

LEGISLATIVE ASSEMBLY OF ALBERTATitle: **Tuesday, April 7, 1987 8:00 p.m.**

Date: 87/04/07

[The House resumed at 8 p.m.]

[Mr. Speaker in the Chair]

[On motion, the Assembly resolved itself into Committee of Supply]

head: **COMMITTEE OF SUPPLY**

[Mr. Gogo in the Chair]

MR. CHAIRMAN: The Committee of Supply will now come to order. Members wishing to speak, please indicate to the Chair.

Department of Consumer and Corporate Affairs

MR. CHAIRMAN: The department consists of four votes. Authority for the votes begins on page 92 of the government estimates book. The Minister of Consumer and Corporate Affairs is the Hon. Elaine McCoy.

Hon. minister, would you care to make some opening comments?

MISS McCOY: Thank you, Chairman. [some applause]

AN HON. MEMBER: Didn't know you had that many fans, eh?

MISS McCOY: Yes I did, actually.

Thank you, Chairman. This evening I would ask the Assembly to vote \$15.133 million for the Department of Consumer and Corporate Affairs. I might point out that that is a reduction from actual expenditures two years ago.

You might well ask how this department could bring to the Assembly tonight a budget that will effect a very substantial program, even accomplishing such a reduction from two years ago, and I would say that one of the things that we were very careful in doing was to adhere to two principles. Firstly, in our budgeting process we wanted to ensure that the frontline services got a priority. This seemed to me to be very important because, after all, our clients are the citizens of Alberta and if we are going to focus our resources at all, we should do it at the front line rather than at head office. And, Chairman, I do believe we have succeeded in doing so.

A second principle we used in our approach was that when we went through the estimates that we proposed to put forward to the House, we would try to ensure that there was proper balance between senior management and middle management as well as support services. And indeed I do believe we have achieved that. One of the ways we achieved all of this, Chairman, was in breaking down our budget into what we called "activity centres," so that we could take each activity that the Department of Consumer and Corporate Affairs is or was engaged in and assess it properly with a cost/benefit approach to determine whether indeed we were focusing our resources in an effective way, in a way that would help the citizens of Alberta to the fullest. We've done that. And as a result of those activity-centre-focused analyses, we have managed to cut overall expenditures as budgeted almost 11 percent from last year and, as I

say, even from two years ago. And we do project that we will be even more effective in the coming year than we have in the past.

I wish to compliment those public servants with whom I worked in developing these estimates. I say to them that they were very effective, and I particularly wish to mention the director of finance, Don Woytowich, without whose support I could not have accomplished what we have in the department. He has been loyal beyond the call of duty and clever beyond anyone's right to expect, and I want to publicly now say thank you. The Treasurer just turned to me, Chairman, and asked if he could have him, and the answer is no.

From our discussions in the department, focusing as we did on what we could accomplish with fewer resources, emerged a direction. It was a dynamic, in fact. The dynamic that we became very conscious of is the tension between the regulatory functions of the Consumer and Corporate Affairs department and our belief in freedom of choice and an entrepreneurial approach to life, which we endorse completely. Because there is no doubt that this department is a regulatory department, and that of course means that we intervene, we interfere with individuals and corporations from time to time. On the other side, however, I believe very firmly in freedom of choice. I believe in the strength of our people, in Albertans, and I believe in their strength to help one another while indeed they are taking their own initiatives to help themselves.

And I do believe that government's role is a facilitating role. It is not an interfering role, by and large. I do believe the government should help Albertans to be strong, but I do believe also that we should be helping Albertans to be strong in humanitarian issues as well as in their role as strong producers. And so this leads to something of a tension in a department like Consumer and Corporate Affairs. How does a person reconcile those tensions?

We asked ourselves four questions. One was: what transactions should we be focusing on? And what we did was we recognized in that regard that we have an arena. This Department of Consumer and Corporate Affairs has one arena in which it should play, and that is the consumer marketplace. And so right away we have limited the area in which we would be prepared to intervene. We go on to limit it a little further because we recognize whom we should target in that marketplace, and we say it should only be buyers and sellers in the consumer marketplace. We then went on to say, "Well, what is it in our intervention that we wish to achieve?" And we say we wish to achieve equality between buyers and sellers, and if we wish to do that, there are some occasions in which the buyer and the seller indeed do have equal bargaining power, and again we do not have to intervene. The fourth area that we recognized we can limit our activities: we decided that we do not have to address every transaction in the marketplace but our aim can be achieved by choosing our spots. We did say that this department, and indeed all government, does not have to be all things to all people. In fact, the government can be more effective if we focus our resources where Albertans most need our involvement.

Now, I did say equality. I meant equal bargaining power, and that is the ideal. It does imply fairness in outcome in a transaction between a buyer and a seller, and it also implies that responsibility remains with each party to a transaction, with each buyer and seller to preserve his or her own interests, as opposed to having somebody else babysit them, and therefore the buyer and the seller do not in and of themselves take respon-

sibility for their choices.

I say that for the department to achieve its mission, we need to have three things happening in the marketplace, and these three things are as follows. We need, firstly, informed and educated buyers; we need, secondly, informed and educated sellers; and thirdly, we need marketplace standards for ethical conduct and fair dealing. The more these three ingredients exist, the less government has to intervene. And I say that the less government has to intervene the better. Because again I say that Albertans will make their own choices, good choices, and be content with the results of their choices, provided there is equal bargaining power on both the buyer's side and the seller's side of a transaction.

My strategy then for the coming year, Chairman, is to strengthen individuals and corporations so that they can be informed and educated buyers when they are on that side of a transaction and informed and educated sellers when they are on that side of the transaction, and further to strengthen the buyers and sellers so that they can conduct themselves fairly and ethically in the consumer marketplace.

I will be placing particular emphasis in the coming year and years to ensure that we are strengthening those individuals who are arguably the weakest in bargaining power in our society, those who are members of the communities which have lower incomes, who are new immigrants, or who are youth or young. And how we maintain that we can best achieve those goals is to work with the communities themselves so that we are working with the leaders in those communities, and the leaders will in turn work with members of those communities. In that way we think we can facilitate Albertans in becoming stronger in helping one another as well as preserving their own interests.

I have used the word "communities" here, and I wish to just put a footnote on these comments to indicate that the word "community" -- for 18 months now I have used this word to indicate communities of interest, sometimes a very specialized interest. Sometimes the communities are indeed interested; particularly, if they have a common interest in their own neighbourhood, it is a geographically-based community. But many times it is an interest in a common goal or a common state of circumstances which they share, and I use the word community in that larger sense. It is in that sense that I have used the word tonight.

Within the framework that I have sketched tonight, we have proposed some legislative changes, those which are on the Order Paper, which I won't go into in any great detail insofar as they have I think been on the Order Paper sufficiently long, and some indeed have been debated to some degree in this House. But I won't take the time now to further describe them. But within that framework that I have outlined I would certainly welcome questions from all members of the House. And with that, I shall sit down.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, minister. As the hon. minister addressed the entire portfolio, members may put questions, amendments, concerning all four votes.

The hon. Member for Edmonton Kingsway.

MR. McEACHERN: Thank you, Mr. Chairman. I have prepared a few questions and comments, but I would like to comment on a few of the things said by the minister in her opening address.

The \$15 million in the budget: there's not really a lot to be

said about the numbers there. There are not a lot of changes that are significant, and so I'm not going to deal much with numbers tonight but just to acknowledge that there was an 11 percent cut in this portfolio and that the minister, supposedly, has done them as best she can without damaging services to people. I hope that turns out to be the case.

She talked about the tensions between regulatory functions and the belief in freedom of choice. That's all very well, but she came down hard on where she stands. She said she believes in the freedom of choice wholeheartedly and in the entrepreneurial spirit. Her role is not to take one side or the other but to try to achieve a balance. And so perhaps she should have said she believes equally in one as much as the other, rather than saying she came down on the one side.

She raised a few interesting questions about what she had asked herself and how she is organizing her thinking on them. But she talks about three things that are needed to get equality. She talked about informed and educated buyers, informed and educated sellers, and then ethical standards. And I agree that that's a good framework within which to make some remarks. She went on to say that she thought that the less government interference there was -- in other words, I suppose, the less the government bothered with the setting up of ethical standards -- the more freedom of choice there would be for buyers and sellers. And to some extent that is not such a bad point, except that in some cases, of course, buyers don't really have much power. The person with a welfare cheque doesn't have much power. The strikers at Gainers last summer didn't have much power. The kids that work for some of these fast-food chains don't have much bargaining power. And so the world ends up pretty uneven and pretty unfair for large numbers of our population, and it is the role of the Minister of Consumer and Corporate Affairs to make sure that they protect those people who have less power.

I want to raise some questions about and make some observations on the insurance industry in this country. I noticed that in the annual statement, the inquiries and complaints sort of thing that the Consumer and Corporate Affairs department dealt with, some 182 of them were to do with cars, out of some 492. So obviously it was the biggest category. Obviously, then, the car insurance as we now have it is not doing its job in this province or you wouldn't get so many complaints. The rates went up very drastically a year or so ago, and the insurance companies -- not just in car insurance but in the overall insurance picture -- have been making big profits in the last year or so.

So I think the minister needs to reconsider something that this party has said many times, and that is that we should have a provincial automobile insurance program. I say that for two reasons. If you consider that the Alberta government with its own cars doesn't insure them with some outside insurer, because the government is big enough -- you know, a \$10 billion budget -- that it doesn't make any sense to pay somebody premiums that will amount to more than the total cost of the accidents that you have to cover. If that's true for the government of Alberta, surely it's true for the people of this province that we could run an insurance scheme for ourselves cheaper than paying a lot of insurance companies, most of whom are outside of this province and are just in it for the dollars they can make. So I recommend to the minister the idea of a provincewide insurance scheme. Besides that, if the government has the right and they take the right to insist that every car buyer must have car insurance, then it seems to me that it's the obligation of that government to at least offer a minimum package. Why should you say that some-

body's got to have something and drive them into the private market to these scalpers in the insurance industry to rip them off? That's what's been happening in the car industry in this province for a number of years. And I commend you to look at some of the insurance schemes in some of the other western provinces and to think of doing something similar here.

A typical kind of thing that happens when you leave something as simple as car insurance in the private industry is the kind of problem that I've had now brought to my attention by two different dealers in replacing windshields. It seems that some of the insurance companies are now saying to the people in the repair shops, in the body shops that will replace windshields, that if somebody comes in and wants their windshield replaced, they have to go to somebody who has what they call inspection rights before they can get it approved that they will get their windshield replaced under their particular insurance scheme. Now, only some shops get that designation; others don't. So, for instance, if John Smith is running a shop that does not have that inspection right, what he finds happening is that somebody comes driving in, asks to replace his windshield, but he finds out that he has to get the okay from somewhere else. He's told by the insurance company, "No, no, you've got to go over to see Mr. Jones, who has a different body shop, because he's the one who has the inspection rights." By the time the guy has driven over to the other shop where the inspection rights are embodied, he stays there and gets that company to change the windshield, and the other repair shop has lost the customer.

That's a problem for a number of people, at least two people, and I have passed one of these cases on to you in the past. I will pass a copy of the more recent one on to you as well. If we must have an inspector or somebody saying who will have the right to change a windshield, then it should certainly not be somebody who's in the business of doing it when his competitors can't do it. So some way you must deal with that particular problem.

I note with interest that the problem of people buying and selling cars without licences, and hence often taking people for rides by selling vehicles that have been wrecked and not properly repaired and that sort of thing, has been left to a private member's Bill, Bill 216. While I haven't looked at that Bill in great detail, it does have some merit. I think one or two problems I also picked up, but we can get into that another time. I'm wondering why the minister hasn't chosen to bring in some legislation in this area.

I want to talk a little bit about the wider, general insurance problems. Certainly the insurance companies have made an incredible amount of money in the last year or so. About two years ago they got a real bee in their bonnet -- or they appeared to have anyway; that's what they told everybody -- and said: "Oh, look at all these incredible settlements that have been made. Somebody sues somebody, and look at how much money we had to pay to so-and-so because the husband got killed or the kid got killed, and the family sued and got so much money for liability insurance and so on." All these kinds of scare tactics were used to panic everybody, and over the last couple of years insurance premiums have gone up incredible amounts for a wide variety of organizations and individuals. And of course we found out it's all a hoax. In fact, what they've done then is rip us off for a heck of a pile of money. I think the minister needs to stop and re-evaluate. I know you've done some things, but I don't think you've done enough in taking a look at that. For example, it would seem to me that Alberta municipalities and

school boards and recreation organizations and a whole wide range of what you might call public service organizations need to have liability insurance. You can hardly ask somebody to coach a hockey team if the players on that team can't get insurance at some kind of reasonable rate.

There are a number of options, ways of looking at this, and I know the government did do some work on setting up a program last fall that made it possible for, I think, welders, outfitters and guides, some support organizations, some day cares, and that sort of thing to obtain liability insurance by banding together some 20 provincial and federal insurance companies. So that was a move in the right sort of direction, but I guess I'd like the minister to give us an update on the larger project undertaken by the Alberta municipalities association and see where that heads. I gather that they've done their homework now and have made some suggestions to the minister and are awaiting a response. So I wonder if she could give us one here in this House.

I would like to say that the response I see in Bill 6, although I haven't analyzed it as carefully as I would have liked -- we can save that debate for when it comes up in the House -- I don't think that it answers some of these larger questions that I've raised.

The business associations I believe at some point had indicated that perhaps one of the things that could be done is to restrict liability settlements, and I wonder if the minister has some comment on that particular proposal. It's also true that -- I'm not sure if it was this minister or if it was set up before -- a man by the name of Jim Wilkins was hired as a consultant to look into the problem of liability insurance in Alberta. I'm wondering if he has reported or what's been done with it if he has. Does the minister have any suggestions or follow-up on that particular investigation?

So insurance is one of the areas that I would expect the minister to be addressing and, like I said, in a lot more major ways than just Bill 6. I do, however, want to get on to some of the other functions of the Consumer and Corporate Affairs department.

One of the things that department is supposed to be in charge of is looking at credit and the granting of credit, I suppose with a view to protecting consumers. Well, I know some of the jurisdiction over that, of course, overlaps with federal regulatory authorities, and some of it in this province may be under the Treasurer, but nonetheless I'm wondering if the minister has been following the Estey report that came out of the Canadian Commercial Bank's bankruptcy. Did she notice, for instance, that the \$60 million that this government put in may not be listed as one of the liabilities of the company, and so according to the first annual report of the corporation doing the windup, we may not get the \$60 million, or at least that seemed to be the implication. The Estey report suggested that the functions of the Auditor General of Canada be amalgamated with the CDIC insurance function, and I'm wondering if the minister has a view on that and if she has been pressing the federal authorities one way or another and what her reaction to that idea is.

Trust companies have been moved under the Treasurer in this particular government, so I won't get into the regulations of trust companies. But I have a general concern about banks and trust companies that I would like to throw out to the minister because she is a minister in this field and does have at least a chance to know what's going on and perhaps to try to influence federal people or her fellow Treasurer. One of the concerns I have is that trust companies are being taken over in large numbers in recent times by . . .

MR. CHAIRMAN: Order please. Is the hon. Member for Edmonton Kingsway addressing the minister in terms of consumer services, consumer standards?

MR. McEACHERN: Well, Mr. Chairman, the people who use trust companies and banks are in fact taking credit often, and she is to regulate the use of credit in the province to some degree. Even where those jurisdictions are overlapping with the federal, one would expect her to have opinions on them and try to influence legislation in that area. And so I'm really talking about the protection of consumers, and although it may sound like high finance, it in fact boils down to what kind of services do people get. So if I could, I will pass quickly on to something that's more specifically hers, but just a couple of points there.

I'm concerned that many of these trust companies have been taken over by large corporations who can then get involved in insider trading, and of course you could have a look at that problem. Banks are getting involved in stock brokerage companies, and your department is in charge of the Alberta Stock Exchange, for example, and does have an Alberta Securities Commission. There are some fights looming between the federal government and the Ontario government, and doubtless those same kind of tensions and problems could develop here. So I guess I'm just alerting the minister that she should be looking into those things and perhaps be prepared to comment on them publicly or in this Chamber.

I wanted to ask her more specifically about the Alberta Stock Exchange blind trusts and see if she could give us a bit of an update. I know they've tightened up the rules a bit on blind trusts, but I'm wondering how that's working out and whether or not we are going to see any more of a similar kind of scandal that we saw last summer.

I wanted, in terms of another institution which is directly under this minister, to talk a little bit about the credit unions. I guess rather than deal with that in a general way, I'll get fairly specific to the stabilization corporation's railroading of the Edmonton Savings & Credit Union . . .

MR. CHAIRMAN: Order please. Hon. member, the Chair is having some difficulty. The Chair well recognizes the responsibilities of the minister, but I don't think they touch on either the stabilization board or a credit union. Now, if the member could bring his comments back to consumer protection, I would assume then it would be in order, if it's agreeable to the minister.

MISS McCOY: Just to clarify. Credit unions were moved, before I took this portfolio on, to Treasury, so the primary responsibility belongs with the Provincial Treasurer.

MR. McEACHERN: I did raise those questions with the Provincial Treasurer, but your annual statement is full of stuff about the credit unions. [interjections] Okay, I will leave the Edmonton Savings & Credit Union to the Treasurer.

SOME HON. MEMBERS: Question.

MR. McEACHERN: It's all right. We'll get there; don't worry.

Something that is again related to credit protection for consumers. The federal government through its finance committee, which is an all-party committee, has been looking lately at the incredibly high rates that some of the credit card companies have been charging. I think it was the Visa card and Master-

Charge and those kind of cards. Some of the rates have been up in the 20 percent range. In fact, with Canadian Tire, the Bay, Simpsons, Zeller's, and many others it's as high as 28.8 percent. Most oil companies are around 24 percent. I'm wondering where the protection for consumers is in this province and if the minister has been making any applications to the federal regulatory authorities to try to get those kinds of rates reduced. There has been some start of a downward movement on the part of the Visa card for some of the Visa card users, but there is a long way to go.

The Minister of Consumer and Corporate Affairs is in charge also of a thing called the Debtors' Assistance Act, and I noticed that there were some 276 credit complaints handled by the minister. But I guess I'm wondering if she takes a look at some of the problems of agencies of this government, and I'm thinking of the Alberta Opportunity Company, the Agricultural Development Corporation, and the Alberta Mortgage and Housing Corporation. I think that it's not too long since the Alberta Mortgage and Housing Corporation was trying to get after somebody who had given up their home and had sort of walked away from it and said, "Okay, you can have it back," to Alberta Mortgage and Housing. They were still going after them for the original mortgages, a thing that no other mortgage company could do. I think the courts have finally stepped in and stopped that, but I would like the minister just to update -- for one thing, why did she have to leave it to the courts? Why wasn't she in there to some extent protecting consumers and seeing that the Alberta government's own institutions were in fact living up to fair consumer practices?

I noticed with some interest that the tax discounters have complied with the regulation that said they could only charge up to 15 percent; that is, overall they have. I'm not sure that every individual did. That's something the minister perhaps might comment on. But in the annual report, on tax discounters I notice that the numbers are still quite high, or it seems high to me anyway, even though it does turn out to be less than 15 percent. Some \$49 million were refunded and some \$7 million were retained by the discounters, an average refund of \$850 and an average discount per return of \$125. If one's tax return were so simple that you're only getting \$850 back, there's not likely a lot of complication in it. To get \$125 for that work would seem to me to be still quite high, although the average comes out at 14.7 percent, which just sneaks in under the 15 percent.

So I guess it's better than it used to be, but I think the tax discounter thing is still a rather odd business, because it's those people that are the least able to look after themselves that have to turn to the tax discounters. It seems to me that if the government is going to collect taxes, somehow the people that check those returns should be qualified and able to sort out those tax returns, and we should not have to be paying tax discounters. Of course, the reason for the tax discounters is because some people can't wait to get their money, so consequently they are sort of forced into giving up part of what they have coming back.

I also see that the minister is in charge of the Franchises Act, and I wanted to just say a word or two about monopolies and the directions it's taking us in the consumer affairs of this province. I'm thinking of food retailing, for example, which is becoming more and more of a monopoly. Where does the minister stand, for instance, on the takeover of Woodward's by Safeway? Have you made any representations to try to stop that? How do you look at the number of fast-food chains that are developing in this province and putting independents out of business year by year

as we go along? And not only doing that, but some of them are taking away their political rights.

I'll recount a story about a young businessman I met when door-knocking one day on 124th Street who wanted to get into Kingsway Garden Mall. He not only had to sign a contract saying that he would stay open mall hours, which could mean anything up to 7 days a week, 24 hours a day, which raises the Sunday opening issue -- and I intend to talk about that in a minute -- but also there was another clause in there saying that he could not lobby any level of government nor any government agency to limit business hours in any way, shape, or form, which is a political and democratic right that anybody should have. I'm sure that would not stand up under the Canadian Bill of Rights, but at the same time, you have to say that if he signs that, there's an awful lot of pressure on him, and if wants into the mall he has to sign it. I would suggest that the kind of "all power to the mall owner" should be somewhat limited, and I think in terms of Sunday opening as perhaps being the best example. Every small businessman and every retail worker deserves one day a week off, and I can't see that we can live with or tolerate a system whereby some people are forced to work for seven days a week with no holiday.

Mr. Chairman, that sort of wraps up my comments for the moment. Some of my colleagues have some fairly specific things they want to raise. I would just ask the minister to reply to some of my questions and concerns.

MR. CHAIRMAN: Thank you, hon. member. Hon. Member for Lloydminster followed by the hon. Member for Edmonton Highlands.

MISS McCOY: I wonder, Mr. Chairman, if I might take the opportunity to respond to the ...

MR. CHAIRMAN: Hon. minister.

MISS McCOY: ... hon. Member for Edmonton Kingsway, since he's raised a number of points. Perhaps while we still have them within our mind, we can respond to them.

The first point the hon. member made had to do with government automobile insurance. Of course, as he knows, we do not approach the problem that way in Alberta. We did make, as a matter of public interest, it mandatory to maintain a certain minimum coverage for drivers of automobiles. And as a counterpart to that, to balance the bargaining power between those who are buying and those who are selling such insurance, we instituted the Automobile Insurance Board in order to ensure that those rates would be calculated on a reasonable basis.

He referred me to the example in some other western provinces. I note with interest, Chairman, that there has recently in the province of Manitoba been a call for an independent probe of reports that massive losses at the Manitoba Public Insurance Corporation were covered up. To my knowledge those calls have not been responded to as yet, but it would appear that the pricing of that insurance has been based on something other than actuarial principles and so there is some question as to whether the rates charged have indeed been commensurate with the experience of the many participants in the pool, which of course is the actuarial basis.

Having said that, I have this comment to make, and that is that generally speaking, the insurance rates in Alberta seem to be somewhat commensurate with the western Canadian experience. Now, it is quite something to compare Alberta's expe-

rience to those of others in similar circumstances; that is to say, given our population base and the distances driven and the quality of our roads, which of course in Alberta are exceedingly good and probably better than any other province in Canada. It is one thing to compare our experience to those with similar conditions and another to compare it to provinces which have dissimilar experiences, such as Ontario. I think it is when one is comparing our experience to Ontario's, and especially if one is reading newspapers from central Canada, that one can be misled to believe that our situation is as bad as it is there, which in fact it is not, when one takes the time to look and compare the statistics.

The member also raised questions about replacing windshields. My investigations into that area indicate that the insurance companies are indeed trying to limit the overall loss claim, if you will, by contracting with some companies who replace windshields in an attempt to get a discount on the actual cost of doing so. However, the insurance companies have not precluded the customer, the consumer, from going to other glass companies, and indeed it is the customer's, the consumer's, choice to do that. However, as is often the case when one deals on a volume basis, discounts are available, and so many times the companies that are recommended by the insurance companies are indeed providing the service at a cheaper cost. And this is an attempt to help the consumer, which of course in due course represents itself in some lower premium than it might otherwise have been.

There was reference to a motor vehicle dealers Act, and I think I would be anticipating debate if I were to comment further on that.

With reference to lawsuits and the settlements, the member did have reference to family suits, and I'm happy to report that a similar proposition put to me in Alberta I have declined to act on. In Ontario there was a statute passed which allowed family members to sue the insured, and that has resulted in a proliferation of lawsuits and a proliferation of payments by insurance companies, which has again led to a dissimilar experience in that province to what we have. I think that in the interests of all consumers in Alberta, that would not be a good precedent to follow.

The member asked about the municipalities insurance -- the liability insurance, arrangements that have been made -- and I would invite him to refer that question to the Municipal Affairs minister, who is taking the lead on those negotiations. But I will say, as you asked for an update, that the basic concept there is for the municipalities to self-insure among themselves and the government of course standing as the ultimate reinsurer, back-stopping the entire arrangement. This has proven, at least in the interim, to be a less expensive way of proceeding. Beyond that, for details I would refer the matter to the Municipal Affairs minister.

Reference was also made to the Estey report. There are certainly areas that he touched upon that have interest to me in this portfolio, but by and large they deal with financial institutions, which by and large are under the jurisdiction of the Provincial Treasurer. But I would say this: firstly, the federal government has issued a blue paper, which I think was introduced on December 18, 1986, and that blue paper carried forward some but not all of the recommendations of the Estey commission, in particular the proposition that the Canada Deposit Insurance Corporation be merged with the office of the Auditor General. Those are not propositions that are currently on the table.

I might also report that I was in Ottawa attending the

federal/provincial ministers' conference on financial institutions which occurred on March 23. The proposals with reference to the Canada Deposit Insurance Corporation were on the table at that time, as were proposals having to do with securities regulation. I can report that I was fairly lively in presenting our points of view. Most particularly, the point of view that I was stressing is that securities regulation should remain in the purview of the provinces, insofar as we, being closer to the market, are more likely to know what is best for the local market. And while we maintain a uniformity in terms of rules and regulations, as we have done for decades across Canada, nevertheless, our people positioned in Alberta are more likely to know what is happening in Alberta than somebody who is stuck somewhere in central Canada.

I might say also that one proposal which was put forward by one minister -- that is to say, to nationalize banks -- was not one that was supported by me, representing the province of Alberta.

Insider trading. I will shortly be introducing to this House propositions that have to deal with that and self-dealing and other such issues, but I'm not at liberty at this moment to go into any great detail on that, insofar as they have not been thoroughly canvased within my own portfolio or with my colleagues. There is every intention of moving in that direction before this session recesses.

The member referred to blind trusts, and I think the reference was meant to deal with junior capital pools, sometimes known as nickel deals. A question was asked whether indeed there will be any more scandals as there were last summer. All I can say, Mr. Chairman, is this: one cannot legislate the practice of morality. One can legislate standards, and one can legislate the remedies or penalties that follow if one buyer or seller does not practise those standards, but one cannot by the stroke of a pen change the morality of any particular individual.

And I might point out that the buyers and sellers that were involved in the incident that occurred with Audit Resources last summer are still before the courts. Indeed, they have been charged with a number of criminal offences. Those have yet to go to trial, although I do believe they have been put over for trial, having gone through a preliminary inquiry. I cannot speak to those in detail. I can say, however, that you can legislate against murder; that doesn't mean that murder doesn't occur.

Reference was made to the Blenkarn committee, not specifically by name but, again, a committee of the House of Commons that was referred to regarding credit cards; that is, the Blenkarn committee. Credit card interest charges and department store interest charges: that will be a subject that will be discussed at the consumer and corporate affairs ministers' conference this June. I might point out, however, that it has been reported recently by many banks that they have reduced their interest rate charges.

This department's approach has been to ensure that there is disclosure to those users of those credit cards so that they can make the choice whether to use one or the other, and it seems to me that, again, one wishes to encourage people to make those choices, given that they have sufficient information. Again, I do believe that the great majority of Albertans are aware of such facts and do make their choices accordingly. I do not hold with the view that people are stupid and that they must be controlled by MLAs, ministers, or public servants because they're too stupid to know what to do. I do believe that Albertans are strong, clever, and aware, provided that information is given to them. There are 16 examples, however, that sometimes lead me to doubt my beliefs. However, by and large I think the assumption

can be well taken.

Debtor's assistance. Alberta Opportunity Company, Alberta Development Corporation, and Alberta Mortgage and Housing Corporation I think were what the member was referring to. May I say, Chairman, that our focus is on the individual. It is assisting the individual to deal with his or her own debt situations, helping them to work themselves out of what is usually an overload of debt. We have focused, as I say, on the individual, whereas the policies of those government agencies, Crown agencies, are under the direction of other ministers of the Crown. It would be improper for me to comment on that, insofar as other ministers, as I say, have policy direction there. But what we do attempt to do is to help the individual in an individual case, and the program has been quite successful. I might add that it's one that we have done everything we can not to cut. It was one of the areas that we felt we must in these days continue most particularly.

Tax discounters are a federal issue. It is under the Income Tax Act that those programs are legislated. However, we did negotiate with the federal government the ability to administer them ourselves, again in the belief that we in Alberta know best what is happening in Alberta. Albertans trust us most; therefore, we wish to be involved with it.

The member did mention some practices that I certainly cannot comment on particularly, but again I say that it's a matter of individual choice. Whether one wishes to do one's tax return oneself or not, it still is an individual choice, and provided that the individual knows the choice that one is making, then I say that there is nothing wrong with that. We do ensure that the individual has the information available to make the choice on a rational basis.

There was some question as to whether in fact these people are monitored, and I can say unequivocally: yes. We watch them very, very closely, and I can draw the members' attention to a recent case in which a tax discounter was charged on nine different counts under section 4.1(a) of the Tax Rebate Discounting Act. That case had been investigated with the co-operation of the Consumer and Corporate Affairs Edmonton regional office, the RCMP taking the lead in it, and the accused was found guilty on all nine counts and dealt with accordingly. That is merely one example of more than one occasion which we have monitored. And of course as much as anything the example is as useful as not because it does warn the rest of the marketplace what they might expect if they don't follow the standards set in the statute.

Reference was made to the Franchises Act, which is administered by the Securities Commission, and the word "monopoly" was used. I think it's fair, however, to correct any misapprehension that might be left. There is no such thing dealt with in that statute or by the commission as a monopoly. There are many choices that can be made; that is to say, this is not the same sort of franchise that is referred to in the utilities field, where one is given a franchise to operate within an exclusive territory. There is, for example, in one block often enough a McDonald's hamburger place together with a Burger King. In fact, in my constituency or close to it, there are several of those franchise operations or chain operations, hamburger places that one can go to, but they are all on the same intersection. It is not a protected service area from the consumers' point of view, as it is with a utility, where you can only take gas or oil -- telephone service is a better example -- from one offer or one seller. You can have as many as you like in an area, but you won't find another McDonald's in the same vicinity. So it isn't a monopoly so

much as it is a chain operation.

The question was asked of Woodward's and Safeway's takeover. That matter is still, I believe, before the competition tribunal, which is federal legislation, and the decision of that tribunal has not been rendered. And I'm sorry I can't say -- I have not even heard that the hearing has occurred, but certainly there is an investigation being undertaken by that tribunal.

One other thing that I would like to mention, Chairman, is the example that the hon. member mentions of some person that he met door-knocking who had signed some agreement not to lobby any level of government. And I can only encourage the hon. member with his constituent to make it very clear to that constituent that there is no contract, absolutely no contract, that any person can make and have enforced that would disenfranchise a citizen of Alberta or of Canada. It is a rule of law that one cannot contract out of certain inalienable rights, and that is one of them. I take it that the hon. member apprised him of his rights and advocated it, and if he wishes me to reinforce that, please give me his phone number and I would be happy to do so.

Thank you, Chairman.

MR. CHAIRMAN: Hon. Member for Lloydminster.

MR. CHERRY: Thank you, Mr. Chairman, for the opportunity to speak for a couple of moments. I guess not being a Harvard man, of course, I won't go on at great length.

First of all, I want to congratulate the minister for the job that she's doing. I know that all members on this side of the House certainly congratulate her also, and I think as everyone does.

I guess what I wanted to talk about -- if I may, as I said, for a few moments -- is the unique position which Lloydminster is in. Some of you who have been there -- I know that some of the opposition members have been there because I read about them in the paper, you know. But that's all I saw of them. It must have been a real breeze. In this unique position which we're in in Lloydminster, with half of the city on the Saskatchewan side and the other half, of course, on the Alberta side, we do have our share of problems. And one of the problems that was brought up to me -- with, of course, the government that we had in so many years previous to the good government we have in Saskatchewan today -- was that there were many changes that we needed. [interjections] Mr. Chairman, I want to say that today ...

MR. CHAIRMAN: Order please. Order in the committee, please.

MR. CHERRY: ... thank God, we are seeing some bright lights in Lloydminster on the Saskatchewan side.

What I would like to talk about for a minute is the real estate and the trust accounts in Lloydminster. As it is under a provincial jurisdiction, we did have problems with our banking system there; for example, the Royal or the Commerce bank being on the Saskatchewan side and Alberta real estate people servicing their trust accounts on that side. It was brought to my attention that there had to be a different arrangement. Of course, being our cousins now -- as I say again, now -- on the Saskatchewan side, we were able to come up with an agreement that we could both live with. I spoke with the hon. minister, and she certainly got the ball rolling, and as you know, there is legislative action taking place now so that these folks will be able to have their trust account. If they do have one on the Saskatchewan side of

Lloydminster, they will be able to service it from there. I think it's a great step forward, and that's one of the things that I feel is two provincial governments working together, doing what we can for the citizens of both our provinces. Madam Minister, I certainly want to thank you for the initiative that you took to get this going.

One of the other things, I guess, when our opposition member friend was -- oh, he's not in the House right now -- speaking on glass insurance. You know, I deal on both sides of the border there. I never had any problems, never heard of any problems with the subject that he was talking on.

But again, just a few short comments, Madam Minister, and again I congratulate you on the job you're doing, and I know that all of us on this side of the House just say, "Keep up the good work."

Thank you.

MR. CHAIRMAN: Hon. Member for Edmonton Highlands, followed by the Member for Edmonton Strathcona.

MS BARRETT: Thank you, Mr. Chairman. I listened with interest to the comments of the minister when she made her opening remarks about her department. I think that Economics 10 is always interesting and the dynamics of the marketplace are also very interesting, but I would like to point out to the minister that not all Albertans are those famous entrepreneurs. In my view, the business sector doesn't need the protection of this government; it's the average Albertan that needs the protection of this government.

I could point out past events in which it was the little folk, the ordinary Albertan, who surely, surely bought the short end of the stick, not least of which was the fiasco around Dial Mortgage. But there are other mortgage companies and trust companies like Tower, Bancorp, Ram, Patrician, CCB, and so forth, and the recent two institutions which fell upon so-called economic hard times. What I don't see coming from this minister are new measures which are going to protect Alberta depositors or regulate the various real estate companies, which is what they amount to, those mortgage companies, on the matter of absurd real estate speculation which accompanies booms. And if anybody in this Chamber would like to dispute that we have a boom-and-bust economy, I refer those members to a history of Alberta's unemployment rate and investment rates. One hundred forty-five thousand Albertans, I believe, would agree with me.

Now it seems to me that what we have here, Chairman, is something that's more like the department of corporate and corporate affairs, or sometimes it occurs to me that we might call it the "landlord and corporate affairs department." Just a few weeks ago I got the OCs delivered to my desk and what do you think I saw? I saw a rapid response by the department of corporate and corporate affairs to declining interest rates when it comes to how much landlords are required to pay on security deposits under the provisions of the Landlord and Tenant Act.

So I spent a little while in the library, and you know what I found out, Chairman? I figured out something that Albertans knew for a long time -- I certainly knew it as a renter in the 1970s -- that while Albertans who were renting were getting only 6 percent on their security deposit loans -- and "security," believe me, is stretching the word for a long shot here -- while Albertans were getting 6 percent by law, I'd like to describe to you what kind of prime rates we had. These are the prime rates for businesses, okay? This is the rate at which banks lend

money to businesses. It's the rate where you really stand a very good chance, almost 100 percent chance, of getting your money back. If you're not going to get your money back, you can for sure go after the assets. Only the big league players qualify for this rate.

So in 1970 it stood at 8.17 percent. It went down a little bit for the next two years, and then it went to 7.65 percent. Now, in 1974 while ordinary Albertans were still only getting 6 percent on their security deposits -- you know, which they have to pay out in order to rent property to live in -- prime rate went to 10.75 percent. Think the government of Alberta was real fast to respond, Chairman? I don't think so, because it was a few years yet. I'll tell you what happened. In 1975 prime went to 9.42, went back up the following year to 10.04, and the next two years it went down marginally. Here we are: 1979, 12.9 percent; 1980, 14.25 percent; 1981, 19.2 percent. Guess what? In 1982 it was an election year, a coincidence I'm sure. The government finally decided they were going to adjust the amount that landlords would have to pay on those security deposits, and that figure then went to 12 percent. Prime rate, meantime, was at 15.81 percent.

I notice, however, that this government is really quick to act when the interest rates are coming down. We basically went for a decade in which the security deposit rates were nowhere near what those people could have been getting if their money was in a bank. But then when the rate of interest starts coming down, we find in 1984 that the prime rate averaged 12.06 percent, and that's the year that the government decided to lower the amount again -- I mean a real fast response -- the amount paid on security deposits to 8 percent. It stayed there, Chairman, for the following year, 1985, while prime rate was 10.58 percent, and the following year, 1986, in which prime rate was 10.52 percent.

Now we do have a serious decline in the interest rate and in the prime rate. Now I find out that we're going back down to a 6 percent rate. I don't argue with the minister's decision to lower the security deposit rate when the interest rates have fallen as rapidly as they have. The reason I recited these statistics is to point out that I don't think this government has a vested interest in protecting renters. I think it's proven, because for all those years while the interest rate was climbing, Albertans were stuck with 6 percent. And I'm going to argue this, Chairman: if we're going to respond quickly, then let's respond quickly both ways in the interests of renters. All right? Fair is fair.

Now the other thing is that security deposits are not secure, and we know that. In Alberta a landlord can go broke or sell his or her property, and guess what? The security deposits aren't secure. Guess what, Chairman? You might have to go to court to get your security deposit back. You might not win. Some court cases last for years on this matter. Where's the protection, Madam Minister? Where's the consumer side of this Consumer and Corporate Affairs? I get the feeling that all we've got is a department that's out to champion the cause of the people who don't need the regulatory protection in the first place.

And I would like to bring up, Chairman, something that I still don't think has been solved, and that is the travelers' funds. And I'm talking about -- I'm sure the minister will remember, even though she wasn't an M.L.A. at the time -- a few years ago, a rash of incidents in which travel companies conveniently went broke after collecting wads of money from unsuspecting good old ordinary Albertans in that wonderful little marketplace so that they could go on tours. And what do you think happened? Those companies went belly-up, and so did the money that those ordinary people put into those companies to pay for their tours.

Where's the protection? I don't see it, Chairman.

I think what we've got here is a department that is much more concerned with looking after the big players and to heck with the ordinary folk.

Now I'd like to return for a minute to the subject of renters. [interjection] No. My colleague would like me to talk more about Dial. And it's true; I find Dial Mortgage a fascinating subject, especially considering all the foot-dragging that went on just until it was a little too late to really go after the big players there. But that's a past sin, and I don't blame the minister for that. That was not her problem.

But I would like to talk about renters for a minute. You see, renters don't just face this insecurity when it comes to their security deposits; they also face insecurity when it comes to their tenancy status. They can be given the boot for no reason whatsoever on three months' notice. I think that it's up to us to make sure that we have provisions in place to guarantee that renters have some rights. Now, I know that the minister is thinking: well, you know, what am I going to do without infringing upon the rights of landlords? Gee. Well, you know, we have a human rights code and we have a Human Rights Commission, and that still hasn't stopped active and open discrimination. And one of the fastest ways to get around any of our laws on discrimination is to make like you've got another reason for giving somebody the boot. Well, I don't think that's fair. Albertans pay a lot of money, because they don't have enough money to buy their houses, for their rent, Chairman, and I think that they should be provided with some protection in their tenancy.

I also think that it wouldn't be a bad idea if the minister would turn her eye to the Landlord and Tenant Act and also engage in discussions to talk about how, in defending consumers -- if that is the issue, and I'm not sure it is -- the department can start looking after helping the 30 percent of all renters, that's 65,000 Albertans who live below the poverty line but who are paying more than 25 percent of their income on shelter. I think that it's within our ability as legislators and within the minister's portfolio to work with the department of housing to get some alternative housing on the road and also to provide for circumstances under which low-income renters will not have to pay more than 25 percent of their income for shelter. That could be achieved by some kind of thrust towards third-sector housing.

I know that's anathema to most of the people on the government side, but the fact of the matter is we don't have a whole lot of housing starts and the vacancy rate in Edmonton and Calgary is diminishing -- not quickly, but it is diminishing. So there's not much chance that the prices of apartments are going to continue to decline despite how often or how hard the Minister of Social Services crosses her fingers and hopes for that effect. In fact, in defending consumers the minister might even want to talk to her colleague the Social Services minister and point out the sort of rates for apartments which obtain in the Edmonton area. The average, Chairman, for a one-bedroom in Edmonton is \$379 a month. Now, I figure you take two times \$180; that's \$360. That's what two social allowance recipients would have to live on for shelter allowance alone. You add that up -- \$360 -- that doesn't even come to the average price of a one-bedroom apartment. How many people would the Minister of Consumer and Corporate Affairs like to see crowded into an apartment? Maybe she'll take this issue up with her counterpart. I sure hope so. I have a lot of people in my riding who'd really like to see that. I also have a lot of elderly people who lost a lot of money in those tourist scams, and I'll tell you, they'd really like to see some action.

Now, I have one more point that I would like to make with the minister and that is: the minister gets to spend a fair amount of money, and I'm not going to dicker with her about how she's spending it. I do want to point out that I think there are some legislative priorities for the minister to look at, and I also want to point out that about two weeks ago -- two weeks less two days ago, in fact -- I wrote a letter to the minister, following the announcement of the provincial budget, in which I alerted the minister to a problem which had been brought to my attention by several retailers in the riding of Edmonton Highlands and in fact some wholesalers throughout Edmonton. I'm not sure why the wholesalers decided that they should also approach me, but in any event they did. They're not located in Edmonton Highlands. And what they told me about was their having been audited by government officials round about 4 o'clock on Friday, March 20, 1987, a short while after the budget speech had concluded in this very Chamber. And they were audited so that the revenue collection division could determine how many cartons or boxes of cigarettes they had in their possession at that time which would then be exempt from the tax increase which was effective midnight that night.

The complaint that was given to me by several retailers was that they went to one great big wholesaler which apparently hadn't been audited like the other wholesalers and they attempted to purchase pre-tax-increase cigarettes by the cartonful, as in boxes of cartonfuls, by the dozens of boxes of cartonfuls, and they were told they couldn't do that. Then they found out that that big wholesaler wasn't audited until the following Tuesday.

Now the question arises: who made all the money on those cigarettes, on those hundreds of thousands of dollars worth of stock? That's the way it was reported to me, Chairman. Who made the money? And was that whole auditing event fairly and even-handedly applied? Retailers in my area don't think so, Madam Minister. They think something fishy happened, and I would like the favour of a reply on that. There are four retailers who'd really like to know what's going on. They weren't allowed to buy those cigarettes.

I think the minister should heighten the consumer part of her portfolio so that she's starting to look after the average Albertan who does need protection. I'm not claiming that all entrepreneurs and businesspeople are evil; I don't think that's the case at all. But I think that when given the opportunity to exercise loopholes as provided by this government and by the federal government they will do so, and very often -- all too often -- at the expense of the average person who lays out his or her hard-earned money in good faith in that wonderful marketplace guided by that invisible hand that hasn't existed since they buried Adam Smith, as far as I can see. They're the people who need a little bit more protection I would argue.

I think that if this minister will agree to taking under serious advisement the three main areas of concern that I have raised with her; that is, protection for renters and particularly their security deposits, protection for travelers when they provide money -- and I do mean asking those tour operators to engage in trust accounts, and I do mean asking landlords to put money in trust accounts. I also mean asking financial companies which exist on the strength of land speculation to have more reasonable assets-to-liability ratios. Then she would be doing a lot of good for the people of Alberta, and her department could then honestly be called that of Consumer and Corporate Affairs, instead of corporate and corporate affairs.

Thank you, Chairman.

MISS McCOY: Mr. Chairman, I just heard a great number of comments, most of which centred on "small and large, small and large, small and large." And I can certainly understand why the Member for Edmonton Highlands has got herself into that position.

MS BARRETT: Syndrome. Call it syndrome.

MISS McCOY: Syndrome. She suggests the word is a "syndrome," and I agree. Those of us who are small and those of us who are large, we recognize that.

The constant refrain I hear is "spend, spend, spend, spend, spend." That is to say, Chairman, an irresponsible fiscal position which we have seen lead to the federal government spending two out of three dollars on debt service, which is something that this government has very responsibly said we will not do because we do want to be able to spend two out of three dollars on people services. That is something we are doing, and we do not ever want to compromise our ability to do that.

Real estate and landlords have been raised. Let me say to the Member for Lloydminster that he was very kind to say it was my initiative regarding the trust accounts in the city of Lloydminster, which of course occupies a most special position, straddling the Saskatchewan-Alberta border. I would like to correct the record to this extent, Chairman: it was his initiative, not mine. And I do thank him for bringing that to my attention.

There has been much said about business and the corporate side of this portfolio and the consumer side of this portfolio. Our services to the public of Alberta are all designed to help the individual have the information which will allow them to make the right choices. The Member for Edmonton Highlands said this, and I paraphrase: that businesses don't need "protection." I would point out, Chairman, that there are more small businesses in this province than there are large businesses, and those small businesses have as much difficulty with equal bargaining power, whether they're on the selling side or on the buying side, as do the individuals. This department has a concern for their welfare, if I may use the word in a term that she may not recognize, but I say we have as much concern for them as we do for anyone.

The long number of examples of interest rates that were given by the member indicate to me a fundamental inability to understand the economics of the marketplace, because the prime rate was quoted time and time again, as compared to the interest rates required for landlords to pay to tenants. The prime rate is a lending rate. The security deposit interest rates are based on savings account comparisons. There is a fundamental difference between a lending rate and a savings rate. And if all of the quotes had been given to savings account rates, I think the member would not have discovered quite the same discrepancies.

Now, it is true that our regulation which stipulates what rate the landlord will pay does not fluctuate as frequently as the marketplace savings account rates do, and that is for a fundamental reason. We do not wish to upset the marketplace to the extent that the multitudinous number of small landlords will not be able to deal with the fluctuations. Most landlords in this province in terms of numbers are small businesses. We do not wish to put such an unreasonable regulatory burden on them as they find it difficult to conduct their business. We therefore try to respond in the middle of the market so that there is some certainty in the conduct of their affairs. And I also wish to make this point: it is the tenant who receives the interest on the security deposit. And to the extent that those interest rates are higher

sometimes than the market fluctuations, it is the tenant who is benefiting. And to the extent that we reduce the interest payable on security deposits, we are not doing the tenants a service.

Reference was made to the courts, and I have of course -- perhaps my training and background does not lead me to have the same disrespect for or fear of the court system, which of course is based on justice and natural justice. And I do say that it is the rule of law which is the most fundamental rule in our society. If we start to disregard the rule of law, then we're all in trouble because we are led to arbitrary decisions, we are led to anarchy, we are led to the rule of the chancellor's foot -- the length of the chancellor's foot being the rule -- and those things we cannot abide. We must have an objective justice system in this province, as in this country, or we will all fail.

Having said that, when we refer to the court system in conjunction with landlord and tenant matters, do recognize that we are referring to the small claims court. The small claims court, which is a system in place that favours quick handling of claims -- it favours inexpensive access to the system, and that system is working fairly well, although I'm always amused by people who complain about it. Frequently their complaint is based on receiving a decision with which they disagree, as opposed to complaining essentially about the system.

Reference was made to renters' rights and the provision in the statute, the Landlord and Tenant Act, that renters, tenants, may be asked to vacate after being given three months' notice. This was cited as an example of the renters being disadvantaged. Let me point out, Mr. Chairman, that the renter can give one month's notice to the landlord for no reason and leave with impunity. If there is an imbalance in this statute, it is not in the landlord's favour; it is in the tenant's favour. The tenant is given 90 days' notice. The landlord is given 30 days' notice, often to the disadvantage of the landlord. For no reason at all a tenant can leave and often does. So if there is any kind of imbalance in that statute, I have to say it is in favour of the tenant.

Reference was made to those who are living on the poverty line having to spend more than 25 percent of their income on shelter, and I, too, have sympathy for those people. I would be delighted to comment. But the responsibility for those social assistance safety nets that this government spends so much money on, so much indeed that the budget for that particular department, Social Services, has increased 17 percent year over year -- that is an incredible number, given the restraints that we are facing. And if that is not an example of how this government has concern for those who need it, then I don't know what is. But on the other hand, I'm struck time and time again as I sit here in this Assembly by the grandstanding that some members indulge in. I will comment no further because I fear to disrupt the House.

I might point out that in this regard the Alberta Mortgage and Housing Corporation is indeed providing some of its units for those who are living at or below the poverty line, and it is those sorts of moves that I see time and time coming from the government of this province in a true concern for the people of Alberta. It's of course similar to the very concern that led to Alberta Mortgage and Housing Corporation getting into business, which was when we were facing such an inadequate supply of housing that we felt we had to help the supply side of the market. We are now providing some of those units to people who need them.

I might also say that the vacancy rate is indeed a very critical element in the housing market. One notices in other jurisdictions where there is virtually no vacancy rate at all, black market -- if I may refer to them as that -- techniques being imple-

mented, which leads to quite an economic burden on those who would wish to rent, and indeed the key payments that are prevalent in some jurisdictions, larger cities such as New York and Toronto, being totally beyond control, although the governments are trying to come to grips with that. Of course, part of the problem in those situations is that there are rental controls, which we have not indulged in beyond what is necessary and we certainly don't have now. We have allowed the marketplace to operate, and that has helped considerably in keeping the price of accommodation to the lowest possible. And I think the prices that are available in the rental market might be found on examination to be responsive at the moment so that there is an availability beyond what one might expect to those who are in the market for such accommodations.

Finally, Chairman, I wish to comment on the Member for Edmonton Highlands' references to the wholesale cigarette marketing in this city. I did indeed receive a letter from the hon. member and responded promptly by referring it to the Provincial Treasurer, insofar as it was his auditors who went into the particular premises that she brought to my attention. I do wish to congratulate her in bringing that to our attention as promptly as she did. I would have to refer her to the Provincial Treasurer for an update, a status report on what is indeed occurring, but I think the point that she raised is a valid one and I can assure her that we are looking into it.

Thank you.

MR. CHAIRMAN: The hon. Member for Edmonton Strathcona, followed by the Member for Edmonton Meadowlark.

MR. WRIGHT: Thank you, Mr. Chairman. Speaking as one of those that causes the minister to doubt whether Albertans are strong, energetic, and clever, I'll nonetheless attempt to make a few feeble points.

I was astonished, Mr. Chairman, to hear the minister accuse the Member for Edmonton Highlands of just wanting to spend, spend, and spend, when all she was asking for were reasonable rules to be brought in to require landlords to have cause to evict tenants, to require travel agents to have reasonable bonds so that if they go bankrupt at least the depositors will get their money back, and to have security deposits deposited in trust under penalty. That requires no outlay of public funds at all except such as is always necessary to bring in legislation, and to simply dismiss those very elementary consumer protection measures as being spendthrift is completely beside the point. I can hardly believe I heard the minister right, as a matter of fact.

Now, the point I wish to make is an interesting one, square in the consumer protection field, and it's something that it so happened I brought to the attention of the department before this minister's tenure of office. It concerns those annoying apparent traffic tickets I'm sure some of the members here have got from time to time when parked in a privately run parking lot. I think the biggest owner of them in Edmonton is Imperial Parking, Impark. If you park there without having paid or your payment is inadequate, you're apt to get something that looks like a traffic ticket. It does say on it, if you read it carefully, that this is not issued by the city of Edmonton, but people think there is something official about that. And there is a fiendish rate on it; \$35 it says you have to pay, but if you pay within seven days it's only \$15. People think it's steep of course, but they think they have no choice, that it's official somehow.

Then if you don't pay it, it's followed up with a notice from a collection company saying that you had better pay up or your

credit's in danger. This money that you owe -- the word "owe" is used and the word "indebted" is also used. This is misleading. It's misleading in two ways. The first way is, of course, that it looks official. It looks as if it's under a bylaw or something like that, and it isn't. It's no different from if someone parked on your front lawn, Mr. Chairman, and you had to do something about it. Well, what you'd do, of course, is to phone up the city or the police and they would tag it and tow it away. And that is open to any of these companies. But instead of having the money going to the coffers of the city or the municipalities, wherever they are, they prefer to siphon it into their own pockets, and they go through this procedure. What you would have in the circumstances I mentioned is simply the right, if you ever thought it worth while, to sue the person for trespassing. You might take out such a claim in small claims courts, and maybe you'd get a dollar for your damages or something nominal like that. That's the only sort of action that these people have, yet they say that if you don't pay they'll take legal action, as if they could claim it as a debt. I've reported this a couple of times to this department, and the reply has been quite pusillanimous and nothing has happened. In fact, there is a double misrepresentation there: (a) that there's a debt when there isn't, and (b) that the thing is official, which is from appearance and mode of operation.

This leads me to a question for the minister, which is: how often does the director of trade practices bring the actions on behalf of consumers that he is able to do under section 14 of the Unfair Trade Practices Act, and how much is spent on his particular section in the estimates? It's sort of a consolidated sum, Mr. Chairman, you can't see in the vote. I am suggesting that this particular example I cite, which is quite a considerable annoyance in Edmonton here, would provide a nice little case for the director to get his teeth into. If the minister needs a little advice as to the particular section in the Act, I would be very glad to give it to her.

Thank you, Mr. Chairman.

MISS McCOY: If I might just respond very quickly, on the point of travelers, travel agents, and travel wholesalers, the hon. member is maybe interested to know that we have encouraged the industry to institute their own insurance program with private insurers, which seems to be working very well. Indeed, we have had many inquiries from other jurisdictions that have had a legislated fund that they have found not to be working. In particular, B.C. is very much interested in moving into a private insurance scheme as we have done, which according to our reports is working very well and is an example of Albertans helping one another as opposed to the government moving in and taking away their initiative.

Regarding the parking ticket situation and the misrepresentations in that regard, that would properly fall under the Collection Practices Act and would probably fall within the Institute of Law, Research and Reform's recommendations in their report 42. I can only add that I have been very interested in that report and would wish to pursue some initiatives in that regard, although I'm not certain that I will be able to do so during this legislative session. There are some points that have been made there, however, that have some validity.

Regarding the director of trade practices, the number of prosecutions that have followed from his activities is considerable. I don't have the exact number, although I can say that very often they are reported in the newspapers without giving full public disclosure to the activity that members of our depart-

ment have indulged in.

My one concern about that particular activity, however, is this. I think the hon. Member for Edmonton Strathcona would recognize the term "agent provocateur." It is the use of a policeman to lure suspected criminals into criminal activity and catch them red-handedly. That is a practice that can be justified in some circumstances when the greater public good is deemed to be far larger than the activity of the agent itself, who is going out of his way to see that a crime or some breach of the rules or breach of law is committed in order to prosecute. I think one has to be very careful in that regard to indeed state that the overriding public good is so much larger than the individual freedom. We talk liberty, we talk all those sorts of things, and one has to be very cautious in encouraging that sort of activity. I personally think it is a better strategy to strengthen the ability of our Albertans to make wise choices. Those choices will be strengthened if they have the information available to them so that they can see what choices they are making, see what consequences will follow from those choices, and then make a choice that is suited to the particular individual. I think that is a better strategy in all cases.

However, having said that and having put that caution out, I can assure the member that the director of trade practices is from time to time engaged in activities when we have some overwhelming indication that there may indeed be a pattern of illegal activities. In those cases we co-operate with the local police authorities, and there have been many instances over the 10 months since I have been here in which those investigations have led to prosecutions and indeed to convictions.

MR. CHAIRMAN: The Member for Edmonton Meadowlark, followed by the Member for Calgary McKnight.

MR. MITCHELL: Thank you, Mr. Chairman. I have a few comments to make to emphasize certain points that have been made already and a number of points on several new issues or issues that have yet to be mentioned this evening.

I was going to start with congratulations to the minister who, I think, has performed well over the last number of months we've been in this Legislature. I was particularly impressed by her ability to ensure that the Treasurer would be taking the portfolio responsibility for financial institutions as a condition to her assuming the ministerial responsibility for Consumer and Corporate Affairs and avoiding all the grief that has descended upon her colleague in the Treasury Department.

However, having said that and having listened to the minister's comments, I must admit that I can only go so far in my congratulations in that I have to replace some of that with a certain sense of disappointment in her comments. The minister resorted to a right-wing ideology which many of us over here believed probably crystallized about 1892 and hasn't evolved beyond that to meet the more complex world that confronts us today. If there is any portfolio where complexity in the business world is particularly germane, it is in the portfolio of Consumer of Corporate Affairs, because the dealings of consumers of financial instruments are extremely complex and it is far too easy to say in some ideological frenzy that there can ever be equality of information between corporations and consumers involved in the distribution of financial instruments.

I am always struck by this government, and by members of it such as the minister, who somehow say that Albertans in the community will work together and achieve certain things and make certain choices. This view of the world of government

and the relationship of government to a society seems to be so naive because government is an instrument of the community. It is an extension of the community; it is a way that members of the community can insure that things don't happen by happenstance but are cared for in a regular, careful way. It seems to me that after 15 years of governing, this government is all too quick to jump to the conclusion that government doesn't work. Rather, we might conclude that the way they do government doesn't work and here we have living proof day after day. Enough of the philosophy.

Securities Commission. I would like to raise a number of points and questions, Mr. Chairman. Could the minister please report on the status of blind pools? What blind pools have been issued since September? What amount of money has been involved in each issue? To what use has that money been put following the issuing of the prospectus, which generally doesn't indicate to which use the money will be put? Can the minister please indicate as well how the consumer of blind pools can ever be adequately educated on the specifics or the consequences of blind pool investing when clearly the only factor they will be able to judge is the quality of management? Has the minister taken steps, for example, or is she considering steps whereby there would be extensive résumés of people involved in management, whereby their business track record would be outlined for the individual to review and to somehow assess, more capably than is now the case with respect to many prospectuses, the abilities and the quality of management? Because when somebody invests in a blind pool, that is all they are investing in: the quality of management. I believe there is a place possibly for blind pools if it is part of a broader program for stimulating a stock exchange such as that which we find in Alberta. But I would like to be assured, and I'm sure the members of the House and the people of Alberta need assurances, that somehow Albertans will be protected in the process of investing in blind pools.

MR. CHAIRMAN: Order in the committee please. Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman.

Could the minister go on to give us an idea of what is her or her government's philosophy of the Alberta Stock Exchange? How do they want it to develop? What place do they want it to take in the spectrum of stock exchanges in this country? What is its risk profile? How would that compare to Vancouver? How would it compare to Montreal? How would it compare to Toronto? How quickly do we want it to grow? In what ways? What types of mechanisms or programs or policies is this government using in a co-ordinated fashion to promote our Alberta Stock Exchange? Has the minister dealt with the Heritage Savings Trust Fund to see that it has policies and programs to invest through the Alberta Stock Exchange wherever possible? How does Vencap do that? Are there restrictions or directions on Vencap to promote the use of the Alberta Stock Exchange? Has this government any plans to develop an Alberta bond exchange? There are precedents; Luxembourg is a precedent, for example. We would have a chance possibly to do that if we were to use creatively the bond issues that we have done through the Eurobond market, or perhaps there is some place in this scheme of things for the Alberta bond issue.

Has the minister given any thought to the fact that Ontario trust companies and federally incorporated banks will be able to purchase brokerage firms? What are the implications of that

policy in other parts of this country for Alberta brokerage firms ever to compete, for Alberta trust companies ever to compete? Has she got policies and programs such as those which have been innovatively and creatively introduced by her counterpart in Ottawa, formerly with the green paper which outlined the variety of very creative steps for promoting the financial industry at the national level? Clearly we in Alberta have responsibilities for our financial industry.

MR. CHAIRMAN: Order please. There are no subcommittees of supply. Would hon. members please give respect to the member speaking. Member for Edmonton Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I do appreciate that.

Is the minister moving to a different form of regulation in the financial industry with respect to brokerage firms, and is she influencing, for example, her colleague in the Treasury Department with respect to trust companies, and that is using disclosure as a form of regulation rather than the more traditional view of stamping out those things which financial institutions aren't supposed to do without ever establishing what they might do in a creative and innovative way for the future?

Drug patent legislation. Mr. Chairman, this is of some serious consequence in the future to Alberta consumers and to Alberta health care institutions. The fact of the matter is that the federal government is considering Canada drug patent legislation which will see that Canadian drug firms with a new drug will be able to patent that drug for 10 years and suffer no competition, the kind of competition which is currently permitted under the royalty system which still provides adequate reimbursement to the company that has generated the drug but allows generic firms to compete and therefore push the price down.

We don't have to be geniuses to understand that a 10-year monopoly on a drug will inherently increase the prices. In fact, a conservative estimate in this province will see that Alberta consumers and government institutions will very likely pay \$600 million in additional drug-related charges over the next 10 years. There is only one beneficiary of that \$600 million, and that is the Canadian drug industry, the pharmaceuticals industry. And as luck would have it, 90 percent of that pharmaceuticals industry isn't in western Canada, isn't in eastern Canada; it's in Ontario and Quebec. Once again central Canada is asking Albertans to subsidize economic development in Ontario and Quebec to the tune of \$600 million. Could the minister please indicate, one, what her position is on this particular piece of legislation; two, what her strategy is for negotiating that away; and three, whether she has got in touch with and begun to coordinate the four western Canadian provinces in an effort to resist that kind of legislation because each one of the western Canadian provinces has exactly the same interest at stake in this particular piece of legislation?

Could the minister please give us an idea of the status of the First Commonwealth Securities investigation? What has been learned? What portion of that which has been learned will be applied to the development of a stronger brokerage industry in this province? What new initiatives will arise out of this study to strengthen the Alberta Stock Exchange? The minister has moved to establish self-regulation of real estate licensing. Does this have implications for mutual fund licensing in this province? I understand that the minister is interested in introducing legislation which will strengthen minority

shareholders' rights. Could she please give us an update on where that stands and when we might expect to see it before the House?

The minister has undertaken to establish insurance compensation associations. My understanding was that there has not been one consumer of life insurance in this country who has ever lost their benefits due to the bankruptcy of a life insurance firm because the life insurance industry has always assumed those liabilities upon the demise of a given life insurance company. Is this particular kind of compensation association therefore necessary? Could the minister please explain that? And could she also explain what Alberta's liability will be in supporting compensation associations? In the March 17 *Hansard*, page 164, Mr. Johnston in answer to a question concerning North West Trust and Heritage trust made the following statement:

It is a matter of fact that next Monday the hon. Minister of Consumer and Corporate Affairs will take the Alberta position forward to discuss with the federal minister our outline and our views as to how that restructuring can take place, recognizing both the federal jurisdiction, in this case, and recognizing more fully the way in which this province intends to move over the next year.

It's at times like this that I wish the Treasurer always answered as succinctly as he did this afternoon. However, in rambling as he did on March 17, he implicated the Minister of Consumer and Corporate Affairs, brought her into an issue area that earlier this evening it was established he didn't have a responsibility for. Could she please indicate what her responsibility is, what position she took? What came out of this meeting, and what in fact is the federal view of how this restructuring of North West Trust and Heritage trust will take place despite the fact that it's already taken place?

Finally, specific figures. Vote 3.0.2, the real estate standards vote: spending has dropped 49 percent. Is that related strictly to the deregulation of the real estate licensing area? Vote 4.0.5, securities analysis, a 10 percent reduction. Does this mean less analysis or fewer issues to analyze? And how does this relate to the minister's ideological commitment to improving the information and knowledge of consumers of securities in this province? Vote 4 in general, Securities Commission down 12 percent. Again, how does this meet with the greater equality between buyers and sellers which the minister has spoken so glowingly of? Finally, insurance standards reduction, 21 percent, vote 3.0.8. Could the minister please inform us what the consequences of that will be in the administration of this particular portion of her department?

MISS McCOY: The long and the short of it -- the short view constantly, time and time again. The arrogance of the short view is such that the member does not trust ordinary Albertans to take the choice, to take the chance to be champions. Over and over again I hear from that side of the House the desire to make the choices, to take the chances on behalf of others. What is to say that that member's view removed from the marketplace would be any good at all? But that doesn't stop the member from constantly saying it should be the government that makes those marketplace choices. I disagree one hundred percent. I was . . .

AN HON. MEMBER: Big brother, big brother.

MISS McCOY: Little brother, little brother.

I was pleased at least to hear the Member for Edmonton Meadowlark saying that he agrees with junior capital pools. I was pleased to hear that, and I endorse that much of his view. He asked how many there have been, and I can give that information. As at the end of February there are some 200 applications pending with the Alberta Securities Commission, which, Mr. Chairman, indicates a rousing response from our Albertans, from our entrepreneurs. When they see an opportunity, they see an opportunity to go forth and do exciting things. And it is an opportunity. The junior capital pools are an opportunity for all Albertans to get involved in an adventure. This is adventure capital. To that date, February 28, there were some 50 that were listed on the Alberta Stock Exchange. Of those 50, some 38 had completed their first major transaction. I wish to point out that the policies of both the Stock Exchange and the Securities Commission have ensured that there is a democratic approach so that those investors who have decided to take an adventure with those managers that are listed in the preliminary prospectuses . . . This is the policy that has been instituted. Until there is a major transaction, time is running. Starting with a major transaction, those who were the initial subscribers to the issue are locked in. Their shares cannot be traded except on a staged basis. They are locked in in what is called an escrow, a three-year escrow, so that one-third of their shares in each year are released, but the time starts running with a major transaction.

A major transaction is defined as the purchase of an ongoing business. At that time it is required that the transaction be approved by a majority of minority shareholders, such that those shareholders who first decided to take the opportunity offered by the managers have an opportunity to get out if they choose not to proceed with that particular business that is being proposed. And I say again that it is the minority shareholders that make the decision. That provision and that provision alone does much to give the risk-takers another opportunity, a clearly defined opportunity to decide on their own whether they wish to continue. In the meantime the opportunity that is presented is one that many, many Albertans have taken up, and we're very pleased to see this program succeeding to the degree that it is.

There was reference to the Alberta Stock Exchange. I'm sure the Member for Edmonton Meadowlark knows that is self-regulatory, indeed it is a private marketplace much like a farmers' market, except that the commodities that are being traded are stocks and bonds. The Alberta government is very supportive of the Stock Exchange because we're very supportive of any initiative that will promote capital formation, which is to say that it will allow Albertans to take the opportunity. And particularly in 1987 we are poised to take opportunities globally. Albertans have always been globe traders -- always. We have traded our agricultural products around the world, although often enough we have delegated the actual deal-making to a third party, an institution such as the Alberta wheat board, or indeed our oil commodities -- we have often delegated those marketing arms to certain corporations or indeed Crown agencies. But Albertans have always been globe traders, and we are now poised to take advantage of our experience as well as our delight in deal-making globally in the securities area.

We are looking in Alberta at drawing up new securities legislation which will give Albertans the fullest opportunity in the global markets that we possibly can, given certain rules and procedures that would allow disclosure and therefore the ability of our individual Albertans to make their choices on fully disclosed information, those choices presumably best suiting themselves.

There are indeed complexities in this subject, and therefore we are being careful to take our time and to have full discussion so that we are able to do two things, one of which is to ensure that Albertans are able to take full advantage of the opportunities and, secondly, to see whether there are any particular niches that we can choose that would give our Albertans something of a competitive advantage.

The Member for Edmonton Meadowlark referred to a green paper that was issued by the federal government. I wish to update him. There's a blue paper that was issued some three months ago, and I would encourage him to have reference to it so that he could have the latest information, the latest discussion paper in this area.

I was indeed in Ottawa on March 23 attending a conference of the ministers from the provinces and the federal government, and we discussed the discussion paper that the federal government has put on the table. There were many points of view expressed around that table, one of which is regarding the Canadian Deposit Insurance Corporation, which has been tabled in the House of Commons and which threatens to create two classes of citizen: one a federally incorporated financial institution and another a provincially incorporated financial institution. We were loud and clear in our disagreement with those proposals, and we would hope that the federal government listens to us as the minister promised he would. But do recognize it is federal legislation. At least we are getting an opportunity to consult on these matters, which is something that we haven't had for some years, particularly under Liberal administration in Ottawa, which seemed to think that it had the right to rule the regions for its own benefit. The present administration in Ottawa does not go nearly that far.

There were other points of view that we expressed, and one that we expressed very, very strongly is that the provinces have the right to regulate the securities field. We endorse the federal initiatives in opening up ownership rules because we think that will position many of the institutions to compete effectively in global markets. Nevertheless, we very much wish to continue to regulate our own markets in our own backyards, because we say we know who's who here. We know who the good players are. We are more likely to spot the bad players as they're coming across the mountains, and we will be able to stop them. We don't think that that will be able to happen if the regulation were centred in Ottawa. That position we are vociferously putting forward, and we expect to be successful at it insofar as all provinces present at that conference enunciated the same view.

There was reference to the First Commonwealth Securities and an update on that. That matter is being worked through. It was a securities dealer who is a member of the national contingency fund, which is a private assurance fund to which members contribute and then pay out when one of their members fails. And that process is continuing. It is, however, a private assurance fund, and the government has not had to put any money into it, nor is it taking any part in seeing that the funds are being paid to the innocent victims of the failure. But again, one has to ask and to remember why the failure occurred. It was precipitated by Audit Resources and by the activities of certain players in Audit Resources. Those players are currently before the criminal courts. They have been charged with securities fraud. I cannot comment in detail as a result of that, but again I say that when someone sets out deliberately to defraud someone else, it is not possible to detect that in advance and there are no rules written on paper which will prevent it.

One cannot legislate morality. What one can do is legislate

standards of practice. One can then attempt to enforce those. One can attempt to put remedies in place that will give recourse to innocent victims, and also one can have procedures which will allow the regulators, both the Stock Exchange and the Securities Commission, to detect breaches of the rules in a timely fashion and then move as quickly as possible, which did happen in that particular instance. What we have learned from it once again is simply that one cannot legislate morality. Indeed, nearly all of the payments made from the national contingency fund in the last five years have been precipitated by fraudulent activities, and I might add that most of them have occurred in the province of Ontario. We in Alberta, knowing our market well enough, have been able to anticipate or head off many of these unfortunate circumstances. I think we've done particularly well in that regard, which is one of the reasons, because we know our players well enough, that we do keep insisting that it's the provinces who should regulate securities markets.

On minority shareholders' rights there will be legislation introduced in the area of takeover bids. It is uniform legislation that has been discussed across the provinces by securities commissions. I would hope to bring that to the Assembly fairly soon, but I cannot give any specific date at this moment. Still, I would have that before the Assembly, and I think that rather than anticipating debate I will allow that to come in the regular way.

Two other matters on life insurance. Compensation fund: that legislation has been introduced. There was some question as to government liability or government involvement in such a fund. There would not be any. The scheme is designed such that the private insurers would have an assurance fund, and those private insurers would thereby stand behind any company that was a member that failed. There have indeed, I might add, been a couple of life insurance company failures in which this government has been involved and has stood behind. They are somewhat in the past now and have been almost worked out, but indeed there have been some instances in which that has occurred.

The member asked about vote 4, which is the Securities Commission vote, and wondered whether indeed with reduced expenditure projections we will still have the same quality of regulation as we have had heretofore. I can say yes; they will be working smarter. There will be procedures instituted which will result in the same adequate level of surveillance that there has been before, and I am assured at least that this budget will allow for continued excellence in securities regulation.

Votes 3.0.2 and 3.0.8, the question was asked in those particulars, real estate standards and insurance standards. There are indeed reductions achieved in those two areas which do have some connection with the industries' proposals in both real estate and insurance to have some of the regulatory functions delegated to the insurance and real estate industries. There are budgetary implications for the department, as are clear on page 35 of the budget documents. The primary reductions come from a saving of a labour-intensive field, which is issuing licences. They do not come in any areas that have to do with investigatory or supervisory functions.

Much of the investigatory function is in fact found in vote 2, which is consumer services, because we do have our services to the citizens of Alberta regionalized. Our front-line services are in the regions. That is where much of the activity, the surveillance of the markets and the monitoring of ethical and fair standards of practice in the marketplace, occurs. Also, the superin-

tendents' office in each case, together with his assistants in his office, will be greatly relieved so that they, the two superintendents, can concentrate their activities on those major issues in which a third neutral party can intervene in the marketplace to adjudicate when the situation warrants. We think we have managed in those ways to focus the resources of our department where we think they should be focused and to allow the industry in each case to participate in its own destiny, as they wish to do.

I believe that covers all of the comments that were raised by the . . . [interjection] The member reminds me that there is one that I haven't addressed, and that is the patent drug Act, which, as he did say, is a piece of federal legislation which I believe is now going in for the report stage in the House of Commons. If it isn't there this week, it is scheduled to be there very soon. He mentioned that there is a conservative estimate that the price of drugs will rise by some \$600 million. I can only say, Mr. Chairman, that that is not a conservative estimate at all. It is one that is being bruited about by Liberals and NDPs and others who wish to frighten the populace of Canada into thinking that some unwarranted, unreasonable, and totally imaginary result will happen. There is no evidence on which a firm estimate of any results can be made. However, some are living again in fantasyland and continue to put those figures out, which is, in my view, somewhat irresponsible.

We have had many discussions with the federal government at the official level, and indeed we have an interdepartmental committee in the province of Alberta which has been working with officials in Alberta for months now. We have taken a position with the federal government, and we have urged it upon them. Most particularly we have urged upon the federal government the view that although we endorse the concept of a drug prices review board, we recommend that its operation be reviewed after four years. We do think that that board will be a key in the implementation of any plan that goes through, because its mandate will be to ensure that the retail price of drugs in Canada will be reasonable. So that board, if it works, will work well; if it doesn't, we want it reviewed and changed so that the practice indeed is there to ensure that the drug prices are reasonable overall -- and cost-based, I might add.

Secondly, we have recommended that the federal government extend the period of compensation to the provinces for upwards of 10 years and adjust the amount of compensation as more information becomes available on drug prices. We do think that we should take that position in the event that there is any increase in the price of drugs. Not agreeing with the estimate of the member across the way, nevertheless we do think that we need to stand up for Albertans and allow for that possibility to occur. We have urged that view on the government strongly.

We have of course also made one or two other points, one of which is that in the context of freer trade talks the changes to the patent drug Act ought to be considered and the ramifications there, as well as ensuring that there will be some benefits to the local industry in research. I might point out that both the University of Alberta and the University of Calgary have been directly promised some research money, which should benefit Albertans and certainly will strengthen the research efforts that we have in both universities, and that is a benefit which is coming to Alberta.

Thank you, Chairman.

MR. CHAIRMAN: Are you ready for the question on vote 1: departmental support services, 1.0.1.?

MR. GIBEAULT: Mr. Chairman, I was on the list, and you knew that I would like to make some comments on this department.

MR. CHAIRMAN: The hon. member is free to make any comment as long as he rises. The hon. Member for Edmonton Mill Woods.

MR. GIBEAULT: Thank you, Mr. Chairman, What's the point of having a speakers' list, Mr. Chairman, if . . .

MR. CHAIRMAN: Order please, hon. Member for Edmonton Mill Woods.

MR. GIBEAULT: I'd like to make a couple of comments in terms of the Consumer and Corporate Affairs department, as a representative of Edmonton Mill Woods, which is a very youthful constituency in the province, composed largely of young families. There are a lot of people there who have expressed to me a concern as to why there seems to be a lack of action on the part of this government in terms of the discriminatory insurance premiums that are being charged to young, single males who have as clean a driving record as anyone else. I raised this issue last year, and as far as I know, there still hasn't been any action in this regard, despite the fact that many other provinces, including the province of Manitoba, have taken action on this some-time ago to eliminate this well-known discrimination.

I guess I'm still wondering, on behalf of my constituents: what is the delay in this government to take some action on this matter, and why we are still behind the other provinces in getting rid of this discriminatory insurance premium? I guess I have to wonder when I look at the records that are publicly available in the Chief Electoral Officer's office, indicating all the big donations that are made by all the insurance companies to the Progressive Conservative Party. Is that the reason why we can't seem to get some action on this? If not, what is the reason here? Why have we granted insurance companies, Madam Minister, an exemption to the Individual's Rights Protection Act of Alberta to continue an acknowledged discrimination against young, single, male drivers? I would like simply, if the minister could stand and tell us, give us a date if she would -- when is her government going to put an end to this shameful discrimination against young, single, male drivers with a clean record? Madam Minister, I simply want a date.

MR. CHAIRMAN: Hon. Member for Edmonton Centre.

REV. ROBERTS: Thank you, Mr. Chairman. Just a few brief comments, and here we go. I do want to congratulate the minister. It's been just amazing all evening to hear her aggressive, watchdog brilliance in terms of her Department of Consumer and Corporate Affairs. I know she hasn't been to Harvard or, in her case, Radcliffe, but she still reminds me of -- the only way I can really put it is being the Ralph Nader of the Conservative government in Alberta, she's so effective in her job. I just want to ask her a few questions . . .

MR. CHAIRMAN: Order please. Would the hon. member use the regular parliamentary form of addressing an hon. member.

REV. ROBERTS: The hon. minister just, I think, ducked a few questions we had about drug prices. Certainly pharmaceutical and medicinal marketing in the province has really raised some

questions, not so much around research for pharmaceutical companies but rather the amount of money that consumers in Alberta have to pay for drugs. And certainly, as the federal legislation has been said, Bill C-22 is being rammed through Parliament as the government's singing *God Bless America*, and no doubt Bill Lesick is even now drugging up David Kilgour with some of the problems that he's having.

But nonetheless, as it pertains to provincial regulations and consumer protection. I'd like to remind the minister that, in fact, the health care marketplace is not at all like the entrepreneurial marketplace. The people who are sick, who might often be looking for miracle cures, in many cases will pay anything to relieve pain. And though there are wonder drugs on the market and wonder drugs that are being developed, there are also what is known commonly as placebos: amounts of medication which really aren't medication at all but really just psychologically help someone relieve their pain. Nonetheless, there's a great vulnerability of the health care consumer around their drugs.

The former secretary of Health, Education, and Welfare in the United States has, in fact, pointed out that the annual report of the American industry showed that drug industry's median net profit margin as 10.6 percent, more than three times the median net profit for all other U.S. industries. The only one that exceeded it was the electric utility companies. So certainly they're running all the way to the bank, these major pharmaceutical houses. And as the debate is going on -- we can't enter into it tonight -- between the pharmaceutical manufacturing association and the generic companies here in Canada, no doubt the minister is monitoring the situation. The minister of hospitals said he is, and I'd just like to know what is in place in her department to review the price increases that are coming. I have heard forecasts of up to 68 percent price increases that Alberta consumers are going to have to be facing by 1996. Certainly hospitals in the province buy almost nothing but generics or pool together to reduce the cost that they have to pay for medications.

I have received letters from the Society for the Retired and Semi-Retired, and the elderly are very, very concerned about the cost of drugs. As I mentioned in the House last week, I had a constituent whose own husband went into a pharmacy to buy some antidepressant on the prescription that the doctor had given him, and I think it was \$96 for the brand-name drug until the pharmacist said, "Oh well, there is a generic substitute; it costs \$18." He said, "Well, how could there be such a discrepancy?" They said, "Well, it's the same generic compound; it's only \$72 less." And when they went back to the doctor, the doctor didn't even know there was a generic substitute. He said, "Sure, go ahead and buy it." So he saved himself \$72 by virtue of the pharmacist telling him that there was a generic substitute. The doctor said it was fine; he didn't know anything about it. How many other consumers in the province have been gouged by that kind of lack of education which may be really what we're getting at?

Furthermore, it's hard to get real data in terms of the costs of drugs and how much is being spent on it in terms of no annual reports from Blue Cross. It's hard to know in terms of Blue Cross coverage and the premiums that are paid, how much in fact goes to the paying of drugs. Certainly the Mutual Life package that we as MLAs are now on has a very generous package, part of it for -- guess what? -- drug benefits. It's very hard to get at how much in fact is spent through the carriers who cover drugs.

Furthermore, information I have says that the consumer price

index for medicinal and pharmaceutical products compared with the Calgary-Edmonton consumer price index for 1980-85 shows that drug prices are rising at twice the average Calgary-Edmonton rate of the CPI. I wonder if the minister is aware of that statistic and how she's responding to it. Further, the consumer price index for medicinal and pharmaceutical products compared with the increase in Alberta Blue Cross now in group benefits shows that the latter have exceeded the 1984 index by over 300 percent. What is going on there, and is the minister of consumers really aware of it and monitoring it?

Furthermore, though we don't want to say that brand name, big name pharmaceutical houses can't function in our free enterprise Alberta, but certainly there must be some room for generic drug sales. I am told that of all western provinces Alberta spends less per capita on generic drugs than any other province: only 68 cents per capita on generics as opposed to \$4.74 per capita on generics in British Columbia; furthermore, that generics have in fact less than 5 percent of the total market share. I find that really hard to believe, but these are some of the statistics provided to me.

Then we get, of course, to what is I think really at the heart of it, which is that the percentage markup provision permits a 25 percent markup on pharmaceuticals in the province and, in fact, in Alberta this 25 percent markup is the highest of any other province. So it's no wonder, when you can mark up a high brand name, that the pharmacists are really going to push and sell the brand name to make more of a 25 percent markup in profits.

Really I think the only question that it boils down to for me is the philosophical, economic orientation, the ideology of this government and its minister, who has said over and over again that competition, that free enterprise is the way to go. Here we have generic foods in the supermarkets, we have generic booze in the liquor stores, but what about the generic drug companies and the generic competitors who want to drive down prices, raise quality, and give freedom to individuals to buy the kinds of drugs and medication that they want to buy? How educated are the buyers and sellers about drugs in the province? And finally, one really has to ask, as the minister so well articulated at the outset -- we have to look at some ethical standards. Are they in fact being violated by the gross markups and profits that the major brand name firms are taking out?

So please can we take off the ideological blinders and be able to sleep well at night, not with having to take an expensive brand name sleeping pill but have a government policy that's consistent with its ideology of free enterprise and the great Alberta way.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Member for Calgary Glenmore?

ANHON. MEMBER: Question.

MR. CHAIRMAN: Member for Calgary Mountain View? Member for Calgary McCall?

Are you ready for the question? Hon. Member for Edmonton Strathcona.

MR. WRIGHT: Yes. The Member for Calgary Mountain View was unable to be here and asked me to put in a quick plea on one point, Mr. Chairman. The point is this: that it is often the case that liens are discharged in the sense that the liens are paid off on motor vehicles, as sometimes is the case with mortgages

being discharged, and yet the holder of the lien or the mortgagee, as the case may be, does not discharge the encumbrance at the central registry or at the Land Titles Office. And a length of time afterwards, sometimes years afterwards, the owner finds himself or herself or itself in some embarrassment because the liens are still on the vehicles that have been sold or on the property which has been sold, and there seems to be no sanction or even obligation in any of the legislation to require that to be done or any penalty for not doing it.

Perhaps the minister might consider that useful little bit of consumer protection, which again doesn't cost any money, to be put in place somewhere.

MISS McCOY: Just one or two quick points. Talking discrimination, the word "discrimination," if one reads the dictionary, means: making a distinction where a difference exists. What we have done with the Individual's Rights Protection Act, which is a responsibility of the Minister of Labour, is say: when a distinction is drawn where a difference does not exist in the appropriate case, then there will be certain sanctions brought to bear. However, in the insurance field, for young male drivers under the age of 25 it is clearly proven that their experience driving, as a group, is considerably different from those who are older or indeed of a different gender. In fact, there are some 32 percent more collisions per 1,000 licensed drivers in 1985 for the age group 18 to 19 years old who are of the male gender. That is a true difference, and it is on that basis that premiums are written to make a distinction where a true difference exists. That's an actuarial difference.

There are some jurisdictions where some government-owned insurance companies which have said that no, they are not going to draw a distinction where a difference exists; they are going to price their product in other ways. And again I refer to the experience in Manitoba, for example, where there have been some questions raised as to losses within a Crown corporation which, to my knowledge, have so far not been answered.

Moving to the representations by the Member for Edmonton Centre, some questions were asked of Blue Cross. As I understand it, it's a private insurance company, and I'm not privy to all of the facts there. But I was interested to hear the member saying that he does not have the facts relevant to Alberta. If he doesn't have the facts relevant to Alberta, I wonder how he can stand up and make representations and predictions that are based on, presumably, something else. I merely question the member's position, if that is the case.

Regarding the Member for Edmonton Strathcona on behalf of his colleague who mentions the lien discharge, I must say that once the money is repaid, then it is to the benefit of the property owner to discharge the lien, and it has generally been held in the practice, as he would well know, that it is the responsibility of the property owner at that point to clear title. And it seems to me that where the benefit goes, the responsibility also goes. So I would encourage those who are property owners to make a regular practice of checking their title, which they can do, and for a simple procedure they can then clear their title. But I do think it's incumbent upon the property owner to take those precautions for him or herself.

AN HON. MEMBER: What about ordinary car owners?

MISS McCOY: Ordinary car owners, the member has asked in an informal way. I think that the property owner should regularly check title of the property that he or she owns to en-

sure that the title is indeed in the same state as the owner expects it to be. Those are my comments, Mr. Chairman.

MR. CHAIRMAN: Are you ready for the question?

Agreed to:

1.01 -- Minister's Office	\$193,900
1.02 -- Deputy Minister's Office	\$481,790
1.03 -- Financial Services	\$284,315
1.04 -- Personnel Services	\$208,940
1.05 -- Research	\$264,520
1.06 -- Resource Development	\$547,000
1.07 -- Administrative Services	\$1,211,630
1.08 -- Data Processing	\$1,661,225
Total Vote 1 -- Departmental Support	

Services	\$4,853,320
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Total Vote 2 -- Consumer Services	\$4,044,730
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Total Vote 3 -- Consumer Standards	\$3,718,060
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Total Vote 4 -- Regulation of Securities Markets	\$2,516,890
Department Total	\$15,133,000

MISS McCOY: Mr. Chairman, I move that the vote be reported.

[Motion carried]

MR. CRAWFORD: Mr. Chairman, I move that the committee rise, report progress, and ask leave to sit again.

[Motion carried]

[Mr. Speaker in the Chair]

MR. GOGO: Mr. Speaker, the Committee of Supply has had under consideration the following resolution, reports as follows, and requests leave to sit again.

Resolved that sums not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1988, for the department and purposes indicated. Consumer and Corporate Affairs: \$4,853,320 for departmental support services; \$4,044,730 for consumer services; \$3,718,060 for consumer standards; and \$2,516,890 for regulation of securities markets.

MR. SPEAKER: Do you all agree with the report and the request for leave to sit again?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? So ordered.

MR. CRAWFORD: Mr. Speaker, the House will be in Committee of Supply tomorrow with the Department of Social Services, and Thursday [evening] the House will not sit. On Friday the Assembly will be in Committee of Supply with the estimates of Executive Council.

[At 10:41 p.m. the House adjourned to Wednesday at 2:30 p.m.]

