

LEGISLATIVE ASSEMBLY OF ALBERTA

Tuesday, June 20, 1989

[The House resumed at 8 p.m.]

[Mr. Deputy Speaker in the Chair]

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

COMMITTEE OF SUPPLY

[Mr. Schumacher in the Chair]

MR. CHAIRMAN: Hon. members, before we begin committee work, might we have unanimous consent to revert briefly to the Introduction of Special Guests?

HON. MEMBERS: Agreed.

MR. CHAIRMAN: So ordered.

The hon. Minister of Public Works, Supply and Services.

INTRODUCTION OF SPECIAL GUESTS

MR. KOWALSKI: Thank you very much, Mr. Chairman. In the members' gallery tonight are four distinguished leaders associated with the Alberta Weekly Newspapers Association. Hon. members, I'd like to introduce them to you and at the conclusion ask them to rise and receive the welcome of the House. We have Mr. Al Blackmere of the *Barrhead Leader*; Mr. Duff Jamison of the *St. Albert Gazette* -- Mr. Jamison is also a committee member associated with the Alberta Weekly Newspapers Association -- Mr. Dennis Merrill from the central office of the AWNA; and Ms Leslie Howard Stafford, also from the main office of the AWNA. I'd like all members to greet them warmly.

COMMITTEE OF SUPPLY
(continued)

Main Estimates 1989-90

Consumer and Corporate Affairs

MR. CHAIRMAN: Well, members of the committee, the subject matter of this evening's meeting is the estimates of the Department of Consumer and Corporate Affairs. The estimates are to be found commencing at page 77 of the main estimates book, with the elements of the estimates at page 27 of the elements book.

I would invite the Minister of Consumer and Corporate Affairs to present his estimates, with any explanatory notes that may be required or that he deems necessary. Mr. Minister.

MR. ANDERSON: Thank you very much, Mr. Chairman. I'm pleased this evening to present to the committee the estimates of the Department of Consumer and Corporate Affairs. Before making some opening comments about the general atmosphere in which we find ourselves and about the estimates themselves, I would like to express my thanks to the department that I've in-

herited of late. We have some members of the department with us this evening: the deputy minister, Robin Ford, and the director of finance and administration, Don Woytowich, as well as Bob Demcoe from the Securities Commission. And I have two members of my able staff: Ted Hole, who has come to us from the department of transportation, a gain to us without question, and Di Genereux, who has been with me as my administrative assistant since I joined Executive Council and whom I would have trouble dealing with... Dealing without. Sometimes dealing with too. I see her laughing. And she usually tells me where to go and how to get there. Mr. Chairman, I do thank them all for their support and for helping to educate a new minister, which is no mean task in terms of the department officials who are here and those who are not.

Mr. Chairman, before getting into the specifics of my estimates, I think it's important that we put tonight's request in context. That context is in my opinion one of rapid change, a whirlwind of change, if you want, that has taken place in our community over the past few years. Our society in general faces rapid change, as all members of this Assembly know. But the consumer and corporate affairs area, I believe, faces even more rapid changes, more evolution, more of those unexpected aspects of life that citizens have to deal with: computer purchases; the crossing of boundaries, provincial and international, for purchases; the speed at which our financial community is moving; the change in integration and expansion of financial services. The whole area that deals with the movement of goods and services all comes to some extent to rest within our department, so there is a whirlwind of change.

As much as we have attempted to deal with that change to this point in the history of our province, there's one statement by futurists that I believe I've made to this House before that bears repeating. And that is that regardless of how much change has taken place, there will be more change in the next 10 years than there's been in the previous 90, more change in what little remains of this century than all of the time in the past, despite all of those aspects of life and particularly those dimensions dealing with consumer and corporate affairs that face us.

Mr. Chairman and members of the committee, we can look at that change, that whirlwind, if you will, in two ways. We can, as some do, look at it from the negative perspective. We can say with respect to the destruction of the four pillars of the financial community that that jeopardizes our citizens. We can point to legitimate confusion that results from the myriad of choices and the difficulties in knowing and understanding the changes that are taking place. We know that it's difficult, some may say impossible, for the government to keep up with regulating industry and regulating change as it takes place. That's the negative side. If we want to look at the snowstorm or the hailstorm side, if we want, of that whirlwind of change that we're in, that's the side we'd look to.

But I prefer to see it from another perspective. I prefer, frankly, to see that change as warm winds that we can enjoy. Mr. Chairman, I believe we can, indeed, point to the variety of choices that consumers now have, the options that are available for consumers, the dynamic, moving marketplace that we have that gives us all opportunities, not only in employment and in choices of goods but in options of how we can evolve the life-style that we have and the life-style of Albertans generally.

So amidst that whirlwind of change I see those opportunities and those directions. But in order to make that take place, the government has a major role to play, and that is to assist citizens

in obtaining the information they need to make those objective choices that are there in the marketplace and to make sure that that information is as simple as possible and that there is as little hidden as there can be in those choices. I think it's the responsibility of the government to work in partnership with the industry, with the individuals, with the volunteers of our community, who are the people who know best how to find out where the problems are, to ferret out the difficulties, to grasp the opportunities, and to deal with the issues that are facing us in the atmosphere that we find ourselves in.

Mr. Chairman, it's within the context of those general statements that I bring tonight's estimates. I believe this government has, in fact, taken steps -- on a never-ending staircase, admittedly -- but taken major steps in most of our areas of responsibility to ensure that those kinds of things take place and that that marketplace we find ourselves in is a positive experience rather than a negative one.

I want to use one area as an area of example in that respect -- the financial marketplace, which is so fast moving and so changing -- and just outline for the committee some steps that have been taken in the past two years in that respect. In October 1986 a ministerial advisory committee was established on the Securities Commission. In April '87 the Committee on Fair Dealing in Consumer Savings and Investments, or the Cashion committee, was established. In July 1988 the Securities Commission Reorganization Act took place, which allowed us to put that organization in focus in terms of its judicial and investigative responsibilities. In October 1988 an information sharing agreement was signed by the western ministers responsible for financial institutions. In November the Securities Commission document dealing with mutual funds by financial institutions and the operation of brokerage offices was used by the Canadian securities administrators to define national policies in that area.

In January 1989 A Blueprint for Fairness was presented. That document, which was developed by a committee chaired by Pat Cashion, I believe nationwide shows us how to positively move in such a way as to assure investor confidence and, more importantly, to give the investors and individuals dealing with the financial marketplace those tools which they need to make decisions for themselves. In March '89 there were two task forces put in place as a result of that committee. In April -- April 20, in fact, a couple of days after I assumed this portfolio -- we signed an intergovernmental sharing agreement with all the provinces in Canada, and then on that day as well the Securities Commission put forward a conflict-of-interest policy. Then just a few days ago in this House we introduced the Securities Amendment Act.

There are further steps to be taken along the road to ensuring that we in fact allow the consumers the maximum amount of information, the best in terms of policing that's possible, where that's necessary, of our marketplace, and the methods that they can use to make judgments with respect to the choices they have to make. Mr. Chairman, in the whirlwind of change it's those kinds of decisions, those kinds of choices, that need for education, that really underline the budget estimates of this evening.

Now to go specifically to some of those budget estimates, we're requesting from the committee this evening a total of \$19,126,075, or an 18.3 percent increase over last year's budget estimates. That's a significant increase, and I'm pleased to indicate to the committee that 17.1 percent of that increase is spent on direct delivery of services to people and only 1.2 percent on departmental support services. I should indicate, prob-

ably prior to several members asking the question, that there are lines in this particular budget estimate which show a couple of hundred or several hundred percent increase. Invariably those that you see are part of a decision that was made with respect to the Financial Administration Act, where we are required to give back to some of the organizations we're affiliated with some of the fees which have been collected and had gone into the provincial Treasury. So it's a net budgeting situation, where there is no actual dollar increase, and \$1.72 million of our budget increase is in that area, a net budgeting increase.

Mr. Chairman, other major areas where we have had increases in this particular budget are with respect to the Securities Commission. This is the third year of enhancements to that particular commission to make sure that it can deal with our continually changing marketplace. We are allocating another \$650,000 in these budget estimates, which will allow for seven new employees to make sure they carry out the responsibilities that that commission has.

We are significantly increasing, and ask the committee to consider a significant increase, in the consumer education dimensions of the department, roughly \$800,000 to be spent on trying to make sure that the publications are there to inform our citizens, to work with organizations, volunteer and otherwise, who would help to educate citizens, particularly those who may not have had an opportunity to gain the education that would allow them all of the options in our marketplace or to know the difficulties that may be involved there. This allocation would also help fund the joint industry/consumer task force that's been established as a result of the Cashion report and chaired by Sally Hall, which will together with industry try and find ways of simplifying information, putting out consumer material that's required in various aspects of the marketplace.

There are some other dimensions to the consumer education allocation. The consumer counseling area, which, hon. members will know, deals with those individuals in our community who have reached the point of having problems with their finances, need debt restructuring or counseling or assistance, is also increased to some degree.

And there are a series of other areas. I may mention and underline the fact that it is not possible today -- nor do I believe it's been possible for a while -- for the government in all of the areas it's responsible for to know where all of the problems are and deal with all of the issues. For that reason, in addition to others, we are trying to work closely with industry to develop self-regulating bodies and regulations which will allow an industry to ferret out the difficulties, to educate their members, to deal with the opportunities in the best interests of that industry but, from our perspective, in the best interests of the consumer. That's worked very well with the Insurance Council that's been established. We're in the midst of doing that with the Real Estate Association, and soon I hope to announce that coming together in the automotive industry and possibly the funeral area as well. So allocations in this year's budget will assist us to move in those directions.

Mr. Chairman, those are really the highlights of the budget estimates, and no doubt members will have questions in various areas that I will attempt to answer this evening or will commit to getting back to an hon. member with an answer for a particular question. I would emphasize, though, before closing my introductory remarks: again, we are in that whirlwind of change. We are going to need to face that future with the best information we have; most of all, with the best-informed consumers and

those who have the tools to understand and deal with the great opportunities, the options, that are available to all of us in this fascinating community that we have.

With those remarks, I would ask the committee for their support for tonight's estimates and await with interest the comments and questions that members might have.

MR. CHAIRMAN: Thank you, Mr. Minister.

The hon. Member for Edmonton-Strathcona.

MR. WRIGHT: Thank you, Mr. Chairman. I heard with interest the minister's opening remarks, which were thoughtful and in some respects novel. It is, I suppose, true that there is a whirlwind of change, as he says, and that the change between now and the end of the century will be as great as or greater from the point of view of daily living, many aspects of it, than the change from the beginning of the century to the present so far.

But in being fascinated with modern technology and preparing to meet the challenge of very easy communication, transfer of funds internationally and assets and information generally and the vast proliferation of telecommunication, he should be astute to look also at the difficulties and indeed messes that presently exist in just plain, old-fashioned organization of life as it stands now, quite apart from any novelty that will come along. In that respect I will try and do my bit now to alert the minister -- as he says, he can't know where all the problems are -- to help him understand where some of the problems are at present in the areas covered by his department.

In that, Mr. Chairman, I will not do a line-by-line scrutiny of the estimates. I'll let others do that. I should remind members that this is the smallest department but one in terms of budget. The total budget proposed is only some \$19 million, and when one says an 18 percent increase, it sounds a lot, but in fact it amounts to less than \$2 million. Compare that just for the sake of interest with a 5.7 percent increase in the Department of Family and Social Services; it comes to \$69 million. So when one hears that this is going into the delivery of people services, protecting consumers from the misfortune that can befall them even though they are acting reasonably, it's money well spent. For the lack of it we have only to look at some of the testimony that came out in the inquiry, the name of which we dare not mention yet -- the Code inquiry is what I mean, though -- to understand that these measures were necessary.

[Mr. Jonson in the Chair]

Now, Mr. Chairman, if I can get down to cases. I suppose the most important general task of the department is to try and lay down rules that enjoin fairness in consumer transactions. Fortunately the rules can be laid down with next to no expense, and indeed the approach can be taken which has to a large extent been taken by this government, that the enforcement of it can be of little or no expense to government because the rules become rules that provide the basis for actions at law; at least, actions on the basis of legality or illegality against people who indulge in sharp practice in selling you a lousy motor car, or other consumer transactions.

So I repeat what I said last year in dealing with this matter, that the department, Mr. Chairman, should seriously consider amplifying the scope of the Unfair Trade Practices Act because at the present it is really quite limited. To tell the minister and

remind the members what I mean by this, it deals on the face of it with transactions in the sale or supply of goods and services. But the "goods" exclude money; they exclude securities; they exclude choses in action, as it's called, which means bills of exchange and other paper property; and some other exceptions which needn't be gone into here. So it turns out that the standards for a used car salesman enjoined by law are higher than the standards for the salesman of securities, at least until the new Securities Act goes into play. I see no real reason why the ambit of the Unfair Trade Practices Act cannot be extended.

Then, too, it's in respect of services, and "services" has a restricted meaning. It really is

(A) in respect of the maintenance or repair of goods or of real property used by an individual as a private dwelling or in conjunction with a private dwelling, or improvements and other items of that nature; i.e., personal property for private use. Yet what is enjoined is conduct which anyone would think to be improper in any circumstances where there is a customer/seller relationship. For example, "unfair acts or practices" consist of

(a) the subjection of the consumer to undue pressure by a supplier

or

(b) the entering into a consumer transaction by a supplier when

(i) the consumer's ability was such that he was not reasonably able to understand the . . . transaction

or

(c) the entering into a consumer transaction . . . where

(i) the supplier knew that there was a defect in the goods

or

(d) any representation or conduct that has the effect, or might reasonably have the effect, of deceiving or misleading a consumer or potential consumer and, without limiting the generality . . .

And there's a whole list of things that we would think really quite wrong to do even if you are a lawyer dealing with a client or a doctor dealing with a patient or anyone really supplying services. I'm sure there was a reason for being so pusillanimous at first in the scope of this Act, but surely it is time to look further and say: "Well, this standard of conduct applies to ordinary people selling ordinary things. Why should it not apply to less than ordinary people, people who are much more 'respectable' but who do worse things in the course of their business?" They're free of the ambit of this Act, and I don't think that's right.

Now, there is another aspect in consumer legislation which I referred to last year, too, and that is the subjection of the public to mystifying contracts which they really don't have any chance to alter. It's either take it or leave it. But if you're in the front of the queue and there are people behind you waiting to buy tickets, you can't read the back and say: "Well, I don't like this at all. What about it?" And if you did, you'd be told to take it or leave it. So those are contracts which are clearly ones which the state should say something about.

Now, in large areas they do. Federally, of course, there are standard bills of lading put into provincial traffic and standard tickets on aircraft and railways and so on. Provincially, insurance contracts are regulated in that manner and other contracts, too, but there are still large classes of contracts that aren't. For instance, farmers all the time deal in very expensive machinery, costing nowadays often in excess of \$100,000 for a large piece

of machinery. Yet the contracts can be very unfairly drawn, and they will have no say at all. In the first place, it's impossible for a lawyer to understand some of them, let alone someone untrained in dealing with legal documents. In the second place, the farmer assumes because there is some protective legislation, such as the Farm Implement Act, that therefore he is protected anyway. Well, you can exclude your customer from the protection of that Act if you go about it in the right way, and the farmer really has no idea it's happening, yet the courts have upheld this sort of legislation.

I realize that particular Act is one that I suppose falls under the responsibility of the Minister of Agriculture, but it illustrates a point that's generally applicable. It can be a used car or a new car; it can be a household appliance. That latter class of cases is much less important because they cost much less, except I suppose cars don't cost that much less. I'm just making the case for an Act that deals with these one-sided contracts. The minister last year said that she would look into it and report in due course. Well, there's been no report so far. I have myself taken the bull by the horns and put on the Order Paper an Unfair Contract Terms Act, Bill 239. I asked the minister to look at it and see if the government would like to take it over. They have no proprietary claim to it at all. I think it would be a great thing for the people of Alberta to be protected in the way that others are in other jurisdictions.

While I'm about it, I have myself as the spokesman for our party introduced some other Bills which I suggest the minister might look at with a view to seeing whether any or all of any them can be adopted by the government either as is or in other legislation of their own or by amendment to existing Acts. There's a short one, the Motor Vehicle Sales Act, Bill 219, which deals with one point and one point only, and that is the requirement of sellers of motor vehicles to display the price. It's a very simple piece of consumer legislation, the point of it, of course, being that it is part of a sophisticated sales technique not to display the price, and commonly done with new vehicles so that the customer goes in simply to ask how much and is not given an immediate reply usually but is put off with questions. Before long an unsophisticated buyer -- and perhaps even a sophisticated one, too, if the salesman is clever enough -- has made a sale, perhaps not the sort of thing the customer wanted. I agree that we can't protect customers infinitely, but surely the simple thing of requiring the price to be displayed so that the person can make an initial window shopping foray is reasonable.

A much more complete Bill, consumer legislation, is on the Order Paper, Bill 241. It's an attempt to do something that the minister may think to be a very reasonable thing to do. At the present time -- and I'm sure the minister knows and members know -- there is an Act called the Conditional Sales Act which assimilates conditional sales to chattel mortgages in this sense: if at a certain point there is default by the purchaser and the seller retakes the thing, then the seller must sell the thing and refund to the purchaser any excess that the seller obtains for the thing over the amount owing to the purchaser. The same with a chattel mortgage; it's similar in principle to land mortgages.

Now, certain car vendors, I guess -- that's the case anyway -- have found a way round this by hire-purchase contracts, actually leases with options. The courts have ruled that so long as the lease . . . How it works, as I'm sure we know: there is a lease of, say, a motor vehicle at so much a month, and after 36 months the lease is finished, but for a single further payment of the monthly amount or perhaps twice the monthly amount the

car is yours. It's clearly, in effect, the sale of the motor vehicle, because the lease price is roughly equal to the sale price of the motor vehicle plus interest. The purchaser has a misfortune and after paying for, say, 30 months cannot pay more. The law as it stands at present is construed as saying that that is not a conditional sale, the seller can retake the motor vehicle, sue for the balance of the lease, in point of fact, and does not have to refund anything. I submit that's unfair. It's clearly a conditional sale in another guise, and section 49 of the Law of Property Act, which protects conditional purchases, should be so amended. So that Bill does that, and perhaps that's something else that the minister should consider.

Still on consumer legislation -- and since I've got another Bill that deals with it, I'll mention it, although it's perhaps not something that immediately is within the jurisdiction of the minister -- is the very unfair situation that exists in actions against medical practitioners, in which the limitation is one year only after the cessation of services. Now, often the injury has not appeared within that time, or at least if it's appeared, it isn't known to the victim; especially the case with children. There is another private member's Bill -- Mr. Brassard has introduced it -- that deals with it so far as children are concerned. But there is really no reason -- and most people now agree -- for that especially short limitation. It should be repealed and the limitation fall into the ordinary limit, which is two years, which is short enough anyway. Now, perhaps that isn't the minister's bailiwick, as it were, but he can pass it on to the minister whose it is, because it's reasonable and ordinary consumer legislation. Or of course, the Bill can be adopted, as Mr. Brassard's can, although I believe this Bill makes Mr. Brassard's Bill, which is 210, unnecessary.

We have in the past asked for the right to information to be a right of citizens in this province. It is at present very limited in its scope, our rights in that respect. So I do ask the minister to have another go at that. It's a perennial plea of ours. It's even got to the point where although there was a committee formed under the minister of public works at the time to see when government documents would be released and upon what terms, that committee, although it had a lot of meetings, was bogged down, and we can't get the report of it and so on. So it's all very well to talk about meeting the future. How about dealing with the past, the recent past, indeed stretching into the present in terms of disclosure of information? Correction of false creditor information, for example: I still don't think we have the right to do that in this province. I could be mistaken. But it's certainly the right in other provinces, certainly in Ontario and British Columbia, to my knowledge. Yet we don't have the right to do it here. I'm not saying we can't do it, but you are just at the mercy of the credit reporting agency. There should be rights there.

Going down the list, the right of companies to acquire proxies is something that is habitually misused in Alberta. By that I mean this. It's time for the annual general meeting to come round, and along with the call goes a notice, which a surprising number of shareholders just automatically fill in and send back, thinking it's part of the routine. Well, it almost has become part of the routine. It's a proxy, which can be exercised by any of the directors. So it simply ensures that the directors of the company, who are supposed to be under the control of the shareholders, are not. Almost invariably it works. Other jurisdictions have moved to end the right to nominees, as it's called, in company meetings. It is a very simple amendment that should be made to the Business Corporations Act and the Com-

panies Act in this province to bring justice in that way.

Now, on the Business Corporations Act, Mr. Chairman -- and I'm relying on you, Mr. Chairman, to give me notice when my time is running out. I'd be very glad to stop at a convenient point before it does run out . . .

MS BARRETT: You have seven minutes.

MR. WRIGHT: Yeah, good. I notice the report of the Institute of Law Research and Reform, discussion paper 5, is very timely indeed. What I mean is that the paper was published in August 1987, but it's timely to refer to it now because of the Securities Act being on the Order Paper. I recommend to the minister and those that are helping him the recommendations of that report, which are summarized at page 188 of the report, that may, in fact, be incorporated in the Securities Act. I haven't examined it from that point of view myself, but they deal with something that was a real problem according to the evidence that was given at the Code inquiry. I suppose we will have to wait for the report of the commissioner. Or we don't have to; it might be useful to look at it when it comes.

This report of the Institute of Law Research and Reform was drawn up without any exact knowledge or probably any knowledge of the shenanigans of that group of companies, but what it deals with is financial transactions -- loans, grants of money, sales, transfers -- between affiliated companies on the one hand and non arm's-length directors and shareholders and officers of companies on the other. There is a prohibited class to whom these transfers cannot take place, and the conditions under which the transactions are to be impugned are set out and argued with commendable exactitude in this report.

Next, on the Business Corporations Act, I draw the attention of the minister to a recent publication in the chartered accountants' magazine. It refers to two commissions -- neither of which I had heard of -- another Macdonald commission and something called the Treadway commission. The exciting title of it is Recommendations Concerning Audit Committees; not at the top of the bestseller list, I don't suppose, Mr. Chairman, but nonetheless containing important information for dealing with the very thing, again, which was so important, as it turned out, in the Principal Group of Companies. The Principal Group of Companies provides a casebook, a veritable casebook, of transactions which must be scrutinized. I remind people that the principal actors in that group of companies were very respectable people who, it seems, over the years apparently slipped into prevarication, first of all, and later into transactions which, at this distance at any rate, seem extremely suspect.

The auditing of it all was a case in point because there you could see that this was a very big account for the auditors; they dare not greatly offend their employers without risk of losing the account, but on the other hand their professional requirements were such that it made it very difficult not to offend them. The provincial government can help that process very much by amplifying the rules about audits. The first of the recommendations of the Macdonald commission is that legislative amendments occur "that would require all public companies to have audit committees composed entirely of outside directors." Now, when you think about that, that's very, very important because it will then mean, in conjunction with a number of other recommendations as to rules for auditors, that the particular auditors can say to the company: "All right. You're asking me to put a good, favourable view on what's here" -- and I agree that it's

not certain what should be the correct view because it's a judgment matter as to, say, the value of securities which the auditor believes to be understated -- "but there is this law now that I must state what I see to be the problems. It's a matter of law. It's not even just the ethics or etiquette or rules of my own association. It's the law that I must state my problems fully to these outside directors," and thereby, we hope, protect the public the better.

There are a number of other matters that I will, if I have time later, refer to, but I will conclude my remarks on the next point for the time being, Mr. Chairman, in speaking of the Franchises Act. The Franchises Act that we have in Alberta is one, I think, of only two provincially in Canada, and there's an overlapping jurisdiction with the franchises competition bureau in Ottawa.

MR. DEPUTY CHAIRMAN: Excuse me. Your time's up.

MR. WRIGHT: Oh; I was expecting some warning, but that's fine. I'll continue, if I may.

MR. DEPUTY CHAIRMAN: Member for Edmonton-Meadowlark.

MR. MITCHELL: Thank you, Mr. Chairman. I have a few brief comments and questions that I would like to run through quickly. I would like to first of all congratulate the minister on his recent announcement, the presentation of Bill 6. I think it's enlightened. I think it is a step in the right direction. While we are doing some analysis of that Bill and we'll have some comments and some suggestions to make in ways that would improve it in the future during debate in the Legislature on that Bill, I would like to say that generally I'm very, very impressed and very pleased, in fact, that he has moved so quickly to bring that kind of legislation to the Legislature. I would ask if possible that the minister provide us with a schedule of further responses to the recommendations of the Cashion report indicating to us which recommendations he will be acting on and when and which he will not be acting on and why.

If I could refer the minister specifically to the budget document, I am struck by the rather aggressive increase in supplies and services. If one pursues that thought through several votes: vote 2, Consumer Services, supplies and services increased 63.8 percent; vote 3, Consumer Standards, supplies and services increase 328.6 percent; and vote 4, Regulation of Securities Markets, supplies and services increased 70 percent. I wonder whether the minister could explain in each case what those increases are for and whether, in fact, they are relating to an initiative on the part of his department to privatize certain activities, more activities than have been privatized in the past. If so, could he provide us with a justification of that privatization initiative? It is my suspicion that those expenditures may indicate an initiative to privatize more activities of the department. I'm not saying that that would necessarily be wrong, but I would appreciate an explanation of why.

Consumer Information Development has a significant increase. It seems to me that there is some logic in such an increase and that it may be quite defensible. I wonder whether the minister could give us an explanation of exactly what that increase will achieve and in fact what Consumer Information Development is achieving. How is it that his department is measuring it? Is he convinced that it is more than simply paying lip service to consumer education needs? Is it aggressive? Is it

marketing its services? It seems to me that it might be the kind of service that sits there unbeknownst to most people, and therefore its effectiveness may be at least, I don't want to say questionable, but certainly worthy of a second look.

Insurance Standards. That vote 3.0.8 indicates a very significant increase from \$221,000 last year to \$1,449,000 this year. I would appreciate an explanation from the minister as to what is the reason for such a significant increase. Similarly, with vote 3.0.2, Real Estate Standards, a significant increase: 66 percent. Standards Administration as well: 116 percent. If we could have an explanation in each of those three cases under vote 3: 3.0.1, 3.0.2, and 3.0.8. What would require that amount of funding increase?

Finally, I would like to raise an issue that relates to the Franchises Act, and I would request that the minister give us an explanation of any action that his department is considering or has taken or is considering taking in the future in response to the takeover of Red Roosters by C Corp. The concern there was that small business people were at a tremendous disadvantage in dealing with the new owner of that series of franchises, and in fact many of those owners suffered greatly in the takeover, were at a tremendous disadvantage in their ability to deal with a very powerful, very large corporation. I would request that the minister indicate whether his department is considering remedies in legislation to protect small business people from such problems in the future.

Those are my questions, Mr. Chairman. Thank you very much.

MR. SHRAKE: Mr. Chairman, just a couple of questions for the minister. I was wondering, in the earlier attempts of his predecessor, they were attempting to get squared away on this auditing of small organizations. We've got a lot of organizations of a pretty fair size that -- I think they have to put in an audited financial statement to the Consumer and Corporate Affairs companies branch. These are the nonprofit groups. Then we ran into a lot of problems on that.

I understand the intent of the minister was to make it easier. You get your small organization, the little ladies' auxiliary at the Catholic church or whatever, and for them to go get an audited statement was several hundred dollars, which is usually equal to the amount of money in their bank account. So, as I understand, the predecessor was getting that squared away, doing away with some of that type of a problem where you didn't have to audit the small organization and basically bankrupt the organization auditing the little bit of money they had. So I hope you will comment on that.

The other thing I just had a little concern about is that we had gotten into allowing the junior capital pools -- or we called them nickel stocks, then later they were dime stocks -- and then suddenly it didn't work too well. When things kind of crashed here about two years ago, a lot of those stocks bit the dust. A lot of money was lost on that. Now we are in the unfortunate position of trying to figure where to go from here. I hope we do retain the nickel stocks. In B.C. the Vancouver Stock Exchange did have a lot of problems they've sorted out and seems to be working now. It does provide capital for mining and certain things, certain types of risky operations. If people want to gamble on that, they put their money up and occasionally they hit the jackpot, but it did provide capital. So I hope you will comment if you have figured out ways of sorting out how to keep the Alberta Stock Exchange cooking along, yet protect the public from

themselves getting out and losing all their money on nickel stock, where somebody basically rips it off.

Those are the two questions I had.

MR. DEPUTY CHAIRMAN: Edmonton-Centre.

REV. ROBERTS: Already? Thank you, Mr. Chairman. I had a few things that I wanted to raise with the minister that had, in some sense, more to do with policy directions and clarifications rather than actual vote. I'm having some difficulty finding out what line of vote it is, but they have to do with three areas of concern in my constituency.

One, perhaps the minister could give some clarification about the update of the review of the Landlord and Tenant Act. Certainly in my constituency recent statistics show that at least 92 percent of all people in Edmonton-Centre live in rental accommodation. I mean, it's a staggering figure when compared to almost every other constituency in the province. So, indeed, there is a great lot of concern about fairness in that marketplace between landlords and tenants. Certainly the Landlord and Tenant Act is one that I think -- and my colleague from Calgary-Mountain View as well and others in our caucus are very concerned -- needs to be updated and reviewed and brought to be among the most progressive forms of legislation. I am particularly concerned as the previous minister had announced the review committee which, I've heard, is doing some work and some hearings. It would be good, I think, to have a bit more funding in terms of presenters to that committee so that people with various concerns can organize and get good data and good information from all quarters of the province and bring it to this committee for consideration, particularly in the areas, of course, of damage deposits and how that's being held and interest on it and all the issues around that.

Eviction is a major concern, and so on, and I'd like the minister to give some sense of his understanding of the current legislation and what the direction of the review is and how it's going. Certainly, as the Member for Calgary-Mountain View raised in his point of privilege, he was very concerned about the fact that even a landlord was able to take action against his tenants because they went and spoke to their MLA about a certain matter. I think whether it's dealt with as a point of privilege or by amendments to the Landlord and Tenant Act, that kind of situation ought not to go on in this province.

I'm equally concerned -- and I hope to hear more from government members later -- about the Individual's Rights Protection Act and how that can give at least fair human rights consideration to, particularly, gay and lesbian people who in this province can still be evicted from their apartments because of their sexual orientation. I think again that's just grossly unfair, that they should have to suffer that kind of action against them which others of us have protection against. So a lot of concerns in that area, and it does fall under this minister's jurisdiction. I don't know what line it is, real estate or wherever, but the minister I'm sure knows.

Another issue has to do with the pharmacists and the selling of prescription drugs in the province. Certainly I've raised this matter before with previous ministers, but I'd like to get from this minister a sense of just how much he's monitoring the sale of prescription drugs in the province. We've had some discussion that there ought to be in the pharmaceutical Act the provision that pharmacists must sell the generic equivalent where available. And certainly if it's not going to come from us and

from other consumers, it's coming from Blue Cross, who are having to pay exorbitant amounts for pharmacists who continue not only to sell brand-name products when the generic equivalent is available but also, I'm told, have a very high markup of up to 20 percent in terms of how they can price that prescription drug, a much higher markup than pharmacists enjoy in other provinces I'm told. I mean, we hate to have consumers gouged at any level, but particularly when there's an area of sickness or ill health, when someone has to go to get some Zantac for their ulcer or some other kind of prescription drug which is already very expensive and because of their illness and health have to in a sense be gouged in the marketplace. So I think it's just again grossly unfair and needs to be amended and brought into line.

The third area I had some concerns about -- again it's been raised before. I do note how in one of the budget books it talks about this minister being charged with keeping track of trends in the marketplace and bringing up to date legislation. He talked about the whirlwind of change, but we found about a year or so ago that one of the things that Alberta is still in the Dark Ages about is embalming practices by funeral directors and that this province is still one of the only ones which does not allow for the embalming of people who have died of some communicable diseases, including AIDS. I'm very concerned, and I thought we had heard from the previous minister that there was going to be an amendment or change to that, that in fact someone who died of AIDS or other communicable disease could have the dignity of a burial from a funeral home that was accorded to anybody else in this province. Yet they still face some discrimination even in death, and I would like to have that kind of situation brought into a more enlightened and compassionate day and have those necessary amendments brought forward. I think it's under the embalmers' or funeral home licensing area.

I think those were the three points that I had, Mr. Chairman. Again they're not necessarily budget matters but policy matters, and I thought I'd raise them tonight.

Thank you.

MR. DEPUTY CHAIRMAN: The Chairman would just like to remind people that if you could just keep your voices down a bit if you have the great need to visit. The noise level is just getting a little disturbing.

The Member for Innisfail.

MR. SEVERTSON: Thank you, Mr. Chairman. I've just got a few comments tonight. First of all, I'd like to congratulate the minister on his new appointment to Consumer and Corporate Affairs.

In listening to the discussion tonight -- I've been through seven estimates now, and every night that we come here, or afternoon, the opposition parties feel that the increase in spending is never enough for whatever department we're talking about. But when we present the total budget, we're accused of spending too much, so I don't know how you achieve spending more in every particular estimate and still come in with a balanced budget or closer to a balanced budget.

Another area that I was . . . One of the hon. members from the opposition mentioned the proxies in reference to the Business Corporations Act. I was wondering if he meant that anybody that wants to vote by proxy would not be allowed to vote by proxy anymore. The way it's set up now, you don't have to send the proxies in; you can leave them in your desk drawer or put them in the wastepaper basket. You still have the oppor-

tunity, the way it is now, to exercise your proxy in whatever way you'd like.

To the minister. In vote 2, I was wondering if you could explain 2.0.1, the increase of 31 percent in spending. Compared to Calgary, Edmonton, Red Deer, and all the other ones that had such a slight increase, Regional Administration had a real increase in the estimates this year.

I was going to make another comment, too, with regards to an opposition member mentioning that social services' spending was \$69 million and only represented about a 5 percent increase. I was wondering if he meant that should be cut and we should spend more on this one, because it was only 18 percent.

In closing, Mr. Chairman, I would be willing to wait and hear the minister answer me on that one question.

Thank you.

MR. DEPUTY CHAIRMAN: The Member for Smoky River.

MR. PASZKOWSKI: Thank you, Mr. Chairman. I, too, would like to congratulate the minister and wish him well on his appointment. I'm sure, with his previous background and his previous experience, that he will handle the portfolio very, very capably.

I'm pleased to see the increase in the budget. Having gone through the Vision 2020 process, I certainly appreciate in depth the rapidly moving times that we are in, and it seems to me that Consumer and Corporate Affairs are probably going to be affected as much, if not more, than many of the other portfolios. I think we're going to have to be very cautious and very careful that indeed this portfolio keeps abreast of the times.

With that thought in mind, I would like to ask the minister if he perhaps could give us a bit of insight as to how he would see his department staying with the times, because there are rapidly changing economic changes, there are very rapid legislative changes, and the whole gamut that Consumer and Corporate Affairs covers is going to be affected on a day-to-day basis. Personally, I would be overwhelmed with the idea of trying to keep up to these rapid changes, and I wonder, Mr. Minister, if perhaps you'll be able to give us a bit of an overview as to how you may see your department being able to stay with these rapid changes.

I think one of the important issues and one of the important things that we have to deal with is confidence. I think we have to be careful in this House particularly, as legislators, that we don't continuously keep coming forward with the gloom and doom. I think we really want to be careful of that. Because if we do that, we have a tendency of undermining the reality of what is happening. Today we are actually in a very, very progressive time in our history, and yet day after day after day we keep hearing that we're going to fail, that the sky is falling, that we're going to disintegrate. Yet the economic times of the day indicate something entirely different. How do we expect financial institutions to come to our province and develop and grow? How do we expect to have the industries come to our province and grow when we have people telling us that the sky is going to fall on us tomorrow? I think we have to really be honest with ourselves. I think we have to spend more time in trying to become Albertans, in trying to become citizens of Alberta rather than individuals trying to pursue our own individual needs and our own individual causes. If we do that and if we achieve that, I think we have a wonderful opportunity in the next few years to build this province, much more so than we have accomplished

in the past.

I was pleased to see that the minister will be endeavouring to spend some work on the Insurance Act. Indeed, if the minister is going to be doing that, I wonder if perhaps some work could be done on the insurance adjusters as well. I have heard many complaints where the work of the adjusters perhaps can leave a little to be desired. They will quote one price as an estimate, and then when it comes down to the final reality, once they've got the job sort of locked up, suddenly things change and the whole process is entirely different. I've talked to several constituents who have found this very upsetting. I think perhaps some better reality could be put into the way that those people operate.

Again I would like to encourage the minister to work in this particular area. I think the financial institutions we're going to have to work with very closely, because we have had some difficult times. I think, as a group of legislators, we have to build and encourage a foundation for that group that we have lost in the past, and I think we really want to come together in this area as well.

With that, I'll close. Thank you, Mr. Chairman.

MR. DEPUTY CHAIRMAN: The Member for Calgary-Buffalo.

MR. CHUMIR: Thank you, Mr. Chairman. I'd like to open by adding my voice to the chorus of congratulations to the minister upon taking up his new portfolio.

I'm going to restrict my comments to the securities aspect of his portfolio and will commence by expressing some concern at the comments which have been made during the last six to 12 months from different sources with respect to the Alberta Stock Exchange. First, there was an article in *Forbes* magazine in which the Alberta Stock Exchange was mentioned in the same breath as the Vancouver Stock Exchange, and that was not a very complimentary breath. Secondly, I noted some very nasty comments with respect to the Alberta Stock Exchange by a friend of the government, the Tory chairman of the Commons finance committee, Mr. Don Blenkarn, who referred to the Alberta and Vancouver securities markets as developing a reputation as a den of thieves.

Now, I don't in any way accept what *Forbes* magazine may have alluded and Mr. Blenkarn out and out stated. But the reality is that when people are making statements to that effect, the image of the Alberta Stock Exchange has got some very serious problems. When our stock exchange, the main vehicle through which our companies raise money, has that type of image problem, the capital markets in this province have a commensurate image problem, because there's no substitute for the integrity and reputation of our institutions. They very significantly affect the capacity of our companies to raise money, and accordingly it's absolutely essential that this government move as quickly as it possibly can to establish, if not re-establish, for the future a reputation of rectitude and solid dealings which will redound to the benefit of institutions and fund-raising in this province.

Now, I would note that the Alberta Stock Exchange on January 1 of this year responded to some extent by tightening up its rules with respect to listings, and that is a good start. We have to continue in that direction. We have now had a piece of legislation from the minister with respect to insider trading and takeovers, which is another good piece of legislation. It's long

overdue, and those who followed the Principal Group fiasco can't have been other than bemused, if not amused, about the failure of our stock exchange and our securities commission to take even a passing interest in the chicanery surrounding the trading of the shares in the Matrix company, which was a part of the Principal empire. So those are initiatives which are a good start, but we have to keep moving in that direction.

Now, I'd like to comment about the role of junior capital pools in the scheme of the Alberta Stock Exchange. They become a major component. They're an experiment, but they're an unusual experiment. I haven't made a definitive decision as to where I stand with respect to those investments, but I must say that my initial reaction when I heard about them was skepticism, and my skepticism continues. I'll tell you why, Mr. Chairman. That is, when I heard about these blind pools, I thought back to my days as a law student of company law. There was a book called *Gower on Company Law*. In the book Mr. Gower, in his opening chapters, was dealing with the need for securities legislation, and he talked about the history of speculation. He gave an example going back to the days of the South Sea Bubble, which was one of the most rampant periods of speculation in the history of markets. As the primary example of the heat of speculation he gave one example of a company which was being sold on the stock exchange in London at that time -- this was the late 1700s -- and it was a company . . .

AN HON. MEMBER: In 1680.

MR. CHUMIR: In 1680? I'm corrected by Mr. Rumpole here: 1680.

This was a company which was described as a company the nature of which will be disclosed in due course, and the company sold out, the subscription sold out, immediately. Well, he gave that as the example of rampant uninformed speculation, people buying things and buying stock in companies they didn't know anything about. I looked at these blind pools as soon as I saw them defined, and I said that these are Mr. Gower's examples of companies the nature of which will be disclosed in due course. They're invitations to fraud, chicanery, rampant speculation, absent the very strictest of regulations. When one moves in that direction, one is looking for trouble. What's at stake is not simply the money of a group of investors in any particular company, but what's at stake is the whole reputation and integrity of the financial markets here in the province of Alberta. Because once you get a bad reputation -- and the bad apples, the rotten apples, affect your reputation and they can taint everything that's done in this province.

So I must say that I've had some great concern with respect to those junior capital pools. And it's quite clear that there's a need now -- they've been in existence for some period of time now; some two years, I believe -- for an in-depth objective review of the merits of that type of investment. I would hope . . . I would be disappointed if someone -- the government, the minister's office, his predecessor, himself -- has not in fact commissioned such an in-depth objective study. So my question would be: well, what is the minister doing to review the success or otherwise and the impact of those junior capital pools on the capital markets and their propriety for the long-term future in Alberta?

Now, Mr. Chairman, one of the trends we've been seeing in recent times is the increasing globalization and nationalization of securities markets. We saw in the Principal Group affair the

problems where a financial company is established in one jurisdiction and its securities are sold in another. There are many other examples. We have now a situation of competing regulations with respect to the former Premier of British Columbia, where two provinces are claiming jurisdiction with respect to a charge of insider trading. It's becoming increasingly important, when stocks which are issued here on the Alberta Stock Exchange can be traded at all hours of the night and day throughout the world, that we leave behind us what has been a very insular attitude, that we are fortress Alberta, and move to stretch our co-operation with other jurisdictions in Canada and indeed jurisdictions throughout the country to ensure that the investors throughout the world receive the protection they need.

I was somewhat disappointed to read in *Hansard* with respect to the budget estimates for this department last year that the government of Alberta, through the Alberta Securities Commission, had declined to attend a meeting sponsored by the Securities and Exchange Commission in the United States which securities commissions from Ontario, Quebec, and B.C. had attended. I think that was shortsighted. I think it's symbolic of what is a very insular attitude of this province. I think it's an attitude which was engendered in the days when we had the fabulous riches of nabobs and felt that we could go it alone. But nobody can go it alone; it's an interdependent world. I would like to see more co-operation with the American authorities, with authorities in stock exchanges outside of Canada, but particularly with other jurisdictions in this country.

Now, there's a great deal of talk about a national securities commission. It's very controversial. I'm not proposing a national securities commission in any way, but I think anybody who is following the issues realizes that there has to be some central co-ordinating body through co-operation of the provinces, perhaps with the participation of the federal government or perhaps not, but at least some strong national co-ordinating body. I would like to hear from the minister what he is doing to ensure that this co-operation that is so essential for the future takes place.

I would also be very interested if the minister could fill us in with respect to where his government stands on the issue of subsidiaries of banks and trust companies controlling brokerage houses. The Ontario, Quebec, and British Columbia governments have specifically allowed such control. By virtue of their role in the national scheme of things and by virtue of what the federal government has been doing, it may be that our official position on this matter is almost academic, because the dies seem to be cast nationally. I'd be very interested to hear the minister's analysis and assessment of the implications of that for the securities industry and what direction this government would like to see on that issue.

Mr. Chairman, an issue that arises with respect to issues of securities of any kind, whether it be through financial entities with respect to notes, bonds, or through the issuing of stock, relates to the proper provision of financial information to investors, and the proper provision of financial information requires proper rules to regulate the auditing profession. We've seen in recent years that a great number of questions have arisen with respect to the failure of auditors to play an adequate role in the failure of the Canadian Commercial Bank, the Northland Bank, and to some extent in the failure of the Principal Group of Companies. The auditing profession has been very cognizant of some of the failings. They've been conducting studies and they have been making recommendations with respect to an en-

hanced and beefed-up role for auditors: new responsibilities and new structures within corporations to ensure that auditors are able to do the best job possible for investors.

One of the problems being faced by auditors, of course, is that they're in the middle between, on the one hand, management, which has desires with respect to how financial statements would be presented, and on the other hand their responsibility to investors. There are a number of stratagems that have been proposed that are used in some jurisdictions, particularly relating to attempting to render auditors responsible to as independent a group as possible on the board of directors rather than to involve management. This may mean audit committees totally consisting of outside directors. There may be other mechanisms. But I personally believe, and when I reviewed what happened in the Principal affair my views were reinforced, that the role of auditors is the key, the most fundamental role, of any of the players in the realm of protection of investors.

I'm wondering whether or not the minister has given any consideration to making some amendments to the Business Corporations Act which would increase the responsibility of auditors or, at the very least, redefine and improve the role of auditors in our corporations and ensure that we get the very best and most responsible advice from them.

Finally, Mr. Chairman -- and I say "finally" not because it exhausts the range of issues, but "my time is rapidly fading," as Bobby Dylan would have said. I'd like to raise some questions with respect to the role of the Alberta Securities Commission in regulating the issuance of notes. I'm particularly thinking of the role of the Alberta Securities Commission in the issuance of notes by Principal Group Ltd. We saw at that time that for a long period the Alberta Securities Commission licensed that company to issue notes with very sad results for those noteholders.

MR. DEPUTY CHAIRMAN: Hon. member, I don't have my expert advisers at the Table right now, but you were making a point. Perhaps you could use companies other than Principal trust or Principal noteholders. I think there are legal things going on there.

MR. CHUMIR: Well, the concern I have, Mr. Chairman, is that we have seen examples in which the Alberta Securities Commission has withdrawn authority to issue notes at a period which was too late to do any good. I'm wondering whether or not the minister is reviewing this role of the Alberta Securities Commission, this oversight role, in order to see that they play a more meaningful and more timely role in the future.

I'm wondering -- and I propose to mention this company but in a different context, Mr. Chairman -- in light of the unhappy events relating to that company and the series of companies and in light of the promise of the Premier to reimburse the depositors in First Investors and Associated Investors, whether the minister could advise whether or not the Premier's promise to reimburse investors in the event there is a finding of wrongdoing also applies to these noteholders in the event there is a finding of wrongdoing by the Ombudsman who, I understand, is reviewing the situation of these noteholders, something which the Code commission is not doing. In brief, the Ombudsman is reviewing these noteholders, and I'm wondering whether or not the minister is prepared to advise whether that promise pertains to these noteholders as well.

So those are my comments, Mr. Chairman, and I will now

cede the floor.

MR. DEPUTY CHAIRMAN: The Member for Bow Valley.

MR. MUSGROVE: Thank you, Mr. Chairman. I just had a few comments to make about the budget of Consumer and Corporate Affairs. First off, I'd like to congratulate the minister on his appointment, and secondly, on coming up with a budget so soon after his appointment that reflects the times as far as investment is concerned. With our computer age and fast-changing technology the budget reflects the need to secure the average investor, particularly, and give him some confidence in what the investment world is like.

I've always appreciated the Department of Consumer and Corporate Affairs because periodically I have some of my constituents come in feeling they have been badly done by on some deal they've made. I got to know the regional director of Consumer and Corporate Affairs on a first-name basis, and I just referred them to him. He generally looked after their concerns.

My colleague from Smoky River mentioned the insurance companies. I've had some problems with insurance, not personally but in the way insurance companies and adjusters have handled insurance claims. Now, I think we've all experienced a time when we've had some type of a motor vehicle accident. If you go to the body shop and ask for an estimate on getting your vehicle fixed, the first question they ask is: is it insured? What's the name of your insurance company? Et cetera. I've experienced several times when I have had a minor body job to get done, and I went in and told the body shop that it wasn't insured, because I knew that it was going to cost a lot less than the increase in my insurance would be if I put it through an insurance company.

One day recently I was having lunch and it so happened that I had an insurance adjuster and an insurance broker both having lunch with me, so I brought this up. I said, "You know, if I have a motor vehicle accident and I take it in and it's not insured, the cost for a repair job is going to be considerably less than if I put it through the insurance company." I said to the adjuster, "Why do you do that?" "Well," he said, "we go out and get estimates from the body shop on your behalf but for the insurance company, and we just estimate on that basis. But we do recognize that." So I said to the insurance company broker, "You people must recognize that." And he said, "Oh, yes, we recognize that that's going on, but whatever the bill is that's sent in by the adjuster, we pay it." What they actually do is add it onto the cost of insurance at the end of the year. So the person that really pays the bill here is the customer.

Now, I'm not sure whether if this type of thing was corrected, even for the uninsured vehicle the price might be higher and it would be averaged out. I'm not sure what the end result of an investigation of that would be. But I've always felt that this is something that Consumer and Corporate Affairs could look into and find out why the cost of vehicle repairs is higher because it is insured rather than it not being insured.

I certainly say again that I will commend the minister on the budget he's brought out. It's not a very high-dollar budget. I believe it's a total of something like \$19 million, which is probably the lowest in our total estimates, and he certainly put the increases in the right place. So, Mr. Chairman, I would wish him luck on carrying through with his budget.

Thank you.

MR. DEPUTY CHAIRMAN: The Member for Rocky Mountain House.

MR. LUND: Thank you, Mr. Chairman. First of all, I'd like to congratulate the minister on his appointment to this portfolio. Knowing this particular minister from his previous position and having worked with him in that, I think it's a very appropriate one. I'm sure he'll do a good job, particularly with the emphasis on foresight that he puts into all his positions.

I am very pleased with the estimates. I think it's a very positive type of budget and program that he has submitted to us. I'm pleased to see that there's a 45.7 percent increase in the education part of the estimates. I think that's extremely important, that we make our citizens aware of how business should be done in the province of Alberta. If they want to take risks that are a little farther out, well, at least they're aware of what they're getting into. I think that's extremely important.

I do believe we should try to keep government out as much as possible as far as writing a bunch more regulations. Again, when we listen to our socialist friends indicating that, you know, we need all these new regulations and more regulations in the Landlord and Tenant Act, in fact probably what would happen is that you'd drive away the investors and the housing would go down and the prices up. It doesn't work.

One area that I was concerned about -- and I see it has been addressed in this estimate -- and that's the one on franchising. I commend you for increasing that budget by 25.8 percent. Like the Member for Smoky River, I'm anxious to hear about how you are going to keep up with all these rapid changes in our society and in the financial industry.

So with that, I wish you all the best in proceeding with these estimates, and thanks for giving me the opportunity.

MR. DEPUTY CHAIRMAN: The Member for Edmonton-Strathcona.

MR. WRIGHT: Thank you, Mr. Chairman. I was talking briefly about the Franchises Act when I was so rudely interrupted by the buzzer last time. It was to this effect, that the Franchises Act is excellent in its screening of prospectuses, but it says nothing about the continued monitoring of the franchise once it's been accepted and approved. The only recourse of the franchisee, as we have seen in a number of cases in the last year, is expensive legal action even though the franchisee alleges, and in fact it would appear in one or two of the cases that the case was, that the terms of the franchise had been not abided by at all. While it should not be the case that we should have on the staff of this department snoopers to check on the progress of franchises, it certainly should be the case, I suggest, that franchisees should be able to complain to the department -- the franchise section or whatever you call it -- of breach of the franchise agreements which have been so carefully screened in the first place. So the minister would have the power to cancel the franchise for good reason. I submit that this is something that is good consumer legislation and a reasonable consequence of having franchise legislation at all. I'm sure the minister will see *Hansard* tomorrow and get the drift of my remarks, or his assistants will.

Last year I did ask the minister, with regard to the Debtors' Assistance Board, how much assistance had been given to farmers, who are perhaps the class of people most strongly affected, most tragically affected by insurmountable debts in this

province. I agree that many of them have debts that are owed to federal institutions, over which the Debtors' Assistance Board has no jurisdiction, but they themselves, in the case of the farm credit Act, do have legislation which serves to postpone foreclosures. That's not available to provincial borrowers from AADC, for example. But I've never come across farmers who have actually resorted to the Debtors' Assistance Board. I think there is real scope there for help in the country to farmers beset by really horrendous debt problems which, for the most part, are none of their fault: the inexorable result of high interest rates, the failure of land prices, more than occasional bad crop years -- it only takes one year to set you really behind the eight ball, as you know -- and, of course, low commodity prices, low grain prices. I didn't get an answer last time on that. I don't believe I did -- I'm sure I didn't -- either at the time or later. It's partly curiosity on my part in order to serve my clients better but also a suggestion to the government by which they might improve service to farmers.

The Professional and Occupational Associations Registration Act is another Act in the minister's jurisdiction. It's a fairly new Act, and I would be very glad to have a report on the progress of it. The last report from the department, for 1987-88 -- and I thank the minister for making sure that report came out. This time last year we were two years behind with the report, so that's an advance. But anyway, it doesn't have a report on the operation of that Act, doubtless because it was a new Act and hadn't been assessed. It's a good Act and does not result in augmentation, particularly, of the staff of the department, because if people have complaints about wrongful discipline in the associations, the resort is to the courts and not to bureaucrats. But I'd be interested in whether there is any volume of complaints about the actual operation of registrations. I add it wasn't a case that there was no report -- it was in the last annual report -- but simply the case that they stated the Act was in existence and, I think, half a dozen associations had applied and obtained registration.

The Real Estate Agents' Licensing Act and the co-op Act are both within the purview of the minister. I repeat, and I suppose I will continue to repeat as long as nothing is done about it, what I submit is a very unfair monopoly exercised by the co-operative listing bureaus of Edmonton, Calgary, Lethbridge: real estate co-operative listing bureaus familiarly known as the multiple listing services in those cities. Now, they're in those cities, but their areas of operation spread out to the surrounding countryside. There may be some other ones I'm not aware of.

The unfair monopoly I allude to works like this: within each of these areas there is a multiple listing bureau. For practical purposes it's a necessity for salesmen selling residences, certainly used residences. There are salesmen and agents who sell new residences, but you have to sell used residences by the multiple listing bureau for practical purposes. The rules of these co-ops, which are modeled on the Edmonton co-op, which was incorporated in the late '50s, require that no member of the co-op is entitled to employ a salesman who is not a member of the co-op himself or herself. Consequently, if a salesman is dismissed for any reason, good or bad, from a member employing agent, he ceases to have the privileges of the multiple listing and has to get back into employment, cannot work on his own -- his licence actually disappears, curiously enough; briefly too -- and cannot get into employment unless accepted back in the board; cannot get into the board, though, unless employed by an agent member. So you can see there are catch-22 possibilities there,

which usually are got round if there's good will by fudging the regulations a bit.

But here's the point. The courts have said that the multiple listing bureau does not have to give any reasons for not admitting that salesman back into their number. It's like a club, as it were, and the club doesn't have to give reasons, or a society doesn't have to give reasons, for excluding members who are applying. It's as simple as that. Yet by that very unfair system, salesmen can lose their living or at least have to move to another city. Some have had to do that because of arbitrary action on the part of the multiple listing bureaus.

This is under the aegis of the Co-operative Associations Act. They should not qualify as co-operative associations for the simple reason that all the members do not have equal voting rights, which is an essential element of cause. All this was set out years ago by the first Ombudsman, Mr. McClellan, in a report in about 1969 on the Philipzyk case. It was the one case of his that the Social Credit government did not accept. He said that the particular man should be compensated and so on -- that's another story -- but he said it should not be a co-op. It's continued to be co-op since. They have an excellent reputation in general. They certainly have the ears of members of the Assembly; we'll be wined and dined by them in two or three weeks. But there is this lingering injustice, as I say, in the operation of the multiple listing bureaus which is squarely within the responsibility of this minister. I can supply the names of the cases if you need to see the details.

Mr. Chairman, the Societies Act was to be replaced by the Volunteer Incorporations Act. That was introduced in 1987 as Bill 54 and withdrawn because it really didn't answer to the purpose. It wasn't only the Societies Act that was to be replaced; it was also part of the Companies Act. I say it was surprising that the Act did not answer to the purpose because it was almost verbatim the draft Act of the Institute of Law Research and Reform, which in general turns out very good stuff. But I agree with the minister of the day that withdrew that Bill in that the Volunteer Incorporations Act was too formal to conveniently serve the purpose of the Societies Act. It wasn't any more something the women's institute could go down, let us say, to the companies branch for and get a form and fill it in and work it successfully. They'd need a lawyer; they'd need minute books. Some more formality doubtless was in order, but formality that could be negotiated successfully by an ordinary citizen who can read and write.

Why, then, should the Societies Act be replaced? The problem is set out on page 13 of report 49 of the Institute of Law Research and Reform on the proposals for a new Alberta Act. In a March 1987 publication they said:

The problem with Alberta law is not that there is a void: anyone can form a corporate entity of one kind or another -- a "company" under the Companies Act, a "society" under the Societies Act, or a "corporation" under the Business Corporations Act -- for any purpose.

Then they go on to explain:

The problem is rather, that the machinery provided by the Business Corporations Act, being designed to meet the needs of business corporations, is not suitable for non-profit associations; the machinery provided by the Societies Act is incomplete and obsolete; and the machinery provided by the Companies Act suffers both from being designed for business corporations and from being obsolete.

So that neatly sums it up. I think that's true, and it's equally true that the Volunteer Incorporations Act had the difficulties

I've alluded to. But my question is, of course, what's being done about that? Can the Volunteer Incorporations Act be salvaged, or must we go back to more than one Act or perhaps a job which really doesn't try in the interests of uniformity to cover those three spaces with a single set of rules.

The Securities Act is before the Legislature, so we can deal with that when it's debated. There is one general area, though, which isn't in there at all, which perhaps the minister should consider when it comes to the disclosure provisions. That is, it seems to me that not only must the disclosure be of the submissions, the financial statements, and the like submitted to the Securities Commission, which hitherto we could not see and now we can if the Act goes through, but also that information should be available where the public goes to buy the securities. When they're considering whether to take out the investment certificate or the share or whatever the security is, they should be able to call then and there for the audited financial statement, regular financial statement, of a public company so they can be in a much better way, if they so choose, to exercise their discretion in the buying of the security.

One very general point which I think would be of immense service to Albertans if it were adopted by the department is a requirement that in general all contracts of a formal nature -- I suppose you'd have to enumerate them, but insurance is certainly one such thing -- on important matters be in ordinary language. It was first tried in respect of insurance policies, I believe, in Massachusetts maybe 10 or 15 years ago. Since then it's spread to a number of the United States. They all said it couldn't be done. They all said -- by "they" I mean the companies -- that it was necessary to have this complicated language in insurance policies because they were complicated concepts and absolute accuracy was essential and that if you tried to put it in ordinary language, everything would become vague and there'd be a never-ending set of lawsuits.

Exactly the opposite has been the case. People can actually turn over the back and read the fine print in the contract and understand it. It's led to far fewer mistakes, far fewer misapprehensions, than existed before and has reduced the number of arguments in a court of law and made the construction of these documents simpler. It would apply to bills of sale, guarantees, the very contracts I was talking about earlier, for example farm implements. If the minister brought in ordinary-language legislation like that, he would be remembered for that alone all his days in this Legislature and beyond as being a benefactor to the public of Alberta. It's not difficult to come up with a precedent either, because it's existed in some other jurisdictions.

With that, I will let other people have another go.

MR. DEPUTY CHAIRMAN: The hon. Minister of Consumer and Corporate Affairs.

MR. ANDERSON: Mr. Chairman, with respect to the answers to the questions various members have raised, first of all let me say to those members who've been so kind as to congratulate me on my appointment or the department on its work, thank you. We appreciate that encouragement, and I look forward to working with all members as we go through this term of office together.

Mr. Chairman, the greatest problem I always have in estimates is not making comments on my estimates or even answering questions on them; it's reading the writing that I have taken throughout the evening and therefore being able to recall all of

the questions raised. So if there are questions that are not answered, if members want fuller explanations, I'll be pleased to prepare that for them to make sure those answers are received and to fulfill that obligation to this House.

In trying to go through the specific areas, the Member for Edmonton-Strathcona raised a large number of questions, I'm sure not all of which I will be able to answer this evening or that I have written down in their important way, but I will make an attempt at some of those. First of all, my thanks for his comment that the department's estimate is money well spent. I appreciate the support on that.

The Unfair Trade Practices Act, the hon. member indicated, should cover a broader range of issues, problems, difficulties faced by the consumer. That may be an area we could take under consideration, though I would indicate to the member that in some of the areas he outlined, particularly with respect to security salesmen, at least stockbrokers, there are other areas of legislation that govern those. There certainly are some distinct areas that we have to consider further. Financial planners is an example of that, advisors and so on. We have a task force under the chairmanship of Meredith Degroat in Calgary that's now following on the Cashion report recommendations, looking at how we might establish some criteria so that citizens know who they're going to, what qualifications they have, and indeed what their special interests are on that. I look forward in the future to dealing further with that particular question.

The member both in his latter remarks and in the earlier ones dealt with the area of clear contracts. I suppose I might tie that into the plain language suggestion, which I'm pleased to see come from a gentleman of that particular occupational background who has traditionally made money occupationally from not having those things in plain language, and say that I support that concept and believe that we should move in that direction. In fact, our laws have generally throughout society become too complicated, too incomprehensible, and not clear enough for our citizens to grab hold of and read in order for them to understand their rights and those laws that protect them. So I look forward to in fact making some moves in that area in this term of office.

The member alluded to various pieces of legislation which he has introduced. I've had a quick review of most of those, I believe. I wouldn't agree with all of them. There are some areas, though, that I think have some considerable merit, and I look forward to the discussion in the House with respect to those or dealing with them in some other way.

He also dealt with the right to information. And while he in the context of the remarks seemed to be implying a more general right, I would agree that there are areas where we have to ensure that the consumer does have access to the information required to make the decisions that he or she has to make and to do so in the face of the fullest knowledge possible. The Securities Commission has made some moves in that direction through regulation in recent months. I look forward, in the context of the Cashion report, to exploring that area further.

The Franchises Act was mentioned by several members of the Assembly. That is under current review, and I believe that's the way it should be: under review and considering changes that might further protect individuals, though it's a touchy balance. We have to remember that it is a contract between a purchasing group and an individual.

I might as well in the context of this deal with the Member for Edmonton-Meadowlark's comments with respect to C Corp and Red Rooster. The department had throughout the last cou-

ple of years negotiated with that particular organization and with those franchise holders; received, in fact, the benefit of allowing them greater time in order to consider the contract and making sure that they did live within the Act. That, I believe, was helpful to most of them. However, it is an area that's still troublesome to those particular individuals and one which I'm sure will be dealt with in the context of the review of the Franchises Act. But within the mandate of the department I believe we have explored pretty well to the fullest extent possible.

Moving on further to the comments of the Member for Edmonton-Meadowlark, he asked for a report on the recommendations of the Cashion report. I've dealt with some of that. To briefly deal with that further: we have the two task forces under way, as indicated in my opening comments, both on financial planners and with respect to consumer education. We are hoping for reports from those committees as they move along, and I expect them to play an important role in future legislation. I hope to within a short period of time introduce some further draft legislation for public discussion on a number of elements included in the Cashion report. I might say that I agree, again, with the need for disclosure that was indicated there.

The securities area. We have answered to a fair degree in the securities amendment Act changes introduced in the Legislature, which we will debate in due course and which has been alluded to. We have taken a number of steps from the Securities Commission's perspective with regard to specific recommendations in that report. Without spending a good hour or so on that, that's a brief overview. But there's no question that as we proceed through this session and others of the Legislature, the member will see further progress with respect to that excellent report which has shown leadership throughout the country.

The member asked specific questions with respect to certain budget allocations in the supply and services area. He may have missed my opening comments where I indicated that there is in fact a request here for some \$1.7 million, which are included primarily in those votes, that is a net budgeting issue. We were by the Financial Administration Act required to return to some of the associations that are clients part of fees that are raised. The dollars from those fees have gone into the Treasury. We are returning those from this department's allocation; consequently, no effect on expenditures of the province, but they do end up in our allocation. That's true with at least two out of the three votes the member mentioned.

I believe the other one was with respect to the area where we have increased consumer education spending, which was another area he asked for information on. Mr. Chairman, I would indicate that we have taken some very firm steps to encourage consumer education in the province. He asked for my evaluation. I would say that yes, by and large I believe they are quite effective. The previous minister, whom I would thank and congratulate for leaving me the legacy she did, moved quite firmly to establish contacts with the volunteer organizations to initiate education that's active, that's proactive in that respect through those organizations; to establish consumer corners, of which there are about 200 in the province now, where consumers will see the information that could be useful to them in areas they would normally go to. Libraries are the prime example.

There is a series of other educational moves that are both proactive and educational in their form, together with educational bodies and others which I believe are proving to be quite effective. The primary vehicle, though, for the future in education in my opinion is through affiliations with other organiza-

tions so that we can reach more people, so that the education can take place there. That includes everything from native friendship centres where individuals may require a certain kind of education, certain kind of material written in the form and the type that they can understand and that they can relate to in terms of the context of their own life-style, on through to organizations in the two major cities.

Mr. Chairman, the Member for Calgary-Millican raised the point of volunteers, and the Volunteer Incorporations Act was raised by a couple of other members. He didn't specifically deal with that one. I might say in answer to some of those questions that there is again a task force that's been struck to deal with the concerns and issues raised in that Volunteer Incorporations Act. Whether or not it's an Act that will be reintroduced in this Legislature in something approaching its current form I haven't made a determination on yet and will await the results of that particular report, which I expect this fall, before making that determination. In any case, I appreciate the issues raised by the Member for Edmonton-Strathcona in that respect and will look towards dealing with them in that Act or in some other way.

Calgary-Millican also dealt with the issue of junior capital pools, a topic which the Member for Calgary-Buffalo addressed as well. I might say that there have now been about 370 junior capital pool companies that are registered with the stock exchange. Two hundred of those have completed their major purchase, their major transaction, which I think is not at all a bad record with respect to companies raising money on the market in that regard and then getting their start there. The Member for Calgary-Buffalo referred to them in the same breath as blind pools. In fact, there are some substantial differences. The junior capital pools are regulated to a much greater extent by the stock exchange, and they are exchange companies. I would agree that we have to continue to watch those circumstances, but it is unique and innovative and, I think, to this point at least a helpful way in which companies just trying to get a start in this evolving stock market in Alberta have been able to take advantage of that vehicle.

Mr. Chairman, the Member for Edmonton-Centre asked about the Landlord and Tenant Act. The Landlord and Tenant Act is under active review. The task force he mentioned is carrying out its deliberations. I've suggested to them that in addition to the mechanisms they'd normally use for input, they may wish to in fact go into areas of cities and towns where they're meeting -- and they're meeting around the province -- and actively solicit opinions from those tenants, or for that matter those landlords, who may not otherwise give them, because I think it's important we get the opinions about that legislation not only from individuals who are able to make eloquent presentations or to write lucid briefs but also from those who are more quietly living in our society and may require protection. Again, I'm looking forward to that report this fall, and hopefully it will assist in our deliberations with respect to whether or not that Act should be substantially changed; if so, in what way.

The member asked about prescription drugs. That is really within federal jurisdiction and under the federal drug review board. As a consumer of those from time to time, I'm sure we all would like them to be lower in price, but that is within the federal responsibility, and at the moment I will leave that there.

I wasn't clear on the hon. member's point with respect to AIDS and the funeral industry. I'd be happy to have further information from him on that topic if he wanted to give that to me.

The Member for Innisfail made some excellent comments

and also asked about increases in the regional administration budget. That's really as a result of merit increases and reclassifications because of the reorganization that's taken place actively in the department over the past while. I might mention that while that particular segment does seem to have a very significant increase -- in fact, did have a significant increase -- that's offset generally in the manpower allocations of the department, and while our programs have increased, the manpower is quite a minor part comparatively. Again I go back to the basis of the estimate requests: only 1.2 percent of those requests are departmental support services. The remainder -- 17.1, I believe -- are direct services to the public, which I think speaks to the good management of the department by the former minister and by the officials who are responsible.

The Member for Smoky River, Mr. Chairman, asked how I would deal with the changing times. I appreciate that question. It's one I've tried to think of since taking this portfolio some weeks ago. There are really, I think, a couple of major vehicles for doing that. First of all, I would underline again that we cannot do that alone. We have to do that here in partnership with the volunteer organizations and with the industry groups. We have to make sure the public's protected, but the active protecting or the active information and regulation that has to take place must be a partnership. Without that I think we could well be overwhelmed by the variety of needs that are there in the marketplace.

In addition, a major vehicle has to be a knowledgeable consumer with plain, fair disclosure of information. That's going to take us a lot of work, to try and keep up with the need for making sure that happens, but I believe that, too, is another major vehicle to keeping in front of the problems. Then, of course, we have to make sure that our regulations and our Acts are cognizant of that rapid change that I spoke of in my opening remarks. Through the securities amendment Act, through the rearranging of the Securities Commission carried out by the former minister, I believe that's well on the way, though we have to always be diligent in looking at that change and knowing that this is not a stagnant economy, this is not a stagnant atmosphere. This is a vital, exciting, interesting, and challenging time in the history of our province, and we have to deal with that.

Mr. Chairman, the issue of insurance adjusters was also dealt with by the member and another member who spoke later, the Member for Bow Valley. We have recently established the Insurance Council, which we hope will help to regulate more closely, through the industry itself, the activities that are taking place there, and that should be helpful. I would mention as well that the federal combines area has looked at and is looking at some of the problems which the member alluded to, and hopefully that will assist with respect to concerns that are there. I'd be interested in any further details or information that the member might have.

I dealt with some of the concerns raised by the Member for Calgary-Buffalo. However, he talked extensively about the Stock Exchange and about the reputation of it. Let's be clear: our Stock Exchange is an evolving exchange that certainly has not had the experience, the volume, or the amount of time that Toronto has had or New York has had, or for that matter the Quebec exchange. But I believe the very definite steps that have been taken over recent years put our Stock Exchange in the same league as any other with respect to its ability to assure an investor, a small investor in particular, that it's a fair and honest marketplace. I would just underline the reorganization of the exchange that took place and the Act that was introduced with

respect to that; the various moves that the exchange has made since that point to tighten up in areas, some of which have been used in a national leadership role regarding mutual funds and others; and the securities amendment Act which we introduced the other day. I would agree once again that we have to be forever diligent in looking at that exchange, making sure it's a fair place for the small investor and that it is a vehicle for the kind of economic development we want to have happen in this province. But I believe that to this point that in fact is the case.

He dealt as well with the jurisdictional questions. While he suggested that Alberta has been parochial or not co-operative, I would argue that with the hon. member. In fact, we have led the nation with respect to trying to have information sharing in regards to a number of areas related to financial institutions. Within a few days -- I mentioned it in my opening remarks -- of taking this portfolio, I had the opportunity to sign with the Provincial Treasurer an information-sharing agreement. We in fact are taking the leadership role in co-ordinating the information among the provinces and financial planners and advisers and are active in those areas. So I would not agree with the member that we have been the least bit parochial in that respect. We do indeed intend to and do safeguard the jurisdiction that's our constitutional responsibility and which allows us to be sensitive to the Alberta market in particular and to develop the kinds of mechanisms needed here. But we believe in -- and I believe that we should continue to share information to try as much as it's practical to harmonize legislation and regulation around the country and look forward to doing that over the next few years.

Mr. Chairman, I think that generally responds to a number of questions raised by committee members. I look forward to anything further that might be said and to getting information that members may wish me to get. Again I thank all who are here this evening for their remarks and look forward to the committee's support for the budget estimates presented by the Department of Consumer and Corporate Affairs.

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

[Motion carried]

[Mr. Deputy Speaker in the Chair]

MR. JONSON: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports progress thereon, and requests leave to sit again.

MR. DEPUTY SPEAKER: Having heard the report, does the Assembly concur therein? Those in favour, please say aye.

SOME HON. MEMBERS: Aye.

MR. DEPUTY SPEAKER: Opposed, please say no.

SOME HON. MEMBERS: No.

MR. DEPUTY SPEAKER: Carried.

MR. GOGO: Mr. Speaker, by way of information, tomorrow the House will deal with third reading of Bills 2, 3, 4, and 7.

[At 10:24 p.m. the House adjourned to Wednesday at 2:30 p.m.]