

Legislative Assembly of Alberta

Title: **Monday, June 10, 1991**

8:00 p.m.

Date: 91/06/10

[Mr. Speaker in the Chair]

MR. SPEAKER: Be seated, please.

head: **Government Bills and Orders**

head: **Committee of the Whole**

[Mr. Moore in the Chair]

MR. ACTING DEPUTY CHAIRMAN: The committee will come to order.

Bill 22

Wild Rose Foundation Amendment Act, 1991

MR. ACTING DEPUTY CHAIRMAN: Hon. Mr. Minister.

MR. KOWALSKI: I'm really pleased this evening to participate in Committee of the Whole with respect to Bill 22. First reading of this Bill, Mr. Chairman, was on March 26, 1991. Second reading was on April 15, 1991, and on April 15, 1991, I indicated that the background for the Bill was really found in the 1988-89 annual report of the Auditor General, page 40 of that report, where the Auditor General made a statement to the effect that there was no clear legislative authority for the volunteer activities undertaken by the Wild Rose Foundation. So the Bill itself simply adds that to the intent of the Act, and of course the promotion and enhancement of the utilization of volunteers and volunteerism in this province is very important.

In the last several days of last week the Vitalize '91 conference was held in Edmonton, and there were over 800 volunteers who attended that particular conference representing over 400 different volunteer organizations in the province of Alberta. I want to thank all members of the Assembly who let their constituents know of the availability of Vitalize '91 and in fact thank those individuals who may have either directly or indirectly encouraged volunteers within their own constituencies to attend. Of course, it's a very important conference on volunteerism, and it was very, very successful.

Mr. Chairman, in a nutshell this Bill is very short in terms of a Bill, and it simply wants to ensure that the Wild Rose Foundation has every right to "promote charitable, philanthropic, humanitarian, public spirited or generous acts or to assist those who perform them." I debated the question with the Auditor General in the past indirectly when I said I was sure the previous Bill had that particular right provided to the minister and the Wild Rose Foundation, but it was also a way of highlighting the importance of the Wild Rose Foundation again with this amendment Act in 1991.

I'd be very happy to answer any questions that might arise.

MR. ACTING DEPUTY CHAIRMAN: The Member for Vegreville.

MR. FOX: Thank you, Mr. Chairman. As indicated, I believe, by the hon. Member for Edmonton-Highlands, it's our intention to support this Bill, as we did in second reading. Certainly the minister describes what is the essential purpose of the Bill, and that is to bring the rules that govern the operation of the Wild Rose Foundation or that prescribe the expenditure guidelines for

the Wild Rose Foundation in line with what in fact has been the practice over the last number of years. The Auditor General has on more than one occasion criticized the Wild Rose Foundation and by implication the Conservative government and the minister responsible for what we might term offside spending. That's not to say that the money hasn't been well spent but that it's been spent outside the legislative mandate of the Wild Rose Foundation. I understand from the minister's comments and from my reading of the Bill that the purpose of Bill 22 is merely to sort of bring the rules up to speed with established practice with regards to the Wild Rose Foundation in the province of Alberta.

I think it's fair to say that no Member of the Legislative Assembly, as far as I'm aware, takes exception to the moneys that are spent through the Wild Rose Foundation or a wide variety of foundations that are funded through surplus lottery revenues, Mr. Chairman, like the Recreation, Parks and Wildlife Foundation, the Alberta Sport Council, the Historical Resources Foundation, the museum association. There are a bunch of different associations and foundations in addition to the Wild Rose Foundation that are in a position to fund worthwhile projects or activities in the province by using surplus lottery revenues. Now, I don't know anybody who objects to the projects that are funded. We do, however, remain concerned about and opposed to the practice of making these moneys sort of generally available to whoever is the designated minister at the time, in this case the Minister of Public Works, Supply and Services, responsible for lotteries, major exhibitions and fairs, to spend as he sees fit, to apportion a certain amount here, a certain amount there, and award moneys to a variety of projects.

We acknowledge that the men and women who are responsible for making specific decisions, who sit on these boards are generally capable people and that the projects funded are generally very worthwhile projects, but we would like to see the principle of legislative accountability injected into this whole thing. We think it's important that the 83 women and men who are elected by the people in the province of Alberta to administer their affairs; that is, to make sure that moneys are fairly collected and prudently spent in the province – I think those people want to know that their members have a chance to scrutinize at every opportunity both the collection and expenditure of those funds. That's why we think that lottery funds in the main should not be sort of offside spending.

What the minister proposes to do by this Bill is sort of bring offside spending in one sense in line through the Wild Rose Foundation Amendment Act, 1991. We agree with that, but we'd just like to make the point that though the minister frequently likes to imply that anyone who raises concerns about the expenditures of lottery money must therefore be opposed to the funded projects, he knows that's patent nonsense. What we're objecting to is the process that would allow a minister, perhaps if there were a minister not as conscientious as this one or as concerned about due process – there may be a minister who could even use lottery funds as a slush fund, Mr. Chairman. I don't mean to suggest that anyone would do that.

MR. PAYNE: Heresy.

MR. FOX: The Member for Calgary-Fish Creek suggests that would be heresy, and I agree, but certainly it wouldn't be inconsistent with established practice by this Conservative government over the last 20 years.

The amendment here is a simple one, to repeal the existing section 3 in the Act and replace it with a new one. The new

proposed section 3(a) is essentially the same as the existing section in describing the purposes of the foundation: "to provide funding to volunteer non-profit organizations that provide valuable services to Albertans." The only change from the existing wording is that instead of providing "necessary and valuable" services, it's now just "valuable," and instead of "community services," it's just "services." I think that's a bit of a broadening of the definition, which is certainly supportable.

The second part of that clause would read, "to foster or promote the use of volunteers or to assist those who volunteer or use the services of volunteers in Alberta." Now, that's quite a mouthful, but I think what the minister is saying here is that we want to be able to appropriate funds through the Wild Rose Foundation to help foster or promote the use of volunteers in a wide variety of ways in the province of Alberta. On the face of it I don't object to that, nor do I object to the third clause there: "to foster or promote charitable, philanthropic, humanitarian, public spirited or generous acts or to assist those who perform them." Now, I think those are all fairly noble, benign purposes expressed in the Act, but I would like to express a concern, Mr. Chairman.

8:10

Certainly I saw the relatively successful volunteer week that we had last year in the province of Alberta, and we carried on with Vitalize '91. Is that what the minister referred to? There's a kind of irony here. The minister knows as well as I do that the people who spend the most time volunteering, the people who most willingly donate their time and effort to help people in a variety of ways are the people who are least likely to look for recognition. They like to sort of labour in obscurity. Often they're selfless people who do what they do, do what they can to help people, not because they want to be recognized or patted on the back or rewarded, but because they recognize that people need help and they want to do that. They recognize that we all have a responsibility, that we are indeed our sister's and brother's keeper. So there's an irony here. We recognize that most volunteers don't really need to be recognized, but on the other hand it's a very important component of our society in the province of Alberta that we do very much appreciate the efforts of people who volunteer, and from time to time we want to pay tribute to those people. I think that's appropriate.

I do have some long-range concerns about the increasing reliance on volunteers to provide what I consider to be basic services in the province of Alberta, that the government has sort of abdicated its responsibility in a variety of ways in terms of meeting basic needs. The former Minister of Family and Social Services seems to have agreed with me, with that comment. There are basic needs in the province, basic rights of citizens in the province of Alberta that I think need to be met through a basic and ongoing commitment by government to fund those services. As this government's deficit has grown and their determination to try and balance the budget deficit on the backs of ordinary Albertans has become more fixed, they've tried to sort of off-load a variety of traditional government services and responsibilities onto the volunteer sector.

So I have some long-range concerns about that trend, Mr. Chairman, and I want to get those on the record so that the Member for Red Deer-North will be able to think of something to say when he gets up to speak on this Bill. That being said, I do think it's important to recognize the efforts of volunteers in the province and, indeed, to encourage people to recognize their responsibility, that we have a responsibility to one another, and to the extent that we help each other, to the extent that we look

out for one another, we develop a more compassionate and caring and responsible sort of society.

So the activities that we've seen in the past through the establishment of volunteer week and a variety of related activities are, I think, important, but I am concerned, Mr. Chairman. I'm just offering the advice to the minister and to the people in charge of the Wild Rose Foundation that we not go overboard in our efforts to sort of reward volunteers, because in the main they're not looking for it, and additionally it becomes pretty much of a PR opportunity for government. Now, I don't want to suggest that the Minister of Public Works, Supply and Services, responsible for lotteries, has any interest whatsoever in public relations opportunities. He's just not interested. He's a very humble man; he's a very humble and self-effacing sort of individual. It would be entirely out of character for him to seek recognition. In fact, if that were his nature, instead of the names of Alberta communities on those heritage fund grain cars, we would see his picture, and we don't, Mr. Chairman. Therefore . . . [interjections]

AN HON. MEMBER: It's a done deal.

MR. FOX: Now that I've suggested it, you wait; next week we're going to see that picture on grain cars. I think that picture would be even worse than that colour they chose: rapidly fading Tory blue on all those grain cars, Mr. Chairman.

He's a very humble gentleman, and I appreciate that about him. I just want to offer this proviso, this concern that I have that we not spend too much of the resources of the Wild Rose Foundation creating PR opportunities for Tory MLAs to go around and pretend that they had something to do with the efforts of volunteers in their community. We see enough of that already, Mr. Chairman, where government will apportion funds per capita to worthwhile projects in the province of Alberta, let's say through the CRC program as an example. If you're a Conservative MLA, you get a stack of cheques at the beginning of every month. You get to walk around the constituency, pose for pictures, and pretend to these people that you had something to do with those funds actually being allocated to them even though the decisions are made by the municipal government and the money's apportioned per capita in the province of Alberta. So that practice, as offensive as it is to the minister responsible and to the Member for Calgary-Fish Creek, does indeed go on. I want to alert members to that reality, because I think that in supporting this amendment we want to be careful that we don't create too many PR opportunities for government members to go out of their way to recognize volunteers.

The purpose can become distorted. The purpose has to remain. We have to acknowledge that the purpose is to recognize the efforts of the women and men who volunteer in the province of Alberta, to encourage them in that regard to do what they can to help other people. The purpose is not to create PR opportunities for Conservative MLAs.

So those provisos being offered, I just want to express my support for the Bill. Thank you.

MR. ACTING DEPUTY CHAIRMAN: Calgary-McKnight.

MRS. GAGNON: Thank you, Mr. Chairman. If I wasn't laughing so hard at the last speaker's comments, I might be able to get on with this, but, I mean, he was hilarious, quite hilarious.

In any case, Mr. Chairman, I would like to say that our caucus has no trouble with the purpose of this Act. To promote and foster the use of volunteers in this province is a wonderful thing,

especially when a number of people wish to volunteer and certainly deserve some incentive and some encouragement to do so. It also purports to promote charitable acts or assist those who perform them. So the purposes are great. We do not at all disagree with this Act. I think congratulations are in order to the minister for promoting volunteerism in this province through this amendment.

However, the Auditor General has expressed some concern about the foundation to begin with, and I'd like to repeat those concerns because I think they should be taken seriously as we consider an amendment to the foundation. The Auditor General has concerned himself with the involvement in the volunteer development initiative program. He's talked about the fact that the foundation has provided funds outside the set mandate of its defined purpose, and the Auditor General has also criticized the foundation for not obtaining assurance that grants it pays out are used for the purposes intended. So I think the Auditor General has cautioned us and the minister and this government to be very careful about the way in which they use this foundation and its moneys. He's talking really about accountability, which I think all of us are concerned about in this province.

Having said that, Mr. Chairman, I'm also concerned about some of the minor problems which have occurred in the past, and those would have to do with the foundation being extremely generous when it comes to gifts and trips and so on, not always gifts that we could see a rationale for or trips that really were very well explained as to how they would benefit Albertans. I know that one of our Tory colleagues went to Japan to study volunteerism in Japan. I fail to see how that could have been of benefit to volunteerism in Alberta. The life-styles are so different. I look forward to hearing a rationale for that, but I never have heard one that satisfied me.

I would again like to caution the minister to be concerned about gifts, especially gifts to MLAs. We don't need lapel pins and sweatshirts and balloons. Why not give those gifts on behalf of volunteers to people who need those things? We certainly don't, and that does smack of PR, of a slush fund, of the minister trying to get friends even among MLAs. I know he'll never get my friendship by giving me gifts because I don't take easily to bribes.

8:20

There's another concern that we have, and that is the high administration costs of the foundation. I would hope that the minister would again be very careful about being accountable for the way in which the funds are administered by this particular foundation.

With those brief comments, Mr. Chairman, again I would like to say that we don't disagree with the Act. We want the minister to pay attention to the Auditor General's comments, and we want him to be very careful before he develops and promotes and puts into practice any kind of very generous gift giving and trip funding.

Thank you.

MR. ACTING DEPUTY CHAIRMAN: Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'm pleased to be able to take part in debate on Bill 22, the Wild Rose Foundation Amendment Act, 1991, for a few moments this evening. The purposes laid out in the Act in terms of amending the purposes of the foundation are quite worthy and quite

supportable. I can't imagine any member of the Assembly voting against those purposes. They're eminently worth while, and certainly they are objectives that we ought to be supporting in and of themselves.

What concerns me is the entire process around which these amendments have come to be before us on the floor of the Assembly. The reason that the minister is quite properly bringing forward these amendments is in order to clarify the mandate and the legislative authority of the Wild Rose Foundation. It stems from a recommendation in the Auditor General's report, as has been pointed out, first reported in the 1988-89 annual report but also repeated, Mr. Chairman, in the most recent report of the Auditor General. What the Auditor General points out is that despite his letter of warning, I suppose is the correct term to use, the foundation was exceeding its mandate. It had not been corrected last year, so he has urged us in the Assembly to correct it this year or else for the foundation to correct it by not engaging in the activities that created the problem in the first place.

In the most recent Auditor General's report this is what he says:

During 1989-90, the Foundation continued its initiatives in this area . . .

This area is a program of volunteer recognition, training, and development.

. . . including the direct expenditure of \$347,000 on various promotions designed to recognize and develop volunteer activity within the Province.

Now, Mr. Chairman, obviously \$347,000 is an expenditure that ought to concern the Auditor General, the foundation, and those of us in the Assembly, but what concerns me is that it seems to be some decision of the foundation that's driving the Legislature. That is, the foundation takes certain actions which are beyond their mandate, and rather than stop doing the things that are outside the mandate, they continue to do it until the Assembly makes the legislative change to correct the mandate and make the activity conform.

In this case I don't have a great deal of objection to that because it seems to me that any activities that would promote and recognize our volunteers in this province are certainly a worthwhile use of funds and a worthwhile activity for the Wild Rose Foundation to be engaged in, but I do want to make the point tonight, Mr. Chairman, that I'm not going to let the Bill pass without at least an observation. What would more properly have been the correct course for the foundation to have followed would have been a request to the Assembly to expand its mandate before they got into the business of funding over \$300,000 per year of activities.

Now, I might even give them the benefit of the doubt and say that they may not have realized they had exceeded their mandate initially, but once it had been brought to their attention by the Auditor General, it seems to me that the prudent thing for the board of the foundation would have been to ask the minister to expedite the amendments through the Legislature or else for them to cease their funding of that particular operation until the amendments had been made. It's just a simple case, in my view, Mr. Chairman, that A comes before B and B comes after A instead of what we have in front of us, where B comes first and A comes second.

I don't want to be overly critical of the foundation, because much of this may simply revolve around who's in charge, and it may be, in fact, that it's the minister or other members of the government who initially requested the foundation to implement these particular recognition programs. Now, if it was at the

instigation of the minister and the government, it would perhaps be very difficult, if the foundation were not operating at arm's length, for them to refuse a request from government, so they got into an activity that they might rather not have done or would rather have waited for the legislative amendments. With the minister asking them to do it, they might have found it very hard to refuse. So here we have a Bill in front of us whose job it is to reconcile the actions of the Wild Rose Foundation with the legislation and with the purposes outlined in law governing the operations of the Wild Rose Foundation.

By itself it's not that significant, Mr. Chairman, but what also concerns me is that this is not the first time we have had this experience with the Wild Rose Foundation. If memory serves me correctly, it was in 1987 that this Assembly – and I was a member then, newly elected, and had been the Member for Calgary-Mountain View for slightly over a year – had previously received an Auditor General's report that had been directed towards the Wild Rose Foundation which indicated that they had overstepped their bounds and their legislative authority in terms of their operations. The Auditor General said to the Wild Rose Foundation: go to the Assembly and get your mandate expanded in order that these actions and activities you're involved with can be reconciled with the legislation.

[Mr. Bogle in the Chair]

Now, if that had happened once, that would not have been worth any further comment, Mr. Chairman, but here we are only a few years later back in exactly the same situation with exactly the same foundation going through exactly the same process: trying to reconcile the mandate of the foundation with the actions and the activities that they are engaged in, following behind, trying to make the legislation fit their activities. Having happened a second time, it's important to make note of the fact that now twice, on at least two occasions, this foundation has been operating outside its legislative mandate and has requested these particular changes to the Act in order to retroactively bring them into compliance.

It seems to me that the foundation is saying to the Assembly: we don't particularly worry about what our mandate tells us; as an Assembly you figure it out and sort it out; we're going to go do our own thing. If that happens too often, Mr. Chairman, I begin to have concerns about the management or the attitude of that particular foundation. As I said in my earlier comments, I don't want to be overly critical of the foundation, because they may not be entirely at arm's length from the minister, and if that's the case, it may be that the foundation, because it's not solely initiated by the foundation but by the minister, is really not the body to blame in this case but perhaps more the government requesting them to do things they were never intended initially to do.

[Mr. Moore in the Chair]

Anyway, I guess the bottom line, as they say these days, Mr. Chairman, is this: the foundation has expended moneys outside its mandate on a worthy objective. In reviewing their foundation's mandate, it becomes obvious that that is not part of their mandate, so now, tonight, we're being asked as the Assembly to expand the mandate to incorporate these worthy objectives. At the end of the day the bottom line is simply that this mandate, this broadening of the legislative authority of the Wild Rose Foundation, is a good thing regardless of its genesis or origins, I suppose. It's a good thing to see that we have a foundation in

place that is there to promote and foster charitable activities and to support the volunteer, nonprofit sector.

8:30

I must re-emphasize, Mr. Chairman, that I am concerned with a foundation that at least leaves the impression that its legislative mandate is not something they consider to be absolutely critical in making decisions about which bodies receive funding or not. That wouldn't concern me if it happened once or twice, and it doesn't concern me an awful lot because of the nature of the activities they've already funded, but if it were to continue and go even further afield than they have in the past and the Assembly were to be asked again to broaden the mandate to retroactively incorporate their activities, I would really begin to question what was going on over there at the Wild Rose Foundation.

I just think it might be appropriate at this point to also make note of the other recommendation made by the Auditor General that some of the grants paid in the 1988-89 fiscal year were made without ministerial approval. In that case

approximately \$113,000, were paid without proper authority during 1989-90. In one case, [the Auditor General says] the funds raised by the recipient did not fully match the grant given by the Foundation. Two grants were paid for purposes falling within the objects of another funding organization.

Those three grants, Mr. Chairman, required ministerial approval, and that had not been obtained, so it leaves me wondering, just thinking out loud here, about what really is guiding the decision-making of the Wild Rose Foundation. Does it mean that at some future time this Assembly is going to be asked to intervene retroactively to solve a problem over there with their approval process?

I would very, very much hope that this Bill 22 tonight and previous legislation in 1987 requested of the Assembly is going to be a pattern that does not go any further than this wherein the Wild Rose Foundation sort of goes beyond its bounds and then asks the Assembly to come in afterwards and solve the problem. If that were to continue into the future, Mr. Chairman, I'd be quite concerned. At the moment I'm not particularly concerned, only concerned enough to stand in my place tonight and make the comments I've made, that I hope something in this Bill and in the management of the foundation in the years to come will ensure that if the proper legislative authority or mandate is not there, the proper amendments would first be sought through the Assembly before the activities or the grants were awarded by the foundation.

Thank you, Mr. Chairman.

MR. KOWALSKI: Mr. Chairman, I would like to quickly respond to the questions that were raised. There were a few little speeches given, and that's okay. It's important as well on this kind of an occasion.

I want to assure the Member for Calgary-Mountain View at the outset that should the Wild Rose Foundation board of directors conduct themselves with any indiscretion when I am the minister responsible, we'll simply terminate, fire, the members of the board and replace them. Please remember that these recommendations or ideas were brought to the attention of the government by the Auditor General, and at the first opportunity we have moved to make the necessary corrections. So I hope there's a higher level of comfort than there was before. I appreciate the hon. member's comments.

To the Member for Calgary-McKnight. I appreciate the comments as well with respect to the endorsement of the purpose of the Wild Rose Foundation. I really would like, I

guess, to just briefly explain, to make a few comments with respect to some of the questions the member made.

First of all, it is very important to promote volunteerism not only in Alberta but in Canada and in the world. Alberta, interestingly enough, is recognized as a great mecca of ideas and thoughts with respect to volunteerism. One of the things this province has done is twin itself with a variety of other provinces throughout the world including the province of Hokkaido in Japan. In the spring of 1990 I asked an hon. member of this Assembly to lead a delegation of outstanding volunteers from throughout the province of Alberta. That was returned by the Japanese when 850 returned to our province in the fall of 1990. So we sent five representatives from Alberta to Hokkaido; the Japanese responded with 800-plus, including an invitation from the governor of Hokkaido for us to sign a deal, ink a deal, with the province of Hokkaido to promote volunteerism between our two jurisdictions. I would hope that by the fall of 1991 we'll be able to sign that particular thing.

Regrettable. I think the Liberal Party misinterpreted the purpose of the \$10 sweaters that were provided to all Members of the Legislative Assembly last spring. They were provided to colleagues of mine so that my colleagues would go out and promote volunteerism in the province of Alberta, and virtually all Members of the Legislative Assembly that I'm aware of, particularly the NDP and Conservative members, donated their sweaters to super volunteers in their communities and didn't make a great big fool of it. The Liberals did a little something else. I can't believe the amount of letters I got condemning the Liberals for this very, very outlandish political game. Anyway, that's a bit of the history. I think they've smartened up, and I think they understand what it's all about now.

To my colleague from Vegreville. I appreciate his comments with respect to volunteerism. Volunteers are very important in his constituency. A lot of the things that have happened in the past, a lot of the things that continue today are as a result of volunteers of all ages. A lot of members may not know it, but in the constituency of Vegreville they have one of the largest proportions of senior citizens in any constituency. Those individuals work very hard in volunteerism within their community, and I've always appreciated that spirit.

I think, Mr. Chairman, that I've dealt with the concerns or the questions that have been raised, and I would ask all members to join with us in approving the Wild Rose Foundation Amendment Act, 1991.

MR. ACTING DEPUTY CHAIRMAN: Ready for the question?

HON. MEMBERS: Question.

[Title and preamble agreed to]

[The sections of Bill 22 agreed to]

MR. KOWALSKI: Mr. Chairman, I would move that Bill 22 be reported.

[Motion carried]

Chairman's Ruling Member's Apology

MR. ACTING DEPUTY CHAIRMAN: Before we proceed to the next Bill, Bill 25, today in the House the hon. Member for

Edmonton-Kingsway made a statement that reflected on a member and his family. Has the Member for Edmonton-Kingsway anything to say tonight?

MR. McEACHERN: We're not in the House right now, but I did speak to the Speaker, and he said that the Chairman would let me have a short say right now. Before we start on Bill 25 then, I want to say that earlier in the House, when we were discussing Bill 35, I made reference to a member of the Premier's family, and I apologize for that. I would just like the family to know that my purpose was really to discuss the Premier's political activities, not any member of the Premier's family.

MR. ACTING DEPUTY CHAIRMAN: Thank you, hon. member.

8:40

Bill 25

Pacific Western Airlines Amendment Act, 1991

MR. KOWALSKI: Mr. Chairman, on April 17, 1991, I moved first reading of Bill 25, and then on May 13, 1991, I moved second reading of Bill 25 and did provide remarks with respect to the purpose of this Bill.

Essentially there are five amendments requested of this Legislative Assembly in Bill 25. The first one is to increase the limit on voting shares that could be held by any one individual from 4 to 10 percent. The second amendment with respect to Bill 25, Mr. Chairman, would make the government of Alberta and its associates and agents subject to the same limit. The third amendment is to remove the restrictions on the sale, lease, or exchange of property by Pacific Western, and the fourth would allow Pacific Western Corporation to change its name should it wish. The fifth item would require the registered head office of PWA Corp to be in the city of Calgary.

My remarks on May 13, 1991, covered the overview and the background with respect to the Pacific Western Airlines Amendment Act, 1991, and I also on that same day in *Hansard* responded to questions that were raised by the hon. Member for Edmonton-Kingsway with respect to it.

If there are questions, I'd be very happy to deal with them.

MR. ACTING DEPUTY CHAIRMAN: The Member for Edmonton-Kingsway.

MR. McEACHERN: Yes. Thank you, Mr. Chairman. I have a few comments, and then I also have an amendment, which I believe is presently being circulated. I hope the Chair has a copy.

Mr. Chairman, this Bill does present a bit of a problem to us. I understand that the airline industry in Canada right now is having quite a lot of trouble because of the drop in airfares and the cutback in air passengers over the last X numbers of months, since the Gulf war time actually. So one can understand that the airlines, particularly Pacific Western Airlines in this case, would be interested in doing something to make it possible to raise more money to keep it going through this lean time.

I will just say that we on this side of the House have certain reservations about increasing the percentage from 4 to 10 percent. However, given the fact that the airline industry is likely to be opened, this open-skies policy that the federal government is talking about – I personally believe that to be a mistake and think that we will end up with our airlines taken over by foreigners if we are not very careful, because I don't

believe they can compete with the really big airlines in America and other parts of the world. I don't think that's going to stop the Tory government in Ottawa. They've made many mistakes before and ploughed ahead doing things like free trade and deregulation and a number of other things that have hurt the economy of this country and this province, so I don't expect they're going to hold back from this one more sellout that they are about to engage in. I suppose we will see that policy in place, and I guess also that because of the pressures put on our local airlines, perhaps we do need to increase the amount of shares that any one person or any one corporation can hold in PWA to up to 10 percent. I suppose there are some pension funds that would like to invest more than 4 percent, so in that sense it may not be all that bad a move. My concern would be that we do retain control of this company in this country and that it not become a foreign-owned company.

Now, the free trade deal and rules of foreign ownership and how they are outlined under that deal notwithstanding, I think it is still possible in legislation to specify that there be a limit on foreign ownership. This government did so, for instance, in the case of the AGT sale last spring, so clearly this government believes it can be done.

Mr. Chairman, I have written an amendment, which has been passed around. I think we do probably have to add a word at the end here. I guess in the case of drawing this resolution up we perhaps left off a word that would make it more specific, although I think the intent is clear enough. What I'm suggesting here is that section 4 be amended by adding after 4(1) – and I would just remind everybody, if they want to look at the Bill, that 4(2) is deleted as part of the government's amendments, so I'm assuming that deletion part of Bill 25 will proceed. Therefore, the new 4(2) will be, if my amendment is accepted, "No more than 10% of the ownership of the corporation shall be held directly or indirectly by non residents," and I think we have to say "of Canada" just to make it really clear. Since Alberta is in Canada, I was assuming that would be meant. With the indulgence of the Chair perhaps we could add "of Canada" to my amendment. Is that acceptable to the Chair?

MR. ACTING DEPUTY CHAIRMAN: All members of the committee are aware of adding "of Canada" after "nonresidents"? There seem to be no objections. Please proceed.

MR. McEACHERN: Thank you, Mr. Chairman, and thank you to the committee.

I want to speak to this amendment. I would point out for anybody interested in looking back that in the debate on the sale of AGT, we on this side of the House dug into the statistics about what has happened to the Canadian economy over the last number of years as we moved toward a free trade deal. This country, long before the free trade deal, already was and is the most foreign owned of the modern industrial nations, and we pointed out instance after instance of the difficulties that foreign ownership causes to a country like Canada. We pointed out how difficult it is to tax corporations that really reside outside our borders. We pointed out the difficulty of trying to get them to do some R and D in our country. We pointed out the difficulty of keeping the profits from those companies reinvested in this country, and even if they are to some extent reinvested in this country, it just means that foreigners own that much more of us. So foreign corporations have become such major owners of so much of the Canadian economy that we have a great deal of trouble operating in an independent manner. The free trade deal, of course, has compound that. We cited in this House

statistic after statistic gathered together by Mel Hurtig that showed the detrimental effects of having a country so foreign owned. We argued in the case of the AGT situation that we did not even want 10 percent of it to be foreign owned, but that of course was passed.

We were prepared to compromise in this case. We are using the figure of 10 percent for investments by any one person or corporation now instead of 4 percent, and I'm assuming it will pass this Assembly. We thought we couldn't allow any more than 10 percent. That seemed to be a number that was as much as we were prepared to accept, and we were hoping the Conservatives in this Assembly would accept the idea that no more than 10 percent of this corporation should be owned by nonresidents of Canada.

I would remind everybody that this company was wholly owned by the Alberta government at one stage and was run as a service for the people of Alberta and eventually was sold and a limit set of 4 percent on ownership by any one person or company of the company's shares. Although I was not in the House at that time to debate the issue, and I won't say that I looked back at the record, one would assume that the reason for that was to make sure the company stayed widely held by Albertans and Canadians and that it not be taken over by somebody with interests other than serving the public of this country of ours with good air service. It was not in the interests of the Alberta government to turn it over to a bunch of foreigners or to turn it over to somebody from down east or some other major corporation that was not really interested in the providing of good air service to this province.

8:50

So the 4 percent is now being diluted down to 10, and we have some reservations about that because we believe that if three or four companies or people with 10 percent each get together, they could in fact dominate the company a little too easily. Nonetheless, we felt that the need for extra capital, given the current situation in the air industry in this country – that we would accept the 10 percent as a number that we can live with at this time for ownership by any one person or company. But we also think that we should, as a rider to make sure that the three or four companies that might gain control of this corporation – that they not be foreigners, that we set a limit of 10 percent on the ownership by nonresidents of Canada.

That's the basis for this amendment, and I'm hoping that the Minister of Public Works, Supply and Services will think back to the fact that there's a limit on the amount of foreign ownership we allowed for the Alberta Energy Company – I can't remember the number offhand, but I think it, too, was in the neighbourhood of 10 percent – and that we've set a limit just last spring in this House when we passed the sale of AGT Bill. Not that we on this side of the House agreed to the sale; it was done over our protestations. Nonetheless, the government did agree and did build into their Bill on the sale of AGT a limit of 10 percent foreign ownership. I can't help but think that the minister and the members on the government side should be willing to accept a similar kind of restriction on the ownership of shares in Pacific Western Airlines. It is not in the best interests of this country to let Pacific Western Airlines come under the control of foreigners.

Air traffic and transportation generally in our country is probably more important than in most countries because it is such a big country and we have such few people. We probably have to move more goods and people further than other countries because of the lack of concentration of population that

is prevalent, say, in the New England states of the United States or in parts of Europe or in Japan itself. So I think it's really important to this country that we have control of our own transportation systems, and that includes airlines. Certainly we would not let foreigners come in and control our roads. We would not let foreigners control all of our shipping, although we come pretty close to doing that, I'm afraid, and don't do enough about seeing that we have a reasonable merchant navy in this country. We would certainly not want to let foreigners own our rail lines, so it does not make sense that we would want to let them own our airlines either.

I ask all members on all sides of the House to consider the reasonableness of the figure that we have chosen, the 10 percent limit, and to accept it as a reasonable amendment to Bill 25 on Pacific Western Airlines.

MR. ACTING DEPUTY CHAIRMAN: The Member for Calgary-Mountain View.

MR. HAWKESWORTH: Thank you, Mr. Chairman. I'd like to offer some comments in support of the initiative of my colleague from Edmonton-Kingsway. I agree with him that the change in share ownership may well be justified, given the current regulatory climate and the current state of the airlines industry in Canada. Bringing in owners with deeper pockets may assist in helping Pacific Western over the hump or the transition or through the particular economic circumstances they're facing at the current time. However, changing the share ownership is one thing, but allowing for foreign control of the airline is an entirely different issue and a different question. My concern is the same as the hon. member's: that allowing for a greater concentration of the ownership of the corporation to people with deep pockets in another country may well mean that the mandate, the national purpose of this airlines company, might be changed and altered so that it becomes not so much serving the needs of Canadians any longer.

That's a very real concern to me, Mr. Chairman. We've watched an overall deterioration in our transportation system in Canada. We've watched the disappearance of Via Rail. In fact, we've watched the disappearance of passenger rail in this country generally. There are very few options available to ordinary Canadians to travel this country and to be linked with the other parts of this broad and diverse country. We rely a great deal on our transportation corporations to provide us with the opportunities, business opportunities and others, to see our country, to conduct business in this country, and to make the country work. Canadian Airlines, and Pacific Western Airlines, the parent company, play a vital role in our nation and fulfill a national purpose that began with Canadian Pacific rail, all the way through to Trans-Canada Airlines and Air Canada. It continues to play a role that has always been played by these national corporations in linking us together as a country.

So I'm concerned, Mr. Chairman. We've got to ensure that it remains a healthy and viable corporation in Canada, and I think the amendments brought forward by the minister are intended in part to help accomplish that. But I would be very deeply disappointed if as a result of those changes we were to see Pacific Western Airlines consumed by two or three, perhaps, nonresident companies who might collectively or together accumulate the shares that would make it in effect a company with its controlling interest in another country, perhaps a company headquartered in another country, and its purpose might then be changed from what it is currently – that is, as an airlines for Canadians for linking the country together – and

become simply a subsidiary of another national airlines, say in the United States or in another country, and become a subservient or subsidiary company to whatever purposes they might have for Canadian Airlines.

What I think we're trying to say here this evening with this amendment is that we're proud of what Pacific Western Airlines has accomplished. It's the little airline that grew. It swallowed up Canadian Pacific Air Lines to become certainly one of the largest international carriers and Canada's second largest airline inside the country. We're proud that they're an Alberta company that has been able to do this, but we want to see that they continue to prosper as a Canadian airline, not as a subsidiary airline of some other company or some other country.

This amendment put forward by the hon. Member for Edmonton-Kingsway is intended to do just that, to ensure that the decisions remain in Canada, to ensure that the people in control are Canadians, that they understand this country, that they are committed to this country, that they are a part of this country, that they're part of the business that has a home in this country, that serves the people of this country and ensures that we remain owners of this very important economic corporation, this very important transportation corporation.

I would ask all members in the Assembly this evening to endorse the motion put forward by the hon. Member for Edmonton-Kingsway.

9:00

MR. ACTING DEPUTY CHAIRMAN: Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Chairman. If I may, the amendment put forth by Edmonton-Kingsway is a commonsense effort to try to get the government out of a bit of a hole that it's dug itself in, in my opinion. Bill 25 is quite similar to legislation that one often finds in privatized companies. Whenever a corporation is publicly owned and is transferred to the private sector, it involves a transaction of the sale of stocks, of shares, to shareholders in the private sector. Whenever a government makes a transaction like that, there tends to be some ownership of the value of the shares. If you're in government and you sell shares to somebody who has the power of life and death over you – let's say a voter in the province of Alberta – then you have some responsibility for the value of those shares.

There's no mystery to what Bill 25 is all about. By increasing the stakeholding that an individual shareholder may have from 4 percent to 10 percent, you open up a new market for those shares; that is to say, large investors, institutional investors, and other corporations with cash to invest who would want to buy shares in that 4 to 6 percent range. It opens up a whole new market, a secondary market, if you like, for the shares which were sold by this government to the public following the 1983 legislation. Now, that in itself, I suppose, is a questionable basis upon which to deal with public policy. "We've got these shares out there, we want to keep their value up, so we keep our shareholders happy so they will continue to support the government."

My colleague is simply doing a prudent thing in putting some safeguard in that whole process. He's not at this stage, as I understand it, saying that the whole Bill should be scrapped. Rather, he's got a way to fix it up by providing some minimum level of safeguard in that no more than 10 percent of the total shareholding or the total share capital of the corporation would be foreign owned. Otherwise it's quite clear that two or three large investors holding 10 percent each would have fairly

dominant influence over a widely held corporation like this, and if you have an unlimited number of 10 percent foreign shareholders, that can create the problem that the corporation could become foreign controlled quite easily, perhaps even foreign owned. So while we recognize that what the government is trying to do is boost the value of the shares on the stock exchange, my colleague is simply saying there should be some overall limitation on that to make sure that the corporation remains responding to Canadian interests.

Most members know that Pacific Western now owns Canadian Airlines International, which is the name under which it carries on business commercially. It's quite likely that the name of the corporation may be changed to reflect its trade name in the public. In fact, that's something I would suggest is more or less a matter of time as far as this corporation is concerned. So we're talking now about the future ownership of a major Canadian airline with an international presence in the marketplace, a very good airline, one that I believe rates quite highly in terms of the service that it provides to the traveling public and one that has a certain attractiveness, as has been pointed out by other people who are in the airline business internationally. The airline business is an international business; international competitiveness is a key factor but also international influence. Now, Canadian Airlines International has a certain influence within the home market, within the Canadian market, and provides a very important service within the province of Alberta. I think we on this side of the House want to make sure that that advantage that Canadian Airlines/Pacific Western has within our nation remains for the service and benefit of people within Canada and, so far as that's possible, within the province of Alberta.

I think my colleague's suggestion of putting a global limitation of 10 percent on foreign ownership is not going to unduly restrict the market for shares. There are many other corporations that have Canadian ownership requirements. There is a very large investment community within Canada as a whole, so it would be quite possible to find, I think, a large number of institutional, industrial, and large investors who might be interested in taking advantage of the expanded shareholding opportunity without necessarily resulting in foreign control or, worse yet, foreign ownership. I think my colleague has put forth a reasonable, I say very moderate and sensible proposal, and for that reason I'm going to urge members to support it in the Assembly here in the committee today.

MR. ACTING DEPUTY CHAIRMAN: Westlock-Sturgeon.

MR. TAYLOR: Yes, thank you, Mr. Chairman. If I may speak on the amendment. I was just a little concerned. I appreciate the amendment saying that it's going to restrict our foreign ownership basically, because I couldn't understand – and maybe I'll ask the question to the minister that's presenting this – why that section, "does not apply to Her Majesty in right of Alberta," was thrown out, because that in effect is a golden share. As long as that clause was in there, Her Majesty, in effect, could be thought to move in sometime down the road and buy enough shares in Pacific Western to sort of Alberta-ize it, if you want to call it that. I was wondering if the minister would care to answer whether it was removed to make it quite clear to foreign buyers that they need not worry about a golden share, that they need not worry about the Alberta government moving in and exercising the right to increase their shares, because otherwise there doesn't seem any particular sense in taking it out.

In fact, Mr. Chairman, I would leave it in as a bargaining point because of the open-skies policy that's now being negotiated between Canada and the U.S. That committee is just under way. There are Americans and Canadians on it to negotiate an open-skies policy, and certainly, almost as sure as death and taxes, an open-skies policy, besides allowing airlines to operate wherever they please in the U.S. and Canada, will also probably have to have wide open shareholding, so that Canadians can buy into American airlines as well as Albertans into American, Albertans into Canadian, Americans into Albertan. In other words, there should be no nationality of a shareholder as far as that's concerned.

Consequently, I support the amendment because I think it leaves us with a bargaining position. I'll admit that if the federal government goes ahead and puts an open-skies policy in, we out here are very much the tail on the end of the dog and it's not going to matter too much what we have in Bill 25. But I think in the meantime we help drive a better deal for all Canadians if we leave the Act as it was, and if not as it was or we're going to put an amendment, this amendment restricting foreign ownership will give us a bargaining position in the open-skies policy.

Thank you.

MR. KOWALSKI: Mr. Chairman, to respond to some of the basic questions, I'll go in the reverse order in which they were addressed. The Member for Westlock-Sturgeon, in fact, wanted the province of Alberta to retain a possibility, I suppose, of getting back in the marketplace in terms of dealing with Pacific Western Airlines, based on the basic assumption that there's someone out there who is going to be purchasing or taking over this, some foreign bogeyman, I guess, that kind of an argument.

I'd just like to make sure that my hon. friend does recall the history with respect to this acquisition. The province of Alberta moved in and purchased Pacific Western Airlines in 1974 when another jurisdiction had made a play to purchase it and move its headquarters out of the province of Alberta. Of course, the province moved in but also made it very, very clear that the province would move out when this particular airline was in a good position, and of course that did happen historically. Unfortunately, during the same time the federal government – it was a Liberal federal government – got very, very angry with what the province of Alberta had done and in fact passed legislation that would make it impossible for a province to own an airline in the future without the federal government's approval. Of course, that is part of the historical record of the country of Canada. Anyway, in 1983 the province of Alberta liquidated its shares in Pacific Western Airlines to the public.

But there is something in place that I think would not only allow a comfort level to accrue to the Member for Westlock-Sturgeon but to the other members in the House as well, and that of course is the National Transportation Act, a national transportation Act which governs and has within its legislation the number of shares that can be held by a foreign person/personage. When you're dealing with an airline that would go interprovincially within this country, in fact it would be federal legislation that would take precedence, in my humble opinion, over provincial legislation. The provincial legislation here deals with a limit of 10 percent for anyone to hold a share with respect to Pacific Western Airlines. It says 10 percent regardless, in the interpretation I have, of the domicile of the individual holding the shares. So that would apply as well, for all intents and purposes.

9:10

Please, I want hon. members to recognize as well that this is an Act in the province of Alberta dealing with administrative matters requested of the province of Alberta by Pacific Western Airlines. Please remember as well that the province has no direct shares in Pacific Western Airlines. This Act is part of the history of this Legislature, part of the history in the last 20 years of the province of Alberta, and I would really hesitate, and caution all members, to make an additional intrusion into the marketplace in something that the province of Alberta doesn't own. This is a private company. We're dealing with this Act because in fact the Legislature some 17 years ago chose to deal with it for a particular purpose. Then the Legislature eight years ago, in 1983, dealt with it one more time when its holdings of Pacific Western Airline shares were liquidated. There were a lot of changes in the airline industry, and I think that it would be far wiser for us in this Legislative Assembly to recognize that there is a National Transportation Act which governs foreign shareholdings within national transportation institutions, and in addition to that, of course, is the foreign investment review panel and everything else associated with it as well.

While it may be nice to stand in this Legislature and add one more thing to the position that we've taken with respect to this Act, that no one shareholder can own more than 10 percent when it deals with citizens of other countries, we do have the National Transportation Act, and we also have the governance that's been assessed to us by the federal government, when the hon. Mr. Lang was the federal Minister of Transport, to govern it.

I listened very carefully to the arguments put forward by my colleagues, and I think that while they're very admirable arguments, it may very well be that should we approve such an amendment in this Legislature, they could very well be of a secondary nature to the current federal legislation, and I would caution us not to move in that direction. So I would ask hon. members to reject the amendment, even though it's very admirable, and recognize that we are protected with respect to foreign ownership under the National Transportation Act.

MR. McINNIS: Mr. Chairman, I don't wish to prolong the debate unnecessarily, but what the minister appeared to me to be saying was that we needn't worry about foreign ownership and some related issues because they're covered under the National Transportation Act. He didn't quite explain how that applies to foreign ownership in the case of Pacific Western.

Just to pursue that line of argument, if we're going to go the route of national regulation of this airline, why not repeal the Act altogether and leave it entirely up to the National Transportation Act and the Transport Commission and all the rest of it? Well, the reason we don't do that is quite obvious. There are certain things about this entity, because of its peculiar history going back to the sudden nationalization of the airline in 1974, that we want to maintain as benefits for the province of Alberta. My argument would be that this fits in exactly that same category. There are certain things about this company that we want to maintain as being unique and to our benefit. I suggest one of them is a strong Canadian and Albertan ownership.

There's nothing inconsistent with the purposes of the Act in terms of what the Member for Edmonton-Kingsway is supporting. I suggest that the government should have another look at it. I mean, either we're going to cast ourselves to the fates of the federal authorities or we're not. I submit that we're not, which is why the legislation's being amended and not repealed, and if we're not prepared to throw our hands up and leave it up

to the federal authorities in respect of other things, then I say we shouldn't do that in respect of the very important issue of foreign ownership.

MR. KOWALSKI: Mr. Chairman, I think it's worthy of a response to the Member for Edmonton-Jasper Place, because what we're doing here in this Legislative Assembly is dealing with one airline in Canada. This amendment Act would see the restriction of 10 percent ownership. There is another airline in Canada that this Legislative Assembly can have no say in; it can really not pass a law dealing with Air Canada. It's not within the mandate of this Legislature, and in order for fairness for both of them to compete within the country of Canada, it has to come under the jurisdiction of the National Transportation Act. Should this Legislative Assembly abide by the amendment proposed by the Member for Edmonton-Kingsway, which I subscribe is an honourable approach, in essence it would really put Pacific Western Airlines Corporation in a noncompetitive position with Air Canada, and there's nothing that this Assembly could do to correct that save not doing it. We can't do anything to change the share ownership in Air Canada, so I think it would be very regrettable for the Legislative Assembly to deliberately do something that would in fact put an Alberta-based airline, with its headquarters in the city of Calgary, in a noncompetitive position.

This airline has grown. It's very significant. It provides a lot of jobs in the province of Alberta. It gives the people of Alberta a great image and prestige, and it has, I hope, a very, very good future. So regretfully, I would have to one more time ask the Legislative Assembly to defeat the amendment proposal put forward by the Member for Edmonton-Kingsway.

[Motion on amendment lost]

MR. ACTING DEPUTY CHAIRMAN: Now, on the Bill itself, Westlock-Sturgeon.

MR. TAYLOR: Yes, thank you, Mr. Chairman. It's just a short question. I'm leaping to clause 13.1 where it says, "The registered and head office . . . shall be in the City of Calgary." I don't see how that's legal and how it follows on the whole thrust, as the minister so well explained minutes earlier, to sort of streamline and take the government fat out of the company and make it look like a private enterprise, competitive, North American institution. Putting a clause that the head office shall be in the city of Calgary I think is counter to the whole theory of the Bill. I'm just wondering if the minister could explain why . . .

AN HON. MEMBER: He's not going to move it to Westlock-Sturgeon, Nick.

MR. TAYLOR: Somebody's in pain. I guess he didn't get his Diovil, Mr. Chairman.

If you could have the minister maybe explain why we would suddenly switch horses and move around to trying to protect or Alberta-ize or Canadianize it when we're trying to slim the company down in every other way.

MR. KOWALSKI: Mr. Chairman, it's the position of this government in consultation with Pacific Western Airlines that we insist that the registered head office be in the city of Calgary and Alberta-based to retain it. That's the position of the Progressive Conservative government. If the position of the Liberal Party

is that it should be moved, so be it, but it is the position of the government after due consultation with PWA that Calgary will be the registered head office for this particular corporation.

MR. TAYLOR: That leads to the next question. Outside of all the wind and bombast that this shall be at Calgary, suppose they do move the office? What teeth, what recourse, what moves does the province of Alberta have if they move the office?

MR. KOWALSKI: Mr. Chairman, the decision to include Calgary in this is the result of consultation with PWA Corporation, and the power will rest with this Legislative Assembly, which has a Bill before it.

9:20

[Title and preamble agreed to]

[The sections of Bill 25 agreed to]

MR. KOWALSKI: Mr. Chairman, I would move that Bill 25 be reported.

MR. ACTING DEPUTY CHAIRMAN: You've heard the motion by the hon. minister that the Bill be reported. Are you agreed?

SOME HON. MEMBERS: Agreed.

MR. ACTING DEPUTY CHAIRMAN: Opposed?

AN HON. MEMBER: No.

MR. ACTING DEPUTY CHAIRMAN: Carried.

MR. TAYLOR: I'm sorry, Mr. Chairman. How do I answer "Opposed"? Do I say yea or nay or what?

MR. ACTING DEPUTY CHAIRMAN: Well, you could say no.

MR. TAYLOR: Well, I made a noise, but I didn't know what the right noise was.

Bill 13 Municipal Statutes Amendment Act, 1991

MR. ACTING DEPUTY CHAIRMAN: There have been some amendments, and they have been distributed previously.

The Member for Dunvegan.

MR. CLEGG: Thank you, Mr. Chairman. We have some amendments to Bill 13, and they were distributed this afternoon, I believe. Some of them are consequential amendments, wording, but there is one absolute change by striking out subsections (14) and (15). We thought there should be more work done on that section, so I'm going to wait for comments, and I can wrap up after anybody has any questions to the amendments.

MR. ACTING DEPUTY CHAIRMAN: The Member for Edmonton-Beverly.

MR. EWASIUK: Mr. Chairman, are we dealing with Bill 13?

MR. ACTING DEPUTY CHAIRMAN: Yes.

MR. EWASIUK: Okay, thank you. Mr. Chairman, I have no objections to the amendments before us. I do want to comment, however, on section 3(13), I think, the amendments which are going to provide for a taxi commission appeal board. I think it's an area that's been long overdue, and I commend the member for bringing that forward. I think the opportunity for individuals who've had difficulty with the taxi board commissions will welcome the opportunity to be able to have an appeal process to deal with. So again I say it's a good idea. I have no difficulty with the amendments, and I'm prepared to support them.

HON. MEMBERS: Question.

MR. ACTING DEPUTY CHAIRMAN: The question has been called on the government amendments to Bill 13, the Municipal Statutes Amendment Act, 1991.

[Motion on amendments carried]

MR. ACTING DEPUTY CHAIRMAN: Now, on to the Bill itself.

SOME HON. MEMBERS: Question.

MR. ACTING DEPUTY CHAIRMAN: The question has been called on the Bill.

Edmonton-Beverly.

MR. EWASIUK: Thank you, Mr. Chairman. There are a few comments to be made on Bill 13 in Committee of the Whole. Again, as I think I spoke to it during second reading, it's basically a technical Bill that's relative to municipalities.

The question I might have of the mover of the Bill is: why are we changing the civic election to possibly a Saturday? I think elections have always been held on the third Monday, and I request information from the presenter of the Bill. Have there been any polls or surveys done in municipalities to suggest that they wanted to change this to possible Saturday elections? It's fall. I appreciate that and that it's very likely maybe not so many people are going away on the weekends. However, it is a weekend, and I think it may be a deterrent to elections. I would be prepared to go along with it providing there's some information that suggests this was a request from the municipalities and they'd like to have it changed.

I am very pleased to see the changes in section 22 of this Bill which now will allow municipal employees to request a leave of absence to become candidates in a provincial or municipal election. I think this has been a long-standing grievance of many civic employees who wanted to have the opportunity to put their hat in a civic election and have been frustrated by the legislation up to this point. By allowing this to take place – it has been well received, and I think a change was necessary for quite some time.

The other area that again I'm supportive of is section 118, which allows the municipality to pass bylaws that candidates will be required to disclose their contributions and expenses to elections. The only question I have here is that the terminology there uses the word "may" rather than "shall," and I think it's an escape hatch perhaps for those that may not want to comply with the legislation. I would suggest that this is an opportune time that we change the wording to "shall" to ensure that those who seek election in municipal elections will be prepared and in fact should disclose the contributions and expenses of their elections so as to remove any kind of suspicion that there are

various groups or individuals who may fund a particular candidate with ulterior motives.

The other thing that I see it's deficient in is that if a person in fact was found guilty of not complying with this disclosure legislation, what kind of penalty other than a \$1,000 fine? Is that it? Would there be other requirements for this particular individual to comply with? It seems to be silent on any other repercussions as a result of failing to submit an audited statement.

I was a little concerned that we may have amendments to section 281.1, which permits municipal councils to make their own decisions as to who is going to hold the franchise in the distribution of utilities and gas in their particular community as a result of annexation. I'm glad that this is staying in place, and with those comments, I think certainly we can support this particular legislation.

The question of municipalities developing an agreement with the postal service for municipalities to be able to operate a postal service within their own facilities: again, as an opponent to the privatization of Canada Post I think this seems to be another sort of foot in the door where municipalities now are going to be able to in fact set up a postal operation within a municipal office. I certainly feel that's not right, and perhaps the member may wish to clarify the exact intent of this particular legislation, Mr. Chairman.

Other than that, Mr. Chairman, I think it's a relatively good Bill. As I say, it's technical in nature in many aspects. However, I think by and large it's an acceptable Bill and we can support it.

MR. CLEGG: Just a quick comment or two on the remarks by the hon. Member for Edmonton-Beverly. I will agree that on the contributions to election campaigns it's something that we've been dealing with in municipal statute review, and certainly next year that will be taken a look at, I am sure.

The election day that you commented on: it's our hope – and you might use the word "may" hold an election, because in some small jurisdictions, you know, there might be the whole village out of town for some occasion and that would just allow them to do it.

On the postage service, Canada Post, I think I answered that question in second reading. Certainly it was never our intent to promote any municipality to get into the postal business, but in some jurisdictions where there is no other building but the administration building, then it would allow them to do it. But I'm sure the municipalities aren't interested in starting that service.

MR. EWASIUK: For clarification, Mr. Chairman, on the postal services. Would the services be exclusively for the use of the municipal offices, or would it be, in fact, a public post office used by all citizens of that community?

9:30

MR. CLEGG: I'm sorry. I couldn't hear you, hon. member.

MR. ACTING DEPUTY CHAIRMAN: Hon. member, would you mind repeating the question a little louder?

MR. EWASIUK: Sure. Thank you. Sorry, Mr. Chairman.

The question is on the proposal relative to the post office and the postal services provided by the municipalities. Will the service be owned exclusively for the use of the municipality –

that is, the municipal office – or will it be open to the public of that community as a whole?

MR. CLEGG: Well, it could be both. If you've got an area where there's only an administration building and then there's nobody willing to take on any responsibility for having even a building there, then it could be both, hon. member.

HON. MEMBERS: Question.

MR. ACTING DEPUTY CHAIRMAN: The question has been called on Bill 13, Municipal Statutes Amendment Act, 1991. [The sections of Bill 13 as amended agreed to]

[Title and preamble agreed to]

MR. CLEGG: I move that Bill 13 be reported.

[Motion carried]

Bill 23

Environment Council Amendment Act, 1991

MR. ACTING DEPUTY CHAIRMAN: The Member for Banff-Cochrane.

MR. EVANS: Thank you very much, Mr. Chairman. I'm pleased to rise this evening and make a few introductory comments at committee stage.

As I've mentioned both at first reading and second reading, the intention of the amendments in Bill 23 is to bring the Environment Council of Alberta to the 1990s and to prepare it for the challenges of the 21st century. These amendments are as a result of a thorough review of the council, which began in January of 1990 with the appointment of Dr. Natalia Krawetz as the new chief executive officer. The purpose of the Act is to revitalize the council.

Now, there are some eight amendments which are included in the Bill. Basically, those amendments are intended to reorganize the Act to expand the authority of review both with respect to current issues dealing with environmental conservation and as well long-term, emerging issues, and finally, to recognize and specify administrative functions which are currently being carried out by the Environment Council of Alberta.

Briefly, Mr. Chairman, I'd just like to point out some of the features of the amendment. The definition of "environment" has been placed in the Act to replace the old definition of "natural resources" and is consistent with the definition in the draft environmental protection and enhancement Act and really takes an ecosystems approach to environment. I think this is a very positive addition to the Act.

One of the matters that had been brought up by opposition members at second reading stage was section 2 dealing with the concept of "utilization of the environment." As I recall, the question was: how do you utilize the environment? Or something close to that kind of a question, Mr. Chairman. I would refer the member back to the previous section, which does have a definition which includes the words "conservation, management and utilization of natural resources," and again I would remind the member of his support for what has been accomplished by the Environment Council of Alberta in the past. Clearly, the use of the term "utilization" is merely a continuation of a definition that worked in the past.

If hon. members would refer to section 2(d), we will note the addition of social factors to the factors that are to be considered as part of those issues dealing with environmental conservation.

Section 6 does deal with the current activities that are being carried out by the council and is an attempt to broaden the description to take into account those current activities.

I think extremely important, Mr. Chairman, are the additions made to section 7 which provide for a number of consultative processes. This grants a wider authority to the Environment Council of Alberta and is consistent with the Department of the Environment's and this government's approach to the important work that's being conducted by the Environment Council, to expand its mandate.

I think, Mr. Chairman, that basically sets out some of the important matters considered in this amendment. I know that the hon. members in the opposition who spoke to the Bill at second reading stage had indicated that they would be bringing forward some amendments. I think that perhaps on reflection they may have changed their minds on that, but certainly if they have any questions or comments or if they have any amendments, I'll be pleased to address them.

Thank you.

MR. ACTING DEPUTY CHAIRMAN: Edmonton-Jasper Place.

MR. McINNIS: Thank you, Mr. Chairman. I think that the member was expecting amendments to this legislation. I don't know what would have led him to believe that. I mean, the purpose of the legislation is abundantly clear. The question is whether it's a good idea or it's not a good idea, but I don't think there's any way that an opposition party can amend what is clearly a government initiative to transform once again the Environment Council of Alberta. I say once again because the ECA, known as the Environment Conservation Authority, was quite radically altered by this government in the 1977-1978 period, when it proceeded to strip the authority of its ability to initiate public consultation on issues as part of its mandate of providing this kind of leading-edge advice that the government pretends it wants out of the council. It was reined in once already.

Now what's happened is that a new chief executive, clearly acting in consultation with the Minister of the Environment, who refuses to take part in this debate, has gone well beyond that; in fact, so far as to fire the public advisory committees of the council as a prelude to changing the mandate. Now, normally, if you're serious about acting in a co-operative way directing change within an organization, you work with the people who are there in developing a new mandate. The idea of coming along and firing the public advisory body partway through that advisory process and then holding the fruits of the consultative process secret: these are not the hallmarks and signs of a government that's interested in the co-operative approach to change. These are the hallmarks of a government with an agenda, a very clear and specific agenda and one that they're not going to let anybody stand in the way of. It seems to me that what's happened with this alleged reorganization is that the structure that's been in place for 20 years has been thrown out the window.

I would like to place in the record some comments which were written by Professor Jim Hackler of the Department of Sociology at the University of Alberta in a letter written for publication in the *Edmonton Journal*. Mr. Hackler refers to the 20-year history of various committees made up of interested citizens

studying a variety of environmental topics and making suggestions to the government. He says:

Perhaps the more outspoken members of the community were coopted in this manner, so that criticisms were channeled through the committees to the government rather than going to the media. It seemed to be a reasonable trade-off. The committees generated well informed discussions that balanced developmental and environmental concerns. The resulting presentations to government were certainly less assertive than some would have liked, but hopefully the government would take these suggestions seriously.

Now, this process is not one that's unknown in advisory committees of this type. When you enter into an advisory committee under government sponsorship, there's an expectation of a co-operative relationship. Mr. Hackler, along with others, I think, have noted that people who are involved in the council did have some tendency to mute their criticism rather than attacking the government to try to put forth strong recommendations for the government to deal with.

9:40

In second reading we dealt with the poor track record of this government dealing with recommendations out of the council. Now, that can't be the fault of the council. If there's fault there, that's a problem with the government: inability to respond to very sensible recommendations about Oldman River basin planning, for example; inability to respond to positive and thoughtful recommendations about forestry in Alberta and, in particular, about the contentious issue of effluent being dumped into river systems in northern Alberta. As long ago as 1978 the Environment Council was trying to tell the government to get away from the business of using our rivers as sewers for the pulp industry, but we know the history of the last three or four years. This province is the only one in Canada that will accept new bleached kraft pulp mill development.

Why will they accept it? Well, one very simple explanation is that they refuse to accept a recommendation of the Environment Council, now some 13 years ago, that they shouldn't do that. So Dr. Hackler goes on to say:

But this thin-skinned government may have found even these muted concerns for environmental issues too hard to take. Is this why the committees have been disbanded? Dr. Natalia Krawetz, Executive Officer of the Environment Council, suggested that the Public Advisory Committees might be replaced by a structure that would permit a broad base of discussion with Albertans. Isn't this a bit naive? It is like expecting Mulroney to act on the public sentiments arising out of the Spicer commission.

Now, I think Dr. Hackler has put his finger on the nub of the matter here. The government prefers, rather than dealing with a more or less stable membership on the public advisory committees who develop expertise in certain areas, who carry an ongoing brief, who obtain information from government departments on a regular basis, who make it their business to be up on world leading trends in environmental policy and to try to push Alberta into that forefront area – it seems to me the government is no longer comfortable with that approach. Instead, they're talking more vaguely about a broad process of consultation with all kinds of people, just the kind of process which is easy for a government to manipulate in the sense that it can set it up and set the terms, set the questions, set the information base on the table on an ad hoc basis or not, as the case may be, and can frame questions in a way which is designed to elicit a response.

It's something that's directly out of the 1989 discussion paper from the Public Affairs Bureau called *Action on Environment*, which says once again that the government can capture the political agenda of environment policy for its own partisan

purpose in the media by setting out broad and vague public objectives which it gets the public to buy into and then involves them in some type of a consultative process, so that they become tied up dealing with these broad public objectives while the real issues of the day, the real substance of policy, the decisions that are made right here on the ground go off in an entirely different direction: a way that the government can be seen to be responding to the public's concern by putting forth broad issues and broad objectives while it proceeds with a reality which includes the pulp mill development, where we have millions and millions of litres of liquid effluent dumped into the river systems of Alberta every day, where we have an Action on Waste program, which again has a broad objective but doesn't do anything for the various groups that are there, and on and on.

This seems to me to be another step in that same process, the politicization of the entire network of instrument policy-making by the government. The Environment Council, which is the one that had some sort of independence and standing of its own – suddenly those people have been sacked, sent off to pasture, and we're dealing with this other process, which is much more directly in control of the minister than it even was before under the Environment Council Act amended in 1978.

The question that I really have to ask, and I think now is the time to raise it – in the absence of the Environment minister I'm hoping the Member for Banff-Cochrane will explain – if the minister wants to have an advisory council of his choosing which will do ad hoc consultations with the public, why does he have to transform a 20-year-old agency with some history and tradition and record of contribution? Why doesn't he create his own road show if that's what he wants? Why does he have to destroy something that's actually doing some good out there in order to achieve this goal? I think that's the central question of the legislation, which ought to be asked while we're in committee and we have some opportunity for to and fro. Why is it that this agency has to be disbanded so that the minister can have his ad hoc traveling road shows and the type of thing that we know this government likes to do coming out of the Action on Environment paper of 1989? I really would like an answer to that question.

MR. MITCHELL: Mr. Chairman, I have listened to the debate and considered this Bill. The more that I hear and the more that I see, the more convinced I become that really this seems to be a concerted effort to disband, to erode, to decay the effectiveness of the Environment Council of Alberta. Ultimately, when I consider the prospect of this amending Act being passed, I say to myself: what is really going to be left for the Environment Council of Alberta to do that couldn't be done within the department? Because essentially what this Act does is gut any kind of independence that this council once might have had.

Now, there's a history as to why the government would want to gut the effectiveness of this council. Of course, we know that the erosion and the government's distaste for what the council was doing seemed to stem back to a report by the council some 10 or 11 years ago that the Oldman River dam wasn't cost-beneficial and probably shouldn't be built. I think we can trace from that point where there are those who would look upon that view and that perspective presented by the council, where there are those who would say: "You know, that's exactly what the council should be doing. It shouldn't be a toady to government. It should be able to give objective, arm's-length advice to the government whether or not that government wants to hear it." We can begin to trace an erosion of the government's respect for and support for that council from about that time. So we

have seen cutbacks in funding which limited the ability of the council to utilize its public advisory committee. We saw delays, a long delay in hiring a new executive director. We saw the departure of an executive director who was viewed by many to be extremely good.

I believe that this amending Act is really a further step along the way to reining in the Environment Council of Alberta. The council under this amendment will only be able to do things after consultation with the minister, and the council will no longer have public advisory committees, which of course couldn't be controlled by this government. Therefore, the government couldn't ensure that their findings and their reports would be consistent with the government's own political agenda with respect to the environment. So what we have in this amending Act are two very critical nails in the coffin of the Environment Council of Alberta, which really means that this council loses the most significant features of its effectiveness: its distance from government; its ability to choose what it would study; its ability, through public advisory committees, to have members of the public who wouldn't be reined in by government and who could say what they believed.

9:50

This brings me, therefore, Mr. Chairman, to another problem. If it is that the Environment Council of Alberta will in effect not have that distance and that objectivity and that freedom from influence by this government that it once had, then it will be little more than an extension of the Department of the Environment itself. Then we must ask ourselves the question: will it be anything more than just an unnecessary duplication of the bureaucracy that already exists in the Environment department? Now, I'm not at all certain that the members of this government haven't already answered that question. I wouldn't be surprised at all whether they haven't simply manoeuvred or are in the process of manoeuvring the Environment Council of Alberta into a redundant position. They have gutted whatever objectivity and whatever distance it had from political influence, have essentially established it as little more than an extension of a government department, the Department of the Environment, and I'm not at all certain that isn't very, very conscious.

Well, these members are very concerned about bureaucratic duplication, not always but certainly sometimes – certainly not with respect to the family life and drug abuse foundation, which is clearly bureaucratic duplication. What we will find emerging is an argument, a sentiment becoming increasingly public, perhaps increasingly intense within the minds and the thoughts of this government and its backbenchers to say, "Wait a minute." All of a sudden the Environment Council of Alberta is really nothing more than an extension of the Department of the Environment. It is, therefore, by and large duplication of what that department does, and whatever it might do that's unique could easily be assumed by that department. The next step, Mr. Chairman, will be to do away with the Environment Council of Alberta.

This amendment, as innocuous as the Member for Banff-Cochrane wants to say that it is – oh, it's just administrative; it's just streamlining; it's making it more effective – is none of those things, Mr. Chairman; quite the contrary. This amendment is insidious in its nature. It will erode the Environment Council of Alberta even further. It will rein it in. It will allow political influence to be exercised by this very, very paranoid government at a time when what we need are many, many points of view on the environment, the stimulation of aggressive debate about environmental values and environmental issues. At exactly the time that we need those things, this council is not going to be

able to provide them. It is only a matter of time, and probably not all that much time, until this council will be described, in the way that the government has already construed it, as nothing but duplication of bureaucratic processes that already exist in the Department of the Environment. You watch. Mark my words: it won't be long before the Environment Council of Alberta will be gone.

For that reason it would be very, very difficult for anyone who is concerned about objectivity, openness, who isn't afraid of other people's ideas that may be different from our ideas or the government's ideas, who wants to be challenged by new ideas and wants to be pushed into new frontiers where we must find ourselves if we are ever to confront the issues that face the environment today and successfully address them in this province. Mr. Chairman, at exactly the time we need that kind of input in this province, the Environment Council of Alberta will be gutted by this amendment and will be unable to provide it in any way, shape, or form.

I would argue that this chairman of the environment committee of caucus who has presented this shouldn't stand up and proudly proclaim the worth of this amendment; he should be ashamed that he has been asked to present this. He should ask himself the question: why is it that he is getting to present this particular piece of environmental legislation when the Minister of the Environment clearly doesn't want to touch it?

MR. ACTING DEPUTY CHAIRMAN: The Member for Banff-Cochrane.

MR. EVANS: Thank you very much, Mr. Chairman, and I thank the Member for Edmonton-Jasper Place and the Member for Edmonton-Meadowlark for their comments. Clearly, they are focusing on the advisory committee in the old Act and coming to a conclusion that I certainly don't think is warranted by either the history of the Environment Council of Alberta or the intent and the wording of these amendments. Their view is that by eliminating public advisory committees, this takes away a certain amount of independence from the council and will preclude the council from doing anything other than being a reporting service to the government of the province of Alberta. I think this is completely and totally untrue.

I want to just speak a little bit about the history of section 10 as it currently reads. Before I even get into the history, both hon. members have come to the conclusion that there is a vast difference between the existing provision and the new provision under the amendment with respect to the influence of the Minister of the Environment, but I would point out to both members and to all hon. members that the old section reads, "The Council, after consultation with the Minister," and that's precisely what is incorporated into the new amendments.

The history again, Mr. Chairman. When the public advisory committees were set up, we were in a different age. Public involvement was not the norm; public involvement was a matter almost of pulling teeth. The government of the province of Alberta wanted to have input from the public, wanted to give individuals who were interested in environmental matters an opportunity to gather expertise and to pass that expertise through the Environment Council to the government. Today we have a different reality. Certainly as the chairman of the Environmental Legislation Review Panel I saw that when traveling throughout this grand province of ours last fall. We have individuals from every walk of life, from young people in the early grades in school to senior citizens, from professionals to the average man on the street, who are involved in environmental matters, who want to participate in environmental research.

Clearly, Mr. Chairman, when the review and the revitalization of the Environment Council of Alberta Act was undertaken, this reality became crystal clear. It further became crystal clear that to have only the public advisory committees, which, as I think both hon. members have indicated, are rather stagnant and constant in terms of membership and in terms of what they're trying to achieve . . .

MR. McINNIS: Don't put words in our mouth. We can speak for ourselves.

MR. EVANS: They are developing expertise.

The Member for Edmonton-Jasper Place may choose to pretend that he didn't say that, but he did.

MR. McINNIS: I didn't say that.

MR. EVANS: Perhaps not in so many words, but he certainly did.

Now, the advantage of the amended section 10 is that this kind of a committee function can certainly occur; there's nothing to preclude it, absolutely nothing. But importantly, Mr. Chairman, there's an opportunity to create even more. There is an opportunity to set up task forces and any other bodies considered necessary by the council in its advisory capacity to carry out its responsibilities as are enumerated in the Act.

10:00

So clearly, Mr. Chairman, what is intended in this amendment is to expand that opportunity for public involvement, not to take away public involvement but rather to expand it so that the average man will have a greater opportunity to input into the important environmental issues, both the short-term and the longer term issues that affect the province of Alberta. For this reason I think this is a very positive initiative. I think it is consistent with the view of the Department of the Environment that public input is not only important but essential, and I am proud and pleased to be the sponsor of these amendments.

MR. GOGO: Mr. Chairman, I move that the committee rise and report progress.

[Motion carried]

[Mr. Speaker in the Chair]

MR. SPEAKER: Order please.

The Member for Lacombe.

MR. MOORE: Mr. Speaker, the Committee of the Whole has had under consideration certain Bills and reports the following: Bills 22 and 25, Bill 13 with some amendments, and progress on Bill 23. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

MR. SPEAKER: Having heard the report, those in favour, please say aye.

HON. MEMBERS: Aye.

MR. SPEAKER: Opposed, please say no. Carried.

[At 10:03 p.m. the Assembly adjourned to Tuesday at 2:30 p.m.]