us in the public gallery tonight to watch what we do here, and I would ask them all to please rise and accept the warm welcome of the Assembly.

Bill 43 Post-secondary Learning Act

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Minister of Learning.

Dr. Oberg: Thank you very much, Mr. Chairman. As promised this afternoon, I would now like to have the table officers distribute the amendments, please. I would like them dealt with as one amendment.

The Deputy Chair: While the amendments are being circulated, I just want to mention for the record that we shall refer to these amendments as amendment A1.

Hon. Minister of Learning, you may proceed now.

Dr. Oberg: Thank you, Mr. Chairman. As we all know the purpose of Bill 43, what I would propose to do this evening is go over the amendments that are being passed out right now. I would also like to go over the regulations, especially as the regulation on tuition fees is something that is of very much importance to the students that are here tonight and very much important to each and every one of us.

First of all, on the proposed amendments, Mr. Chairman, the first amendment essentially changes the definition of an applied degree. This was after consultations with the colleges and technical institutes. They wanted a new definition, and subsequently that has been incorporated into Bill 43.

The second amendment that is on the list before you is to allow the

academic staff association to nominate one of two faculty members on the board of a university. The second member will continue to be nominated by the general faculties council. Mr. Chairman, after consultation with the faculties councils it became very clear that the general faculties council does not represent all of the faculty. Indeed, there are sections of the faculty that are not represented by the general faculties council, and what this will enable them to do is to have representation at the board level in much the same way as the student associations or the nonacademic staff associations do.

The next amendment that is in the bill is moving the powers of the general faculties council, and we are keeping all of the powers of the general faculties council in the act. As you know, in the previous Bill 43 these were moved to regulations. We are now putting them back into legislation.

Number 5, the academic council. This basically clarifies that the minister establishes admission requirements for apprenticeship students and that the boards must establish a process for program quality reviews. Mr. Chairman, we feel that it's extremely important to keep the quality of the apprenticeship program up. We also feel that it's extremely important that the qualifications for apprenticeship are done on a provincial level as opposed to an institutional level. This amendment has been done with a great deal of consultation with the affected institutions, and they're very much in favour of it.

The next one is about the disposition and development of land. We are still taking away the expropriation powers of land of the universities. Included in the original Bill 43 was the ability to extend the same rights that universities have to colleges and technical schools. Upon talking to the colleges and technical schools, they did not want these rights, and therefore they have been taken away, and they will continue to be under the MGA. Included in the legislation is the clarification that a regulation must be put in place to govern the process involved with consultation of community groups, and that is going to be worked on with the communities and the municipalities in regard to universities.

Another issue that has come forward is pensions, and quite literally upon proclamation of this act all existing pension plans will be considered valid and remain in effect. This is in response to concerns from the Auditor General, Mr. Chairman.

The academic staff. It will be clarified that compulsory arbitration is the only allowable dispute resolution mechanism to resolve collective bargaining impasses. This is very important because, again, in talking to the faculty associations, they did not want to lose the right to strike, even though they had bargained the right away some 20 to 25 years ago. We have changed that wording, and just for interest sake when I asked the faculty associations exactly why they had bargained away that right, interestingly enough they said that they could not attract top quality staff if the right to strike was there, and that was why all institutions in Alberta have bargained away the right to strike with the exception of Mount Royal. This will now essentially make the bargaining process the same in all of the jurisdictions: universities, colleges, and technical institutes.

Student associations, Mr. Chairman. The amendments show that the student associations' powers are all now in legislation.

The other issue that was causing some consternation with the student associations was the ability for the boards to call for an audit. We have now clarified that under the amendments, the boards cannot do the audit. The audit must be called for by myself as minister, and it must only be for financial irregularities. The question comes: why even do it for that? Well, we've had experience with two different student associations at one of the colleges in Alberta that literally absconded with the money. Whether it was legal, whether it was by throwing a party for their friends or lots of other things, these are moneys that are checkoffs by the students, so if there are financial

irregularities, then there must be the ability for the minister to have these audits. The other thing that has been added here because of the concern from the students' associations about boards effectively running them out of money by continuing to ask for audits, the minister and the department will pay for any audits.

8:10

The other issues with that, as I've said, are that all of the student association powers will be included in the legislation and, indeed, are included in the amendments.

Another one, the dissolution of all assets, liabilities, and organizations, will be dealt with through an OC. This is as opposed to a ministerial order. It will be dealt with by the Lieutenant Governor in Council.

Mr. Chairman, the landmark purpose of this bill is actually the campus Alberta board of accreditation and co-ordination, and this was the body that was to oversee degree granting privileges for the technical schools and colleges and universities. What has happened is when we went out and talked to the universities and technical schools on this, it became very apparent that they did not want this body to be involved in the co-ordination. They felt that it would be very difficult for a member of the University of Alberta, for example, and a member of NAIT or a member of a different postsecondary institution sitting on a board to co-ordinate and decide whether Grant MacEwan should or should not have a degree. They felt that that was adding a degree of politicization that was not necessary and, indeed, was actually detrimental to the process.

So what we are doing, Mr. Chairman, is the campus Alberta board of accreditation and co-ordination has now been changed to the campus Alberta quality council. What literally will happen is an institution will come and ask the minister: can we have this degree? The minister will then say yes, or the minister will say no. If the minister says no, then that application is dead. If the minister says yes, then it will go on to the campus Alberta quality council where their new job, then, is only to determine the quality of that degree, and it will only be granted when the quality is sufficient to appease the people that are on the campus Alberta quality council.

There are also numerous House amendments, and indeed there are some probably 10 or 15 pages of House amendments and insignificant other amendments that are also here as well.

I now want to concentrate, Mr. Chair, on the tuition fees. What we have done in the amendments to Bill 43 is we have established two different ways that we have controlled tuition fees, and they're for two distinct institutions. The first one states that

where a public post-secondary institution's revenue from tuition fees in a fiscal year is equal to or less than 30% of its net operating expenditures in that fiscal year, the maximum allowable annual increase in tuition fees for that post-secondary institution in the following year must be set in accordance with the regulations.

I will give you the regulations here very shortly. This is identical wording to what is in the existing acts with regard to the tuition fee policy.

We have then added a second section, and this is:

where a public post-secondary institution's revenue from tuition fees in a fiscal year exceeds 30% of its net operating expenditures in that fiscal year, the maximum allowable annual increase in tuition fees for that post-secondary institution in the following year is the Alberta Consumer Price Index plus 2%, which must not result in a decrease or be greater than 5%.

This has been agreed to. One of the reasons for this – I think we all are very familiar with the principle that we feel that parents and students should put in roughly 30 percent or up to a maximum of 30 percent, but what has happened in our postsecondary institutions is that we have some institutions that are incredibly efficient and have

actually decreased their expenditures, decreased their costs of operation, and subsequently what has occurred is that they have been unable to raise their tuition fees.

The best example of this, that I cited today in question period, was the University of Lethbridge. We see the University of Lethbridge sitting at number 40 of roughly 50 universities across Canada. It has the 40th least expensive tuition fees. The tuition fees are somewhere around the range of \$600 or \$700 less than their equivalent institutions. Subsequently, they have not been able to raise their tuition fees to keep pace with the other institutions because they have hit the 30 percent expense cap, and they have hit that by good management, and I truly feel that we should not inhibit institutions from being good managers.

So, Mr. Chairman, that is what is included in the amendments. In the regulations what we have said is that the maximum allowable annual tuition fee increase for institutions under the 30 percent threshold, which is what I just talked about, for the '04-05 academic year will be \$276, which is again identical to what the procedure is at the moment. In subsequent years the maximum allowable annual tuition fee increase is adjusted by the Alberta Consumer Price Index, again exactly similar to the way it is right now.

The other point that I actually have not told the students' associations about when it comes to tuition fees is something that they have been asking me about for a significant amount of time, and what that is is quite simply the fees that universities and colleges and technical schools have been charging, and what we have in the regulations are fees that also must be included as a tuition fee. Therefore, they must be included in the cap. They must be included in the tuition fee procedures that I have identified, and I will tell you what they are.

Fees that are payable to complete programs are approved by the board and are payable by students for materials and services that facilitate instruction but exclude fees or materials that are retained by students and so on down the road. We have put the tuition fees into the policy. So, Mr. Chairman, that will be, again, in regulation. It is going to be regulated. Again, this is something that is in direct response to what the students have asked us. They identified an excellent issue, that many institutions to get around the tuition fee cap that was there quite simply just raised the fees, and I did not agree with that. The students' associations obviously did not agree with that either, and now that will be included in the tuition fee guidelines, tuition fee regulations.

Mr. Chairman, I would like to at this time table the proposed regulations, if I may. I'll table the requisite number of copies of the regulation so that, again, they can be fully looked at by the students' associations and every other interested party in the postsecondary education system.

In essence, those are the amendments that are before you. There are several in the amendments that are nonconsequential amendments. There are approximately 20 pages of amendments, so we certainly will have time to go through them. The one point that I would really stress, Mr. Chairman, is that each and every one of the public postsecondary institutions is completely in favour of these amendments, is completely in favour of Bill 43.

I really do believe that it is time that we got on with the business of allowing colleges and technical schools to grant degrees. I think it's absolutely time to do it. The degree-granting status must be there for quality of degrees as opposed to just the institution. Again, we have complete concurrence with the universities, the technical schools, and the colleges.

So, Mr. Chairman, I would now like to adjourn debate and allow the opposition parties and the affected associations and institutions a chance to look at the amendments that were put on the floor, a chance to look at the tuition fee regulations that were put on the floor.

8:20

I must add one thing. We have been given advice that we cannot table the actual tuition fee regulations in that form, so you have a slightly modified form of it, but the intent is certainly there.

So, Mr. Chairman, it's a great day for postsecondary education that these are in, and it's time to move on with it. It's time to make this system the great system that it is and continue to make it greater. Thank you.

I would move to adjourn debate.

[Motion to adjourn debate carried]

Bill 41

Alberta Corporate Tax Amendment Act, 2003

The Deputy Chair: Are there any questions, comments, or amendments to be offered with respect to this bill? The hon. Minister of Revenue.

Mr. Melchin: Thank you, Mr. Chairman. We have under consideration Bill 41, Alberta Corporate Tax Amendment Act, 2003. There are no amendments to the bill to be offered at this stage. I would like to just make a couple of comments in respect to some questions that were asked at second reading.

The first one, the rate reductions. There was a question asking why we haven't moved as fast or ahead with the plan to create corporate income tax reductions down to as low as 8 percent. Those were always subject to affordability. This one brings it down to 12 and a half percent. Next year's proposal is to go to 11 and a half percent on the general rate.

It was asked how much money oil and gas companies saved in royalty tax deductions and credits last year. In the 2003 Alberta Energy annual report \$83.2 million in Alberta royalty tax credits was paid last year. Further analysis will be required to determine the tax savings from the royalty tax deduction, but that'll give them the general information as to the quantity.

The policy questions regarding the Alberta royalty tax credit program are questions that should likewise be and could be posed to the Minister of Energy. We are looking at quantifying the benefits relating to the program, though, as the Auditor General suggested.

The federal government has revised the income tax, and they're changing various aspects of the resource taxation regime. They're phasing out the ineductibility of Crown royalties. They're phasing out the national resource allowance deduction, including the Alberta royalty tax credit, in calculation of income. This will all be done over a period of years. So we are reviewing the federal changes and considering implications to the resource taxation regime in that respect.

As for the royalty tax rates, if it is the Alberta royalty tax credit rate that is referred to, the Alberta royalty tax credit rates are calculated based on a blended oil and gas reference rate provided by the Minister of Energy that is inverse to the oil and gas price. This ensures that the Alberta royalty tax credit is paid when oil and gas prices are low and less when oil and gas prices are high. The Alberta royalty tax credit rates can vary between a minimum rate of 25 percent to a maximum of 75 percent. So due to the high oil and gas prices, the Alberta royalty tax credit rate has been about 25 percent since 2001.

There were some questions asked about why the appeals committee is being abolished. The general anti-avoidance rules appeals committee has actually never been used in Alberta, and there are other appeals that can be used through the normal objection and appeals process provided under the Alberta Corporate Tax Act, so

this was really a duplication. The one committee was never used, and as such we're repealing those provisions dealing with the general anti-avoidance rules.

There were some questions in regard to how much money the insurance industry would save under this tax rate reduction. An analysis would have to be done. I don't have that information presently available.

I think those are all the comments that I would offer at this stage, Mr. Chairman. Thank you.

The Deputy Chair: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thanks very much, Mr. Chairman. I appreciate the opportunity to speak in Committee of the Whole on Bill 41, Alberta Corporate Tax Amendment Act, 2003. Just a couple of points and a few questions for the minister at the end of that.

I'm kind of tom here, actually, because I remember in the '97 election campaigning to have the minimum wage raised and, to balance that, the business tax fall to 4 percent. So I'm not unhappy about seeing the 4 percent there, certainly on behalf of the small business owners and entrepreneurs in Edmonton-Centre. But I'm always questioned and I continue to be concerned overall about why we're looking at so many tax credit, rebate, tax reduction programs when, on the other hand, we have the government saying: we don't have enough money for this, and we don't have enough money for that.

The explanation that I often hear is: well, you know, trickle down. We put a sweat-soaked loonie in everybody's pocket, and they'll spend it, and that makes the economy go round, more commonly referred to, I think, as Reaganomics, with the trickle-down theory that with tax reductions people will spend the money. In this case it's businesses. But, frankly, if that was the case, I think everybody in the U.S. would be a millionaire, and I really don't see that the trickle-down theory worked very well there.

So I listened carefully to the member, and I know he was sort of head down and going through his notes. It was actually a little hard to hear him; he was so focused on what he was doing. I'm still questioning how the government feels that it's balanced that, because I don't think they have, especially in light of some of the unresolved crises that we're dealing with right now, like deregulation, like investment in education, things like that.

More specifically, I'm interested in what plan exactly the Revenue minister has around justification of forgone revenue. This is an issue I've raised previously with him, but if we are not going to collect that money, if businesses are going to not remit \$435 million worth of taxes this year and in allowing them that, how does the government see this as being advantageous? In other words, I'm looking for the proof that this so-called trickle-down theory does work. If they're not remitting those taxes, then it's forgone revenue to the government, and we're supposed to be getting something from that. It should be measurable, and I'm looking for that measurement from the government. I keep asking, and I don't believe that I've seen it, but I'll put that before the minister again.

I was listening as carefully as I could as he rapidly went through his response to some questions that had been asked around the royalty tax deductions. I would prefer to go and read the *Hansard* and not re-ask the questions to the minister, but I suspect that unless the minister is going to adjourn, this is going to pass out of committee, and then I'm trying to ask these questions in third reading, which is a bit more difficult because the time has passed.

Once again, I'm asked those questions by citizens on the street saying: what happened? We used to have this incredible royalty tax that was set up with the oil industry. You know, Syncrude's name

is always bandied about. There seem to be all these holidays and reductions and tax credits and whatever we're talking about here, and again people say: well, what's the deal here? How are we getting our money's worth out of this? How is the payback coming to Albertans? I'm looking for – you'll forgive me, Minister – something more than the usual rhetoric about the Alberta advantage and yada, yada, yada. I mean, people are asking these questions because the information that they're getting from the government isn't satisfying them. They don't understand what's happening.

8:30

Part of my issue with this is coming through the Auditor General's report. One of the questions I have is: when was this whole system last re-examined? We all hear what's now become mythology from the Lougheed years about his renegotiation of a lot of these things, but when was the last time? Was that it? Obviously not if there's been a number of breaks and holidays and reductions since then, but people aren't tracking it well. So when was the last time there was really a thorough look at it aside from this 2001 which just said reduce it all? Did that come with an entire package that looked at whether these were in fact generating the kind of activity that was expected to be generated from the program? That's what I'm looking at.

In the 2002-2003 Auditor General's report there's a comment on whether, in fact, the Alberta royalty tax credit program is meeting its objectives. His suggestion is that there are not and there need to be measures developed to assess whether the program is in fact meeting its recommendations. For reference that's recommendation 11.

Overall, I know that the Official Opposition is willing to be supportive of what's happening here, and I started out by saying that I wasn't unhappy about seeing the 4 percent for small business, but people continue to be puzzled when they're told repeatedly that there is no money for things that they wish to see money for, yet they are aware that there are all of these breaks and various programs happening on the other side. Their obvious question is: well, then, if we don't have enough money for this, why do you keep giving breaks to businesses and the royalty tax credits and the resource royalties, oil and gas? It doesn't make sense to people. I don't know that the minister can be expected to answer that in Committee of the Whole, but I'm going to leave it on the table for him anyway. I'm just aware that those are questions that I continue to get asked in my constituency, and it'd be interesting to have something to hand them and say: well, this is what the minister says in response to those questions.

Thank you for the opportunity to put that on the record.

The Deputy Chair: The hon. leader of the third party.

Dr. Pannu: Thank you very much, Mr. Chairman. I would like to make some general comments on Bill 41 at the beginning of its debate at Committee of the Whole. My colleague the New Democrat House leader, the hon. Member for Edmonton-Highlands, last night laid out our position very clearly on this bill. We are not supportive of the continuing handouts to corporations in terms of royalty tax credits or any other tax reductions, which is largely what this bill is about.

My hon. colleague from Edmonton-Centre alluded to trickle-down economics, the trickle-down theories of how money put at the top gradually comes to the bottom and helps everyone, lifts every boat. The bankruptcy of that kind of reasoning is for everyone to see everywhere. As a matter of fact, the father of George W. Bush, the present President of the U.S., called it voodoo economics, lofted it out of the court. There's no historical evidence that Reaganomics or

trickle-down works. It's an excuse to put more money in the hands of those who already benefit most from the kind of market system that we have.

So voodoo economics are back in the U.S., and it's continuing its way here in this province, and you know what's happened in the U.S. In the U.S. they have ended up with more than a \$500 billion annual deficit as a result of tax cuts, based on the belief that somehow these tax cuts are economically stimulative. Far from it, as we have all known about the state that the U.S. economy has been in.

The proposed tax cuts here would lead to another huge loss of provincial revenues. I spent a fair bit of time during the summer and fall with seniors, lots of whom live in my own constituency, and of course I've traveled around the province as well talking to them. They tell me that in their estimate the seniors are the group today that are paying a billion dollars more than they did in 1993. So are we taking from those seniors in order to pay for the revenues that are being lost through these absolutely unnecessary and unjustifiable tax cuts as proposed in this bill? That's my question to the minister.

Another question that I have is: will the minister indicate to the House how much of the revenue will be forgone if this bill passes through the House? What percentage of it? What millions of dollars will go to the small businesses – and I want him to define what he means by small business – as opposed to the millions of dollars that will go to already fat-cat transnationals who collect the money here? There's no guarantee they'll spend it in this province. They may spend it buying up some oil company in Kazakhstan or Kyrgyzstan or Siberia for all that I know.

The Auditor General of this province has raised some questions about the rationale and the ability of this government to find out whether or not these so-called tax reliefs, quote, unquote, can be shown to benefit Albertans and the Alberta economy either in terms of creating jobs or in terms of creating more economic growth directly resulting from these tax cuts.

So I would hope that the minister will pay some attention to these questions and bring answers back to the House with respect to the proportion of the close to \$500 million that will be lost in public revenues as a result of this. What portion of that \$500 million or so will go to the small businesses in this province? Lots of them operate in my constituency around Whyte Avenue seven days a week, 12 months of the year, and I want to have some answers for them about how they will benefit and how much they will benefit from the provisions of this bill. What portion will in fact go into the hands of corporations who already are hugely benefiting from the high oil and gas prices, as the minister himself said, at least since the year 2001?

If you are going to continue to put more pressure on our schools, on our universities and colleges, asking them to generate more revenues on their own or do with less and have overcrowded classrooms or ever increasing tuition fees, is it not time for us to also look at the revenue side and say, "Maybe these royalty tax credits are no longer needed"? As the Auditor General has also questioned, show me that they are needed. If they are not needed, if they cannot be justified, why is this government determined to continue with those?

So I would ask and urge the minister to answer some of these questions on the record so that they can be examined further in the ensuing debate during this Committee of the Whole discussion of Bill 41, Mr. Chairman.

With those brief remarks, I'll take my seat and let other members enter the debate. Thank you.

The Deputy Chair: The hon. Minister of Revenue.

Mr. Melchin: Thank you, Mr. Chairman. I just thought I would respond to a few comments made by the two members. There's quite a bit of discussion about the Alberta royalty tax credit and the benefits. The Auditor General talks about wanting it to be measurable and the like. One could look at the royalty regime in Alberta as being created to help drive incentives to create drilling and exploration activity, and the program of the Alberta royalty tax credit was actually driven to be more beneficial to the smaller companies than the larger so that those companies that would have a smaller capital basis could reinvest more dollars into exploration. That's one of the specific design criteria.

8:40

It gets capped at a certain amount per well, and therefore the large companies with larger producing wells get capped in the total amount that they can receive. So it is disproportionately favourable to the smaller companies in rates. Just as you've said the beneficial aspect of a small business tax rate of 4 percent, so was this structure trying to be beneficial in the royalty rates to the smaller companies versus the larger. So there are many very small companies in Alberta that are the engine of producing and exploring and providing reserves that eventually get acquired by the mid sizes and the larger sizes as they acquire reserves. It's very common.

It is very true that one could look at the macro aspects and see that we have been very successful in Alberta in creating oil and gas economic activity: drilling, exploration, producing, and the like. Where there are reserves in Saskatchewan and even B.C., they have not generated anywhere near the same level of activity, and a lot of it is to do with the broad policies, macro policies you put in to allow that to happen.

Now, personally, I have reservations about rebates and credits and those types of programs. I would prefer a broader rate and fewer exemptions, but I do recognize programs that have been long in place. Companies put together their capital and their business planning and their financial planning based upon certain expectations, certain promises, certain structures like royalty tax credits. It is very difficult once in place to remove those, and therefore I do concur with the Auditor General's comments that we will further examine and quantify the cost-benefit assessment of these programs as we go forward. I think those are very good comments, and we will follow up with that.

There were general comments made by both members about tax breaks put in the context of potentially being supportive to the corporations: is it not their fair share to pay for more, maybe in forgone revenues? I would remind that even when we reduced our personal income taxes, a \$1.3 billion to \$1.5 billion reduction in personal taxes by rates, we now collect in absolute dollars, in total dollars, more in personal income tax than before the rate reduction. We have broadened the base. There are more people coming here. There is a natural flow for people, and you can see it by those that choose to move to Alberta in great numbers many of their economic organizations.

An Hon. Member: Tell us about that.

Mr. Melchin: I'd love to tell a little more about that in particular. In a recent discussion I had with him, a noted Canadian individual – actually, this individual lived in a constituency now represented by the Member for Edmonton-Centre – talked about 100 of the top 300 companies that were in B.C. in the 1990s no longer existing in B.C., and Alberta was the primary beneficiary of that. Now, some of them don't exist anymore. There is some attrition, some amalgamation in the industries, but of the movement of people in capital and business

and industry Alberta has been a natural attraction to say: this is a place where it's easier to invest, to create jobs that benefit all Albertans.

People come to Alberta because there are jobs. Our children stay here because there are jobs that they create and pay the taxes. We have more taxes, income tax and corporate tax, per capita in this province than the other provinces do with higher rates. I don't know about you, but part of the factor of creating wealth is allowing people to reinvest wealth, to let it build and grow. The Americans, by having had a smaller tax rate, have actually outproduced us by a capacity of more than 20 percent per GDP per capita, when you put it per capita.

When we go talk to investment fund managers around the world and we talk about Canada, as we do – these are people that can invest and choose to deploy capital anywhere in the world, large sums of money – they speak highly of Canada, as it's a great place to be. I've mentioned this about the New York fund managers, for example. I'll ask them all. They will all say: "Canada is a great place, but there's one problem with Canada. Your tax rates are still too high. It is better for us to leave our money here in the United States than to invest it in Canada."

Now, I'm not trying to tell you their words. I didn't solicit their response. That's their analysis of world competitive markets that we can't ignore if we think we're going to survive and have an opportunity for our children in the future. If we want to have funds to pay for health and education, which we do, we need to create a bigger pie. The governments don't have to take it all. They have to allow the broad macro events.

I appreciate some philosophical beliefs that think that governments ought to do everything and tax everything. I'm not of that opinion. The economic climate in Alberta is unparalleled in Canada. The capacity that gives us the support for the priority programs in this province is a result of many of these tax policies, so we won't apologize for it. We will continue to see that these rates are reduced to 12 and a half percent. Next year there are plans to reduce to 11 and a half percent. Those are the right directions, and they're the directions that Albertans support.

Thank you.

The Deputy Chair: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thanks. Just a couple of quick reactions to the answers from the minister. By the way, I appreciate the minister getting up and actually participating in the debate. He was talking about driving the policies, driving incentives, and I'm wondering if you actually have performance measurements that are able to measure that driving of incentives, as you put it.

At one point he appeared to be saying that the increase in the tax base was related to this reduction in the business tax. Am I following his thinking correctly, believing that the justification there is that if the business tax goes down, this is his job creation argument? Is that where that came from? I didn't see those two things going together particularly. I don't know that the reduction in the business tax put more money in the pockets of average Albertans, but that's the linkage I think I heard him make.

Lastly, he references the ability to leverage wealth through these companies that can invest wealth and therefore make more. But to me all that does is underline the widening gap between the rich and the poor, and I don't think that's something we need to be admiring that exists in the United States. Is he recommending that he thinks that's a good policy to be importing into Alberta?

So just very quickly, based on what he reacted, those were some of the questions that came to mind. I'm most interested in the performance measurements.

Dr. Pannu: Mr. Chairman, with your indulgence, I asked the minister a specific question with respect to the revenues that will be gone by next year if this bill is passed. How many millions of dollars will go to small business? Please define what you mean by small business so that we know what you are talking about. How many millions of dollars will go to large corporations? That's one of the questions that I asked, and I didn't get a clear answer to it.

Mr. Melchin: Mr. Chairman, to the last question about the split of the deduction to small versus large business, a good question. Actually, I apologize; I don't have that figure with me right now. I'd be happy to provide that to you at a later time so that you've got that information as to the quantity and the dollar amount.

Small business in this category is still defined by the small business tax rate. We're increasing our thresholds gradually to \$400,000. That's what's coming on this. The rates this year are going down to 4 percent and will eventually drop to 3 percent on the small business, but the small business category would now be defined as those thresholds below \$400,000 of taxable income. So we can quantify what the split of the tax reduction would be.

8:50

As for the question on performance measures, specifically with the Alberta royalty tax credit, that is actually the responsibility of the Ministry of Energy. It's administered through the corporate tax, and that's why the amendment is being introduced through the Revenue department. We administer the corporate income tax, but the royalty rates and the policy around the Alberta royalty tax credit and performance measures are all part of the Minister of Energy's department. I think those would be appropriate questions to bring forward in review of the budget of the Minister of Energy or otherwise in a debate.

[The clauses of Bill 41 agreed to]

[Title and preamble agreed to]

The Deputy Chair: Shall the bill be reported? Are you agreed?

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.

The hon. Deputy Government House Leader.

Mr. Stevens: Thank you, Mr. Chairman. I move that we rise and report Bill 41 and report progress on Bill 43.

[Motion carried]

[Mr. Shariff in the chair]

Mr. Lougheed: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports Bill 41. The committee reports progress on Bill 43. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly. I'd also like to table copies of documents tabled during Committee of the Whole this day for the official records of the Assembly.

The Acting Speaker: Does the Assembly concur in the report?

Hon. Members: Agreed.

The Acting Speaker: Opposed? So ordered.

head: **Government Bills and Orders**

head: **Second Reading**

Bill 45
Family Law Act

[Adjourned debate November 19: Ms Blakeman]

The Acting Speaker: The hon. Member for Edmonton-Centre?

The hon. Member for Edmonton-Mill Woods.

Dr. Massey: Thank you, Mr. Speaker. I'm pleased to have the opportunity to make a few comments about Bill 45, the Family Law Act. I'd like to address the bill from the unique perspective of a relatively new grandparent. The last four years have been a bit of an eye-opener in terms of looking at the world through the perspective of a grandparent. It is from that perspective that I would like to look at Bill 45 and to base my comments on some of the work that was presented by the Alberta grandparents association in their presentation to the family law reform project of Alberta Justice in Edmonton on September 30, 2003. In their document they make a number of points that I think are extremely important from a grandparent's and a grandchild's perspective with respect to Bill 45.

Their overall judgment of the sections in the bill that affect grandparents is that Bill 45 really puts the onus on grandparents to take action for access in extraordinary fashion, and the rights of grandchildren having access to their grandparents are even more restricted in intact families where the grandparent is required to obtain leave of the court prior to bringing application for access. It seems that this onus on the grandparents is contradictory in terms of the years of research that describe the benefits to children and to parents and to grandparents when that grandparent/grandchild relationship is nurtured and protected. It's of major concern to that association and, I expect, to grandparents across the province.

They supplied some statistics on the number of grandchildren living with grandparents where there are no parents present, and in Alberta in 2001 that amounted to 7,000 grandchildren, not an insignificant number of youngsters who are residing with their grandparents. So the association has a concern that grandparents are being pressed to unnecessary and extraordinary action to preserve the relationship with their grandchildren, and they base their observations on five I think rather strong beliefs.

One is that grandparents provide a very stabilizing force in times of family crisis and that they actually reduce the reliance on public services in situations like this. They indicate – and some research will support it – that child development is fostered by socializing with grandparents, the kind of financial and emotional support that they get, the passing on of history and traditions, that that relationship is a source of strength for children in times of crisis, and that grandparents are the ones that can provide that strength. There's some research that indicates that those relationships with grandparents affect relationships with their own grandchildren and grandchildren two generations later.

They indicate that in terms of developmental issues, research has found that it's that unconditional love that grandparents bestow upon children that aids in the development of their self-esteem and efficacy. I think that if you talk to any grandparent, Mr. Speaker, they'll confirm that one thing that you do learn, that all of us learn from grandparents is unconditional love, what it means to give unconditional love. They point out in their presentation the positive psychological effect that this has on children, on their grandchildren.

The fifth point that they make with respect to the benefits of

children having access to grandparents is the continuity that grandparents provide in relationships. With divorce rates and with economic hardships and drug and alcohol abuse, grandparents are for many young children the only stabilizing force. Again, that relationship can reduce the reliance of families on public resources. I think the five sort of beliefs, that are supported by research in some cases, that the grandparents put forward are worthy of consideration, particularly when we look at the principles and in fact, when we get into committee, the specific provisions of Bill 45.

9:00

I think the summary is that grandparents and others will be able to apply for access to children, and the test that must be satisfied for grandparents goes well past the usual best interests of the child. It includes a requirement that grandparents and others prove that the child's health would be jeopardized if access is not granted, and this, I think we would agree, is a test that's unnecessary and maybe really a very difficult test for persons to satisfy, especially if the child is very young.

At second reading we're to look at the principles. I think that the Alberta grandparents association has put forward some very sound principles that should be reflected in the legislation. When it comes to Committee of the Whole, I would also hope that we might consider some of the specific amendments that they have suggested that would take away some of the less attractive aspects of Bill 45 as far as grandparents in the province are concerned.

Thanks very much, Mr. Speaker.

The Acting Speaker: Under Standing Order 29 does any member have any questions for the hon. Member for Edmonton-Mill Woods? The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. Just a few brief observations on Bill 45, the Family Law Act, as we begin the debate in second reading. The New Democrat caucus has also received some representations, some expression of concern by parent organizations and by some individual parents who have called in to ask us to draw the attention of this Assembly to the provisions of the bill which will make it more difficult than is presently the case for grandparents to have access to their grandchildren.

Even in the case of families which are intact families, the issue is complex; there is no doubt. There is the question, particularly when it comes to families that are healthy, that are intact, of the rights of the children themselves. The rights of parents clearly are also important and have to be respected, but grandparents see some unnecessary new obstacles they're asked to jump over, if you wish, in order to satisfy the authorities to have access to children. The question of the psychological health of children in addition to their physical well-being certainly is an issue that needs the most careful attention of this House when debating this bill and debating the provisions which are designed to regulate access to children by grandparents and other interested relatives and persons.

I haven't had, I must confess, enough time to look through the bill as amended, which was given to us this afternoon by the Minister of Justice and Attorney General, before it came up for discussion tonight, so I will have perhaps more to say on it later on during the debate on this bill at the committee stage. At this stage I just wanted to share with the House some of the concerns that we have heard about from grandparents who see the provisions of the bill as a bit too restrictive from the point of view of some concerned grandparents.

Thank you, Mr. Speaker.

The Acting Speaker: Any questions for the hon. Member for Edmonton-Strathcona under Standing Order 29?

There being none, the hon. Member for Calgary-Lougheed to close debate.

Ms Graham: Thank you, Mr. Speaker. Just briefly to respond to the comments made by the members for Edmonton-Mills Woods and Edmonton-Strathcona about grandparents' right to seek access by way of a contact order when the situation is an intact family. Yes, it is a very difficult situation, and the policy decision was made to try and strike a balance, because the considerations are a little different in an intact family where there is no contact between grandchild and grandparent versus one where the contact is due to a separation of the guardians, the parents, or perhaps the death of one of the guardians or parents.

Of course, the test is always the best interests of the child, but the thinking was that it was not unreasonable in an intact family situation to require an application to be made for leave before the full application could be brought. There's certainly not a denial of access by grandparents in this situation to apply but just a higher onus to satisfy the need because of the potential ramifications of such an application to the parents in an intact situation.

I agree. I sympathize with the Alberta grandparents association and the position that they have taken. Well, I can't say any more than that I do sympathize, but I do believe that the policy decision that has been made has struck a good balance in a very difficult situation, trying to choose the best for all parties concerned.

So with that, Mr. Speaker, I'll conclude my remarks and ask you to call the question.

[Motion carried; Bill 45 read a second time]

head: **Government Bills and Orders**

head: **Committee of the Whole**

(continued)

[Mr. Shariff in the chair]

The Deputy Chair: We'll call the committee to order.

Bill 45 Family Law Act

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Calgary-Lougheed.

Ms Graham: Thank you very much, Mr. Chairman. It is my pleasure this evening to open committee consideration of Bill 45. At the table there is a large package of amendments to this bill which I would request be distributed at this time.

9:10

The Deputy Chair: The amendments are being distributed currently, and for the record we shall refer to these amendments as amendment A1. If you'll just hang on for a minute while the amendments are being circulated.

Hon. member, you may proceed now.

Ms Graham: Yes. Mr. Chairman, I appreciate the fact that you have declared that the package of amendments would be marked A1, and that is my request, that these amendments be considered as one package and voted on as a single unit. Due to the extensive nature of these amendments, which have been realized after very extensive input from Albertans since the bill was introduced last spring, I

would like to give all members adequate time to review the contents of the amendments as contained in A1, and thus it would be my request and I do move that there be adjournment of debate on committee consideration of Bill 45 until we sit again.

[Motion to adjourn debate carried]

Mr. Stevens: Mr. Chairman, I move that we rise and report progress on this bill.

[Motion carried]

[Mr. Shariff in the chair]

Mr. McClelland: Mr. Speaker, the Committee of the Whole has had under consideration and reports progress on Bill 45. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

The Acting Speaker: Does the Assembly concur in the report?

Hon. Members: Concur.

The Acting Speaker: Opposed? So ordered.

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

(continued)

Bill 44
Personal Information Protection Act

[Adjourned debate November 19: Mr. MacDonald]

The Acting Speaker: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thanks very much, Mr. Speaker. I'm grateful to the Assembly for allowing us to continue the debate in second reading for Bill 44, the Personal Information Protection Act. I think one of the things we have to be careful about with this bill is that once privacy has been violated, it cannot be restored. Once violated, it cannot be unviolated. So it behooves us to be extremely cautious in the areas that we allow this bill to move forward on.

One of the other things that I think is really important with this bill is that we create certainty. Certainly, the request that I've had from the business community is: we just want to know what it is we're supposed to do, because we're supposed to do it in six weeks, by the 1st of January. Some of them have been having seminars on what the federal legislation is and are preparing themselves to achieve the bar set by the federal legislation on January 1, 2004, if, in fact, this provincial legislation doesn't supercede it. Just as a refresher, the deal is that the provinces can pass their own legislation as long as it meets or exceeds the standards that are set by the federal legislation. Therein lies the rub. Who decides whether it meets or exceeds? That's where we start to get into the interesting negotiation points here. But what I've heard very clearly from the business community is: just create certainty for us, please; we need to move on here.

The other thing that I have experienced in working with collection of people's personal information. In that, we're talking about things that identify them, so either personal identifying information like a date of birth, personal appearance, address, phone number, contact information in other words, sex, marital status – and the list starts to get ever longer there – but identifying information, where if somebody looked at it or thought about it, if they read it in the

newspaper, could they figure out that it was you? Could they track you back to your address? Would they know that the person with this name and particular gender is their neighbour? So identifying information is what we're talking about here.

The problem with collecting personal information about people is that it always tends to get away from us because there's always a great reason to use the information for just one more reason than you collected it for. It is overwhelming, the temptation to use it, because once the information is already there, what does it harm to just use it for one more really, really good reason: to extend a special offer to somebody, to give them something free, to let them know information about something that we're sure – and I'll underline that – they would want to know about. Well, gosh, that other person has already collected all the information. Why don't we just use it? That would be so handy. And that's where the problem is.

So the issue here is that once the information has been collected, the individual needs to have given their consent that it be collected, and it can only be used for what it was collected for. I think that's the very minimum standard that we need to be seeking to achieve here. It is a struggle because we have so many different reasons to want to use somebody else's list, someone else's information, or indeed for us to use the information. We collected it for a particular reason, and gosh, wouldn't it be perfect if we could use that information for this other reason as well?

You know, we collected it because people contacted us and said that they wanted information on bills and motions we were debating in the House, but we'd love to send them a Christmas card too. Well, we didn't collect the information to send them a Christmas card. A lovely thing to do, and doesn't it seem kind of silly that we couldn't send them a Christmas card? What a nice thing to do. But we collected that information, and we had their permission to use it to give them information on bills and motions.

So you can see how easy it is to just slide right along there and start to use that information for something outside of the reasons we collected it for. That's what makes this legislation so important and the onus on us to be very vigilant with how we allow it to be used so important.

Of course, the question is always: well, is the glass half full, or is the glass half empty? Is this good enough or not? We are creating essentially new legislation here, or rather we're extending it to a whole sector that's never had any experience with it. To a certain extent the sectors that are already involved in protection of privacy have had for a long period of time some familiarity with it. Specifically, there I'm talking about government and health sectors. You know, they're used to having personal information and having some onus on them to be careful with it. That has not been the case, and I think it could be argued that it was exactly the opposite in the private sector. That's what all the mail houses were about and all those interesting ways that people had to collect that mailing information and then get you on a mailing list and send you flyers for a hundred things.

9:20

One of the good things that I see in this legislation – but I don't at this point think it's enough to outweigh the things that I'm critical of – is that the disputes under Bill 44, under an Alberta version of personal information protection, could be adjudicated by the Alberta FOIP Commissioner, so locally resolved. If we're underneath the federal legislation, then it goes to the federal Privacy Commissioner, and, you know, that's just farther away, and they may not understand regional differences, et cetera, et cetera, et cetera. I'm much happier with it being a local mediation process or arbitration process.

There have been a couple of speakers on this already, but I just want to go through a few things that, again, I've noticed in particular. This was interesting. You know, we all, I'm sure, as legislators

get lobby letters from individuals, and of course when we start to identify that it's exactly the same letter with the same headings on it and that it looks the same, we start to sort of discount the importance of it or at least we go, "Well, you know, this is a campaign from somebody," and we understand it in context. I have never seen form letters coming from businesses until this bill, and here we have exactly the same letter coming from Enmax and somebody else: exactly the same formatting, the same heading, word for word. It quite made me laugh; I'd never seen that happen before. Talisman Energy: who would have thunk it? There you go. Enmax, Talisman Energy. So they must have had a little energy confab and decided to write form letters. Too funny. Anyway, just a little aside there.

You know, I have a problem with the concept of "reasonable person," especially as it affects this collection and use of personal information, partly because with the reasonable person, the person on the street, there's been a lot of effort put into convincing them of the goodness, the purity, the usefulness, even the benefits of handing over your personal information. All of those loyalty cards for shopping convenience: that's all about collecting your personal shopping habits. How they get you to buy into this and happily tell them every single thing you purchase and what size you purchase it in is all about: "Well, you'll get a discount. You'll get credit points. You'll get money off. You'll get special sales." We've now all been conditioned to this, so the thought of these loyalty cards is: "Oh, great. That's a good thing." Yeah, well, then how do you turn around and say to that same person: "Okay. Let's look at a test. You're the reasonable person. Let's look at the test of when we let that information out, when we collect it"? I think that that process has already been tainted, and I don't know that using that as a test is reasonable anymore. I guess what I'm saying is that I don't think it's reasonable anymore.

I have real problems with the grandfathering of information that was collected prior to January 1, 2004, provided that the information is used for the same – here we go again – reasonable purpose for which it was originally collected. How close is reasonable here? My example: "Well, we've got the people that submitted their information to the Legislature to use to send them information on bills and motions. Can we get away with sending them a Christmas card?" Is that reasonable here or not? It's not clear enough, and I don't think that information should be grandfathered. I think the onus has to be to go back and notify those people again, and I'll give you a very concrete example of where I saw that happen before.

When I was with the Advisory Council on Women's Issues, I organized the collection of a huge amount of contact information for women in the province to get information on the work we were doing around identifying issues on the status of women in the province. I think we ended up with a 5,000-name database, which 10, 12, 13 years ago was a big database. So we'd collected information from those women. In my mind we had their permission to use their addresses to send them information about the work that was being done on the status of women.

As the government started to change and realign and add departments together and what eventually became the Department of Community Development, the advisory council was sort of attached to the side of that and eventually subsumed under the Department of Community Development. The great idea here was: that was grand; we were just going to use that database and add it into and mix it up with all the information they'd already collected on people interested in the arts and human rights and everything else that ended up under Community Development.

I said, very forcefully: no. I felt a responsibility to those women, that I'd collected that information from them specifically to give them information on women's issues, and in a lot of cases for the

work that we were doing at the time, these were women that probably had some fairly close encounter with domestic violence issues. The thought of them now receiving flyers about do you want to take a pottery class and multicultural folk dancing was not at all what they had signed on for, and I protested the use of it.

But you can see how it made perfect sense. It seemed perfectly reasonable that if the government was going to amalgamate all these departments, they would amalgamate all the databases. Of course. Why not? Because people were interested in information. Surely if they were interested in women's issues, they would also be interested in the arts and human rights and multiculturalism. Absolutely. Sports and recreation. Parks. Absolutely. If they were interested in one, being that kind of person, they'd be interested in it all.

But that's not why we had their permission to use their information, and you can see how quickly you slip onto that if you don't say: that's it, there's no grandfathering. You have to go back to everybody and get that permission again. Start over. You have to go back and get their permission.

I think there's also an issue around the third party. I'm seeing some familiar things here, and to me the flaws in the FOIP legislation that we have in the province are being instituted into this bill as well. That's around being able to not give someone access to their personal information if a third party gave it or if a third party is involved. Well, I've heard that before. That sounds very familiar.

The issue about charging for fees. The federal legislation says a minimum charge. This says – oh, here we go – is it reasonable? A reasonable charge again. Well, reasonable to who? We've had in the Official Opposition bills offered up of \$75,000 to get information from the government. I don't call that reasonable. I'd call it an impediment to getting that information.

I think there are a number of other examples there where too much has been borrowed from our current FOIP legislation.

I also wanted to raise the issue: again, there's too much left up to the decision-making of cabinet, of Lieutenant Governor in Council, to be put in regulations and all after the fact. I think we have to be extra careful to be transparent and accountable on this legislation. So I'm not comfortable with that.

I think there's another issue around the privacy rights in the employment information. I think there are a number of flaws that are appearing under that section as well.

So in principle I'm not sure whether I can support this bill or not. I need to be convinced that this legislation is going to be better for all Albertans than what's already in place federally, and I think the federal one could use some streamlining, but I'm not convinced that this supercedes it.

Thank you.

9:30

The Acting Speaker: Standing Order 29 kicks in. Any questions for the hon. member?

The hon. Deputy Government House Leader.

Mr. Stevens: Mr. Speaker, I move that we adjourn debate on this bill.

[Motion to adjourn debate carried]

The Acting Speaker: The hon. Deputy Government House Leader.

Mr. Stevens: Thanks, Mr. Speaker. We've made some good progress tonight, and I suggest that we adjourn until tomorrow afternoon at 1:30.

[Motion carried; at 9:31 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

