

LEGISLATIVE ASSEMBLY OF ALBERTA

Title: **Monday, June 27, 1988 2:30 p.m.**
Date: 88/06/27

[The House met at 2:30 p.m.]

[Mr. Speaker in the Chair]

PRAYERS

MR. SPEAKER: Let us pray.

O Lord, grant us a daily awareness of the precious gift of life which You have given us.

As Members of this Legislative Assembly we dedicate our lives anew to the service of our province and our country.
Amen.

head: INTRODUCTION OF BILLS**Bill 63****Regulations Amendment Act, 1988**

MR. SPEAKER: Member for Red Deer-South.

MR. OLDRING: Thank you, Mr. Speaker. I request leave to introduce Bill 63, being the Regulations Amendment Act, 1988.

Mr. Speaker, what this will do is allow for a revision and a consolidation of the existing regulations as well as a tightening up of the definition of "regulation."

[Leave granted; Bill 63 read a first time]

head: INTRODUCTION OF SPECIAL GUESTS

MR. ELZINGA: Mr. Speaker and Members of the Legislative Assembly, I would like to introduce a very special guest today. She is in the members' gallery. Her name is Miss Lisa Properzi, of Westlock, and she is the recipient of the 1988 4-H Premier's Award. This award was presented to Lisa because of her participation and achievements in 4-H as well as her involvement in other community organizations. We had the opportunity to have the Premier make the official presentation to her earlier. She is joined by her parents, Rhea and Les; her sisters Shelley and Annette; and her brother Gregory. We would ask them to rise so that we could extend to them the very warm welcome of this Legislative Assembly plus our warmest congratulations.

head: ORAL QUESTION PERIOD

MR. MARTIN: Mr. Speaker . . .

MR. SPEAKER: We pause in procedure for half a moment. Thank you, Leader of the Opposition.

Government House Leader, a move to regularize a Bill?

MR. YOUNG: With apologies, Mr. Speaker. I would move that Bill 63 be placed on the Order Paper for second reading under Government Bills and Orders.

MR. SPEAKER: All those in favour of the motion, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried. Thank you. Leader of the Opposition.

Natural Gas Marketing

MR. MARTIN: Mr. Speaker, I'll try again. My question is to the Minister of Energy. There is now a certain irony as we listen to the Minister of Energy pontificate on the subject of deregulation of natural gas. The minister is now trying to explain to Albertans, as the owners of the natural gas resources, why they should be delighted with the prospect of Ontario customers buying more gas from a U.S. source and less from Alberta. I think the minister's new view can be summed up as deregulation but only if it's carefully regulated, and I would say to this minister that deregulation of gas has been a triumph of ideology over common sense. My question to the minister is this: at what point does the government abandon its experiment with deregulation and recognize that hanging on to our traditional markets is more important than espousing a right-wing philosophy?

DR. WEBBER: Well, Mr. Speaker, three western provinces and the federal government agreed to a process of natural gas deregulation, as the hon. leader well knows. If we had gone to what I think he's advocating, that complete deregulation . . . If it were going to go that direction, which would have meant chaos in the marketplace and prices being driven down even further than what they did go down because of the collapse in the world oil prices . . . So we went through a transition period when we were trying to keep contracts in place and prices in the core market up to a point which would respect the long-term nature of them. So we certainly did not advocate deregulation completely, immediately; it was a process that would occur over a period of time.

Now, Mr. Speaker, the hon. member is referring to a specific situation where Union Gas, while they're in negotiations with Western Gas Marketing in western Canada, are negotiating a new contract for November 1 of this coming year. I'm guessing that there might be some ploy with respect to those negotiations, to talk about all the gas they can get in from the United States. But as I understand it, it would be short-term gas used for storage purposes in the summertime.

Now, Mr. Speaker, it is our objective to go to deregulation where buyers and sellers can enter into contracts. If that's the case, then Union Gas should be able to, if they respect their existing contracts, get some interruptable gas on a short-term basis from wherever they want, and that is the context in which I've made my remarks in a public way.

MR. MARTIN: Well, Mr. Speaker, as the minister is well aware, we've never supported deregulation. We thought it was a disaster, and it has been.

But the minister says that this is just a ploy. Well, I notice now that the Ontario utilities -- he mentioned Union Gas -- are spearheading a purchasing consortium to increase their purchasing clout. At the same time, they are backing a new pipeline proposal into their markets in Michigan. He may well think it's a ploy, Mr. Speaker, but I hope he has a better answer to this

question: will the minister advise, then, what analysis he has made of the effect of these new arrangements on the Alberta industry and, more importantly, what follow-up action he has taken?

DR. WEBBER: Mr. Speaker, now the hon. member has clarified that he supports regulation -- putting back in place, I presume, an Alberta border price, which of course would be what the industry does not want and would shut us out of North American markets.

The potential in this province for continued expansion of exploration and development in the gas industry is tremendous. We are looking forward to the future demands of natural gas from the United States. Those demands are showing up now in terms of consumers in the United States wanting to enter into long-term contracts. Mr. Speaker, that is the problem that we're having right now with Ontario, in that they are not accepting our position that we should have long-term contracts for gas supplied into the core market. However, I have to say that I think we made some progress in the last two meetings I've had with the minister from Ontario. So the best protection that consumers can have for their long-term security supply of natural gas is to contract long-term. That's happening in the markets into the United States now, and it's happening to some degree in central Canada but not to the degree that we want. However, Western Gas Marketing, as I indicated earlier, are negotiating right now with the utilities in Ontario, Manitoba, and also Quebec. In fact, they are very close to an agreement with the negotiations with respect to the contract in Quebec.

Mr. Speaker, one more point that's important here. The Quebec government has recognized the importance of long-term contracts not only to their own consumers but to our producers as well. So they have introduced legislation which would require direct sales into the core market to require long-term contracts to be put in place similar to what are in place between the utilities and Western Gas Marketing.

MR. MARTIN: Well, Mr. Speaker, that's very well and dandy about Quebec, but we're talking about Ontario, and that's one of our biggest markets. I take it seriously that they're looking towards the United States, and we could lose our traditional markets.

Now, the minister refers to the meeting that he had with his Ontario counterpart, and he says he's making some progress. Well, my question is: aside from a cordial meeting, will the minister admit that he has failed to obtain a specific commitment from his counterpart that the Ontario government will require utilities to honour and maintain the existing system of long-term contracts with our producers? Will he admit that?

DR. WEBBER: No, Mr. Speaker. If the hon. member thinks that Ontario can look to security of supply by going south of the border in the future, then he's dead wrong. Because consumers in the United States will be looking elsewhere for security of supply, and they'll be looking in this direction. The Ontario distributors are negotiating, as I indicated, right now and looking to long-term contracts with our producers in western Canada.

In terms of looking to direct sales to occur into that core market, we are saying that those direct sales should be long-term contracts as well. Quebec has accepted that, we think Manitoba will accept that, and it's accepted in this province. In terms of Ontario, the Ontario Energy Board are having hearings this sum-

mer -- they're going on in July and August -- to address this question of security of supply. My discussions with the Ontario minister were such that I'm hopeful that we would have them move closer to our position as a result of those hearings.

MR. SPEAKER: Final supplementary.

MR. MARTIN: Yes. Well, Mr. Speaker, I might remind you about your long-term contracts with the United States that would be at bargain-basement prices. What did they do before? They tore them up when they didn't want them any longer.

So we're talking about this traditional market in Ontario. Now, the minister has answered all over the field, but I want to know specifically then: what has the Ontario minister said to this minister that would lead him to some optimism that he talked about? I see no room for optimism at this particular time.

DR. WEBBER: Well, Mr. Speaker, the hon. Leader of the Opposition never sees room for optimism on any topic that I can tell; in fact, grossly shows his ignorance of the topic when he talks about bargain-basement pricing into the United States for long-term contracts. Our best contracts are into the California market, in the markets into the United States. Those long-term contracts are at higher prices than what we're getting for gas contracted in this country. The hon. member is dead wrong when he's on that topic.

So, Mr. Speaker, we are looking to markets in Ontario. They are important to us, yes. I believe that through further discussions with Ontario we will arrive at a point where we'll find a position satisfactory to both of us.

MR. SPEAKER: Thank you.

Calgary-Buffalo, supplementary.

MR. CHUMIR: Thank you, Mr. Speaker. It's clear that we gave up our cards and bargaining position by the stupid way in which we deregulated in 1985, and now we're skipping rope to the Ontario government's tune. Can the minister tell us how much he calculates will be the cost to the Alberta Treasury? What's at stake if the government of Ontario forces the provincial government to live up to its foolish agreement to deregulate and the core market in Ontario is opened up to short-term sales?

DR. WEBBER: Well, again, Mr. Speaker, the hon. member is showing lack of knowledge on the topic. In fact, any public comments he's made in the last few days would make me wonder whether he's supporting the minister from Ontario and the consumers' position in wanting to have lower prices into their markets. I've had some concerns expressed with that, wondering where his position is in this province.

With respect to the core market in Ontario, we are suggesting and a position we're taking very firmly is that sales into the core market must be in the term of long-term contracts. That's the position we're holding in this province and one that we are insisting upon in that province. We have our gas removal permit system in place; we're using that to make sure that the prices in the core market will not come down to the prices that are in the industrial market.

MR. SPEAKER: The Member for Red Deer-South.

MR. OLDRING: Thank you, Mr. Speaker. Supplementary to the Minister of Energy, and he's touched on it already when he

briefly commented on the California marketplace. Could he indicate, as one example, what percentage of the California natural gas marketplace is being provided for by the province of Alberta?

MR. MARTIN: What's this got to do with Ontario?

MR. SPEAKER: This is natural gas.

DR. WEBBER: Well, Mr. Speaker, our Canadian gas going into the United States makes up about 4 to 5 percent of the U.S. market. Into the California market it would be closer to 10 percent, and particularly in the northern part of the state it would be higher than that.*

MR. SPEAKER: Thank you.

Second main question, Leader of the Opposition.

MR. MARTIN: Yes, Mr. Speaker, I'd like to designate my second question to the Member for Edmonton-Mill Woods.

Funding for Universities

MR. GIBEAULT: Mr. Speaker, I'd like to direct a series of questions to the Minister of Advanced Education. In recent weeks we've heard numerous reports from officials at the University of Alberta that the current level of provincial support for the university is such that it's compromising the university's ability to provide a quality education to its students. In fact, earlier this month in his '88 convocation address to the students, President Myer Horowitz said that unless there is a greater degree of provincial support, the university will be facing an unprecedented accumulated deficit of \$7 million by March 31. My question to this minister is simply this: how much more evidence do he and his government need to have before he recognizes the financial crisis facing Alberta's oldest and senior university and takes some appropriate action?

MR. RUSSELL: Well, Mr. Speaker, the situation that the hon. member refers to is certainly not as grave or as critical as he would attempt to paint. I'm keeping in close contact with the boards and the senior administration of the universities. It's not just the University of Alberta but the other institutions in the province as well. Our commitment is there that if they fulfill and meet the challenge of doing some belt tightening and fiscal restraint, we will not see the system seriously harmed in any way. The government stands behind that commitment. The evidence that we have and is carefully gathered certainly doesn't agree with what the hon. member opposite is saying.

MR. GIBEAULT: A supplementary question. Talking about evidence, can the minister tell us what he's going to do, what his response is to the students' union brief that was presented to him recently on behalf of 22,000 undergraduate students asking for government action on the financial crisis? Is he going to simply ignore that?

MR. RUSSELL: Well, Mr. Speaker, again the hon. member insists on using the words "financial crisis." In speaking with the students, it's been my experience that they understand what a very good deal they are getting here in the province of Alberta when they pursue their higher education. It's not matched any-

where else in Canada either by the fees that are charged or the services given. So I don't know what nonsense the hon. member's referring to.

MR. GIBEAULT: Okay, So he's going to ignore the undergraduate students; 22,000 of them, Mr. Speaker. But let me ask him this: is he going to also ignore the graduate students in their brief that was given to him, The Next Decade of Deficit, that the university is looking at? Is he going to just turn his nose up at them as well?

MR. RUSSELL: Well, Mr. Speaker, of course we're not turning our nose up at any brief or presentation which is made. I'm aware of the position taken by the president of the University of Alberta, and of course he wouldn't be doing his job if he wasn't publicly seeking more funds for his institution. University presidents across the country are doing that. But we have a large commitment and a big financial investment to the postsecondary system, and we'll stand behind that commitment.

MR. GIBEAULT: Final supplementary, Mr. Speaker, Given the government's fixation on cutting back in education at the same time that they're giving out millions to their pals like Peter Pocklington, can the Minister of Advanced Education advise the House whether or not he intends to comply with recommendation A.1, the first one, in the Caring and Commitment report that was tabled last week in the Legislature that called for increased -- let me underline that, Mr. Speaker, increased -- funding for the universities to provide more graduate programs for their nursing programs?

MR. RUSSELL: Well, Mr. Speaker, the hon. member neglects to mention that there was an increase this year in all faculties. The specific recommendation in that report, of course, will be responded to and dealt with at such time as the government responds to the report generally.

While I'm on my feet, I'd like to just respond to a point the hon. member made. I don't know why he did it, and I'm sure he didn't mean to. But, you know, he talks about the government's friend Mr. Pocklington. Of course, Mr. Pocklington can't respond because he's not in the House.

MS BARRETT: Just as well.

MR. RUSSELL: Well, let's see what Mr. Pocklington donated to the University of Alberta this year.

MR. MARTIN: Well, he had lots of money to do it.

MR. RUSSELL: Now, let's see . . . Now, I know the Socialists over there don't like the idea of the private sector turning a profit and turning it back to their community, and they neglected to mention the fact . . .

MS BARRETT: From government handouts, Dave; \$67 million.

MR. RUSSELL: They neglected to mention the . . . [interjections] Just a minute.

MR. SPEAKER: Order please. Order. Order, hon. minister. Perhaps the minister could give the sum total in a hurry and we could get on with the rest of question period, please.

*See page 2040

MR. RUSSELL: I was looking for it here. It's right next to the Grant Notley chair in political science donation; chair in business, \$100,000. Now, I know you don't like to be reminded of those things, but I think that in fairness to the citizens of Alberta who are making those donations to our advanced educational institutions, occasionally somebody should speak up and defend those citizens.

DR. BUCK: Mr. Speaker, a supplementary question to the minister. In light of the fact that many of the American universities are having the same problems we are here in Alberta and in Canada with funding and they're going to endowments and going to the private sector and to alumni, can the minister bring us up to date on how the 3AU program has gone, and is there an extension to that or something to replace that so that you can make donations from the private sector?

MR. RUSSELL: Well, that's an excellent question, Mr. Speaker, because of course when the hon. member previous talked about financial support, he neglected to mention that special endowment fund. We committed \$80 million over the rest of the decade and all but \$2 million of that \$80 million has been allotted and subscribed to, a tremendous infusion above and beyond the ordinary government budget for the department. So that, in turn, has enriched our system away beyond that experienced by any other province.

MR. SPEAKER: Calgary-Buffalo.

MR. CHUMIR: Thank you. One of the things that the government doesn't like to advertise and that you won't see in their annual report is that 73 percent of our operating costs for universities are paid for by the federal government. What I'm wondering about is how . . .

AN HON. MEMBER: Go away.

MR. CHUMIR: That's right,

I'm wondering how the minister can say that education is a priority when we've had net cuts after inflation in our higher education funding over the last seven years and we have the lowest . . .

MR. SPEAKER: Thank you, hon. member. That's long enough for a supplementary.

Hon. minister.

MR. RUSSELL: Sorry, Mr. Speaker; I didn't get the question.

MR. SPEAKER: Perhaps we could have it succinctly.

MR. CHUMIR: I'm wondering how the minister can allege that education is a priority when we've had net cuts in funding after inflation over the last seven or eight years and when we have the worst record of funding of any universities in Canada over the last four years, including the impoverished maritime universities.

MR. RUSSELL: Well, Mr. Speaker, that simply isn't correct.

MR. SPEAKER: Thank you.

Member for Edmonton-Gold Bar, main question.

Child Abuse Treatment Programs

MRS. HEWES: Thank you, Mr. Speaker. Tragically, it appears that child abuse is increasing in our province, and we don't have effective prevention programs or plans in place to deal with it. Recent statistics indicate that one in four girls and one in seven boys are victims of sexual abuse in Canada. This frightening problem has become epidemic, and it must be stopped. As a society we can no longer ignore it; the time has come for action. My first question is to the Premier. Will the Premier commit his government to providing programs and resources for funding treatment and rehabilitation programs for abusers to prevent recurrence?

MR. GETTY: Mr. Speaker, obviously, all members of the House would feel concerned about abuse of either children or others in our society. It's impossible for any government or any group of citizens to in any way put together a series of circumstances where that would never happen. Nevertheless, you have to do all that you can, and through our Minister of Community and Occupational Health and our Minister of Social Services the government is trying to do that.

MRS. HEWES: Mr. Speaker, community organizations are ready and willing and are begging for support and leadership from the government. Will the Premier be willing to create a family therapy program -- the Premier speaks often about his interest in family health -- which could work to stop the vicious cycle of abused children who when adults become abusers themselves.

MR. GETTY: Well, Mr. Speaker, I would certainly consider that.

MRS. HEWES: Mr. Speaker, another one, this time to the Minister of Education. Will the minister tell the House why the minister allowed discontinuation of funding to the Catalyst Theatre of a very creative and effective mechanism to explain this issue to children and young people?

MRS. BETKOWSKI: Mr. Speaker, there was no such thing as disallowance of funding. There was not any funding going to the Catalyst Theatre through the Department of Education. I can inform the hon. member that the performance which the Catalyst Theatre has, which has been successful in reaching young people with an important message, has now been produced in video form which will be a resource available to all students in this province as opposed to simply those few groups who were able to see the live production. I think, in fact, it's an important step in terms of how we can address a very serious issue in terms of access for all students provincially.

MRS. HEWES: Mr. Speaker, a final supplementary. This is a shocking situation, yet we don't seem to have any sense of developing a comprehensive plan. My last supplementary then -- hopefully, it will elicit more response -- is to the Minister of Social Services. Will the minister implement support programs in the province's women's shelters to provide emotional aid in the form of counseling and education for children who accompany their mothers to those shelters?

MRS. OSTERMAN: Mr. Speaker, some of that programming is presently available as well as delivered through other organiza-

tions other than the shelters. I think the hon. member is certainly appropriately raising a very important concern and problem in this province. But I think that in fairness the hon. member should also realize that it is because of a huge effort by the provincial government and communities, through various mechanisms, that this problem is now coming to light. It is only in the last several years that we have realized the magnitude of it. A review of the myriad of programs that are presently delivered by community organizations and several government departments certainly leads us to the view that there has to be more co-ordination. That is an effort that will be ongoing this summer with, hopefully, appropriate announcements this fall.

MR. SPEAKER: Minister of Education, supplementary information.

MRS. BETKOWSKI: Yes, Mr. Speaker. Just to correct an incorrect statement which was made by the Member for Edmonton-Gold Bar. I can, in fact, advise that Education grants do flow through to shelters for women who are there with their children, in order that those children may access student programs through the school boards in which the jurisdiction is located.

MR. SPEAKER: Thank you.
Edmonton-Avonmore.

MS LAING: Thank you, Mr. Speaker. To the Solicitor General. Inasmuch as sexual abuse of children is a crime and that most offenders who are convicted of such crimes get provincial time, what kind of funds is he willing to commit to treatment programs for offenders while they're serving time and for young offenders, who have often been sexually abused prior to their offending?

MR. ROSTAD: Mr. Speaker, I concur with all speakers this afternoon that this is a very serious and alarming offence. For anybody that's incarcerated in one of our provincial institutions, if they have that history and with the psychological testing they undergo, there are programs presently for them and also for the young offender if it is known that he has a history of being abused.

MR. SPEAKER: Thank you.

Driver's Licence Testing

DR. BUCK: Mr. Speaker, my question is to the hon. Solicitor General, and it has to do with driving schools. In recent months the government's been retesting drivers who have graduated from private driving schools, and has been doing this on a random basis. I'd like to know if the Solicitor General can advise the Legislature if he has any approximate number as to the number of students who go through the program and the ratio of failures when they're checked in the random testing to the number of people who take the lessons from private driving schools.

MR. ROSTAD: Mr. Speaker, I can't give the specific numbers. The random testing actually arose from a study done with the driving school associations and the Solicitor General's department to determine (a) a new curriculum and (b) whether the testing that was being done was being adequately carried out. On both accounts we found that we needed to develop a new cur-

riculum, which is under way, and that testing generally was not of the calibre it should be and that the government should reinstitute testing on its own at least until there's a common standard amongst all schools. After having made that decision, we decided at the behest of some of the smaller schools, thinking they could respond to this -- we did some random testing to find out whether the testing was up to the standards. I'm pleased to say that in by far the majority of cases they were, but there were still some glaring examples of inadequate testing, and they've been retested.

DR. BUCK: Then with the minister's study, Mr. Speaker, is he still going to allow the private sector to keep on with the testing program? And the provision of instructions: is that still going to remain in the private sector? I couldn't tell from the minister's answer if he was concerned and they're going to take it away from the private sector and put it into a bureaucratic, government sector.

MR. ROSTAD: Mr. Speaker, the private sector has that responsibility now. Totally at lack of enforcing the provincial authority ... It's something that's gradually deteriorated to the extent that we have this variety. We have, in my estimates that were before the House, indicated that the government is taking over government testing and will be that way until, working with the industry, we can establish standards whereby we can then put it back out and have a correct policing of that to ensure that the standard is consistent.

DR. BUCK: Mr. Speaker, has the minister given any consideration to some type of self-study and self-administered test for people who have never had driver training, ever? Like we used to say in the old days, you get your driver's licence through the mail. Now, I made this pitch many years ago, and I'll keep doing it. Even if we just had a self-administered test for some people to upgrade their driving habits, it would help. Has the minister given any consideration to such a program?

MR. ROSTAD: Mr. Speaker, we have no formal program as such, but the new driving manual will be set up in the sense that people could test themselves. They can drop into any one of the motor vehicle offices where there is a computerized testing thing and run through that if they wish to prepare themselves for that. But I'd like to talk with the member after question period and discuss his proposal.

DR. BUCK: Finally, Mr. Speaker, can the minister indicate what effort the minister or the department is giving to the defensive driver training programs to encourage people, strongly encourage people, to take the defensive driving courses?

MR. ROSTAD: Mr. Speaker, I recommend the defensive driver program as well, and in designing the new curriculum with the driving association, part of the curriculum will be along that line. Also, they're looking at certain credits being given for the defensive driving class as well.

MR. SPEAKER: Thank you. Supplementary?
Vermilion-Viking, main question.

Social Services Abuses

DR. WEST: Thank you, Mr. Speaker. This question today is to

the Minister of Social Services. Over the years the public has consistently voiced their concerns with some individuals that may be accessing welfare questionably. Last year, in the fall of 1987, you implemented some pilot projects to attempt to control welfare abuses. Could you bring us up to date on these projects?

MRS. OSTERMAN: In answer to the hon. member's question, Mr. Speaker, I believe we had some 1,500 cases reviewed. This was by way of a verification process and also a client reporting card. Our information from the verification process -- that deals with a review of files -- is that . . . I believe it was, on average, some 350 individual client files that we noted overpayments and approximately the same number that we noted underpayments. This, I suppose, could be noted as anywhere from clients not reporting all income to, possibly, social workers not having asked all the appropriate questions to get information, particularly when one looks at the underpayments that were discovered. As well, there were a few cases that are, I believe, still being investigated in terms of potential fraud.

DR. WEST: Thank you. A supplemental. Were there any cases actually closed as a result of this project?

MRS. OSTERMAN: Mr. Speaker, there would have been, particularly from the client reporting card pilot project, over 200 cases closed, as I recall. The interesting point to be made, as I recall, is that it was discovered in a large number of cases that people didn't live at the address that was reported on their file.

DR. WEST: Could the minister indicate, then, if there were so many clients that were not properly reporting their address and other changes in their lives, how is the department ensuring better reporting between the clients and their social workers now?

MRS. OSTERMAN: Well, Mr. Speaker, we will be going more heavily into the client reporting card area, and for those people who do not respond, it is similar to the Unemployment Insurance Commission's operation. I understand that within several weeks those cases will be closed.

MR. SPEAKER: Final.

DR. WEST: Very good. Final supplementary. Is there any intent to continue or to expand these projects to ensure that we continue to address the issue of welfare abuse?

MRS. OSTERMAN: Mr. Speaker, based on that information that came from the two pilot projects, we are presently hiring; it will amount to about 67 man-years for the fiscal year we are in. Because we believe that in terms of both benefits to the clients where we have seen underpayments and, as well, the taxpayers of this province -- because there was a significant number of dollars, in our view, that went out inappropriately and certainly need to be there for the benefit of other people who may be in need in the future.

MR. SPEAKER: Edmonton-Gold Bar.

MRS. HEWES: Thanks, Mr. Speaker. To the minister. In circumstances where there's been an overpayment due to worker error, is the client required to make restitution, to make repayments, and how is the client, already destitute, expected to do

that?

MRS. OSTERMAN: On occasions there is a small payment deducted each month from a particular client, Mr. Speaker, if we believe that, on balance, there should have been more appropriate reporting. I would say that it doesn't just fall at a time when we believe it is solely worker error.

MS MJOLSNESS: A supplementary to the minister. In view of the fact that many individuals have tremendous difficulty getting ahold of their social worker if they have been overpaid, I'd ask the minister what action has she taken to increase the numbers of income security workers so that these problems can be dealt with?

MRS. OSTERMAN: Mr. Speaker, we believe that we have a reasonable number of income security workers in place. One of the problems we have had in several of the large offices relates to the telephone system, and that is now being looked at.

MR. SPEAKER: Thank you.

Consumer Protection in Financial Industry

MR. WRIGHT: Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs. When the minister set up her Committee on Fair Dealing in 1986 in the wake of several financial disasters in Alberta, she was prudent enough to appoint to the committee one consumer advocate amongst the civil servants who otherwise made up the committee. That is placing the chicken amongst the foxes, doubtless, but a savvy chicken I think we can all agree. Now we learn that of the three recommendations made by this consumer advocate, two have been rejected and the third is receiving further study. To the minister. Can the minister tell us if she considers that the concept of sales commission is so abstruse that there would be no point in making a requirement that the amount of it be stated in all investment contracts where it's applicable?

MS McCOY: Mr. Speaker, the hon. member's reference to Sally Hall, who is immediate past president of the Consumers' Association of Canada, is indeed apt. She is the most able advocate for consumer interests and a person with whom I enjoy working greatly. The Committee on Fair Dealing and its internal deliberations I do not have any more knowledge of than that which appeared in an article in the newspaper last week and which I think outlined much of what the hon. member is alluding to. I'm pleased to see that they are deliberating and debating the many issues that do exist before they bring their recommendations to me and then through me to the government.

One of the struggles that everyone today is having to face is the very much more complex and confusing financial services market. We no longer have a simplistic market which is easily recognizable by any one of us out there. It's sort of a supermarket of financial services and products. My question to the Committee on Fair Dealing is simple. That is: how do we, if at all, as government intervene to the extent that we make this marketplace more accessible in an informed way for the consumers so that consumers can make their choices? But of course before you can make choices, you need to have the information. So as I understand it, the committee is looking at a number of different mechanisms to do that. One most particularly, of course, is plain English or fair language. Others, I

take it from that article in the newspaper that the hon. member and I read, were other suggestions also intended to empower the consumer.

MR. WRIGHT: Mr. Speaker, I'm happy that the minister has been able to keep up with what's going on in the department by reading in the newspaper.

But will she, perhaps, tell us what considerations would make it reasonable that a potential investor not be required to sign an acknowledgment that the deposit he or she is about to make is uninsured, if that is the case?

MS McCOY: Mr. Speaker, the hon. member knows as much about the subject as he has read in the newspaper, and that is the extent to which my commentary goes. This is a committee that has on it representatives of consumers, representatives of several departments within government -- because it crosses departmental boundaries -- also has representatives from several of the financial institutions in the marketplace including banks; securities dealers, large and small; trust companies; insurance companies. We are asking them all to discuss these very complicated issues. These people are discussing them as an advisory committee to the minister. I have not been there debating it with them. I have put it to them to debate it and then bring the recommendations forward to us. The debate on their recommendations I expect to be full and complete. It is not something, however, that I have been participating in because I have asked for the community and those representatives of various communities to get together and discuss among themselves.

I know there's been a long process to date, and I know it is going to continue because it is a very complex issue. But I am not going to stand here and pre-empt any of their conclusions, nor am I going to stand here and pre-empt any of the debate on their recommendations or the response that the government may or may not bring forward in having received those recommendations, simply because one hon. member of this Assembly sees one article in one newspaper and then raises the questions.

MR. WRIGHT: Well, Mr. Speaker, that's fair enough if the concepts really are complicated. But to take a really simple one: what consideration makes it reasonable to give to a purchaser of an investment contract less time for reconsideration than the purchaser of, say, a Veg-o-matic?

MS McCOY: Mr. Speaker, I reiterate: the debate on the recommendations that will be brought forward by this committee will be full and complete, and the hon. member's opinion, as he is expressing it now, is one that we will note. If he wishes to have further input into that committee, I would encourage him to write to Mr. Patrick Cashion, who is a member of the Securities Commission, and put his views forward.

MR. WRIGHT: I appreciate that invitation, Mr. Speaker, and perhaps I could make up my mind about it if the hon. minister would tell us this: can she give some real evidence that this committee is really on the side of the consumer and not at least as much on the side of the Conservative supporters, let us say, in the financial industry?

MS McCOY: Well, Mr. Speaker, let me answer the question this way. That committee's mandate is for all of Alberta and the various communities of interest in Alberta. Nearly all communities of interest have a majority of Conservative supporters in

this province.

MR. SPEAKER: Thank you.
Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Speaker. Will the minister commit to ensuring that whatever new regulations she implements as a result of this particular study and whatever other processes she has implemented, those regulations will apply not only to financial institutions incorporated in Alberta but also to financial institutions incorporated elsewhere but operating in Alberta?

MS McCOY: Mr. Speaker, we're a far distance from writing the regulations, and again I underline that there will be a full and complete debate. The philosophical approach, if you like, that we are taking, however, is that in the new financial services market we must not be looking at these from a regulatory point of view, from an institutional point of view, but we must be looking at it from a functional point of view insofar as the consumer is now presented with an array of options both in products and in services and we would be looking to facilitate informed, rational decisions on the part of the consumer, which necessitates, in our view at least, a functional approach.

MR. SPEAKER: Thank you.
Calgary-Buffalo, main question.

Grants for Job Creation

MR. CHUMIR: Thank you. This is to the Minister of Career Development and Employment. The minister's \$7 million Alberta business and community development program is part of a growing empire of discretionary giveaway programs which, along with the lottery programs, are subject to pork-barreling and abuse. Now, in the last three months the minister's department has given a number of grants to motels, truck stops, and other businesses which are nothing more than gifts of public money to projects which would have taken place anyway, and they do provide a nice opportunity for government MLAs to hand out cheques. I'm wondering what benefit the minister would like to advise the people of this province we receive from a government grant that was made in February of this year of \$33,600 to El-Russ Aggregates of Calgary towards a total cost of \$568,000 to build a manufacturing plant.

MR. ORMAN: Jobs, Mr. Speaker.

MR. CHUMIR: Well, that's nice; we'd all appreciate receiving that for jobs. But we also have a grant this month of \$32,000 to Red Hat Holdings in Medicine Hat towards the \$500,000 cost of a truck stop project near Medicine Hat. Now, is the minister saying that grants which are only about 6 percent of the total cost of these projects are necessary to make these projects go and create jobs, as opposed to being gravy for enterprising businesses which recognize a good thing when they see it? Talking about welfare . . .

MR. ORMAN: Mr. Speaker, I can't recall if the hon. . . .

MR. SPEAKER: Time for question period has expired. Might we have unanimous consent to complete this series of questions?

HON. MEMBERS: Agreed.

MR. SPEAKER: Opposed? Carried.
Minister.

MR. ORMAN: Mr. Speaker, during my department's estimates the Alberta business and community development program was discussed in this Legislature. Now, I don't know whether the hon. gentleman was here or not at that time, but certainly we had a discussion about that program and how it creates jobs. That's the bottom line for that program. I guess it's another way of providing a wage subsidy for employment in this province. I'd prefer to see rather than a straight wage subsidy that we have a look at the project and make a determination at that time as to whether or not it's appropriate to put job creation dollars into those projects. They all created jobs. The intent of the program was to be sure that skilled tradesmen in this province during an economically difficult time continued to be used in both community, nonprofit, and business ventures. It's been very successful to that end.

MR. CHUMIR: Well, is the minister, then, prepared to tell all businesses with some construction project in hand to knock at his door and get a government grant of 6 percent of the total cost of their project through his ABCD program?

MR. ORMAN: Well, Mr. Speaker. I do the best I can to advertise across the width and breadth of this province of our job creation programs. Certainly, as a result of the uptake of that program, I would suggest that there is wide knowledge of that program. We have a very careful assessment of the project and make sure that the bottom line is job creation, that the individuals that work on the project . . . It must be contracted out by the owners of the business, and it also has a large component, the priority component, in the community.

MR. CHUMIR: The fact is that only five or six favoured projects have gotten that help, and I'm wondering how the minister justifies discrimination which favours and gives advantages to some businesses over the benefits of their competitors.

MR. ORMAN: Well, Mr. Speaker, I don't know what the hon. gentleman is talking about. I can't recall any suggestion that there's discrimination under the program. If it's a worthwhile project, if it creates jobs and it contributes to the economy of this province, we'll consider it. Now, if the hon. member has an example of a business that was turned down in deference to the other ones that were approved, I'd certainly look at it. But I frankly think he's blowing smoke.

MR. SPEAKER: Thank you.

MR. WRIGHT: A supplementary, Mr. Speaker, to the minister. In view of the fact that this is a class of grant that does not come before the Assembly before it's made, what steps is the minister taking now to make sure that the money when passed on to other ministers is spent legally by them?

MR. ORMAN: I don't pass money on to other ministries, Mr. Speaker, the money goes directly to the communities, the nonprofit organizations, or the small businesses that access the programs. I recall no grants to government ministries or MLAs.

Government Equity in Energy Industry

MR. SPEAKER: In question period on June 22 a question related to the Minister of Energy was taken as notice. The Minister of Energy can now give supplementary information in response to the question by the Member for Clover Bar.

DR. WEBBER: Mr. Speaker, on June 22 the Member for Clover Bar asked the Premier a question regarding Alberta Energy Company's offering to purchase the remaining shares of Chieftain Development Co. in the location of their headquarters. In the Premier's response he assured the hon. member that there will be at least as many jobs in Edmonton as before, and that is accurate. In fact, it's anticipated that further employment will occur in the Edmonton area as well as other parts of the province in the years ahead. In fact, the merger will result in an expanded Edmonton-based international operation under the leadership of Mr. Stan Milner, currently the president of Chieftain, in that the growth and development of the merged oil and gas assets will provide many opportunities for growth in the future.

Mr. Speaker, while I'm on my feet, I'd like to correct an error that I made in responding to the hon. Leader of the Opposition earlier. I'd indicated in my response . . .

MR. SPEAKER: Just half a moment. Mr. Minister. Does Clover Bar wish to ask an additional supplementary with regard to the main issue of Chieftain? No? Thank you.

Proceed, then, hon. minister.

Natural Gas Marketing

(continued)

DR. WEBBER: Thanks, Mr. Speaker. I'd indicated in my response that about 12 percent of California gas comes from Alberta. In fact, 12 percent of the southern California gas comes from Alberta. In fact, the overall market is 23 percent. Alberta gas holds approximately 23 percent of the California market, and it's split 40 percent for northern California and 12 percent for southern California.*

MR. SPEAKER: The Chair believes the additional information was in reply to the question raised by the Member for Red Deer-South.

Time for question period has expired.

ORDERS OF THE DAY

head: **GOVERNMENT BILLS AND ORDERS**
(Second Reading)

Bill 44

Alberta Income Tax Amendment Act, 1988

MR. JOHNSTON: Mr. Speaker, I would like to move second reading of the Alberta Income Tax Amendment Act, 1988.

The fundamental principle under this legislation may well be described as important and routine. Obviously, the important elements of the legislation deal with those conditions of the fiscal plan which we outlined on March 24, 1988, in the Budget Address, which must be reflected or effected in legislation of

*See page 2035

this Assembly in this province. In particular there, Mr. Speaker, I refer to the important change in the way in which the Alberta flat tax is being rated in this province. You will recall that in my Budget Address, on behalf of the government caucus, we recommended a reduction of that tax by 50 percent, from 1 percent to .5 percent. Therefore, the major element of this piece of legislation is to put in place that very important change.

I should note that that change will, appropriately, start working through the system in just a very few days, as of July 1. As a result of that, Mr. Speaker, the \$185 million in expected savings will start showing up in deductions on payroll through next month. I think it's appropriate timing. I think it reflects a balanced fiscal plan and, obviously, will show up dramatically in those low-income earners in Alberta because, of course, our selected tax reduction, another element of this program, is very generously increased to ensure that more people are removed from the tax rolls than under the former regime.

So those are the important elements of this legislation. I think all members are well aware of them, and I simply outline that as the important, substantive principle in this legislation.

As I have pointed out before, Mr. Speaker, there are also the so-called nominal changes. They may well be nominal to us here. They really don't flow from our policy questions, but they do flow from the fact that because the province of Alberta uses the federal system to apply the Alberta income tax legislation and follows very carefully, if not meticulously, the changes made in the federal legislation, obviously there must be a batch of administrative changes which have to be reflected in our law. Now, other provinces seem to ignore the need to have those technical changes in the legislation provincially; we believe it's important to have them in place here simply to show that our legislation can be read, as well as the federal legislation, to find out what in fact the taxpayer faces in terms of tax cost or tax penalties or tax administration. Therefore, on the administrative side there are a number of changes that do just that; they replicate the changes in the federal legislation. Those are the ones that I refer to as housekeeping.

Since the elements and principles of this Bill are well understood by most Members of the Legislative Assembly, have been debated both in the estimates and the fiscal policy question on the general resolution of this Assembly, I therefore move second reading of Bill 44, Alberta Income Tax Amendment Act, 1988.

MR. SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Thank you, Mr. Speaker. I rise to make a few comments on Bill 44. Of course, we welcome the reduction in taxes from 1 percent to .5 percent on the flat tax. However, I might suggest to the minister that he should have taken it all off.

In his opening remarks the minister said that this was part of his fiscal plan, his budget proposals, so therefore he was just following through on them. That is true, but the 1 percent tax imposed last year was also part of a fiscal plan, a very harsh one, I might point out, some billion dollars of tax grab by the provincial government, so it's no great day to sing hallelujah when you sort of back off the pain just a little bit and then claim, of course, that you're doing wonderful things. Let me just remind you of some of that pain that caused the billion-dollar grab: an increase in taxes from 43.5 percent to 46.5 percent of the federal tax for personal income tax in this province, an 8 percent surtax for Albertans with provincial taxes of \$3,500 or more, the 1 percent flat tax. It is that 1 percent flat tax that's going to save us some money.

By the way, the Treasurer made a little mistake in his introduction there, I think, but he had it right in his budget speech so we can't really blame him too much for forgetting. The .5 percent savings is only going to save Alberta taxpayers \$165 million according to his budget speech; the other \$20 million that makes it up to \$185 million comes from the fact that the federal government has reduced its taxes to a maximum of 29 percent. So the \$20 million should not be part of the claim of the .5 percent reduction.

The minister also talked about removing people from the tax rolls of the province, and that's commendable. I would just remind him, though, that that still leaves us with a lot of people in this province that live on less than poverty-line money paying taxes, so it's still nothing, really, to write home about or be all that proud of.

Some of the other taxes that were imposed last year that are still around and that the government tends to forget about -- claiming they don't have any sales taxes, for example: the 5 cent litre of gas tax, which is a sales tax; the 5 percent hotel tax, which is a sales tax. Medicare payments can only be considered to be a sales tax. They went up last year from \$14 a month for singles to \$18 a month, and for families, from \$28 to \$36.

I might also take this opportunity to remind the minister that he said he was going to raise \$30 million in fees and charges for government services. I did make a number of inquiries to ministers individually, and a lot of them wanted to push it on to the Treasurer to answer that, I've had a very spotty sort of response back. I wonder if at some point the Treasurer could update us on whether or not we got \$30 million, whether or not it's working very well, whether it's deterring people from using some of the government's services -- those kinds of things. It seems to me some kind of update on the status of that would be in order, because of course those taxes, if you like, were included in the back of the budget speech for '87, sort of listing the income the government was going to get that they had not got the year before. So while they're not really a tax, at some point they could be considered that, I suppose, if they are over and above the expenses of providing the particular service. That, of course, is a concern to all of us, as to whether they would just be a fee for service or whether they would deter people from using government services and whether or not, in some cases, it constitutes an actual tax.

So of course, Mr. Speaker, we will grant second reading to this Bill. We would have liked to have seen a reduction of the full 1 percent. We think a flat tax is a regressive tax and it would have been better to remove it totally. But of course we would be in favour of reducing it, so we will accept the one-half percent this year and hope that maybe next year they can find it in their hearts to reduce the other half percent.

MR. MITCHELL: Mr. Speaker, I rise to support this particular piece of legislation, but it is grudging support to the extent that it is based upon a taxation premise which is not acceptable in a society such as ours. The flat tax is a highly regressive tax, and while it has been cut in half, it's still that much too large. It is more onerous for those people on lower incomes than it is for people on higher incomes. Clearly, relying on the traditional progressive taxation system can raise just as much money in a much more acceptable way, a way which allows those who have more money, who are less dependent upon each marginal dollar of income for basic necessities such as food and clothing and shelter, to pay more and shelters people at lower income levels from what can be termed a punitive tax, a flat tax such as the

one that is still defended in this piece of legislation.

I have a longer term concern and consideration, and that is if the minister, as he is reducing taxation, therefore limiting somewhat the income his government can anticipate over the next part of this year -- has he done that in light of the clear necessity for recalculating energy taxation, royalty taxation income, which had been anticipated in his budget based upon an oil price of about \$18 or \$18.50 per barrel, which price has not yet been achieved by the market? The longer term concern, of course, is that at this time next year he may find himself in a greater deficit position than anticipated -- we would hope not, but it is conceivable -- and that once again in 1989 he will have to invoke a retroactive tax, as he did in 1987, to try and recoup in the six months following the implementation period of his 1989-90 budget, to recoup in that short period of time, tax losses which he did not anticipate as early as now in legislation such as this. Could the minister please inform the House what steps he is taking in anticipation of reduced revenues this year, how it is that this kind of taxation reduction will not compound those reduced revenues, and why it is that in any effort to raise tax revenues, to solicit tax revenues in this economy, he would not simply do away with the flat tax, which was regressive, and rely more appropriately upon the traditional progressive income tax system?

MR. SPEAKER: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I guess in examining this Bill you basically need almost three pieces of legislation in front of you -- the Bill itself, the Alberta Income Tax Act and, as well, the federal legislation -- if you are to follow all the provisions through the deletions and the amendments and the changes that are proposed in Bill 44. It only underscores, I guess, for me that probably the most convoluted and complex legislation we have is that dealing with tax, whether it be property tax or, in this case, income tax. I just want to echo some of the comments already made. You know, on one hand you put on a tax and then the next year you take half of it off and say, "Gee, aren't we wonderful people because we've reduced this tax?" when really we have to go back and look at the situation before the tax was incorporated in the first place.

[Mr. Deputy Speaker in the Chair]

I was intrigued, though, Mr. Speaker, to look at what appears to me to be a refund or a provision in the Act to refund mutual fund trusts. I was interested that, to my reading of the Bill at any rate, there's the change in the provisions to make reference to the basic tax, which it does, and then there's reference made to a surtax, and then there's a flat rate capital gains tax. Now, all of these seem to me to be some difference from the way the existing Bill reads. As I understand the existing legislation, it refers only to a capital gains refund, and it doesn't make reference to these very specific new categories that seem to be introduced into the Act. So my question to the Provincial Treasurer would be: whether in the absence of these new categories in the existing legislation that means there is some impossibility or obstacle in the way of providing those refundable amounts, and if it requires this Act in order to allow that to proceed. Now, I'm by no means someone who has much expertise in the way of details of tax legislation, but as I look at the Bill in front of us, that's a question that comes to my mind.

As well, Mr. Speaker, other provisions of the Act appear to me at any rate -- again, I emphasize I don't have the benefit of

taxation legislation in my background, but as I understand from what I read from the Bill, now government is taking on the right or the ability to have an assignment of debt as a way of paying taxes. Again, if I'm mistaken in this, I would appreciate the Provincial Treasurer clarifying it for me, but my understanding, as I read this Bill in front of us, is that these new provisions would allow the government in collecting tax to move to the head of the line in terms of collecting on that debt. One of the provisions makes reference to secured creditors and security interests and so on. I'd like some indication from the Provincial Treasurer whether this is a new policy or just a clarification of existing procedure. Does this widen the powers of the provincial government to proceed into an area it hasn't been in before in the collection of tax? And particularly by being able to move to the head of the line, if that is correct, who gets replaced? Who does the government step ahead of in the line, if that is the case? I'd like some comments from the Provincial Treasurer in that area.

Just as I look at another provision of the Act found at the end of this Bill 44, I don't know whether it's simply clarification or widening of the powers or narrowing of the powers, in which a public employee or somebody who is part of the implementation of the administration of tax legislation in the province by giving away information is guilty of an offence and liable to a fine. I don't understand the circumstances in which such a provision would come into force. Is this something that applies to provincial Treasury employees particularly? I don't know. Again, this isn't my area. There may be lots of other Acts and pieces of legislation governing other department employees throughout the public service where this is found, but I was somewhat intrigued that a public employee is now guilty of an offence for communicating something through the course of their duties. Because it would seem to me that much of the information a person coming to a public employee would ask questions about -- a lot of those things might easily put a public employee into a difficult situation. I hope this is not a way of sort of chilling relations or chilling the kind of information an employee can communicate.

Mr. Speaker, again, having glanced through it only briefly, it does appear that many of these provisions change numbers around, rewording sections. One of the provisions, for example, seems to have gotten subsection 69(9) and subsection 69(6) mixed up, so there appears to be some minor housekeeping -- I presume that's the case -- in making those changes from one to the other. Again, I'm not sure in all instances what is the significance of various dates referred to in the amendment Act. I presume it's to take place in conformity with various pieces of federal legislation, but again, the Provincial Treasurer may wish to make a comment on that.

I guess, Mr. Speaker, as the Provincial Treasurer said, the main change is a reduction of the flat tax rate from 1 percent to .5 percent. It's good to see they're finally moving in the right direction, but if he had simply omitted this provision completely, he would have found a lot more happier people in the province than simply going half the way. But as has often been said, half a loaf is better than none at all, and to that extent obviously we should commend him. So we'll give him half commendation for his actions this afternoon.

Thank you.

MR. DEPUTY SPEAKER: Hon. Member for Athabasca-Lac La Biche.

MR. PIQUETTE: Thank you, Mr. Speaker. I also rise to make comments on Bill 44, the Alberta Income Tax Amendment Act, 1988. I congratulate the minister for at least moving in the right direction in one part of that Bill, in terms of cutting back by one-half the flat tax which was introduced by the minister in 1987. The members of the opposition would have liked to have seen a total elimination of that tax, because it's very unfair, especially at the low-income level. I find it hard to believe that after listening to the Premier's comments about the family and the need to make sure we have a very strong family, it impacts very much on those kinds of families the Premier is so much in favour of retaining. I think all members of the House are very much in favour of seeing a very strong family, but the very strong family means they have to have enough disposable income in order to have a choice of the wife staying home on a full-time basis or vice versa. Many spouses today are forced because of high taxation rates to go out and seek a second form of income in order to make ends meet. I think all members in the House understand that very much in terms of living costs today, and the taxation rate is such today that there's really no alternative for many people.

Besides the flat tax being a very regressive tax, we saw as well an 8 percent surtax which will apply to taxes of \$3,500 or more, and the minister has not seen any cutbacks in there.

Another thing we have to mention as well: we're saying we're making a very important announcement where we're talking about a reduction in the flat tax. We should also keep in mind that the Treasurer, for example, did not rescind any of the following taxes or assistance to people. For example, we saw a dropping of the renters' assistance, \$90 million, from the government's support program last year. That was direct aid to many citizens of Alberta, which means they have to have more take-home pay now to help pay for rent. We saw for the traveling public, for the small trucking firms, et cetera, an increase of 5 cents a litre in the price of the gas tax. For the tourist industry, for people traveling, the salesmen, et cetera, we saw an introduction of a 5 percent hotel tax, which has not been eliminated by the minister. We saw medicare payments raised in 1987 approximately 30 percent. Singles now, instead of paying \$14 a month, are paying \$18 a month. Families saw their share increase from \$28 a month to \$36 a month. Again, if the government is so interested in making sure we have a strong family, why are we paying \$36 a month for medicare payments when many other provinces do not pay that at all and it is taken out of general revenues and out of the general taxation?

So all in all, I think it may be a move in the right direction by the minister to reduce the 1 percent sales tax by 50 percent, but it has to be taken into consideration with all the other tax increases the public has been subjected to in 1987 and 1988. For the government to be making a big deal about this I think is really self-serving. I hope it does not result, for example, in the minister coming around and saying, "Well, we have to introduce again the flat tax system and maybe raise it to 1.5 percent, because our deficit in 1988-89 is higher than projected because of the fall of the price of oil and gas."

I would like to conclude by indicating that I would also like the minister to reply to the concern about the secured creditors, section 1.4 -- whether that is in compliance with other provinces in terms of the province coming in as a secured creditor in terms of position where estates are at stake, or whether we're taking a look here at a new provincial type of position which is not in keeping with what other provinces have already. So I await the minister's comments on those questions.

MR. DEPUTY SPEAKER: Hon. Member for Edmonton-Highlands.

MS BARRETT: Thank you, Mr. Speaker. It's hard to say whether one's speaking in support of this Bill or against this Bill under the circumstances vis-à-vis the flat tax. I'd like to explain why the difficulty exists in that regard. I believe that my colleagues, especially the latter speaker, the Member for Athabasca-Lac La Biche, had identified one of the points that I think is at issue.

There are two main instruments that a government can use to either speed up an economy or slow down an economy. One is the Bank of Canada rate, which basically governs the rate of interest but actually sets the tone for the rate of inflation. The other is the taxation system itself.

It's a good thing I'm not cynical, because otherwise I would believe that the minister himself, the Treasurer in this instance, is gearing himself toward the next election, in which next year he would be able to drop the flat tax altogether for one year until he maybe gets re-elected and then brings it back and imposes it on people who can't afford to pay that tax. Like I say, it's a good thing I'm not cynical, because I would be certain then that that's exactly what the minister is doing.

But in principle I would like to speak against the concept of flat taxes, period. Here in Canada and elsewhere in the industrialized democratic world people of fair mind have decided that a progressive tax system is infinitely superior to a flat tax system for the obvious reason that it asks people who can afford to pay a lot more -- that is, a relatively larger slice of the individual pie that they command -- into the general revenue system and asks those who cannot afford to pay much, if any at all, to pay a relatively small amount. Now, let me explain that concept, Mr. Speaker, in a way that will make it absolutely clear what I'm getting at. If you have \$100,000 a year to live on, the cost of a loaf of bread is hardly going to make a dent; in fact, it wouldn't make a dent in the interest you're going to earn. However, if you're living on \$10,000 or \$15,000 a year, the cost of a loaf of bread is actually substantial, and you pick and choose according to the price you see in the store. Now, it is inevitable that some people will be more well off than others. I can see no society in which that will not be the case, and I know of no society in which that has not been the case throughout history. But governments can choose to make things fairer, and like I say, they can choose through two systems. One is the central bank rate, which basically controls inflation or spurs it on, depending on who's in charge -- I don't mean just the governor of the Bank of Canada; I also mean the current finance minister -- or you can use it as an instrument to encourage the accumulation of wealth and investment in fact. The other, of course, is the taxation system.

I've just explained to you why I think the flat tax principle is unfair. What I would argue also is that in contrast to this, if you have no government will to collect the corporate share of the pie, then what you have is a double attack on working people, especially those of low income. Now, if I had known that this Bill was going to be called for second reading this afternoon, Mr. Speaker, I would have brought my tax guide up, because I've been waiting for this Bill to get called. I left it at home, because I didn't know it was going to get called this afternoon. But I'm going to have my tax guide when this Bill hits committee, and I'm going to demonstrate to you just how poor you are and still paying into the tax system in Canada and in Alberta, and how grossly unfair it is that we have on top of that a flat tax

system which should be decimated, thrown out, altogether.

Mr. Speaker, I'd like to make one other point about the principle of this Bill, and it is this. To my knowledge the Alberta government did not go to the federal government to get the sort of changes necessary to the entire taxation system so that flat taxes when they're imposed provincially can be imposed prior to the calculation of the bottom line of tax payable. Let me tell you why that's important. It's because there are people who use a number of instruments and vehicles to get around paying taxation altogether, even out of their personal income tax. They don't have to pay. If you could get the flat tax, if you insist on having this sort of minimum tax, or flat tax, pardon me -- I prefer to use a minimum tax on wealth, but that's a different concept, one which is obviously foreign to the Conservative government -- then what you can do is tax them before they count out all their deferrals and holidays and tax credits, et cetera. You get them beforehand. Now, that's where you can make the tax system a lot fairer. But I know the New Democrats in Manitoba asked the federal government to change the tax laws in Canada to do that and the feds said "No thanks." Well, maybe if a Tory or two started asking for that right, we might get our way. On the other hand, we'll just have to wait till after the next election. We won't have to ask Mulroney at all. But my point is this . . .

AN HON. MEMBER: You want to bet?

MS BARRETT: That's right. You bet. I'll bet money, Mr. Speaker.

My point is this: flat taxes in principle are not very smart; they're not very good. In the second instance, it hardly is returning any money to an economy that suffered a \$1 billion tax grab by this minister last year and which is now looking at expanding its ability for deficit financing to \$7 billion. Where's the sense in that? But in the third instance, if you want to fiddle with the tax system, the way to do it to make it even fairer is to apply a minimum tax on wealth prior to the individual being able to write off the various deductions that are available to that individual afterwards. That's the way to do it, not through this system.

Finally, as I said before, it's a good thing I'm not a cynic, because otherwise I'd be projecting a future that reads as follows: complete removal of this flat tax in 1989, an election that year or the following year in Alberta, and if the Tories are re-elected, a 2 percent flat tax to last for the subsequent three years, Mr. Speaker. Like I say, it's a good thing I'm not a cynic.

MR. DEPUTY SPEAKER: Ready for the question?

SOME HON. MEMBERS: Question.

MR. DEPUTY SPEAKER: Comments by the hon. Provincial Treasurer will close debate on Bill 44. Provincial Treasurer.

MR. JOHNSTON: Mr. Speaker, I want to start by saying that those who forecast, as the economist across the way knows, should forecast often. I'm sure I'd be willing to wager anything with respect to two outcomes she suggested, one being the possibility of a federal election and that outcome, and secondly, the forecast of a tax policy. But I'll leave those issues aside. That's fair rhetoric when we come to talking about the fiscal plans, because we all know that in the case of fiscal policy, it is in fact the taxation system, the expenditure system, and the whole range in the way in which the government interferes with the

private sector in the sense of the individuals within the sector that certainly does cause direct pain to some extent and direct joy on the other side. Where those two [inaudible] meet is always difficult to define and certainly subject to a lot of debate.

I suppose here today we are finding some midpoint between the difficulty which Alberta faced in its fiscal planning going back to 1986 and, I guess, the optimism which I now sense is taking place in this province, triggered by fundamental economic statistics, including real economic growth, unemployment rates, levels of investment. Those sorts of numbers are just now starting to become positive. So when the budget was put together last fall, we thought it reasonable for us to take a reasonable position -- that is, to find some midpoint -- and in doing so, one of the important parts of our fiscal policy statement was to reduce the flat tax by 50 percent down to .5 percent. Now, I'm not going to make any commitments or any denials about us dealing with that tax, because both that tax and the surtax we brought in in 1986-87 were defined as temporary taxes.

[Mr. Musgreave in the Chair]

We are a government who keeps our word. We're firm in our commitment to remove those taxes, and we'll do the best we can to do just that. But after it's all said and done, or at the end of the day, as people like to say these days, Alberta still has the lowest tax regime of any province in Canada. There isn't any other way to summarize what Alberta has done. If there is one objective we have in this province, it's to ensure that the lowest tax regime exists in this province and the highest possible level of services, and we have done just that. Now, when we have come to look at the fiscal policy, that's a simple element. I think any reasonable Albertan who is faced with the difficult choice of moving from the 1986-87 fiscal regime to a more optimistic, promising future, as we see it now transpiring, would also take that cautious position. In terms of reinforcing our commitment to the people of Alberta, we have therefore reduced this flat tax by 50 percent -- 50 percent, Mr. Speaker -- and reducing it so that our revenue take is \$185 million less, or that more money, \$185 million, goes back into the hands of all Albertans. As I said, Mr. Speaker, it takes place next month. It's going to be in place, and the deductions are going to start showing up in the paycheques.

Let me talk just briefly about the so-called regressive nature. Yes, there's no doubt that a tax of this order tends to be regressive. I would say that in the case of Manitoba, which was brought forward as an example here, you will find that the flat tax which Manitoba used was placed on net income as opposed to taxable income. Therefore, if this is regressive, a tax placed on net income would be infinitely more regressive. [interjection] Maybe not infinitely more regressive, but certainly substantially more regressive. Therefore, Mr. Speaker, you can see that we have taken the midpoint. And I should say, in terms of tax policy, that many governments are looking at this flat tax as an interim step to a wider adjustment of fiscal policy. It's one which can be applied quickly and one which obviously generates revenues to the tax collector.

But because we did recognize it is a regressive tax, we then brought in the selective tax reduction, Mr. Speaker. There's no doubt that the selective tax reduction in this province will take at least 500,000 Albertans, more or less, off the tax roll or partially off the tax roll, and the flat tax adjustment I've outlined already today will, in fact, directly go to those low-income individuals. Now, the Premier just last week talked about the impact show-

ing that in some tax intervals for certain income categories, in fact, the tax reduction could be as much as 80 percent based on this fiscal outline.

So you can see that we're very conscious of it. Of course, we do maintain that we are conscious of reducing the regressivity of all taxes, and therefore I could not miss the opportunity to say that in the case of Alberta, Mr. Speaker, obviously with no sales tax, nothing could be more fair, nothing could deal with the question of regressivity more directly than to maintain the fiscal plan of being the only province in Canada with no sales tax, and as such -- appealing directly to those people who know that the payments on clothing, a loaf of bread that the member talked about, and shelter allowances, take a large portion of your income when that's taxed, as in other provinces, by 6 or 7 or 12 percent: obviously that goes directly to the regressivity, cuts directly into the disposable income -- we in this province will not have a provincial sales tax. I can assure you, in terms of fiscal plans, the good folks in Alberta understand that message as well as anything. We'll continue to outline it for them, Mr. Speaker, and ensuring as well that in terms of the personal income tax regime this province has, it will, in fact, be the lowest in Canada. We are now maintaining that commitment by this adjustment, effective July 1. The people of Alberta know that we stand behind that as our major commitment.

Let me go on, Mr. Speaker, just to deal with one or two of the other elements that were brought forward. I should say that I have no difficulty with the Member for Calgary-Mountain View -- and for that matter the Member for Edmonton-Highlands -- who talks about the complexity of the tax system. I know that others have spent time dealing with this tax system and suggest that it is, in fact, far too complex. I don't make any apologies for it. I would like to see a way in which we could change all that, and in fact that is the regime we're facing today. It's difficult for anyone to do their own personal income tax, I think. If it is any more than a simple calculation, of course, it becomes a difficult and strenuous effort. So I do agree with both of those comments that, in fact, that's the regime we're facing.

Let me talk about the other items though, Mr. Speaker. As was pointed out, under this regime of complexity and the point I made earlier that we do tend to follow the adjustments made by the federal government, then of course those two items that were raised by the Member for Calgary-Mountain View -- that is, the mutual fund trust arrangement. That simply precludes the double taxation by a technical arrangement whereby a trust is taxed as an individual and when the redemption of those so-called trust certificates takes place, there will be an additional taxation in the individual's hands. This simply eliminates the double taxation of that uniqueness. It was reflected in the federal legislation, and we are simply following up. It assists those people who have money invested. It does nothing, however, with respect to the royalty question. Some people raised that with me. This has nothing to do with the royalty question whatsoever. It simply deals with the question of double taxation and where the tax should hold: whether at the mutual trust level or at the individual's hands, but not in both. It simply makes that correction.

With respect to the collection, Mr. Speaker, this again is simply a move by the province, along with the initiative taken by the federal government, to ensure that if somebody owes the government for deductions at source, and we know that there have been payments between third parties, we have a right to intercept the payment on behalf of the government of Alberta -- the taxpayers of Alberta -- to ensure that debt is collected by the

province. It is another step to allow us to secure our position. It does nothing in terms of changing our position whatsoever, but it simply follows the federal changes.

On the communication of information, Mr. Speaker, this is an adjustment to ensure in this Act at least that dissemination of data is carefully controlled. In the tax business those people who are tax collectors, federally or provincially, are very delicate about the way in which they operate, and they do not want to be allowed to give information out unreasonably. In fact, if they're called upon even on an interdepartmental basis to exchange information, they want to be sure they have legitimate authority to do just that. The section here and the section on the corporate tax side provide that clarification certainly.

Let me just conclude, Mr. Speaker, by saying that I have no difficulty with recommending this legislation be passed. It does reduce the tax. It's a balanced position through the transition we're facing between the difficulty of '86-87 and the renewal which is taking place in this province currently. I do not believe we would do the kinds of things suggested in terms of changing the regime. It's not at all a political opportunity for us to simply reduce taxes and bring new taxes back in. That is not the way in which we operate. So I think I can say that our fiscal plan is essentially still sound, even though there has been some softness on the oil and gas side. The buoyancy itself in this economy in terms of the new investment, in terms of the other economic characteristics such as unemployment numbers in particular, I think, bodes well for us over the period 1988-89.

Therefore, Mr. Speaker, I'm very pleased to be able to introduce a Bill which reduces taxes and ask for its support here in the Legislative Assembly. I therefore move second reading of this Bill.

[Motion carried; Bill 44 read a second time]

Bill 45

Alberta Corporate Income Tax Amendment Act, 1988

MR. JOHNSTON: Mr. Speaker, as I said both in the introduction of this Bill and in discussing the provincial tax Act which we just dealt with, essentially this piece of legislation is really a matter of updating some of the sections in our legislation so they comply more fully with the federal sections.

Yes, there are corrections which seem nominal. It's been mentioned with respect to the previous Act that there were numbers which were inverted, and there are a lot of these technical corrections which take place from time to time. But as well, this legislation reflects the new initiatives which the federal government has put forward in their legislation, and although we do operate with our own corporate tax collection system in the province of Alberta, we do, wherever possible, follow their legislation to ensure that when you read the Act, you know essentially where the province of Alberta stands on its own administration of the legislation.

So, Mr. Speaker, I would move in this case, with respect to the corporate tax side, acceptance of Bill 45, Alberta Corporate Income Tax Amendment Act, 1988.

MR. ACTING DEPUTY SPEAKER: Edmonton-Kingsway.

MR. McEACHERN: Yes, Mr. Speaker. I've got to say that the wording of this Bill is very complicated, and I thought the minister might have put a few more explanations in rather than just literally the wording from the other side. The terminology used

and the complexity of the language make it very, very difficult to understand exactly what is going on here. I pretty much have to take him at his word that, in fact, it's just changing the wording to fit the new federal legislation.

[Mr. Deputy Speaker in the Chair]

I did want to say, however, that I think the province of Alberta has got into a rather odd situation with this collection of corporate taxes. If you look at the year 1986-87, for instance, which is before us in the Public Accounts right now, you'll find that corporate taxes collected were something just under half a billion dollars, but the rebates that were given back to them amounted to over half a billion dollars, and we ended up with a deficit of \$105 million in terms of collection of taxes from corporations. Now, it would seem to me it's time the Treasurer stopped and had a little think about a system like that.

The Auditor General talked a lot about tax expenditures, and I suppose to some extent some of these sit in that category: these royalty tax rebates, for example, where you give away the right to collect money for one program or another or one reason or another, and you end up not really realizing just how much you've spent. The Auditor General said, for example, that some 8 percent of the budget in the 1986-87 fiscal year, or the equivalent of it, was spent through tax expenditures and that they were not properly accounted for in a way that other expenditures are accounted for, and suggested that the Treasurer start tightening up that process to what extent he could.

I wonder why it is that Alberta collects its own corporation taxes but doesn't collect its own personal taxes, for example. Was it so that it makes it easier for the government to give away those same taxes? Certainly that seems to be what's happened. We set a rate and then don't bother to collect it from different groups for one of half a dozen reasons, or give rebates. The interest on rebates amounted to some \$4.5 million in the 1986-87 fiscal year. Now, what kinds of rebates that totally represented -- I don't know if my numbers from the public accounts show it all, or if there are some reductions in taxes which don't appear anywhere in the public accounts. It's really very hard to know. I guess one might ask the Treasurer if he can account for the \$105 million I've mentioned here in terms of the amount we didn't collect -- that we should have collected; I guess you could put it that way around -- or with the Auditor General, when he says the 8 percent. The 8 percent of the \$13 billion expenditures for 1986-87 is a considerable amount of money, and I don't know that we can find in the public accounts all the dollars accounted for, or whether some of them are just forgiven and not counted at all. I guess that's a concern I have.

Now, when we raised the problem earlier in this session that somehow personal taxes continue to go up and corporate taxes -- effective corporate taxes, anyway -- tend to go down, the Treasurer shot back some statement that, in fact, the corporate tax rate was half of 1 percent, I believe he said, higher than the personal tax rate. But when we asked him on the Order Paper -- they often tell us to put things on the Order Paper: a motion for a return -- to justify his claim, he couldn't and didn't do that. He declined to try to do that, claiming that the methodologies would be so complicated and there'd just be different methodologies and calculation. The calculation I made to give you this \$105 million figure of negative taxes -- in other words, we paid corporations \$105 million in taxes according to one section of the Public Accounts Committee -- is clear enough to me, unless the Treasurer has some details he can show us from elsewhere. I'm

certainly quite willing to try to understand them, anyway, if he would take the trouble to try to explain how or why he can make the statement he made.

So I'm going to assume the Treasurer is correct on what he's saying about Bill 45, and agree to it, at least at second reading. I just wonder if he couldn't take this opportunity to comment a bit about corporate taxes compared to personal taxes, and any intentions he might have of changing the situation.

MR. DEPUTY SPEAKER: Hon. Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Speaker. I note that reference is made in this Bill to the Petroleum and Gas Revenue Tax Act. I would hope this is the last time we're likely to see this in legislation. I can understand the Provincial Treasurer saying this is to bring us into conformity with the federal legislation when I see that extensive section here finally being repealed in the legislation of the province.

I was interested in just a couple of the provisions contained in Bill 45, Mr. Speaker. There's a fairly extensive provision here regarding corporations: changes in the rules governing corporations that might be exempt from taxation, and then if that section no longer applies and some new rules kick in, given the Act in front of us. I was just curious as to what corporations this might apply to, where in one case they're not exempt from tax under the Act and then at some future date become exempt. Then I presume there are instances when you're liable to tax due to your income, and then at some point become exempt. I'm just wondering how corporations become exempt and not exempt. What are those circumstances so they're allowed to do that? I take it that these rules, then, have something to do with when that status changes. The ones I might be most familiar with would be nonprofit corporations. I thought most of them would have objects which would have prevented them at some time in the future from becoming profit-making corporations. Those were the only examples that would come to my mind where a corporation could make those changes in status.

Now, as I said in the previous Bill, this is not my field of expertise, and there may be other examples where these sorts of rules come into play. I'd be intrigued to know how it is that some corporations can be eligible for tax and then be exempt, or exempt and then be liable for taxes. That sounds unusual to my way of thinking, but I'm sure there are instances. I'd appreciate some explanation of those rules in that event.

I also notice that some of the provisions of the Bill are amending sections relating to -- it appears to me to be financial institutions because reference is made to deposit insurance corporations. I don't know whether that's intended to be the Canada Deposit Insurance Corporation or some other. It would seem to me this section of the Act might be brought before us because of the Provincial Treasurer's experience, and he's had lots of it in the last few years as a result of collapses of various financial institutions in Alberta and the amalgamation of some trust companies. He's well aware of those. I was, therefore, interested to see these changes brought forward about "adequate security." I don't know what experience he's had where that financial adequate security was not available or not present, and I'd just like to know what kinds of difficulties are being attempted to be solved as a result of this.

As well, Mr. Speaker, previous comments on the Bill previously in front of us having to do with restrictions on employees who provide information -- I see that a parallel provision is be-

ing incorporated into this Act as well. However, there are certain exemptions made, as I understand it, and they're enumerated, or the list is being extended by adding some other areas in which an employee can be exempted and is being given specific authority to provide information. I guess it's a question in my mind: on one hand we're saying to public employees, "You cannot provide information," and there are some fairly strict limitations given to that; yet on the other hand we're saying, "Under certain Acts you can communicate information or provide information under various plans or Acts which the government has implemented." I don't know why those particular ones would be enumerated and others not.

For example, the small business term assistance program was implemented by this government after it was first promoted by the New Democrats. Nonetheless, it was eventually adopted as government policy, which was good. But I don't see, for example, any reference here made to a person being allowed to provide information under that Act or that program. However, as I understand it, if they are being requested to provide information to a member of the public under the Alberta stock savings plan, the Small Business Equity Corporations Act, the rental investment grants program, and the petroleum incentives program, public employees are being expressly given the authority to share that information.

So I just am curious why certain Acts and certain programs are in this category and others are left out, and why this section appears under the Alberta Corporate Income Tax Amendment Act, 1988, when we didn't see similar provisions under the personal income tax amendment Act. Maybe that's because we don't have programs of rebates to individuals the way we have programs of rebates and tax write-offs to the corporate sector.

I think those, Mr. Speaker, generally speaking, cover some of the main provisions of the Act. There will be other opportunities to get into further questions with the Provincial Treasurer if his concluding remarks don't adequately deal with the points raised. But I look forward to his comments to conclude debate on Bill 45.

Thank you, Mr. Speaker.

MR. DEPUTY SPEAKER: May the sponsor of Bill 45 close debate?

HON. MEMBERS: Agreed.

MR. JOHNSTON: Mr. Speaker, let me just begin by saying that with respect to the questions raised by the Member for Edmonton-Kingsway with respect to the ongoing issue of what's happened to the relative proportion of the tax paid by the corporate sector and the personal sector, it is a matter of fact that during periods of economic downturn the tax collected by corporations will obviously turn down in proportion to, if not slightly more than, the downturn in the economy, because of course our industries are essentially resource based, and under current federal and provincial taxation there is an opportunity for fairly significant write-offs, or at least tax loss calculations, which both affect the current year's income and are allowed to be carried forward into the next year and, therefore, would reduce the income.

So in terms of comparison between the corporate side and the personal side, it is a matter of methodology to decide how it is you make these numbers comparable and how you'd remove from the calculations any biases which may creep in, whether the bias is as to methodology, bias as to the backdrop of the

economy. To perfectly reflect the current tax changes would be a horrendous task, a task, by the way, which we're now dealing with in terms of the federal government under the stabilization program. As I've indicated before, it's going to be a long process to simply factor out all these variables and to ensure that the full economic impact of the economy is being measured by the resource revenue, the tax revenue, and other revenue generated.

The same problem exists with respect to comparison, in this case in Alberta, between the corporate tax sector and the personal tax sector. Therefore, I'm not going to get into that debate, Mr. Speaker, nor am I going to offer to compare notes with the member as to how we can come up with that, because it simply is a fatuous discussion, in my view.

With respect to the questions raised by the Member for Calgary-Mountain View, the reason we are closing off some of the tax exempt sections is, of course, to deal with the strange situation which is now taking place not just in Alberta but in Canada, where corporations are moving from a tax payable status to one of a non-tax payable status, not so much in the question of eleemosynary institutions, or nonprofit institutions, but in the case of corporations which may become government owned -- such as, for example, Air Canada -- potentially in the future. Those corporations with any substantial tax losses or losses which are generated as a result of the disposition of the entity at the day before the disposition would not be able to carry those tax losses forward at an infinite period. They would be limited, and therefore, should the company be privatized in the future, the tax losses that to some extent are considered to be an asset would be lost to the government in terms of claims against the taxable income. So to prevent that, this section simply limits the tax carry-forward of losses while the corporation is owned by the government: a Crown corporation or a provincially controlled corporation.

With respect to CDIC payments, Mr. Speaker, again we have, as a result of the difficulty in the many jurisdictions, not just in Alberta -- the federal legislation provides that should CDIC make a payment to an entity as a result of its commitment under the Canada Deposit Insurance Corporation, that must be taken into income in the year, and if it's repaid, then of course it's deducted. But if it's taken into income -- obviously you can see it would impact on the cash flow of that entity if it was just breaking even -- what they do provide for is the opportunity to provide other kinds of security on an interim basis rather than simply making a tax payment. It's simply a way of accommodating over this difficult period one of the unusual provisions of the federal taxation, wherein income or bonuses or any amounts transferred by a government to an entity become taxable, and therefore, if there was a tax trigger took piece, we do not want to confiscate the total assets of the company to pay the tax. This is some way to provide for a smoothing of the tax payment over more than one year and providing additional kinds of security as opposed to dollars where there's a tax liability triggered by that event.

With respect to the communication, again, of government employees, we have, as I said, in the last piece of legislation, tended to be very scrupulous as to what we can do with respect to tax information. That is why we're on one hand tightening the ways in which information generated by the tax system in Alberta is used, tightening it to ensure that confidentiality exists and is maintained. But on the other hand, there are always programs where there is a need to share information between departments or, in the case of this legislation specifically, between the CEDIP -- and that CEDIP is defined in the legislation -- to

ensure that we do have the authority. Mr. Speaker, to provide an exchange of information both within departments, the ones that were enumerated, and with the federal government where there's a need to ensure that data between the two governments or the two departments can be exchanged or shall be exchanged. That's essentially what it does. As I said, because of the scrupulous nature of this, the officials in the department thought they were violating the official secrets sections here in Alberta and therefore wanted further clarification that where the tax system is used to administer programs and there is a need on behalf of the individuals to share that data, in fact that would take place.

So, Mr. Speaker, those are the major elements of the Bill. Yes, there are some vestiges of future programs. The PGRT tax was referred to. Those sections, or the elements of them that still refer to the PGRT, are being taken out. I think the legislation itself, although complex in its nature and words, is similarly complex because it's tax legislation. Nonetheless, this is fairly simple legislation in terms of the policy questions.

Therefore, Mr. Speaker, I would move that second reading of Bill 45 should proceed now.

[Motion carried; Bill 45 read a second time]

head: **GOVERNMENT BILLS AND ORDERS**
(Third Reading)

Bill 22
Labour Relations Code

MR. YOUNG: Mr. Speaker, on behalf of my colleague the Minister of Labour, I move third reading of Bill 22.

MR. DEPUTY SPEAKER: Are you ready for the question?
Hon. Leader of the Official Opposition.

MR. MARTIN: Well, Mr. Speaker, unaccustomed as we are to surprises in this Legislature, I'm sure that the hon. House leader would be disappointed if we didn't have a few remarks to make in third reading about Bill 22.

Now, this is basically the last chance that we have to attempt to convince the government that there should be some reason and some stability brought to labour relations in this province. We've tried in every possible way that we know how in the Official Opposition to try to bring this home to the government. Mr. Speaker, we believe that this Bill is a recipe for disaster. That's why there were 55 amendments that were brought forward from the Official Opposition, and we didn't get a chance to debate any of them because this government is in such an anxious hurry to get out of here that they bring closure in.

Now, I would say, too, that all of us -- at least I have to go on the benefit of the doubt -- at some point want labour stability. Unfortunately, Mr. Speaker, this government believes that you achieve labour stability by, frankly, taking people's rights away from them. Well, it doesn't work in other parts of the world, and we've asked this government to take a look. When the Minister of Labour was speeding around all over the world, he should have seen that where they did have labour stability was in the provinces or the countries where labour and business and government played a partnership together. You never achieve labour stability when you take people's rights away. That should be clear to almost everybody at this particular time.

All of us saw what happened in recent history in terms of

Alberta labour history. We've had very prominent labour disputes. Some of them, like Gainers, certainly were national news; in many cases, international news. And it wasn't frankly the type of publicity that we wanted. It's not going to exactly bring the tourists flocking into Alberta that we have 19th century labour laws at that particular time. But the reality is, we are told, that the government recognized that there were problems. They recognized that there were problems, and they were going to do something about it. I would remind you, Mr. Speaker, that that was supposedly the reason we spent the \$500,000 to look into it. It's not only the Gainers strike. There are some other ones: Zeidler's and IWA in Lesser Slave Lake have been going on for longer than two years. Of course, we had the more recent example that again made national news: the so-called illegal strike by our nurses.

But, Mr. Speaker, there are many aspects to this law, as you know -- and our amendments alluded to them -- that we find offensive. But certainly we were looking for some fairness and equity in terms of dealing with specifically replacement workers. You are not going to have labour peace, especially in times of high unemployment, if companies at will can bring in a new labour force and play off the unemployed against the employed. You're not going to have people sit back on the picket line and say, "Oh, gee; we really enjoy this as we see ourselves losing our jobs." Now, the minister would argue that under Bill 22 the replacement workers will get back their jobs, but that's a hollow promise in this labour legislation. Because if a company now wants to get rid of a union, all they have to do is hang on and bring in replacement workers for two years. Under Bill 22 then it's ended. That would be the case now in the one I pointed out in Lesser Slave Lake. What fairness is that, Mr. Speaker? And that's the reality of what we've legitimized in Bill 22.

Again, and I'm not going to bore you and go on, but people looked for something to deal with the bridging aspect, the 25-hour lockouts -- nothing there, Mr. Speaker -- and the spin-off companies. Now, it seems to almost everybody, every observer in Alberta, that those were three of the major problems if we were to achieve labour peace and labour stability. Those are the three things we looked for. Did we find anything in this Bill to deal with it? Absolutely not, Mr. Speaker. But then they went on, as I said, and made it worse.

We had a lot of discussion on section 81. I know now that the government has brought in amendments on section 81, and I guess we should be thankful for small blessings, Mr. Speaker, but that is still not going to solve the problem. It's still difficult to deal with boycotts. I remember one of the reasons -- there were perhaps a number -- but one of the reasons why the Gainers dispute was settled is that the boycott was working. It was working right across Canada; make no mistake about that. That's one of the reasons that the company felt the economic pressure, and it's traditionally been a means that workers have to put economic pressure on the employers. We really didn't do anything about that.

I know now that the minister has said that he listened, although at times in question period . . . He said that there was no problem at one time when we raised this, Mr. Speaker, but he did recognize that probably we had a constitutional problem and has said now that you can join people on the picket line. I know the Labour Relations Board had a lot of this authority before, but that section 2 in the new section 8 makes it very clear that they're going to limit, as the courts have before . . . But with that type of section, especially the second section, they're going

to limit the number of people that can be out there, the times you can be out there, and all sorts of things. People know, Mr. Speaker; when you get a section like that, the people on the labour side of it know why this is going to happen, and they know what that section 2 is. So as I said before, it's a way to come at it again in a different sort of way. That's the reality of what's happening.

But perhaps -- well, I shouldn't say. There are so many things wrong with this Bill; it's riddled with problems. But perhaps the worst part of it -- and I don't know if it has anything to do with getting us into the Mulroney trade deal that we have to start getting our laws similar to theirs, especially in the right-to-work states, the southern states, but we certainly are clearly moving towards the Americanization of our system. It's not only us that said this. Mr. Speaker. There've been people that are involved in labour relations from all aspects of this province and other parts of Canada that are saying the same thing. When you move towards Americanization of a system, clearly there's only one reason you're doing that.

Because this minister knows full well, or should know full well, that if you look at what's been happening in the United States, they have a declining, a significantly declining, number of people in the unionized sector. Whereas at one time they used to get -- after certification the union used to win and get to be the bargaining agent, 70 to 80 percent in the '50s. Once they started the type of movement that we're having here. Mr. Speaker, the type of movement in terms of I don't know how many votes you have to take, five or six before you can eventually get a contract ... But specifically the aspect I'm talking about is that after people decide -- even if they had 100 percent of them decide -- that they want a union, then they have to go back and have another vote.

Now, I know that the minister will put sweet reason on this and say: "Mr. Speaker, this is just democratic. It's just to make sure that they really wanted a union." Just to give them time. I suppose, for sober second thought, Mr. Speaker. But this is precisely, as I said, what happens in the United States. I pointed this out to the minister, but again he refused to look at any amendments. So I can only take it, especially in this one particular area, Mr. Speaker, that he wants us to move towards Americanization of the system and, secondly, that the ultimate goal is to cut down on the number of unionized workers in this province. We're not that high to begin with, but I guess he feels that there are too many there anyhow.

Now, Mr. Speaker, what inevitably happens is that a whole group of consultants have been formed in the United States, and their sole goal -- they're called consultants, but they're set up totally to break the union movement. That's what they do: they go around and advise companies how they can beat the union movement. They usually swing into high gear after the employees have decided to come there as a bargaining unit. Make no mistake about it, Mr. Speaker; they are extremely successful, because what they do is encourage the companies to harass the employees and say: "Look, you may have made a mistake. We're going to shut down this mill or this plant or this store." They get phone calls at home; they get phone calls to their families. They do all sorts of things to convince that person that they shouldn't be in the union, and as I said, it has been very successful in the United States.

Now, Mr. Speaker, the minister can say, "Oh no, that's not the reason we're doing it." But if the reality is that that's what's happened in the United States, then we're kidding ourselves to think that some of our employers, like the government's friend

who the Advanced Education minister had to get up and tell us, "Boy, what a generous guy; he gave \$100,000 to the U of A" ... That's after \$100 million out of the Treasury Branches and \$67 million in grants and loan guarantees; I could afford \$100,000, too, to give to the U of A. But to think that that type of employer is not going to use this type of coercion, we're dreaming in technicolour, very naive. I don't believe this minister and this government are naive. I think they know precisely what they're doing, so we only have to come to the conclusion, along with all the other things that we went through, the 55 amendments, that they're out to break the union movement in this province.

Mr. Speaker, let me just conclude by saying that these Bills are major Bills -- Bill 22, the one we're dealing with right now, the organized workers, and Bill 21, the unorganized workers -- that affect all the workers in this province. Now, if you talk to any reasonable businessman, they will tell you that above all what they want is labour peace and labour stability. If you talk to some of the people that are coming over, some of the people that we've talked to, as I have, from Hong Kong, they've said to me, "We're prepared to have a strong union movement; we're prepared to even have a high-wage economy, because we know with that comes labour stability." It's when you go the other way that you create all sorts of problems.

I just say to this government that's so obsessed now with the right wing -- the ideology, the Thatcherites, the Reaganites. and the rest of it, because this is what this is all about -- that if you really believe that this is going to lead to labour peace, you're just sadly mistaken, Mr. Speaker, sadly mistaken. As I said before, just as we were consistent on other Bills ... And you will recall when my colleague Grant Notley and I predicted what would happen with Bill 44 -- you go back in the *Hansards* -- and told them that they were sadly mistaken if they didn't think this was going to lead to confrontation and problems down the way, because it had in every other province where they've tried that same thing, I'm saying again to this government to try to get it through those thick skulls that this is going to happen again, I say to you that it's a sad, sad day for two reasons in this province: number one, that we have to bring in this type of backward labour laws that are absolutely bad laws, unfair laws, unjust laws; but, secondly, that we have to rush them through, through undemocratic measures like closure, when we don't like the debate any longer.

Now, Mr. Speaker, the reality is that I understand it well. In fact, I've been around here now for almost six years, I understand the votes, and I guess that's the way it always has to be in a democratic society. It should be on the majority to listen and protect the minority's rights, and this government's forgotten about that. I say to you, for those two reasons again, that it's a sad day in Alberta. What we're getting now from working people, Mr. Speaker -- whether they be organized or unorganized, they are saying: "Look. Obviously, this government doesn't care about us. They only care about their friends; they only care about business. They don't care about getting a level playing field."

The only way we can beat them -- we can't even prolong debate in the Legislature because of this government's, you know, historical use of closure, and people will look back at these days. The only way we can defeat them and do something about getting fairness in the system is through the ballot box. That's the one thing that this government has done with this type of high-handed approach in bringing in laws like this, as people are well aware. People have said, "Well. I voted Conservative because I thought they were good for the economy," or

thought they were good for something anyhow. Mr. Speaker. Never, never will they do it again, and at least we can be thankful for that. It probably means -- if not this election, we're hoping for that very soon -- that that will be the end of a Conservative government that brings in laws like that. So maybe over the long run one can be philosophical about it, Mr. Speaker. Maybe this is for the good in that sense.

But we have to continue on this side to try to do our job, and we think there have been horrendous mistakes here. We think there needs to be some sober second thought. I know that it's not going to go on for much longer, but hope springs eternal, and as a result, I think there are some things that we should refer back to committee stage and some amendments. I'd like to bring forth this amendment at this time, and I'll read it into the record now, Mr. Speaker, while you're having time to look at it.

[Mr. Speaker in the Chair]

Mr. Speaker, I'm suggesting that we strike out all the words after "that," and that

Bill 22, Labour Relations Code, be recommitted to the Committee of the Whole to enable the committee to consider adding a new section to the Bill which would limit those instances on which an application to the board for certification would necessarily result in a certification vote.

Now, Mr. Speaker, this is what we're supposed to do. Maybe we're acting as a Senate, which is supposed to be for sober second thought, but we don't have a Senate here. We are suggesting that a serious mistake has been made, and I went through the reasons already, about the Americanization of the process. We think this is so crucial that we wish this government would reconsider this particular amendment, and I'd leave it there, Mr. Speaker. Again, I'm not naive enough to start counting my votes or to say that all of a sudden the government's going to change around and say: "My God, this makes sense. Even if it came from the opposition, maybe we will support it." But we would be remiss in our duty if we didn't try in this amendment to do everything we could to get them to reconsider this very serious lack and to review it.

So I leave that with you, Mr. Speaker, and the Assembly, because I think it's important.

MR. SPEAKER: The amendment is in order to recommit at third reading.

Edmonton-Highlands.

MS BARRETT: Mr. Speaker, I'm pleased to stand up and support this amendment. It constitutes or embodies virtually all of the reasons that we have given in the prior two stages of this Bill that the Bill should not proceed.

We are of the view that if the people of Alberta were aware of the real implications of the certification portions of this Bill, they would join us in crying, "Unfair, unfair." In our view this Bill has really, relatively speaking, been rushed through. Now, I remind you that the minister and his group of people enjoyed more than 800 hours each on their tour looking at labour legislation from around the world. They have since had more than a year to contemplate how they would like to handle labour legislation in the future for Alberta. They introduced Bill 60 last year, and it died on the Order Paper, as well it should. But to introduce a brand-new Bill with a whole bunch of brand-new concepts in the middle of April and not even call them for second reading till weeks after that, Mr. Speaker, I think is wrong. It has not given enough opportunity for people to contemplate

the implications.

Now, if we sent this Bill back to committee and really looked at all of the opposition amendments, which are just outstanding amendments, Mr. Speaker . . . [some applause] It is true; our labour critic and our research group and our supporters have done remarkable work on this Bill, much better, quite frankly, than the minister's department has done. If we sent this back to committee for reconsideration, and I mean proper and adequate clause-by-clause reconsideration, we might be able to convince the government to adopt some of those amendments. At the very least, we would like the opportunity to convince the government to drop this new American posture regarding certification.

Now, the hon. Leader of the Opposition has gone through the reasons that the Bill needs amending in this regard, and I won't attempt to repeat those reasons. I think they've been made sufficiently clear. But quite frankly, I worry. I worry about the Americanization of all of our laws with respect to the upcoming so-called free trade deal. I wonder if that's the motive behind this. Or is it simply, as people have speculated, the Pocklington motive? In either instance, Mr. Speaker, I think that in lieu of a commitment from the Government House Leader that there will be a fall sitting -- in which case I would argue that this Bill should sit on the Order Paper and get some breathing time and allow ordinary Albertans to review the contents of it -- I think we need to send this Bill back to committee. I can assure you it would not be the intention of the opposition to let it out of committee without some substantial amendments, but that's exactly what we're supposed to do. The government says what it wants to do, and our job is to find out what it's doing wrong and recommend better alternatives. The government, if it were acting responsibly, would then say, "Oh, thank you for making us aware of the error of our ways" and adopt those amendments. But given the relatively few hours that this Bill enjoyed in committee, that certainly wasn't possible.

Now, I think one of the greatest benefits of sending it back to committee, Mr. Speaker, is that it would become an issue of substance again in the public mind, and when people start to develop an interest in the substance of this Bill, I am quite convinced that they would be on a massive letter-writing campaign to the minister and a phone campaign to try to convince him not to proceed with this Americanization of Alberta labour laws. As has been pointed out in this Assembly on several occasions, we know of no similar legislation in any other jurisdiction in Canada. There's a good reason for that: because most other provinces recognize that we're part of Canada and not the 51st state of the United States. And I say to you, Mr. Speaker, that we don't have to become part of the United States, that we don't have to adopt the American posture when it comes to the certification process, and that a little rethinking of this matter might convince some government members at least to break ranks with their minister in his adamancy to get this Bill through third reading. That would be my hope, and my calculation is that if we could get about 10 or 12 of them, we might be able to defeat the Bill. That's exactly what I'd like to see happen, or get the Bill amended.

Now, the Leader of the Opposition mentioned that the United States' laws are such that, well, they engender what amounts to pretty sophisticated and craftily engineered intimidation by so-called consultants to prevent people from making the vote to join with a collective bargaining unit. I contend that this legislation is designed and will have the effect of preventing any new certifications whatsoever in Alberta until, quite frankly, the New

Democrats are government, when we overturn Bill 22 and Bill 44. The reason I contend that is because this Bill with this section remaining intact is not a Bill that makes the playing field level. It is a Bill that stacks the playing field so that all the workers are facing the uphill battle, Mr. Speaker.

You know, I hear government ministers constantly saying, "Oh, well, you know, we don't want to do X, Y, or Z because that's interfering with, say, the democratic rights of semi-autonomous bodies," or such and such. Well, funny thing; how come I don't hear that same argument when it comes to running interference on behalf of the hundreds of thousands of Albertans who are in the work force? Because that's what this constitutes unamended, Mr. Speaker: running interference to prevent them from exercising their democratic rights.

No reason has been given for overturning the 50 percent plus one card system -- not one, Mr. Speaker -- and I believe it's incumbent upon the minister to justify this. Let's look at a parallel. Let's say we go to a general election in the province, and you have to go to the ballots twice. What happens is you go to the election, and some three, four, five, six, eight, 10 weeks later you go and have an election again. Now, does that make sense, Mr. Speaker? Doesn't make sense to me. I mean, that would be an extraordinary thing to do. So why is it that we're asking people who have already demonstrated their desire to join a collective bargaining unit to go through two balloting processes: one by signing cards to indicate they want to be part of the collective bargaining unit and then some weeks or months later having them do it again?

Now, most unions will not bring an application for certification to the board unless they've got 60, 70 percent of the workers having signed cards indicating that they want to join the unit. Now, what more do you need? Why is it that you have to have that and then a delay period in which the employer can exercise any number of antics to try to persuade people not to join the union, including threats -- I agree that a lot of good employers wouldn't resort to that, but there are a lot of employers that would -- or, you know, laying off a few people as a broad hint that more is to come if you vote for joining the collective bargaining unit? Well, that's exactly what will happen, Mr. Speaker, unless this Bill is amended.

That's why I urge everybody in this Assembly to agree to send the Bill back to committee. I don't think it got a fair shake in committee. I think that closure was invoked too quickly, and we didn't get a chance to do a clause-by-clause review of the amendments that we presented. We're giving the government a chance to get out of the mess that it's created for itself. Why on earth it is that the opposition New Democrats keep doing the government's work for it, I don't know. Because, quite frankly, if the minister agreed to letting it go back to committee, he'd be taking all the credit. But I'll tell you why the opposition New Democrats are prepared to do it, Mr. Speaker: because we really believe in standing up for ordinary Albertans and their fundamental democratic rights, and we believe that those rights ought to be reviewed and finally incorporated into the Bill prior to it coming back again for third reading.

So, Mr. Speaker, I encourage those of you who are starting to realize the error of your way in the government section to vote with us in sponsoring this amendment. Quite frankly, if you don't believe in the fundamental and democratic rights that are apparently assured by the Charter but are quickly short-circuited by this minister and this government at least do it for your own political necks. Because I can tell you, many of you are going to be vulnerable and many of you will lose your seats

as a result of this undemocratic legislation. Now, me, I should be gleeful about that, Mr. Speaker, and I would be, except for one thing: in the meantime, ordinary Albertans will have suffered a major loss in their rights, a major loss, and they shouldn't be subjected to that for reasons of political expedience or anything else.

Be honest with yourselves and support this amendment. Let's get the Bill back into committee and do with it what should have been done before closure was invoked, and that is amend it.

MR. SPEAKER: Edmonton-Gold Bar, speaking to the wording of the amendment.

MRS. HEWES: Yes, Mr. Speaker, I'll try to confine it precisely to that.

I do support referring this Bill back. Of course, I personally would like to send it back to the committee for a major overhaul, and that's been no secret from the beginning. But I think this particular section of the Bill that's referred to here is very annoying and will produce a great deal of consternation and disharmony in labour/management relations. It appears to me, Mr. Speaker, to be unique in Canada. I don't believe it to be workable legislation or practical legislation. I don't think we should write legislation that is not practical to apply. I think it's most unfortunate that the government didn't pay closer attention to the interventions that were made on this section. Perhaps they were too distracted by their need to push the entire Bill through.

Mr. Speaker, I believe that certification could be in fact the heart of the collective bargaining system as we know it and this particular section of the Bill makes the process much more difficult. It makes it frustrating, it makes it time consuming, and it makes it subject to inordinate delay. The Bill proposes a vote prior to certification regardless of the level of support that's found in the workers. The threshold, to be sure, is reduced to 40 percent but even with, say, 70 percent making the application, even with 100 percent making the application, a vote will be ordered. I believe that such a process simply allows employers to politick, to create delays, to even go so far as to engage in unfair labour practices and generally discourage union representation. In addition, from a very practical point of view, the board would have to conduct numerous votes, which would require an increase in staff and an economic increase in their budgets.

Mr. Speaker, the representation vote system does provide employers with an opportunity for an incentive; in fact, it encourages employers to engage in improper tactics. It seems to me that a practical system, a rational one, would try to create a circumstance where coercive tactics would be fruitless. It would eliminate the temptation to use them. I believe it is irrational to have a system which not only provides an opportunity for this kind of thing but an incentive to do so, since, in addition, we have removed the powerful deterrent of automatic certification.

Mr. Speaker, in summary, I think the current Bill is clumsy and unfair. I think it offers a methodology for certification that is protracted, that is an invitation to interventions and to bringing pressure on employees by employers. As I said before, I'll support the amendment from the NDP opposition, and I would hope that if it goes back to committee, we could have another look at some of the other suggestions that have been made from opposition members that I think could do a great deal to improve this Bill immensely.

MR. SPEAKER: The Member for Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Speaker. I again want to rise and make a few comments relative to Bill 22 and particularly to the amendment that is before us.

Mr. Speaker, there is no doubt that the legislation, particularly as it applies now to certification, is going to create a lot of work for so-called labour and management lawyers. The legislation is such that rather than add to the harmony and to the development of good labour relations in this province, in fact it's going to serve to be more disruptive. That's rather curious and unfortunate in light of the fact that the Reid task force, the group of people that made such an extensive study of labour legislation throughout the world, in forming conclusions reviewed labour legislation and looked for ideas and suggestions from the labour force and from management in this province. Yet we get a Bill of this nature; it really suggests to me that a real sham has been created out of the whole task force and particularly the report, which received from the . . .

MR. SPEAKER: Order please, hon. member. The Chair rises with hesitancy. Nevertheless, we're at third reading stage. From *Erskine May* 577:

Debate on third reading . . . is more restricted than at the earlier stage, being limited to the contents of the bill.

The task force is not part of the contents of the Bill, nor the travel. Now we're even further hemmed in with respect to the words of the amendment, and I'm sure the hon. member will come back to the amendment, please, just to things specifically within the Bill.

MR. EWASIUK: Yes, thank you, Mr. Speaker. I was just going to get into that, but I thought I'd lay a little background as to the situation that existed prior to development of the Bill and the rationale primarily for this particular amendment, the need to improve the area of certification. The principle of majority, 50 percent plus one, is really historic in democracies. I have some difficulty understanding why it is that this legislation is making that change and in fact diverting from it.

It's very clear that there is a concern amongst the citizens of Alberta that this government has moved in this direction. There's a concern that the invoking of the closure procedures in this Legislature again suggests that when the people of this province elected an opposition, they did it for a particular reason. They also expect that the opposition is going to oppose but, more specifically, will advance positive and constructive alternatives. Through the amendments previously and this amendment before us today, we are doing just that. We are doing the responsible duties of the opposition. It's very difficult to understand that the government did not in the first instance permit us to submit our amendments. Hopefully, in the procedures we are employing this afternoon, they will give us the opportunity to again address a very important function in labour relations.

Mr. Speaker, when you review labour relations and the certification process, you'll recognize that -- again I have to revert to history and the kind of processes that have occurred, that have gotten us to the stage now where certifications are accepted when a union during an organizing drive is able to derive the numbers required and apply before the board. Organizing is not the easiest under any circumstance in this province. I think that to impose the kind of legislation that is now before us in Bill 22 really cries out for the amendment that has been submitted by

the Leader of the Official Opposition. I think there is a need. If there is going to be justice in the labour field, if there is going to be justice and the rights and freedoms are recognized of those who wish to organize, then certainly this amendment is appropriate. Surely we can't expect, as alluded to by our Member for Edmonton-Highlands -- if there were an election held in this province tomorrow and the winning party won by 50 percent plus one vote, then surely that's accepted.

MR. SPEAKER: Let's come back to the amendment, please.

MR. EWASIUK: Thank you, Mr. Speaker.

Again, the need to, I think, approve and to have this amendment adopted and entrenched in the Bill goes a long way in making the provisions available so that -- the way it is now, management can and does interfere in organizing drives, and there are certainly no penalties that are imposed as a result, or rather a slap on the wrist is really not sufficient to serve as a deterrent to employers not to get involved in organizing and in the area of the workers attempting to organize and reach the board and apply and get certified so they can have an associated representation in that particular worksite, whether it be a construction site or an industrial plant or a hospital or whatever.

Mr. Speaker, the amendment goes a long way to making another improvement in this particular Bill, an improvement that is going to recognize that the workers in this province will have the rights and the freedoms that are enjoyed by workers in all other provinces in this country. Yet without those provisions in this legislation, the workers in this province are going to be relegated to something less than is normally expected in the matter of labour relations and particularly in the matter of organizing and of obtaining certification for an organization or labour union.

MR. SPEAKER: Edmonton-Belmont.

MR. SIGURDSON: Thank you, Mr. Speaker. I'm pleased to rise and speak in favour of the amendment proposed by the hon. Leader of the Opposition. If I may, just for a moment, Mr. Speaker, I find it regrettable that we have to speak to this particular amendment at third reading stage, because it would have been much better had we dealt with this at committee stage. That's why we now have to consider this motion that would send the Bill out of third reading back to committee stage, so that we can look at what is very important to working Albertans who want to become represented by a bargaining unit.

It's important that we look at this particular amendment at the committee stage, because as we all well know, our Standing Orders limit us to speaking only for a period of 30 minutes at third reading. Now, at committee stage we could go through example after example of how important the certification process is. We could try and point out to the government members, who have proposed this Bill, who have proposed to take out certain bargaining rights that have been won over the course of time by working Albertans, reasons why we ought to have provision in the new Labour Relations Code that would allow for certification without necessarily having a certification vote.

Now, what I find to be truly amazing, Mr. Speaker, is that we now have in the proposed code a provision that calls for a vote regardless of the number of people who have signed the union card. In the existing Act what we have is a period of time when organizers can go out and attempt to sign up members at a worksite over a period of 90 days from the time the first card is

signed, 90 days thereafter, that is free time for the bargaining agent to go out and sign up. Now, what's strange in that one particular clause in the Act is that there's also a \$2 charge to sign the card. I would suggest that if we were going to amend that particular section, we remove the provision that requires the \$2 charge, because I would suggest that a worker's signature is worth a lot more than just the \$2 that we require in the Act.

However, coming back to what's before us, I'm amazed that the government now wants to go a step backwards and say, "Regardless of the number of people that you sign up in your process, regardless of the number that you sign up in your campaign drive, you're going to have a vote." Now, I could see that if a union, a bargaining unit, filed an application with questionable numbers, where both the employer and the employee or the employees' organization were unsure of the number that were working at the worksite, then perhaps at that point we ought to have a vote. If 35 percent of the employees sign up at a worksite, maybe that's the point to have the vote process kicking in. Surely to goodness if we have 50 percent plus one -- and those are the operative words: 50 percent plus one -- that is the time when certification ought to be allowed.

We don't have that. In fact, we don't have that at 60 percent; we don't have it at 70 percent, 75 percent, or even 100 percent. If everybody, every single worker in the shop, decided that they wanted to join a particular bargaining unit, what do you get? Sorry, you have to go to the LRB, the Labour Relations Board. You have to put your mark down beside your name, have to go in and let them know just how much you want to be part of that bargaining unit. It's not good enough that you sign a card. It's not good enough that you pay \$2. Now we have to have the LRB, the Labour Relations Board, go out and conduct a vote. Regardless of the number of people that have signed up, you have to have a vote.

I can appreciate that there might be that gray area of 45 or 50 percent, 55 percent, where you have the option, and it should be an optional vote at the request of either party. Let's suppose that the employer is unsure that 55 percent have indeed signed up. Well, then let's have an optional vote maybe. What if the employees' unit, the bargaining unit, is sure that they've got 45 percent, but it's suspected that there may have been some intimidation going on during the sign-up drive? Well, surely, again at that time, in that gray area, there ought to be provision to call for a certification vote. But we don't even have that. It's automatic. Regardless of the gray area, regardless of the black areas where it's very clear on both sides, we're going to have a vote.

Now, Mr. Speaker, what happens between the time that an employee organization, an employee bargaining unit, makes an application for certification and the time that the vote is actually conducted? In the course of time it could be a matter of only a couple of days between the application for certification and the actual certification vote, or it could be a matter of many days. But regardless of the amount of time -- let's suppose it is only but two or three days from the time that the application has been made to the Labour Relations Board to the time that the Labour Relations Board is able to conduct a vote. In that period of time there can be all kinds of interference in the certification process.

Let's suppose that an application is made late on a Friday afternoon. The Labour Relations Board shuts down at 5 o'clock or 4:30, and we have an application that goes in only moments before. The employer is contacted and then has the weekend to communicate. Supposedly with this Act he or she is going to communicate in a positive way with the employees. Well, Mr.

Speaker, I've been at the jobsite where we have seen some of that so-called positive communication. Some of that communication is: "Well, if you join the union, you're going to shut down the plant; you won't have any work to come back to on the next shift," or, "If you join the union, you're going to change the shifts; you're going to change the working conditions that you're accustomed to." Maybe they're going to, as they did with the Mariposa employees, put more people on the same shift and, for those who would sign union cards, increase the sales amount they had to fulfill in their eight-hour shift so they could continue the pleasure of working for such a wonderful, communicative employer.

Well, that happens, and it happens time after time after time. That's what can happen. In cases like that, Mr. Speaker, I would suggest that there ought to be provision in the Act that allows for the process of automatic certification. It doesn't happen very often. It's happened very rarely in our province. Automatic certification in the province of Alberta has happened less frequently than closure has, for goodness' sakes. Can you imagine that? The Legislative Assembly uses closure more often than the Labour Relations Board . . .

MR. SPEAKER: With due respect, hon. member, the Chair does not see the word "closure" involved in this amendment.

MR. SIGURDSON: Well, Mr. Speaker, I'm only referring to what the Labour Relations Board does, and it uses automatic certification less often than this government has used certain provisions of our Standing Orders.

MR. DOWNEY: Of what relevance is that?

MR. SIGURDSON: Quite. Quite relevant. That's how often it's been used, and if it's been used so seldom, it ought to be contained in the Act.

MR. SPEAKER: Thank you, hon. member. Now we're going back to the amendment.

MR. SIGURDSON: Absolutely.

But let's suppose, Mr. Speaker, that we get into that process where we have certification and there's no question of the numbers that have signed up. We have quite clearly before us a workshop where the workers have agreed to be represented by a bargaining unit, and we then get into the period of negotiation. Well, why do people sign cards? Why do people sign union cards? They sign union cards because they think they're going to get a better deal out of . . .

AN HON. MEMBER: Bryan beats them into it.

MR. SIGURDSON: Well, you see, Mr. Speaker, that kind of comment is really regrettable, because that's an unfair labour practice on both sides. I heard the comment. I should be allowed to respond to it, for goodness' sakes. You know, if one of the hon. members in this House says that another hon. member in this House beats it into him, then I ought to be allowed to respond.

MR. SPEAKER: So who's stopping you, hon. member?

MR. SIGURDSON: Nobody, sir. Thank you. You're going to allow me the opportunity to respond to that.

Nobody beats another person into signing a union card. What happens is that people join voluntarily, and when an application is made before the LRB, people also have the right to withdraw their support of that card. Anytime during the 90-day process that card can be withdrawn. The individual who signed the card can at a later time during the drive, before the vote, withdraw the card. Nobody is beaten into it.

However, I was getting to the point of talking about certification having been completed, and we get into the process of having to negotiate a contract. People sign a card because they believe that through a collective activity, being represented by a bargaining unit they're going to be able, through strength in numbers, to get a better deal from their employer. In most cases I would suggest that they're going to get a better deal from their employer, and that's probably what keeps me believing in the union process: because I believe there is strength in numbers. When people take out that card for the first time, they're anticipating that they're going to get either better wages or better working conditions or perhaps even both. They're certainly not going to sign a union membership card because they want to participate in a long, drawn-out contractual bargaining process, and that's what is frequently employed by the employer.

Immediately following certification the two groups sit down and discuss with one another certain matters that are of mutual concern. Now, for the employer what is paramount at times is to keep the union out so the way to do that is to make sure the negotiation is long and drawn out. You get to a point where you start to argue the language of the contract; not the particular points of the contract Mr. Speaker, but the language of the contract. It takes a long time to get through that. You bring in all of the lawyers, all of the legal advisers, all of the folks that are so able to talk about just language.

During that period we can see the changing conditions at the worksite, and this is where many people who have signed cards start to lose their interest. They see that there's some special treatment or different treatment. The people who didn't sign the cards are treated in a different way than those who did sign the

cards: maybe an extended lunch hour; maybe, as has happened in cases that I'm familiar with, the employer pays a little more money to those who didn't sign the card. You know, after all, if one of the reasons you signed the card was to get more money, you might very well wonder why you signed the card. You get better treatment from the employer sometimes for those who didn't sign the card. After a while those who signed the cards begin to wonder just why they've signed them. After they start that thought process, after they wonder why they've signed the card, they start to think about withdrawing their support for the bargaining unit. An unfair labour practice? Well, I suppose it depends in whose eyes. I would suggest that that is an unfair labour practice, and that's why the Act ought to go even a step further than just having automatic certification but ought to have first contract in position at times as well.

Mr. Speaker, I've organized on behalf of a union in this province, and I've signed up hundreds of workers at their homes and across the street from where they work. I've attended the meetings where they have come out to speak and voice their concern about particular matters that affect them at the worksite. You know, oddly enough, in the one plant that I signed up during a period, I found many of the workers intimidated, not necessarily in a way that one could put one's finger on, but they felt intimidated by their supervisors at their worksite. Now, this was in the public sector, not the private sector. This is in the public sector, which supposedly was going to be at least the one sector, I would have thought that would have upheld what was in the current Act. But they felt intimidated, and we had to meet away from the worksite, away from work time just so people could feel comfortable with signing their card. We kept on going day after day for the 90-day period. We'd get references from one . . .

MR. SPEAKER: Thank you, hon. member 5:30 has arrived.

[The House recessed at 5:30 p.m.]