

Legislative Assembly of Alberta

Title: **Tuesday, May 8, 2001**

1:30 p.m.

Date: 01/05/08

[The Speaker in the chair]

head: **Prayers**

THE SPEAKER: Good afternoon.

Let us pray. On this day let us be guided by Your eternal wisdom and confidence that You believe in all of us. Amen.

Please be seated.

head: **Introduction of Visitors**

MR. JONSON: Mr. Speaker, I'm pleased to introduce to you and through you to members of the Assembly Mr. Karl Ohs, Lieutenant Governor of Montana. Accompanying him are Senator E.P. Ekegren, Senator Glenn Roush, Representative Edith Clark, Representative Carol Juneau. Our friends from Montana have come to Edmonton for the annual meeting of the Montana/Alberta Bilateral Advisory Council. Alberta and Montana have a long history of working together in many areas including agriculture, tourism, water management, transportation, and border stations. Our relationship truly stands out as an excellent example of a province/state friendship that has benefited both sides of the border. This morning's meeting was a tremendous opportunity to exchange ideas and discuss many areas where we can expand our relationship with Montana. I would ask that the entire Montana delegation please rise and receive the traditional warm welcome of the Assembly.

THE SPEAKER: The hon. Member for Wetaskiwin-Camrose.

MR. JOHNSON: Thank you, Mr. Speaker. This is the 50th anniversary year of AADAC. It's my pleasure as the chairman of AADAC to introduce to you and through you the members of AADAC. They're sitting in your gallery, Mr. Speaker. First of all, our vice-chairman is Allen Dietz of Galahad. Other members are Dr. Philip Bryant of Drumheller, Thelma Crowther of Calgary, Ed Knox of Coalhurst, Peter Kossowan of Edmonton, Dan Martel of Edmonton, Paulette Patterson of Grande Prairie, Nev Smith of Leduc, and Lou Zaganelli of Calgary. I ask that the members of this Assembly extend their usual warm welcome.

head: **Presenting Petitions**

THE SPEAKER: The hon. Member for Edmonton-Beverly-Clareview.

MR. YANKOWSKY: Thank you, Mr. Speaker. I rise to present a petition signed by 31 residents of Claresholm, Stavely, and Nanton and 122 residents of the Edmonton area. The petitioners are asking the Legislative Assembly of Alberta to urge the government to introduce legislation

to allow Alberta health professionals to opt out of those medical procedures that offend a tenet of their religion, or their belief that human life is sacred.

THE SPEAKER: The hon. Member for Calgary-Shaw.

MRS. ADY: Thank you, Mr. Speaker. I also stand today to present a petition signed by 700 Calgarians. The petitioners are asking the Legislative Assembly of Alberta to urge the government to introduce legislation to allow Alberta health care professionals to opt out of

medical procedures that are in conflict with their moral conscience, the principles of their religion, or their belief that human life is sacred.

Thank you, Mr. Speaker.

head: **Notices of Motions**

THE SPEAKER: The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you. Mr. Speaker, I rise pursuant to Standing Order 34(2)(a) to give notice that tomorrow I will move that written questions appearing on the Order Paper do stand and retain their places with the exception of written questions 1 and 2.

I'm also giving notice that tomorrow I will move that motions for returns appearing on that day's Order Paper do stand and retain their places with the exception of motions for returns 1, 2, 3, 4, 5, 6, 7, 8, 9, 10.

Thank you, sir.

head: **Introduction of Bills**

THE SPEAKER: The hon. Minister of Human Resources and Employment.

Bill 11

Employment Standards Amendment Act, 2001

MR. DUNFORD: Thank you, Mr. Speaker. I request leave to introduce Bill 11, this bill being the Employment Standards Amendment Act, 2001.

What it does, Mr. Speaker, is put into legislation the regulations agreed to earlier this year regarding maternity and parental leave.

[Motion carried; Bill 11 read a first time]

THE SPEAKER: The hon. Member for Calgary-Fort.

Bill 208

Alberta Official Song Act

MR. CAO: Thank you, Mr. Speaker. I request leave to introduce a bill being the Alberta Official Song Act.

This bill is to establish a nonpartisan Alberta official song committee. The committee's function is to solicit from the Alberta public and review submissions of possible lyrics and music for an official song of Alberta and recommend it to the Alberta Assembly and the government in time for the celebration of 2005.

[Motion carried; Bill 208 read a first time]

head: **Tabling Returns and Reports**

THE SPEAKER: The hon. Solicitor General.

MRS. FORSYTH: Thank you, Mr. Speaker. It's my pleasure to table the appropriate number of copies of the Victims Programs Status Report 1999-2000. The report details the Alberta Solicitor General funding for programs and services that assist victims of crime. Funding increased 35 percent in '99-2000 to almost \$1.3 million. The report details the Alberta government's growing commitment to programs that assist those who fall victim to crime.

THE SPEAKER: The hon. Minister of Sustainable Resource Development.

MR. CARDINAL: Thank you very much, Mr. Speaker. I would like to table copies of my responses to the additional questions raised in second reading of Bill 3, Fisheries (Alberta) Amendment Act, 2001. The reason there's such a quick response is the reasonable questions asked by the opposition and the hard work by our government.

THE SPEAKER: The hon. Minister of Learning.

DR. OBERG: Thank you very much, Mr. Speaker. I rise before you today to table five copies of a magazine entitled *The School Administrator*. This is a magazine that is published out of Virginia and goes to all administrators in North America. For the first time this magazine chose to concentrate on one school jurisdiction. That school jurisdiction was Edmonton public.

THE SPEAKER: The hon. Minister of Human Resources and Employment.

MR. DUNFORD: Thank you, Mr. Speaker. I'd like to table five copies of the Report of the Minister's Committee on Employment Leave for Parents, that was submitted to me in January of this year by Sue Evison, chair of the committee.

THE SPEAKER: The hon. Member for Calgary-West.

MS KRYCZKA: Thanks, Mr. Speaker. I wish to table 336 letters addressed to me as the MLA for Calgary-West which were written by constituents residing in the expanding communities of Signal Hill and Richmond Hill. The letters are from parents expressing their support for the construction of a core elementary school at the site of the Battalion Park minischool, which has an actual enrollment projected at 98 percent utilization by September 2001. I am tabling five copies of these letters, as required.

Thank you.

THE SPEAKER: The hon. Member for Wetaskiwin-Camrose.

MR. JOHNSON: Thank you, Mr. Speaker. The Alberta Alcohol and Drug Abuse Commission as a Crown agency of the government of Alberta reporting to the Minister of Health and Wellness contributes in a major way to the health of individuals, families, and communities in the province. Today it's my pleasure to table the 2001 to 2004 business plan of the commission, which lays out the plans of the commission for providing alcohol, other drug, and gambling problem prevention, treatment, and information services to the people of Alberta over the next three years.

THE SPEAKER: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to table with the Assembly the appropriate number of copies of 48 letters dated March 19, 2001, to the chair of the public school board in Calgary. These letters outline the concerns of parents regarding the recommendations to close Glenmeadows elementary school. The closure would effectively eliminate Glenmeadows' before and after school and summer school programs for 75 children.

Mr. Speaker, my second tabling is the appropriate number of copies of a petition to the board of trustees of the Calgary board of education signed by 75 petitioners. It is against the closure of Glenmeadows school and Glenmeadows' before and after school and summer school programs.

1:40

THE SPEAKER: The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Speaker. I have one tabling today. It's a copy of a letter that's addressed to the Minister of Learning by a concerned parent in Medicine Hat, Mrs. Renee Seitz. By way of this letter she is indicating her concern to the minister about her children's school being triple graded next year, in her judgment, because of underfunding of schooling in the area.

head: **Introduction of Guests**

THE SPEAKER: The hon. the Premier.

MR. KLEIN: Thank you, Mr. Speaker. I'm honoured to introduce to you and through you to all Members of the Legislative Assembly several guests who are with us today. Grant Lakeman, Elizabeth Lakeman, Robert Park, and Marc Lamoureux join us from Montage IT Services Inc. The company, which helps other Alberta companies harness the power of the Internet, was the successful bidder on a silent auction item to have lunch with me. I might add that it wasn't a fancy lunch: plastic cutlery and paper plates. Most importantly, proceeds from the auction support the Juvenile Diabetes Foundation, a most worthwhile cause that provides funds for the very best in diabetes research. I am pleased to have these four representatives of Montage and these four supporters of the Juvenile Diabetes Foundation in the members' gallery today. I would ask them to rise and receive the traditional warm welcome of the Legislature.

THE SPEAKER: The hon. Member for Edmonton-Rutherford.

MR. McCLELLAND: Thank you very much, Mr. Speaker. It gives me a great deal of pleasure to recognize a former member of this Legislature who served our province well over many years. Sitting in our public gallery, ladies and gentlemen, is Mr. Percy Wickman.

THE SPEAKER: The hon. Member for Edmonton-Norwood.

MR. MASYK: Thank you very much, Mr. Speaker. This afternoon it gives me great pleasure to introduce to you and through you 30 grade 6 students from the Delton elementary school and their teachers Mrs. Michelle Korchinski, Mrs. Kathy LeBlanc, and parent Mrs. Grace Fedyszyn. They are sitting in the public gallery, and I would ask that they please rise and receive the warm traditional welcome of the House.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Speaker. It's a pleasure also to introduce to you and through you to all hon. members of the Assembly 30 students from Hardisty junior high. They are grade 6 students. They are accompanied today by their teachers Mrs. Sharon Loughheed and Mr. David Kehler and also by parents Rev. Sam Drew, Mrs. Pat McPhee, Mrs. Val Dickau, Mrs. Lucille Emo, Mrs. Struck, and Mr. Gordon Daniher. They're in the members' gallery, and I would ask them to please rise. But before that, I'd also like to note that teacher Mrs. Sharon Loughheed is the always gracious spouse of the hon. Member for Clover Bar-Fort Saskatchewan. Now I would ask them to please rise.

THE SPEAKER: The hon. Minister of Learning.

DR. OBERG: Thank you very much, Mr. Speaker. Today I have the pleasure of introducing 26 students from the Rosemary school in Rosemary, Alberta. They're accompanied by seven adults: Mr. David Blumell, who is the principal of the school, Fern Nickel,

Kathy Gette, Wanda Doerksen, Marlene Retzlaff, Annette Baerg, and Perry Dixon. They have come all the way from Rosemary to visit us in the Legislature today. They are seated in the public gallery. I would ask them to rise and receive the warm welcome of the Legislative Assembly.

THE SPEAKER: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Speaker. With your permission, to you and through you I'd like to introduce two very special visitors in the members' gallery today. One of them is my trusted and very dedicated, hardworking general manager at the constituency office, who's been with me for seven years. Her name is O.J. McLean. Accompanying her today for the first time in the Legislature is our STEP student, Ms Sarvir Hothi. I know that her mom and particularly her dad, Harmej, are very proud of her accomplishments, and so am I. Please rise and receive the traditional welcome of the House.

head: **Oral Question Period**

THE SPEAKER: First Official Opposition main question. The hon. Leader of the Official Opposition.

Conflict of Interest Legislation

DR. NICOL: Thank you, Mr. Speaker. A recent court case involving a government official found guilty of accepting money to influence government decisions highlights the lack of conflict of interest guidelines in this province. My questions are to the Premier. Why are officials who work with agents of the Crown and deal with public money, such as the Alberta Gaming Commission, not covered by the province's conflict of interest legislation?

MR. KLEIN: Mr. Speaker, relative to the heads of those various boards, authorities, agencies, and commissions, they are subject to the rules of conflict of interest. Relative to the members, in many cases these members are volunteers who receive nothing more than a per diem rate, and it seems to be unreasonable to subject these volunteers to the same rules that govern paid heads of organizations or agencies, boards, commissions, and authorities.

DR. NICOL: Mr. Speaker, my question was: officials who work with the heads of these departments. Mr. Premier, why are they not covered by that legislation? They have just as much influence as the people who are appointed as those heads.

MR. KLEIN: The whole issue of conflict of interest guidelines was examined over a period of time. The act was debated at length in this Legislature, Mr. Speaker. We have an Ethics Commissioner in place now to adjudicate allegations of conflict. There are rules and guidelines. The rules – and I believe that the Liberals were onside at that particular time when this particular bill was debated – apply to those people who can exercise influence; in other words, who are in a position of leadership, starting with the politicians, going then to the deputy ministers, and, I believe, the ADMs. I don't know how far down the ladder it goes, but it has to stop someplace. Certainly very significant conflict guidelines are enacted into law to prevent those who have the power of influence from using that influence to gain a benefit or an advantage.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Is this not a good illustration

of why we have to have the implementation of all of the recommendations that are in the Tupper report, so that all of these individuals who have a chance to influence decisions are actually covered by our legislation?

MR. KLEIN: A number of steps have been taken, and I would remind the hon. Leader of the Official Opposition that when the offence took place, there were no conflict of interest guidelines. There was no Ethics Commissioner at that particular time, Mr. Speaker. That all has happened since, and I can take the hon. member through the number of initiatives that have been taken since that particular time.

First of all, to point out that the events in this case occurred in 1992, nine years ago. Since that time the Tupper report – and he alluded to the Tupper report, Mr. Speaker – has been brought forward, with government accepting almost all of the report's recommendations. Of the 27 recommendations in the Tupper report 24 were accepted by government. Two – only two – were not accepted, and one was deferred.

1:50

Further, Mr. Speaker, specifically since 1992 the government has strengthened the Conflicts of Interest Act, introduced a revised code of conduct and ethics for employees and government appointees, required all senior public service employees to provide a full financial statement to the Ethics Commissioner on an annual basis. I would remind and quote from the Ethics Commissioner in commenting on our revised conflicts act. The Ethics Commissioner said in his annual report in 1997: "The new standards [of the act] reflect what the public wants and expects from its elected Members and are an important element in public accountability."

THE SPEAKER: Second main question. The Leader of the Official Opposition.

Conflict of Interest Court Case

DR. NICOL: Thank you, Mr. Speaker. The agreed statement of facts in the Jaber case states quite categorically that Mr. Jaber did not contact or have any discussions with any elected official or any other official or employee with the Government of Alberta or the Alberta Liquor Control Board concerning this issue.

Yet yesterday the Minister of Justice and Attorney General was unwilling or unable to stand behind this statement. My question is to the Minister of Justice and Attorney General. Why will the minister not stand behind that statement that's prepared for the courts?

MR. HANCOCK: Mr. Speaker, I'm delighted that the question has been asked, because I had hoped to rise later in question period and clarify the answer that I gave to that question. I should have at that time indicated that the evidence given in the preliminary inquiry stated clearly that each of the officials that were involved testified under oath and indicated that they had not in any way been influenced. I took the question in a broader scope, and after reading *Hansard* and discovering that it was specifically directed to that, I spoke with you earlier today and indicated that I might wish to clarify that particular statement. The context in which I answered the question was, as I heard it: did the particular individual ever influence any government official? That was the question which I responded to, but I'm pleased to have the opportunity to clarify.*

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Again to the Minister of

*See page 382, left col., para. 2

Justice and Attorney General. Yesterday when the minister indicated he could not give assurances that anybody else lobbied with regards to this case, was the minister saying that it's possible that someone else lobbied the government on behalf of Mr. Jaber?

MR. HANCOCK: No, Mr. Speaker, I'm not saying that at all. What I would say in this case is that the police have had an investigation, with co-operation from the special prosecutions branch of the government, have pursued this case, have put forward a case, have achieved a conviction. It's still before the courts, so we can't discuss the details of it, but if there are any other aspects of the case that continue to need investigation, I'm sure the appropriate authorities will be doing that.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Again to the minister: are you not making a good argument for a lobbyist registry when yesterday you said, "There are a lot of people that have been in this government, and I don't know all of them even personally, much less know who's talked to them" or who they're talking to from time to time?

MR. HANCOCK: Well, Mr. Speaker, the hon. Premier has already indicated that the Minister of Government Services is reviewing what's happened in other jurisdictions with respect to their lobby registries to determine whether or not they have had any effect and whether they're worth the cost of putting them up and the bureaucracy around them. I expect that we'll see the result of that review and will be able to make a determination as to whether in fact a lobby registry would be a useful tool in this particular province.

The bottom line, though, is that Albertans contact this government, both members of the government side and members on the opposition side, on an ongoing basis about issues of concern to them. Some of those are with respect to broad public policy issues, and some of them are with respect to narrow personal interests. That happens whether it's paid lobbyists or unpaid lobbyists. I think we should not from that take any opportunity to cast aspersions on any member of this House in terms of their ability to discern between private interest and public policy.

THE SPEAKER: Third Official Opposition main question. The hon. Member for Edmonton-Mill Woods.

Establishment of School Districts

DR. MASSEY: Thank you, Mr. Speaker. The new government policy with respect to the establishment of school districts in the province has raised serious questions. My first question is to the Premier. Why has the government embarked on a divisive policy that potentially puts the two publicly funded school systems at loggerheads?

MR. KLEIN: Mr. Speaker, I don't think that that was the intent at all, but to explain the situation as it now stands, I will have the hon. Minister of Learning respond.

THE SPEAKER: The hon. minister.

DR. OBERG: Thank you very much, Mr. Speaker. That's an excellent question. For those of us who have experienced either as a citizen, as an MLA, or as a constituent the 4 by 4 process for formation of the Catholic school system, everyone here knows how

divisive that whole process can be. I've come from a community that five or six years ago went through that vote and is still suffering the consequences of that vote. I'm not talking about the two school systems. I'm talking about people in the community. Quite literally, in communities like mine you have people that will not darken the door of a certain business because of the way they voted during that vote.

The process that is before you today in Bill 16 was something that was put forward to the Alberta School Boards Association roughly a year ago. At that time they went forward to all of their boards. There was a vote taken by the boards, and the vote was agreed upon by the Alberta School Boards Association. Yes, indeed, Mr. Speaker, the vote actually passed in the Alberta School Boards Association.

The other thing that I will say, Mr. Speaker. I do not have *Hansard* in front of me, but I do believe that the hon. member across from me who just asked me the question actually said in the Legislature that if there is anything that would improve the 4 by 4 situation, he would support it one hundred percent.

THE SPEAKER: The hon. member.

DR. MASSEY: Thanks, Mr. Speaker. My next question is to the Minister of Learning. Why did the minister change the policy without the agreement of those school boards most affected? That was the agreement I said I'd support.

DR. OBERG: Mr. Speaker, as I stated, the Alberta School Boards Association, which is the association made up of 64 school boards, went around to their various school boards around the province. They had meetings about this whole issue, and they came back with a solution. That solution is now in Bill 16.

I must remind the hon. member and I must remind everyone in this Assembly what a 4 by 4 vote does to a community. Perhaps the first part of the answer was not heard. For those of us who have been through it, it is absolutely catastrophic in a community. Mr. Speaker, both the ACSTA and the ASBA are in favour of this proposal that is now before us in the Legislature.

DR. MASSEY: My third question is to the same minister. Will the minister delay the implementation of the new policy until public hearings on the change are held across the province?

DR. OBERG: Well, Mr. Speaker, first of all, there have been public hearings on the school boards for the last year, and I would suggest that the hon. member is listening to one element of the School Boards Association, the element that did not get their way in this vote. Who I'm talking about specifically is the PSBA, who did not get their way and subsequently have moved on to another level of lobbying.

Mr. Speaker, this has been agreed to. This is something that everyone agrees with when it comes to the majority. I would ask the hon. member to contact the ACSTA, because I'm sure they would have some very strong viewpoints to give the hon. member on this.

THE SPEAKER: The hon. leader of the third party.

Conflict of Interest Court Case (continued)

DR. PANNU: Thank you, Mr. Speaker. The government is stonewalling and refusing to answer many questions surrounding the influence peddling case concluded last Friday. The fact that one of

the most powerful senior officials in the Premier's office in 1992 received a payment under strange circumstances from a most questionable source should have set off alarm bells around the government. My question is to the Minister of Justice and Attorney General of the province. When did the Minister of Justice first become aware of the secret payment to the former executive director of the Premier's office from the numbered company controlled by Ziad Jaber's wife?

MR. HANCOCK: Well, Mr. Speaker, it is necessary to clarify that this was a long time ago, and it was a different Premier and a different Premier's office.

To answer this question specifically, in November of 1999 I was advised by the Deputy Attorney General that charges were to be laid, and I was given information with respect to the circumstances around those charges.

THE SPEAKER: The hon. member.

DR. PANNU: Thank you, Mr. Speaker. Given the taint of corruption that such a secret payment strongly implies, has the Ministry of Justice or the Minister of Justice conducted a thorough review of the secret payment received by the former Premier's executive director, and if not, why not?

2:00

MR. HANCOCK: Well, Mr. Speaker, the RCMP were investigating. They had the full co-operation of the special prosecutions branch. The policy manual in special prosecutions and, indeed, for all prosecutors for the last 20 years has indicated that the prosecutions branch should co-operate with and assist the RCMP and the police in terms of investigations to make sure that cases are put together so that they can achieve convictions on charges. We're partners in the process. There was a thorough investigation, as I understand it, with respect to the information surrounding the investigation which eventually resulted in the charges, and I believe that if there is anything further to come out of that investigation, it will come.

The hon. Premier would like to supplement.

MR. KLEIN: Mr. Speaker, I just want to make one point. The point is this. On the issue the gentleman alluded to about the \$20,000 and the statement the gentleman alluded to, made, about how he obtained the money and the nature of his loan to Mr. Jaber, I would remind the hon. member that that statement was made under oath, under oath in a court of law. Is this hon. member saying that the person he alludes to committed perjury? If he is suggesting that and if he is saying that, then say it outside the Chamber.

THE SPEAKER: The hon. member.

DR. PANNU: Thank you, Mr. Speaker. Will the minister table in the Assembly any reports he has received or that have been done by his ministry looking into the strange circumstances surrounding the payment to the former Premier's executive director, and if not, why not?

MR. HANCOCK: Well, Mr. Speaker, I don't believe there would be any such reports other than the investigative file of the RCMP and the prosecutor's file, and it would be neither appropriate nor I think possible for me to table that in the House.

Electric Power Supply

MR. McCLELLAND: Mr. Speaker, my question is to the Minister

of Energy. On May 2 the minister told the House that power producers who fail to deliver committed power must make up the shortage to the Power Pool, are penalized by the lost business opportunity, and must find a way to meet any supply contracts in place from the Power Pool. But what about consumers not protected by a supply contract? My question: is it not reasonable that producers should replace the power not delivered plus pay a penalty equal to the higher consumer prices caused by their failure to deliver in the first place?

THE SPEAKER: The hon. minister.

MR. SMITH: Thank you, Mr. Speaker. The member brings up an interesting scenario with respect to the increase in the Power Pool price that would be created by more power being sought for demand, for purchase if a certain amount of power was not being produced by a generator. If this happens and the supplier must seek additional power, there is then a risk premium attached to that power search. Given that risk premium, that would create an additional cost on top of already the first cost that the member has suggested.

MR. McCLELLAND: Mr. Speaker, to the same minister: would it not follow, then, that any additional risk costs should be borne by the shareholders of the company that own the shares in the company that didn't deliver the power in the first place and not the consumer?

MR. SMITH: That's a good point, Mr. Speaker. In fact, how do shareholders maximize profit? By simply passing costs on to their marketplace, which could then be found in the way of increased prices. I think that it's important that we have a market that functions, that we have a market where the generator is obligated to supply power. If they can't supply power because of normal outages, normal reasons that occur in the course of business – these are mechanical machines; they're not a hundred percent foolproof – they would seek to supply and replace that power in the normal market process.

MR. McCLELLAND: Well, Mr. Speaker, to the same minister: how can the market benefit from market discipline and consumers at the end receive a better product at a lower price if the producers of the product, this time being electricity, are not affected by normal market discipline?

MR. SMITH: Well, in fact, the supplier, Mr. Speaker, is ruled by market discipline. The issue is that the markets supply the power, and if the power is gone and it can't be sold, there's a punitive effect that will take place there. The member is going right towards where the real issue is, and that is of course to increase generation, the kind of generation that we've been seeing announced over the last two or three months. That's important. I will be pleased to send a copy of *Hansard* to the EUB, who's looking at a market review, and as well to my own department, who's also looking at as part of the seven-point retail transition plan a process on pricing in the Power Pool.

THE SPEAKER: The hon. Member for Edmonton-Centre, followed by the hon. Member for Calgary-Shaw.

Horse Racing Renewal Program

MS BLAKEMAN: Thank you, Mr. Speaker. The recent Auditor General's report found that slot machine revenues paid to the Alberta Racing Corporation and the racetrack operators were not in compliance with the governing legislation. This included \$18 million in

revenues that were retained by Edmonton Northlands and Stampede Park. My questions are to the Premier. Given the aggressiveness with which the government pursues recovery of social assistance overpayment, will the government pursue recovery of these funds with the same vigour?

MR. KLEIN: Mr. Speaker, I agree that everything was done in accordance with the agreement reached relative to the horse racing renewal program. I don't know the intricacies of the question that was asked, but I will take the matter under advisement and discuss it with the minister.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thank you. The Auditor General himself said: Short of getting an annual report back from them, you're getting no accountability, and there's no agreement in place at the moment for you to get any more accountability than that. Frankly, I don't think that's appropriate.

What steps has the government taken to make the commission more accountable?

MR. KLEIN: Mr. Speaker, I can't be specific as to the steps that were taken, but I do know through conversations with both the former minister and the current minister that steps have indeed been taken to comply with the recommendations of the Auditor General.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thank you. Again to the Premier: will the government undertake a full inquiry into this matter as part of the department's current review of gaming policy and regulations?

MR. KLEIN: Well, Mr. Speaker, as I said in answer to the previous question, the Auditor General has examined this situation and we have complied, as I understand it, with his recommendations and have taken the measures that are deemed to be corrective.

THE SPEAKER: The hon. Member for Calgary-Shaw, followed by the hon. Member for Edmonton-Glengarry.

Ranking of Schools

MRS. ADY: Thank you, Mr. Speaker. This weekend the Fraser Institute issued its annual report card on Alberta high schools, ranking schools based on academic performance. My question is to the Minister of Learning. What is the government's position on this report card and the overall ranking of Alberta schools?

DR. OBERG: Well, first of all, Mr. Speaker, I would say that a simple ranking of schools based on diploma exams, on achievement exams is just that: very, very simple. There are a lot of different issues that each and every parent should take a look at when they're deciding where to put their children. To be able to say that one school is better than the other purely because they have a particular cohort of students that happen to do well on achievement tests or on diploma exams is an extremely wrong thing to do. Basically, what you should be doing is taking a look at which school fits your child.

MRS. ADY: My second question is also to the Minister of Learning. I have to confess that as a parent of two high school students in the Calgary public school system I took a peek at the list to see where my high school rated, as I think most parents did. Also, as the member that represents 80,000 constituents without a high school

my parents have to choose. If studies like this shouldn't be used to compare schools, what tools exist to help parents choose the school best suited for their child?

2:10

DR. OBERG: Well, first of all, Mr. Speaker, there's one other point that I will add, and this is a question that I get all the time on this particular issue. The question is: well, if you come out against these school rankings, why on earth did you do them? Well, the obvious answer to that is that we didn't do them. The report was commissioned by the *Calgary Herald* and I believe the *Edmonton Sun* and subsequently published in their newspapers. Yes, we did make the information available.

Mr. Speaker, in direct response to the hon. member's question, there are a myriad of different things that you need to look at when you decide on a school. It could be the school environment. It could be the individual's needs. It could be the absolute location of the school, the fit that the school has to your child. You have to remember that each child is individual, each child has different needs, and perhaps there's a different school for each child.

MRS. ADY: My final question is again to the Minister of Learning. Can the minister explain the kinds of measures that are in place to ensure the accountability of our schools and the learning system overall?

DR. OBERG: Well, Mr. Speaker, that's a very interesting question, and realistically I could be here for another two hours to tell you the accountability, but you're shaking your head. We have a considerable amount of accountability mechanisms built into the business plan that is presently before the Legislative Assembly. Each school has to be accountable to me. They have to be accountable through the democratic process to their ratepayers, to their constituents, and, Mr. Speaker, through you to the hon. member, probably the ultimate accountability is that they must get re-elected each time.

School Fees

MR. BONNER: Mr. Speaker, currently many schools across this province levy fees to finance programs and services. These levies place undue financial burden on many families in this province. My question is to the Minister of Learning. When will this government eliminate the need for schools to levy fees to finance programs and services?

DR. OBERG: Mr. Speaker, the majority of fees that are actually levied at the school level are for things such as basketball programs. They're for special needs that are for each individual class. The other issue and the other place where fees are levied is for rental of textbooks. As I've said in this Legislature before, that has been a practice that has been on for the last 50 or 60 years, where you actually rent or in some cases buy the textbooks. So that is not different.

The issue about fees though – and there is a very significant issue about fees, and that is what some of the parents are being told about fees and fund-raising, that they're having to raise fees, that they're having to fund-raise for things like textbooks. Mr. Speaker, there is plenty of money in each and every school board's budget to provide for the core funding, for textbooks, for all things that are needed for each kid to go to school.

MR. BONNER: To the same minister, Mr. Speaker: given that program and services fees are really a form of taxation, why does this government continue to place more financial burden on families across this province?

DR. OBERG: Well, first of all, Mr. Speaker, I will not agree with the initial assumption that was put forward. It is not a form of taxation. If my child plays basketball, then I have an obligation as a parent that I should pay for my child to play basketball. If my child takes a cooking class, for example, something that not everyone in the school has the ability to take, then I should be paying extra for that. When they're talking about textbooks and that, absolutely not. Textbooks should not have fund-raising or fees. They have the ability to pay for them through the school board. If any member in this Assembly has that concern, I will gladly take it and personally look into it with each and every school board.

MR. BONNER: To the same minister, Mr. Speaker: what action has the minister taken to eliminate schools from needing to levy fees?

DR. OBERG: Well, Mr. Speaker, there are a couple of actions that I've taken, but probably the most significant action that I've taken is called a 9.8 percent increase last year and an 8.4 percent increase this year.

The other thing that I will add is that in September of this year the Alberta School Boards Association came out with a complete guide on fees and fund-raising that was sent out to each and every school board. That guide includes things like not having to raise fees and/or fund-raise for core educational projects. I'm glad to say that that has been accepted by the majority of school boards.

Again I reiterate my offer. If there is anyone in this Legislative Assembly that has concerns about fees and fund-raising for such basic things as textbooks, tell me and I will personally look into it.

THE SPEAKER: The hon. Member for Wainwright, followed by the hon. Member for Edmonton-Gold Bar.

Gun Registration Legislation

MR. FISCHER: Thank you, Mr. Speaker. My questions are to the Minister of Justice. The issues surrounding Bill C-68, the federal government's gun registration legislation known as the Firearms Act, just will not go away. The effects of this legislation are felt by nearly every agricultural producer and gun owner in Alberta, and many of them are in the Wainwright constituency. The Alberta Association of Municipal Districts and Counties discussed this subject in detail at their spring conference. Has the Minister of Justice and his department done everything possible to protect Albertans from the costly, destructive effects of Bill C-68?

THE SPEAKER: The hon. minister.

MR. HANCOCK: Thank you, Mr. Speaker. Yes, the Department of Justice and this government have been very vigorous opponents of the gun registry legislation. We believe that the money that's being spent on the gun registry could be much better spent on dealing with criminals with guns.

Mr. Speaker, members will recall that this government led a charge, which eventually, I think, eight different provincial jurisdictions across the country joined with, in taking that legislation to the Supreme Court of Canada. Unfortunately, the Supreme Court found that it was valid criminal legislation. We believe that it was actually property legislation, but the Supreme Court of Canada found it to be criminal legislation, and that ended our ability to challenge the legality of the legislation. All that's left for Albertans and for other Canadians who oppose that legislation and believe that the resources spent on that kind of registry should be better spent chasing criminals is to lobby their federal government and talk to their federal members.

THE SPEAKER: The hon. member.

MR. FISCHER: Thank you, Mr. Speaker. Given that the AAMDC has asked the government to hold a provincewide referendum asking Albertans whether the government of Alberta should participate or assist in the firearms registration legislation in any way, would the minister support such a referendum?

MR. HANCOCK: Well, Mr. Speaker, while the sentiment of the resolution is certainly appreciated, the fact of the matter is that we have taken the position as the provincial government that we will not participate in the gun registry, nor will we enforce the legislation. We do have an obligation to proceed with charges under the Criminal Code. The provincial government and prosecutors for the provincial government on behalf of Albertans prosecute charges under the Criminal Code. We'll certainly – and we think Albertans would want us to – prosecute any charges that are laid in conjunction with the commission of a criminal offence.

MR. FISCHER: Could the minister explain to my constituents why Alberta will not use the notwithstanding clause in the Constitution to opt out of this ridiculous legislation?

MR. HANCOCK: Well, Mr. Speaker, I've had this question from many Albertans right across the province. We should be clear where the notwithstanding clause is usable. It's usable when the provincial government wants to bring in legislation and there may be a question as to whether the legislation violates in any way section 15 of the Charter. Then the notwithstanding clause is available to ensure that the legislation is operative notwithstanding the Charter. We cannot use the notwithstanding clause to opt out, in essence, of federal legislation, particularly where the federal legislation has been found by the Supreme Court of Canada to be constitutional.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Edmonton-Highlands.

Electric Power Generation

MR. MacDONALD: Thank you, Mr. Speaker. Yesterday the Premier and the Minister of Energy provided some contradictory nonanswers about location-based credits used to pick and choose where new electricity generation will be constructed in the province. My first question is to the Premier. Given that the primary objective stated on the original invitation to bid for location-based credits was to use credits to attract generation units to within 50 miles of Calgary to prevent voltage collapse, why was TransCanada Energy at a site in the Grande Prairie area given credit-rate incentives last week?

Thank you.

MR. KLEIN: Well, Mr. Speaker, I have trouble with the preamble to the question, and that is how you can have – what is it? – a contradictory nonanswer. If it's a nonanswer, then it can't be contradictory.

Having said that, Mr. Speaker, I'll have the hon. Minister of Energy respond.

2:20

MR. SMITH: Mr. Speaker, the transmission administrator, as the member well knows, is an independent body that makes its decisions accordingly, and he's free to consult with them.

THE SPEAKER: The hon. member.

MR. MacDONALD: Thank you, Mr. Speaker. To the Minister of Energy: could the minister explain who will pick up the tab for the estimated \$80 million in supplemental payments for those location-based credits announced last week?

MR. SMITH: Mr. Speaker, clearly the policy is a matter of record. He should consult the transmission administrator.

THE SPEAKER: The hon. member.

MR. MacDONALD: Thank you, Mr. Speaker. This time to the Premier. We'll see what sort of contradictions come out now. Why are credits being given to TransCanada Energy to build more generation in northern Alberta when that company last year exported electricity to the value of \$3.9 million?

MR. KLEIN: Mr. Speaker, again I will defer to the hon. Minister of Energy, who is in a position to provide a more detailed answer.

MR. SMITH: Mr. Speaker, as opposed as the Liberal member is to new generation of power in a free marketplace, it is important to note that there is a clearly detailed set of rules and conditions, which the transmission administrator abides by for the purpose of delivering much-needed new power generation into Alberta. I would think that the member, by questioning that, is probably thinking about standing in the way of bringing new power, much-needed power, into the marketplace in Alberta today.

THE SPEAKER: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Dunvegan.

Access to Court Documents

MR. MASON: Thank you, Mr. Speaker. Yesterday I asked the Minister of Justice several questions, which he dealt with like the Dickens character the Artful Dodger. One of the things he did say, however, was that we ought to obtain a copy of the transcripts of the preliminary inquiry of a court case involving Ziad Jaber. Well, it was a good suggestion, and we decided to follow up on it. Why was a representative of our caucus told by a staff member of the Justice department this morning that a copy of the transcript would cost over \$500 and take up to 10 days to process when previous similar requests had been handled speedily and without cost?

MR. HANCOCK: Mr. Speaker, I have no idea why an individual might have said that, and I'll certainly be interested in asking that question. What I can tell the hon. member is that court transcripts are produced by independent court transcribers, and they do get paid on the per page basis, so I presume that that's the cost of producing a transcript and paying the court transcriber the fee for her or his work.

THE SPEAKER: The hon. member.

MR. MASON: Thank you, Mr. Speaker. Can the minister indicate whether or not the department has changed any of its policies with respect to MLAs' access to court documents?

MR. HANCOCK: That I can assure you, Mr. Speaker. There has been no change in the policy with respect to access to court documents by any member of the public, including MLAs.

THE SPEAKER: The hon. member.

MR. MASON: Thank you, Mr. Speaker. Will the minister commit to having a copy of the court transcript provided to my office and to any other member who requests it sometime today?

MR. HANCOCK: Mr. Speaker, I have a copy of it right here, and I'd be pleased to make a copy of it and provide it to him as soon as possible, provided that it does not break any of the rules relating to the payment of workers.

THE SPEAKER: The hon. Member for Dunvegan, followed by the hon. Member for Edmonton-Ellerslie.

Summer Natural Gas Rebate Program

MR. GOUDREAU: Thank you, Mr. Speaker. My question is to the Minister of Agriculture, Food and Rural Development. The government has announced that it is providing a summer natural gas rebate program to specific agricultural natural gas users. Can the minister explain why this program has not been offered to all agricultural users?

MRS. McCLELLAN: Mr. Speaker, the member is absolutely correct. We have announced today a natural gas rebate program to some natural gas users throughout the summer months. I must point out that all natural gas users received a rebate over the period January to April 30. However, there were certain agricultural users that were unable to benefit from that program because their time of high usage is through the summer months. So today, as we had committed to do to those sectors, we've made the details available as to how the program would work for a four-month period for select users in this time.

MR. GOUDREAU: My first supplementary question is to the same minister. How does the minister explain the difference in rebate amounts from what was offered during the winter months, at \$6 per gigajoule, to what is being offered in the summer months, at \$3.75 per gigajoule?

MRS. McCLELLAN: Mr. Speaker, one thing I should have pointed out earlier is that this applies to greenhouses who did not start up until spring, to irrigators, to alfalfa dehydrators, who operate through the summer months. The choice of \$3.75 a gigajoule was estimated to give those users the same or a similar benefit as what the \$6 a gigajoule gave to the winter users. For example, the average gas cost throughout the winter was from \$9.50 to \$9.75. If you subtract the \$6 a gigajoule, you would get \$3.50 to \$3.75. We will monitor the prices. At this point we expect them to be in the \$7.25 to \$7.75 range, but I heard as late as two hours ago that, indeed, the natural gas price could be lower over the summer months. So we'll continue to watch it and monitor it and make sure that the benefit is comparable to the winter users'.

THE SPEAKER: The hon. member.

MR. GOUDREAU: Thank you, Mr. Speaker. My final question is again to the same minister. Greenhouse operators who were already eligible for natural gas rebates during the winter months: why do they continue to receive natural gas rebates while other winter users don't?

MRS. McCLELLAN: Mr. Speaker, greenhouse operators who took advantage of the program through the January to April 30 period will not be eligible for this program. This program is specific to those operators who did not begin their operations until perhaps the 1st of

April or the middle of March, and I should make it very clear that they are eligible for a four-month period only, the same as the ones who would have accessed it had they started growing in January to April.

THE SPEAKER: The hon. Member for Edmonton-Ellerslie, followed by the hon. Member for Calgary-McCall.

Tuition Fees

MS CARLSON: Thank you, Mr. Speaker. In Budget 2001 the government has again chosen to ignore the issue of high tuition fees in Alberta. While they have provided more money to postsecondary institutions and money for debt relief and loan remission, that is like dealing with the symptoms and not the disease. My questions are to the Minister of Learning. Why has the government chosen to deal with operating costs and debt relief but not tuition fees?

DR. OBERG: Well, Mr. Speaker, very simply, operating costs are what leads to tuition fee increases. It's operating costs at the universities that allow the universities to set the tuition fees. We increased the amount of money going to universities in Budget 2001 by 8 percent. This is on top of roughly a 7 and a half percent increase last year. The most critical thing – and the hon. member brought it up – in the 2001 budget, though, is the amount of relief that has been given to students. We increased the amount of funding to the students through the Students Finance Board, bursaries, student loans, all this by 22 percent. That's on top of the 22 percent last year, 22 percent this year, and a projected 22 percent over the next two years. A huge amount of dollars that are being given to students.

Just as a point of interest, last year the Arts faculty was offered a decrease in tuition fees. Mr. Speaker, do you know what happened? The students from the Arts faculty at the University of Alberta protested because they wanted their tuition to be as high as everyone else's because their degree would not be valued if their tuition went down.

MS CARLSON: That's not what the students in my constituency are saying.

To the same minister: what instructions has the government given postsecondary institutions with regard to possible future tuition fee increases in the coming year?

DR. OBERG: Well, Mr. Speaker, that's a little bit of a strange question, as I'm sure the hon. member realizes that the tuition fee increase is an exclusive domain of the board of governors of each institution. I do, however, contact them in an attempt to keep the tuition down. A good example of that was the projected increase which you saw at the University of Alberta. For September of 2001 they were projecting roughly a 5 and a half percent increase. After talking to them, after giving them money, after telling them some of the things that would be included in the budget, this dropped down to a 3.2 percent increase.

Mr. Speaker, I cannot directly set tuition fees. That is not in my realm of responsibility. That is in the realm of responsibility of the board of governors of each individual institution.

2:30

MS CARLSON: Mr. Speaker, will this minister review the 30 percent tuition cap and its impact on students, the severe, significant financial impact on students?

DR. OBERG: Well, there are two questions there. First of all, yes, I will review the 30 percent cap. The reason I will review it is

because we have two institutions in Alberta who have already reached the 30 percent tuition cap. Mr. Speaker, the reason they have reached it is because they have dropped their operating expenses. As the member obviously knows, the tuition is related to the operating expenses, and if you drop the operating expenses, the amount of tuition that can be charged also goes down. So, yes, we are looking at that.

The other point that I will say, Mr. Speaker, is that I just released an accessibility study late last week. The interesting component of that accessibility study is that, yes, a lot of the graduates, the people in grade 12, did cite tuition fees as being an item that kept people from the universities, but the interesting point is that they overestimated the price of tuition by close to 50 percent. We have to do a better job of getting our communication out there, but a lot of the issues are actually perceived issues as opposed to real issues.

Supports for Independence

MR. SHARIFF: Mr. Speaker, the provincial government employs social workers, child welfare workers, financial benefit workers, program specialists, and caseload supervisors, all of whom I consider to be valued professionals working on the front lines, giving people across this province a hand up rather than a handout. One of the major challenges experienced by these professionals is helping our supports for independence clients manage their finances in a growing economy in which housing rental costs are skyrocketing and inflation eats away the true value of the dollar. It is extremely difficult for many families to manage when 50, 60, or even 70 percent of their SFI allowance is eaten up by rental costs. To the minister of human resources: will the hon. minister commit to setting up a committee made up of citizens from the business community, social service industry, Members of the Legislative Assembly, and average citizens to review the SFI rates for this province?

THE SPEAKER: The hon. minister.

MR. DUNFORD: Yes, Mr. Speaker. We have committed in the Speech from the Throne and also, I believe, in the budget document – I'd have to check that – that we will go out and review programs and services that we have for our supports for independence clients here in the province.

The hon. member, though, offered some suggestions as to the makeup of that committee. Certainly I will take that under advisement, but as the minister I will reserve the right to appoint the members to the review committee that I deem necessary.

THE SPEAKER: The hon. member.

MR. SHARIFF: Thank you. To the same minister. Given that the department of education has set aside 6 percent for wage raises for our valued teachers, will this minister also demonstrate his value of these professionals by setting aside a 6 percent minimum wage increase?

MR. DUNFORD: There would be a process problem, Mr. Speaker, with the request or the suggestion that the hon. member is making. Currently we have not done that. We are moving forward with our business plan, and certainly imminently I'll be defending our estimates in this House. But I don't want to be mistaken. Certainly the financial benefit workers that we have within our department are valued members of our staff, but they some time ago decided to bargain collectively through the Alberta Union of Provincial Employees, and of course we'll be entering into collective bargain-

ing with that group later this fall. Certainly, then, all of our valued Alberta public service will be looked upon at that time within the context of labour relations.

MR. SHARIFF: My final supplemental is to the Minister of Children's Services. Can the child welfare workers also foresee a minimum increase of 6 percent in their wages?

MS EVANS: Mr. Speaker, it's most appropriate that the Minister of Human Resources and Employment respond because all of the collective bargaining in fact is done through that minister, with our participation elsewhere.

What I can advise the hon. member is that for the past several months a provincial committee with union representation from the provincial employees, representation from social workers looking at pay classification rates for social workers and those frontline workers that the hon. member references, has undertaken a painstaking review of every finite detail. Through that review, Mr. Speaker, in March there was agreement with all parties on that.

I'd like to just also add that we have taken very seriously the issues social workers have with education. Last week with a sponsor from the University of Calgary we held a review of what the needs are in social work education, a very successful seminar and workshop attended by some 200 social workers, which I attended. The issues of pay and recognition and compensation for these workers, valued members of our provincial team, were discussed very thoroughly. I would like to assure the hon. member that I'm very confident that when we get into the round of bargaining, he will be satisfied that we have paid our due diligence to all aspects of the employees' needs and will in fact be able to satisfy the issues that will be at the table.

head: **Members' Statements**

THE SPEAKER: The hon. Member for Calgary-Shaw.

Victims Programs Status Report

MRS. ADY: Thank you, Mr. Speaker. The hon. Solicitor General today tabled the Victims Programs Status Report 1999-2000. That report detailed funding provided for programs and services that assist victims of crime. The funding shows this government's commitment to supporting Albertans who fall victim to crime.

Mr. Speaker, I would hasten to add that the grant program is not – and I repeat: not – supported by law-abiding taxpayers' dollars. Rather, it's funded exclusively by victim surcharges paid by those who are guilty of offences in Alberta. Funding to victims' programs increased 35 percent in 1999-2000 to almost \$1.3 million. Approximately \$1 million was provided to victims' services programs and community-based victims' assistance programs offered by the RCMP and municipal police services. Now there are a total of 106 victims' services units in Alberta. In 1999-2000 they helped more than 38,000 Albertans. More than 1,400 Albertans gave generously of their time last year to help the victims of crime.

Here is the truly startling statistic pointed out by the Victims Programs Status Report 1999-2000: these volunteers donated almost 187,000 hours of their time. That works out to 95 person-years of labour. Mr. Speaker, that is valuable labour, valuable time provided at no cost to Alberta taxpayers. Alberta has a long history of neighbour helping neighbour, and this is truly what these selfless volunteers do in our communities. Victims' programs provide an essential service to Albertans.

Alberta is truly blessed, and crime is down. We have the lowest property and violent crime rates in western Canada. Albertans live,

work, and raise their families in safe communities. However, when someone does become a victim of crime, there is a safety net in place to help them, a safety net of dedicated volunteers and dedicated victims' services police units, all supported by the Alberta government through victims' programs.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Wetaskiwin-Camrose.

Alberta Alcohol and Drug Abuse Commission

MR. JOHNSON: Thank you, Mr. Speaker. As chair of the Alberta Alcohol and Drug Abuse Commission, AADAC, I am pleased to inform the hon. members that the year 2001 marks AADAC's 50th anniversary. The commission's forerunner, the Alcoholism Foundation of Alberta, was created on September 27, 1951.

This milestone is very significant. For the past half century AADAC and its predecessor have positively contributed to the health of Albertans through a provincewide system of high-quality, efficient addictions prevention, treatment, and information services. We've come a long ways in the last 50 years. We opened our first clinic in 1953 with a card table, a chair, and a temporary telephone strung through a window. AADAC now has offices and treatment centres in 38 communities throughout the province. This currently includes 23 area offices in rural communities and 25 community-based funded agencies. Each year AADAC has about 38,000 admissions to treatment, 133,000 admissions to our crisis services, and 180,000 contacts for our prevention and education services.

2:40

Today our prevention programs specifically for youth and families have become a priority. Our ongoing resiliency campaign encourages adults to positively contribute to a child's life by providing guidance and friendship, and our youth-at-risk initiative provides community outreach counseling and other services to high-risk youth. Since its inception AADAC has been dedicated to the ongoing health of Albertans.

I would like to thank the hon. members, past and present, AADAC staff, our many community partners, and other key stakeholders for their support of the commission. By continuing to work together towards an addiction-free future, we can make a difference in people's lives to help ensure the future prosperity of our province.

Thank you, Mr. Speaker.

Immigrants of Distinction Awards

MR. SHARIFF: Mr. Speaker, on April 27, 2001, the Calgary Immigrant Aid Society held its fifth annual immigrants of distinction awards. My colleague the hon. Member for Calgary-Fort and I had the privilege of attending this event. Several individuals were recognized for their accomplishments, and today I wish to recognize two recipients of this prestigious award.

Dr. Taj Jadavji received the distinguished professional award. Dr. Jadavji is originally from Tanzania and received his primary and secondary education there before studying medicine at the University of Sind. After graduation in 1976 he served a pediatric internship at the University of Calgary in 1980 and a residency at the Hospital for Sick Children at the University of Toronto in 1981, where he also did postgraduate work and received a fellowship in pediatric infectious diseases.

Dr. Jadavji heads the pediatric infectious diseases department at the Alberta Children's hospital and is the director of the international health program in the Faculty of Medicine at the University of Calgary, where he also teaches. He is also head of pediatric infectious diseases at the Calgary regional health authority.

Dr. Jadavji's volunteer commitments include work with Ronald

McDonald House helping children and their parents access services. He has been on the board of the Calgary society for children and has been a representative for the child welfare authority since 1990. On a global level he's actively involved with the Aga Khan Development Network, promoting health and education in the developing world.

Mr Speaker, I also wish to recognize the recipient of the community services award, Dr. Vettivelu Nallainayagam. Dr. Vettivelu Nallainayagam was born in Sri Lanka and educated in Jaffa and at the University of Sri Lanka.

To both these recipients I extend my congratulations and best wishes for their service to the immigrant community and Albertans at large.

THE SPEAKER: The hon. Member for Edmonton-Highlands.

Inner-city School Closures

MR. MASON: Thank you, Mr. Speaker. Recently the Edmonton public and separate school boards made painful decisions to close several inner-city schools, including Alex Taylor and Sacred Heart schools in my riding of Edmonton-Highlands. These school closure decisions were made against the backdrop of the government's unfair and rigid school utilization formula. This formula requires schools to be 85 percent utilized before the Ministry of Infrastructure will approve capital funding for badly needed new schools in suburban neighbourhoods. The utilization formula does not sufficiently recognize or encourage multiple uses of school buildings. It pits suburban neighbourhoods against inner-city neighbourhoods. It also pits residents of inner-city neighbourhoods against one another as they fight to save their children's school.

With residential redevelopment in Edmonton's inner city there is an opportunity for rising student enrollment at a number of the inner-city schools slated for closure. Implementing the recommendations of the pilot project on small class sizes, which has shown to have clear benefits especially for disadvantaged children, will also help to improve the utilization of inner-city schools. It is only now, after these painful school closure decisions were made, that the government is proposing changes to its rigid and unfair utilization formula.

I urge the Minister of Learning and the government to reconsider its policy in light of the decision to close these inner-city schools. These schools are the heart of their communities and a key to inner-city revitalization. I urge the government to take action preventing at least some of these closures from going forward.

Thank you.

head: **Orders of the Day**

head: **Public Bills and Orders Other than
Government Bills and Orders
Second Reading**

Bill 205

Municipal Government (Farming Practices Protection) Amendment Act, 2001

[Adjourned debate May 2: Mr. Marz]

THE SPEAKER: The hon. Member for Cardston-Taber-Warner.

MR. JACOBS: Thank you, Mr. Speaker. It's certainly a privilege for me to rise and speak to Bill 205, the Municipal Government (Farming Practices Protection) Amendment Act, 2001. I'm going to speak from the context today of my experience as a municipal councillor, reeve, and rancher on some points that I think are pertinent and relevant to this bill.

First of all, let me say that I would like to commend the hon.

Member for Lacombe-Stettler for her efforts to bring forth this very important legislation and subject to Albertans. Intensive livestock has become a huge problem in Alberta, and I guess most of us are grateful that we have the industry we do that contributes to the base of economic development in Alberta. Although it's not fun to deal with problems, it is a problem that is a result of growth and a result of value added, which we as a people and as a government worked hard to stimulate. From that context, you know, it is something that we need to look at.

I understand the problem that is being faced in many municipalities in Alberta. One of the problems we have, I think, is diversity. To illustrate the point of diversity, may I indulge members in a personal experience? It was my pleasure on several occasions to ride to Edmonton to AAMDC conventions with a municipal councillor from Cardston, a councillor who's no longer with us, having given his life in a serious traffic accident about 10 years ago. Every time we would drive from Cardston, about the time we would get to Red Deer or Olds, somewhere in that area, as he looked out over the fields and saw the deep, black soil of central Alberta and remember all the rocks he had back in Cardston, this councillor would say something like: "I don't know why my great-grandfather stopped in Cardston. Why didn't he move on to central Alberta to farm there?" The point that I think I want to make here is one of diversity. This province is a huge province, has a huge agricultural base, and conditions are very different.

I want to draw on some experiences that I had as a councillor and reeve of Cardston county for 17 years. We do not have in Cardston county the same problems with intensive livestock that Lacombe county has or the county of Lethbridge has or many other counties in Alberta. We do have some intensive livestock development, but it's not to the scale of others. Our county a few years ago adopted the code of practice as advocated by Alberta Agriculture, and I'm going to read some quotes from that code in just a moment. We adopted that code into our land use bylaw, so every time an application for intensive livestock development came before our council, we would ask Alberta Agriculture, Health, and Environment to see that the developer, the applicant, complied with the code. After that was done, we would proceed to hold a public hearing and then at the MPC part of council would proceed with our decision.

2:50

Perhaps I could just digress and quote to you from a couple of sections from the municipal land use bylaw of Cardston county. This would be similar to many land use bylaws in other rural jurisdictions in Alberta.

Section 8(1) under intensive agriculture and livestock confinement, says, and I quote: before approving or refusing an application for a livestock confinement operation or facility, the Municipal Planning Commission may request and consider the following information relating to the application: (a) Please note. A decision report from Alberta Agriculture, Food and Rural Development, pursuant to the code of practice for responsible livestock development and manure management. Under 8(2)(b), skipping a few paragraphs: there will be adequate provision for waste treatment, temporary waste storage facilities, and arrangements for waste disposal on the operator's own land or any other land in accordance with standards set by Alberta Agriculture, Food and Rural Development and other approving authorities.

Going to section 8(5)(b). The information contained in a decision report from Alberta Agriculture, Food and Rural Development is favourable to said application and other conditions that: (i) the maximum number of animal units per acre may be a condition of a development permit, and (iii) that periodic inspections by the

designated officer may be made to verifying continuing conformity with the development permit.

Before I say some more about that, I would just like to make sure that everyone understands the definition of a code of practice as defined in Cardston county's land use bylaw.

Code of Practice means a document produced by Alberta Agriculture, Food and Rural Development which establishes criteria for the siting, operation and disposal of manures for intensive livestock operations

and also defines numbers of livestock which can be accommodated within the development.

Probably, to be honest, Mr. Speaker, I would say that overall Cardston county has not had a serious problem with siting intensive livestock operations, including dairy and hogs. We do not have a large intensive livestock cattle feeding operation, but we do have many hog, poultry, and dairy operations that are intense. The challenge for us has been to ensure continued compliance with the agreed conditions as specified in our land use bylaw and code of practice as adopted by the county. In other words, enforcement has been the challenge.

The technical standards: we've been able to use the expertise of Alberta Agriculture, Alberta Environment, Alberta Health to ensure that we have the rules necessary to protect people, to protect the environment, to protect health. That's okay, but sometimes we've had a challenge with enforcement. So I think this enforcement aspect has been a frustration to many rural municipalities. I think they would probably agree with me if I said that given that challenge and that problem, they didn't necessarily want to give up all control over intensive livestock development, be it land use or be it even all technical control. So that was one of the problems I have with this bill as being purported: it would take local control away from local municipalities. My experience has been that local municipalities understand local conditions, understand the diversity, the nature, the topography of the region, and their input is invaluable in making decisions on land use.

I would next like to just talk about the situation in the context of a municipal councillor who had the privilege to serve as a director of the Alberta Association of MDs and Counties, and who actually served on the original livestock committee charged by the minister to come up with an acceptable code, an acceptable standard for all intensive livestock in Alberta. Mr. Speaker, that was a very interesting experience. I then became familiar and acquainted with the diversity that exists in this province, inasmuch as there was representation on the committee from all segments of the industry and from all parts of Alberta. There were councillors, livestock people, hog people, chicken people, and technical people there, all together trying to resolve this issue, which has been quite a few years now in trying to get resolved. What that experience taught me was that there definitely is a problem, and there definitely is going to be considerable consensus required to solve the problem.

There seems to be a mistrust by some of the livestock people about the municipalities having the right to make land use decisions. A couple of reasons I think were that individual municipalities didn't have all the same standards. One county might have one set of standards. Another county across the road, which one ratepayer may have land in – both counties would have a different code or a different set of standards that he had to live with.

Some people think that municipalities don't have the technical expertise to deal with all the technicalities that exist with manure disposal and other aspects of intensive livestock, which is definitely a very complex problem. I submit to the members that the solution to that is by the municipalities acknowledging that they don't have the expertise. Therefore they will draw on the experience and

technical knowledge of Alberta Agriculture, Health, and Environment and adopt the appropriate codes into their land use bylaw so that all people in their municipality know that that's the code they will be governed by and will be applied to and they will have to live with.

If I could for a moment, I would just like to refer to a couple more things that talk about this current situation. May I comment on the Municipal Government Act:

To achieve orderly, economical and beneficial development, use of land, patterns of human settlement and quality of physical environment, Alberta's rural municipalities have been responsible for development control of intensive livestock facilities since the 1950s. To develop their own laws regarding subdivision and development, the municipality writes a Municipal Development Plan (required for municipalities with a population of over 3,500) that describes future land uses within the municipality and the manner in which these uses will be reviewed.

We also come under the control of the Public Health Act and the Environmental Protection and Enhancement Act. Those three acts contain considerable technical requirements for development to meet, and some municipalities would argue that they contain enough standards that we don't need a whole lot more.

Most municipalities do follow the code as advocated and has been amended and updated in 2000 and try really hard to satisfy the intensive livestock development. Most of us who sit on municipal councils want development. We want intensive livestock development. We think it's important. It creates jobs. It creates opportunities for family farms to expand, and we think it's important. One of the challenges that we have as municipalities is that sometimes there are people who don't want to experience any of what's called nuisances of intensive livestock, so they don't want any development, not recognizing that this development is very important. I concede that we have to take steps necessary to protect people's health, but all nuisance aspects probably can't be insured forever.

3:00

I would like to address one more aspect of the application of this bill to municipalities, and I'm going to use my experience to represent the issues of some of the people that I used to represent as a municipal councillor and now represent as their MLA. In Alberta we have another aspect of agriculture which we refer to as extensive agriculture, Mr. Speaker. Extensive agriculture would be where we traditionally run large amounts of livestock – cattle, sheep, buffalo, whatever you want to say – on larger tracts of land and try as much as possible to not allow those animals to contribute to pollution, et cetera. Under some definitions of the code and even under the definition of the proposed code which we are now using, it is possible that some of these extensive operations at certain times of the year could be classed as intensive livestock operations.

To use an extreme example, recently in southwestern Alberta in the month of April in the southwest corner we had upwards of seven feet of snow in about three weeks' time. Needless to say, it was almost impossible to move livestock very far. There are lots of extensive operations that have several hundred or even thousands of cattle. Normally those cattle would be spread over a wide area, but under certain conditions such as the one I just described, conditions which might exist during spring calving, weaning, and other times, these cattle could be collected in a small 10- or 15-acre field, where you might have enough animals that it would actually bring that operation under the strict definition of the code. Then, you know, taking it to the ridiculous, it could require these people to conform to the code and to create water diversions, build holding ponds, do all manner of practices to stop runoff.

I don't know all about all of Alberta, but I know in the southwest

there are hundreds of drainages and they all go into a river or a creek or into a major drainage. My point is that under certain conditions these extensive people could come under the code. They've never been under the code, and 99 percent of the time they don't contribute, in my humble opinion, to pollution, but it could create a hardship on them if they were put under the code.

On their behalf I would say that many of them have a fear of being totally controlled by appointed bureaucrats or technical people who may be charged with enforcing one central code. I think their fear is justified and realistic, although my experience in working with people who work for the department is that most of them are reasonable and exercise common sense most of the time. Most of the people I'm talking about would sooner be judged, if you will, by their peers, for example on a municipal council, such people who are also probably involved in the same type of operation, the same type of agricultural practice. So for them, they would have a fear of being under one provincial code and one set of standards.

Mr. Speaker, although I recognize the need for this legislation and presume that we're going to proceed and get this resolved, I do have a serious problem with Bill 205 inasmuch as it would take all control away from local land use planning authorities, such as MPCs, contained in municipal districts and counties and would put that control in the hands of the provincial government. I think we need to understand that this is a diverse province. Conditions, topography: these things are all extremely different. What may be safe in one part of Alberta may be not so safe in another part of Alberta.

So I'm suggesting that I'm recognizing the need, but what I would really like to see is all municipalities adopt a certain code that would be applicable to their area in their land use bylaws and then have the power to cite land use decisions and even to be involved in the technical aspects and technical application of the code. That may be asking a lot, but I know that would make a lot of the people I represent in the south much more comfortable. The idea has even been suggested in my constituency that if we can't have individual sets of codes and regulations for our municipalities . . . [Mr. Jacobs' speaking time expired]

THE SPEAKER: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I'm pleased to rise this afternoon to put a few comments on record with respect to Bill 205, the Municipal Government (Farming Practices Protection) Amendment Act, for a few reasons, first of all because I do have a significant number of farmers in my area. While none of them are necessarily specifically involved in intensive livestock operations, we have had a few discussions around this issue, and on their behalf I do want to raise a couple of points that they've raised with me.

I think we all understand and recognize how important agriculture is to our province, to our economy, to our employment in this province, and farming as it relates to ILOs in particular is a very hot topic out in rural Alberta. I've just had the pleasure of touring throughout Alberta over this last year and a half doing other work, but certainly the issue of ILOs came up time and time again. As I look at this particular act, the amendment as it's proposed, I understand that the gist and the spirit, the nature, if you will, of the bill is to try and make several improvements toward ensuring good public health practices that surround this industry and that there is indeed a good, sustainable growth plan involved with ILO operations, as well as the environmental concerns and the responsibilities that everyone has, including intensive livestock producers, toward that end.

Therefore, as I sort of read through the implications of what's being proposed here by the hon. member, I was struck by the fact

that, yes, I would support some clear guidelines being put in place to help govern some of the issues I just mentioned, and if some kind of an application or approval process is necessary to do that, then I can begin to understand what those concerns were that I heard about.

On the other hand, I'm also well aware that our colleague from Leduc has done some incredible work in this area and is a farmer himself. He, too, undoubtedly has some concerns that he'll be bringing forward through the Sustainable Management of the Livestock Industry in Alberta Committee, and I'm looking forward to reading through that report as well. Nonetheless, the idea of codes of practice as enunciated in this bill does merit some additional discussion, and I'm really looking forward to what other members will contribute.

One of the issues that I recall being raised, Mr. Speaker, in this regard was with respect to the different roles and responsibilities that, for example, the municipal or local governments might play versus or perhaps in tandem, in conjunction with the provincial roles – roles of enforcement, of jurisdiction, land use bylaws, issues like that that are so important – not to mention of course the whole issue of standards and how those standards are to be developed and implemented and monitored or enforced. I think those are all very important things which this particular bill has the ability to impact.

3:10

In any case, Mr. Speaker, I think in the final analysis what we're all looking for is some meaningful way to assist our ILO operators provincewide without interfering overly but sharing with them some of the concerns that have been expressed. I come by these statements very honestly, having grown up in the '50s and '60s in rural Alberta when we owned a farm. We had 45 head of holstein, and while that would hardly classify as an ILO, nonetheless I am familiar with what some of the challenges are with respect to the ILO operators of today. There are also some community concerns that have been expressed, but perhaps I'll leave that to another time.

So with those few comments on behalf of the individuals who raised them with me, Mr. Speaker, I will take my seat and allow others to contribute to this important debate. Thank you.

THE SPEAKER: The hon. Member for Wainwright.

MR. FISCHER: Thank you, Mr. Speaker. It is also my pleasure to speak to Bill 205. I first want to say to the Member for Lacombe-Stettler thank you very much for bringing this issue forward. It is a very sensitive issue, and of course it's very important to everyone.

We have to strike a proper balance to allow agriculture producers to change, to expand, to grow, and to be flexible in order to maintain a viable farming unit, and we still have to guarantee the neighbours and all of the residents outside of the farming area that the air and the soil and the water will be protected. Land use affects everyone, and certainly with the scares like Walkerton and the North Battleford water contamination issue, people should be very interested in what is happening with this.

I had an opportunity to attend an ag conference in Delaware a few years ago. It was the secretary of agriculture for each of the states in the U.S. that met for their annual conference. Alberta fortunately, through a lot of good work from our department, gets invited to that particular conference. It was very interesting, when we got down there, that of the many issues they had, the land use issue was by far the one that took over the agenda. At that time I heard many stories – I want to call them Hatfield and McCoy stories – where the feuds between agriculture producers and the public were very alive and real. Each state had different rules, different regulations, and some of their counties had different regulations, but as it turned out, the

demographics really dictated what the rules were. I don't know whether or not their system the way they put it together, as we followed it through, had really done what needed to be done.

Some of the areas were already maxed out, so there was no more agriculture production, and it was because of all of the bylaws that were put in place. I shudder to think that in this country we have gotten to that state. I know that in Lacombe the council there feel that we are already very close to that state.

We in the Wainwright constituency of course have had some excitement, if you like, with the Taiwanese sugar proposal in that area, and it certainly has brought forward the issues that go along with land use. Those issues in our area really put a lot of pressure on the local council. They go back, as was mentioned, to the code of practice. The code of practice really, I think, was likely a very good code of practice. People didn't trust it, and they say that there are no teeth in that particular law. So not having experienced or seen some of the things shut down through our environment people and through our health people – and I think each one of the MLAs that have been in this Assembly for a while have dealt with some agriculture projects that have been shut down for the very reason that they are contaminating something. However, this could not be trusted. That was the feeling of the people, so they did not want to accept the project going ahead.

Now, when we talk about Bill 205, this bill is to strengthen and allow the agriculture producers the right to farm and the right to expand and to grow. Whether or not we should pass that bill and give an advantage to that side rather than bring our intensive livestock regulation into place and review it far more thoroughly than what has been done so far – and I know that our Member for Leduc's committee has done a lot of work on that. I look forward to that coming into the House, and I think that every one of us in this House should take a very, very careful look at that, because it does impact people in the cities as well as people in rural Alberta. I would like to see us get into that bill and do some strenuous work with that, because it is very difficult for us to say what is fair and balanced, to come and say that this one needs a right over here and we put some more fear into somebody else on the other side of it. I believe we should look at it more carefully.

I do know that it's a commonly held view that larger operations make management decisions with less concern for environmental stewardship within the community. That's a concern that I believe people maybe shouldn't have. It's really not a proven concern, but it's out there. It's perception, and we have to do something about that.

I did have an opportunity to go on a business trip with a friend of mine down to Mexico awhile ago, and when I did that, I went to a dairy farm down there. This dairy farm was about 20 miles from the city. They had 3,400 cows on it. They milked them three times a day. They had their own processing plant on the farm. They had these cows on 20 acres or maybe 30 acres of land. They cleaned the corrals every day. They had a pile of manure at the bottom end of the lot, and that pile was very small. When you go down there, you couldn't smell it.

So right away I said to them: what are you doing with this, and where's the rest of it? The answer was: "We are treating it. We take the smell out of it probably in the first day or so, and we put it on the land within 20 days." I said: "Well, you don't have any environmental laws down here in Mexico that make you do that. Why are you doing it?" They said: we know it's coming, and we want to be perceived as looking after our environment. That was in a country that doesn't have the laws. I think our industry in this country has the responsibility to see to it that we are looking after our environment and that we show people that we are doing a good job.

With that, I'm going to say thank you very much for the opportunity, and I'll sit down.

THE SPEAKER: I'm going to recognize the hon. Minister of Infrastructure, but just prior to doing that, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

3:20

head: **Introduction of Guests**

(*reversion*)

THE SPEAKER: The hon. Member for Lac La Biche-St. Paul.

MR. DANYLUK: Thank you, Mr. Speaker. It is indeed my pleasure to introduce to you and through you to the members of the Assembly a group of 58 constituents visiting us today from l'école Plamondon school. L'école Plamondon school, located in Plamondon, is a community school with 450 students. It is a unique school in that it offers three individual programs: Russian, French immersion, and English. The school body is very active in sports and most supportive of their teams, the Plamondon Hawks and the Plamondon Doves.

Today we are honoured to have the grade 5/6 English class visit along with their teachers, Gerry Stefanyk and Mrs. Kathy Duncan, and parent volunteers Stephanie Martushev, Rosaire Ulliac, Charlene Gauthier, Marilee Duperron, Angie Sehn, Palmira Alvarez, and Cory Snegirev. I'm sorry for the ones that I have pronounced wrong. They are seated in the members' gallery, Mr. Speaker, and I ask them to rise and receive the traditional warm welcome of this Assembly.

head: **Public Bills and Orders Other than
Government Bills and Orders
Second Reading**

**Bill 205
Municipal Government (Farming Practices Protection)
Amendment Act, 2001
(*continued*)**

THE SPEAKER: The hon. Minister of Infrastructure.

MR. LUND: Well, thank you, Mr. Speaker. It certainly gives me a great deal of pleasure to have the opportunity to rise and make a few comments on Bill 205.

Mr. Speaker, as other members have commented, the ability for agriculture to diversify in Alberta is extremely important. One only has to look at some of the results. For example, on more than one occasion the highest price for feed barley has been in Lethbridge. Well, why is that? The reason is, of course, the fact that there is so much livestock in the area that it has created that very strong market.

As well, when one looks at the province and looks at the diversity, as the Member for Cardston-Taber-Warner talked about, we have in the province a situation where in southern Alberta, from Calgary south, the opportunity to diversify into specialty crops is much greater than in the area from Calgary north. When you really analyze what can happen in the area from Calgary north, the area is very suited to the production of coarse grains and forages. Well, in order to market those, we need to have the ability to process them in that area. One of the ways of processing them, of course, is with livestock. So it is important that we continue to have that opportunity.

Now, when we look at some of the things, particularly with the monopoly that the Canadian Wheat Board has on our ability to sell grains, and when we look at the transportation costs for moving

grain out of this province, it's going to be even more important that we find ways of processing. As an example, just this fall off our own farm we sold three cars of malt barley. Well, a third of the initial payment went to pay for the freight. You can't afford to grow grain if a third of the initial payment is going to go for freight. Now, of course, if we were rid of the Canadian Wheat Board and had the ability for a dual marketing system, then we could get away from some of that freight.

I think it is really important that we allow farmers to do what they do best, and if you're looking from Calgary north, it certainly is dealing with the production of feed grains and forages. To really process those, you need livestock.

Now, getting to the points in Bill 205, I had the same experience as the hon. Member for Cardston-Taber-Warner, having served as a municipal councillor, reeve, and on the executive of the AMDs and Cs, so I know that this has been a big issue for some time within the province. The committee the hon. member mentioned that he served on did very good work, and they issued a very good report. However, there were a couple of things that were, I thought, deficient and didn't answer the questions.

The first one was to deal with the existing operations and how you handle those, and the second was the approval process. Quite frankly, I have a lot of difficulty with the current situation. Really what it amounts to is that we are being asked by municipalities – when I say “we,” it's the provincial government – to have the responsibility for these operations, yet we do not have the authority. That doesn't work, Mr. Speaker.

If anybody doubts that, I wish they would have been with me here about a month ago when I was called to the town of Bentley to a public meeting where I sort of got roasted. The fact was that we did not issue the permit. The county of Lacombe are the people that issued the permit, but they are not taking the responsibility. We are looked at by the people in that town as having the responsibility of governing that facility, yet we did not issue the permit. We did not have the authority to handle it. That is a major problem.

Now, I think that there are some things that we can do and should do that would in fact accommodate some of the comments that the hon. Member for Cardston-Taber-Warner made about having local authority. I have always agreed that we need to have that local input, and we need to have local authority, but I think some of that has to be done up front.

When we talk about the agricultural opportunities in the province, there's a lot of opportunity being lost today by the loss of agricultural land. That is in the case where towns, cities, highways, and all the rest of it are paving over agricultural land, and it's lost. But there's even a more major loss occurring out there, and that is the fragmentation of agricultural land. There's where we are going to really start running into a lot of trouble as it relates to intensive livestock operations, because in all of the things that I've seen, all of the experience that we've had with this whole issue, odour is the one thing that causes the biggest problem with the neighbours. Can anyone tell me where we have addressed that issue?

We've talked about setback. Setbacks do not work. That is simply a prescriptive issue, and it doesn't work. We have to look at outcome. How do we address the outcome?

Getting back to the land use issue, Mr. Speaker, I think that what we need to do is – and I think we probably have a responsibility as government – have changes in the Municipal Government Act that would require rural municipalities to zone their municipality where agriculture would be paramount. In an area where agriculture would be paramount, that means intensive livestock operations could be established in that area, providing of course that the environment is

protected. By that, I mean the water, the soils, and to the extent possible the air. Certainly some would disagree that the odour is simply a nuisance. I know there are a number that would argue that it is a health problem. Perhaps. I'm not getting into that argument. Currently under any regulation in the health act it's not a health issue. It is a nuisance. How do we address that?

The worry I have is that as we see this fragmentation occurring, we are going to be restricting what can happen in agriculture, not only in the intensive livestock operations but also with other issues that come up in normal agricultural practices; for example, the problem with dust, the problem with noise. Believe me, as a former minister of agriculture I found many times when people were complaining about sprayers . . .

THE SPEAKER: I hesitate to interrupt the hon. minister, but the time set aside for this matter in our Routine today has now left us.

3:30

head: **Motions Other than Government Motions**

Agricultural Investment Shares

502. Mr. Fischer moved:

Be it resolved that the Legislative Assembly urge the government to explore the possibility of increasing investment dollars in agriculture and the agricultural industry through the use of a tax vehicle in the form of flow-through shares.

[Debate adjourned May 1: Ms Blakeman speaking]

THE SPEAKER: The hon. Member for Lacombe-Stettler.

MRS. GORDON: Thank you, Mr. Speaker. It is indeed a pleasure for me to address the Assembly regarding Motion 502. First I offer my sincere congratulations to the hon. Member for Wainwright for this very innovative approach. This motion urges the government to explore the use of flow-through shares as an investment tool to attract capital investment in the value-added processing and marketing sector of agriculture.

The sponsor of this motion is a rural member who has spent most of his life involved in agriculture. In fact, I believe that today his sons are farming, and I'm sure he talks to them regularly about some of the difficulties that he faces. We all know, too, that this hon. member seems to find his way out and about this province and has probably had the opportunity, albeit in a coffee shop or on a golf course, to talk to other farmers and people involved in agriculture about some of the immense difficulties facing this important sector.

Isn't this the province that has looked for the last few years at doing things differently, finding new and innovative approaches, looking for efficiencies, and giving credence to moving out of the old box? This is what I see in Motion 502. This motion, if passed, would be one more positive aspect relative to the Alberta economy, to the Alberta advantage, industry helping industry with government acting in the capacity of willing facilitator. We would be creating a positive environment where the agriculture sector could invest in agriculture, providing a hand up, not a huge handout.

[Mr. Shariff in the chair]

The intent of this motion is to look at the benefits that could be accrued to the offering of flow-through shares. One only has to look at the exploration activity in the oil and gas sector and mining exploration as well to see the immediate effects of this type of initiative. Relevant to mining exploration these shares became popular in the late 1980s because of increased interest in gold and other precious metals. The economic impact of these shares to these sectors has been enormous. Between 1987 and 1991 flow-through

shares raised over \$2.5 billion for mining exploration. This amount represented 60 percent of all funding raised for mining exploration over this period.

Last week as the introducing sponsor of Bill 205 I mentioned that many, many challenges and issues are facing our community today. Just a few minutes ago we heard other speakers talk about what our farmers are indeed facing. Many Alberta farmers have been hit with a combination of factors over the last several years, factors certainly beyond their immediate control, including low commodity prices, rising input costs, multiple weather-related problems.

We heard just a minute ago about fragmentation of land. In that particular area it is with interest that I point out to the members of the Assembly that I have a gentleman in my constituency that this is probably his number one concern. He was in to see me a couple of weeks ago and told me that the land left available for agriculture purposes in Alberta is 17 percent with soils 1, 2, or 3. To me this is most significant, and it is something that we need to talk about and worry about. This land must be sustainable for the long term, for generations to come. Possibly we should look at land not as a commodity but in fact as a nonrenewable resource. If you think about the urban sprawl and the amount of land that is going for other uses, nonagriculture uses, I think that we need to have a discussion relevant to this.

Farmers are meeting a number of these challenges that they've had to deal with head on. Many, as we've talked about, have diversified, moving away from producing commodities that they cannot sell to producing commodities needed, much sought after in the global marketplace. As such, specialty crops and livestock production have increased dramatically. Our farmers can adapt, and flexible they must be as well, producing those commodities that are marketable and that others deem they will buy.

Many decisions made relative to the farm business's bottom line are no different than those made by the owner of the local hardware store. If the consumer, the people frequenting that particular hardware store, will not buy widgets, why would the owner of the store order widgets, have them on a shelf, and try to sell them? Any business must keep pace with supply and demand. We need to provide our agriculture sector with as many tools as possible so that they, too, can work to becoming self-reliant. I think this is one thing that would be accomplished if we were to vote for and the government were to look at implementing what is in Motion 502.

Motion 502 would attract investment dollars into the industry. Flow-through shares and value-added plants would provide a valid option for farmers and producers and give a much-needed and long-overdue boost to the agriculture sector. The common shares would be purchased pursuant to a flow-through agreement at a premium to the marketplace of a resource company's common shares as compensation for the benefit of tax deductions renounced by resource companies to the investor. That is how it works today, and it would work very much in the same way with the agriculture sector. The benefits of flow-through shares would help many small companies to do with oil and gas and to do with mining exploration, and the same thing would occur with farming. Many of these small businesses without this initiative would never have been able to raise the necessary financing.

The capital raised through the public offering of such common shares in the agriculture sector would be used to finance the construction of value-added production plants around Alberta. It is intended that flow-through shares will attract much-needed investment dollars in Alberta's agriculture sector, offering investor tax incentive opportunities for investment, number 1; assisting with the construction of agriculture value-added processing plants, number 2; and increasing the number of jobs within the agriculture sector.

Many farmers as well as some of the other things I talked about are not making enough today with the uncertain markets to look at replacing machinery. We have heard repeatedly in this House and within the rural areas about the high price of fertilizer as we move into spring seeding. One only has to drive up highway 2 to note the very severe dry conditions of our farmland and the erosion of good soil because of a lot of wind lately. So they do have some difficulty this year meeting many of the demands that will be placed upon them.

I think that offering the agriculture community any type of initiative, any type of incentive, any type of positive ideas as to how they could look at working with themselves and with other sectors within their industry is only good thinking. Again I congratulate the member for spending some time on this particular motion, and I hope that the entire Assembly will look at this. Value-added agriculture is important to Alberta, and the need for processing plants in the various sectors and commodities will only increase over time. We would have such things as processing plants for hogs and chickens. More and more we're getting into food processing as far as potatoes and carrots. So this is something that the farmers themselves could look at, what is needed close to their area, and with these flow-through shares it would be a win/win situation for all involved.

I would ask that others in this Assembly rise and support the hon. Member for Wainwright in this endeavour and that over time the Minister of Agriculture, Food and Rural Development might add this to a list of things to look at regarding the agriculture sector that would undoubtedly benefit all.

Thank you.

THE ACTING SPEAKER: The hon. Leader of the Official Opposition.

3:40

DR. NICOL: Thank you, Mr. Speaker. It's a pleasure to rise this afternoon and speak to Motion 502, basically authorizing flow-through shares for the agriculture industry. This is a situation where we have to look seriously at how we go about creating situations to raise money or to allow for capital to flow into an industry. In a lot of ways what we have to do is look at how the market, the structure, the legislation that we put in place affect both the investment dollar and the decisions that surround that investment dollar and how they are put into the different kinds of sectors.

We've all heard about how the idea of flow-through shares have helped in the natural resource area, oil and gas. We've also heard how they're very effective in the high-risk motion picture industry areas as well. We have to look at it from the perspective of what's appropriate and right both in the context of agriculture and in terms of how we deal with defining the relative decisions that are made in the context of creating an environment to direct capital.

When we look at the concept of a flow-through share, basically what we're doing in a lot of cases is allowing the individual who buys those shares to essentially take the write-off of the cost in lieu of the company that they invested in, because that company doesn't have the income to write off the development costs. This basically gives a more rapid deduction against income tax payable, so in effect what we're doing is transferring income tax revenues over on a fractional basis based on the income of the investor. A lot of these investors are in the upper income level, so approximately half of that cost is being underwritten by the taxpayer when we deal with flow-through shares.

What happens then is that as the company starts to achieve some economic viability, you end up in a situation where the increase in

the value of those shares in that company that you invested in gets converted into capital gains, which in our normal process of legislative review right now of our taxation we're basically increasing the exemption from taxation for more and more of capital gain incomes. So what we're going to effectively do is provide an investment in agriculture funded by the taxpayer of Alberta as opposed to the individual who puts up the money.

When we look at where we use flow-through shares right now, we see them being used in industries where the risk is unbelievably unpredictable in the sense: how successful is a motion picture or an oil well or a gas well? I know that in the oil and gas industry with the new methods of seismic activity the predictability of drilling is getting to be much greater, but they're still in high-risk areas, which have a very broad-based economic spinoff either in terms of the economy of Alberta because of our oil and gas industry or because of the magnitude of the potential return that's associated with the motion picture industry and the entertainment industry.

When we look at agriculture and we're going to put flow-through shares into agriculture, this is a whole different group of investors that we're looking at here. These are not the high-speculative, high-risk investors that are being asked to put up money into these agriculture investments. So what we've got to do is look at where the alternatives are that these individuals would invest those dollars in. It's not going to be in these high-risk investments; it's going to be in other comparable investments to agriculture. What we've got to do, then, is decide: if we look at this as a mechanism we want in place for agriculture, where are we going to take those investment dollars from? What sector are they going to come out of? It's going to have to be a sector where there's approximately the same degree of risk and the same degree of knowledge.

Now, if we were to look at these and say that this is going to be constrained somehow to the advancing technologies, you know, the new bioengineered foods or some of these kinds of areas where there is a high risk and a high speculative value, this may be more comparable to where we're already using them in the economy, and we'll be giving the same kind of risk reward or risk recognition to this. You know, to have a flow-through share go out and get involved in investing in, say, an intensive livestock operation or a traditional value-added activity in agriculture like a flour mill or a pasta mill or some of the other value-added components that are quite common out there, effectively what we're going to do is we're going to distort the market in the sense that the people who have already invested in these value-added areas are now going to have to compete with somebody who has a quick write-off through a flow-through share in another area.

So I would suggest that if we want to look at this in agriculture, we should be looking at it with the restriction that it be encouraged in, quote, the high-risk new investments, the frontier areas of value added in agriculture rather than the traditional areas, because we'll end up distorting that market in those traditional areas where people have conventionally invested here and now all of a sudden they're going to have the option for a flow-through share investment over here.

What we're going to see, too, is that in the context of the way it will work, this will probably be much more attractive to the extremely large-scale investors if we're going to talk about the traditional agriculture sector, you know, the very large intensive livestock operations or the very large type of farm intensive, whether it's irrigation, whether it's extensive in the context of grain production. If we want to look at it from that perspective, I would suggest that we shouldn't be putting in place support out of the public system. Mr. Speaker, I consider a forgiveness of taxation to be the

same as a payment of a dollar subsidy. There's no difference in the context of the public's role.

So what we have to look at there is how we're affecting this in the context of the competitive position of respective businesses in our rural communities. I would suggest that unless it's constrained to, as I've said, these frontier types of activities, the frontier type value added, you know, the new bioengineered technologies or these kinds of things, we're going to distort the agriculture market out there both in terms of biasing it toward the extremely large producers and toward the existing producers compared to the new producers.

This to me is not acceptable in the context of what vision I've heard Albertans express in the context of the growth summit on agriculture, where people were talking about the concepts of agriculture and agriculture development that are consistent with the promotion of a community life and a community commitment. What we'll see here is essentially an opportunity for the community to lose its agriculture sector to these very large intensive livestock operations or to other very capital-intensive operations who get their investment through this kind of process.

Mr. Speaker, what you end up with, then, are the kinds of situations where – and it's coming up more and more now with the concept of the intensive livestock. We're creating through this almost a different land use that farmers are now developing into a marketable asset, and that's the asset or the title to dispose of livestock waste. What we end up with is some farmers effectively generating an income flow, even if it's in lieu of an expense, by allowing their land to be held captive by an intensive livestock operation as a waste dump.

3:50

That affects the community in the sense that if that individual at some time wants to sell their property, either the intensive livestock operator has to find a new owner in the area to accept the waste, or if they've got a long-term contract, it has to be passed on to the new buyer. That new buyer, then, doesn't have the option to develop a livestock operation because the land base is already committed for waste disposal to an intensive livestock operation.

You know, these kinds of activities are going to affect our rural communities. I would, I guess, encourage the members here to look at this motion very seriously. If it is supported and passed, what we have to look at is: when it comes time to implement this, let's very seriously look at how we target the identification of the different sectors that this investment-generating activity can be used in. When I talk to people in rural Alberta and when I talk to community members, they don't want to see what in essence would be a biased system generated where the large-scale individuals would have an advantage over the smaller community-based operators. So this is, I guess, where we need to go on this and look at it from the perspective of how it is going to promote the kind of development and the focus of development that we want to see in the agriculture sector.

Mr. Speaker, it's really important that we look at how we can develop some kind of capital pool for agriculture, and I think some of the things we might want to look at are maybe some investment types of activities that'll share costs, allow for pooled investment.

[Motion Other than Government Motion 502 carried]

Electricity Deregulation

503. Dr. Nicol moved:

Be it resolved that the Legislative Assembly urge the government to prepare annually a detailed cost-benefit analysis of the impact of electricity deregulation on the utility bills on all classes of customers in Alberta which must be released to the public.

THE ACTING SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. It's a real pleasure this afternoon to stand and move Motion 503. This is one of the issues that comes up quite frequently as we look at the process we use here to make decisions that affect the economic development and the economic well-being of Albertans.

You know, most of the time we should be doing this kind of analysis before we look at activities, before we look at the promotion of a particular initiative in the legislative arena, and what we would've wanted to have seen here is a real look at the kinds of benefits we expect to get out of electricity deregulation. How will it contribute to an advancement in terms of the competitive position of Alberta business, the relative cost and well-being that comes about with respect to individuals in terms of their own residential use of utilities?

Mr. Speaker, the whole area of electricity and our natural gas becomes complicated when we start to talk about them in the context of our business development initiatives and the direction that we take in dealing with the appropriate role of government. This comes down to essentially electricity having a dual market function in the sense that it is an input in a production process and it's also a utility for residences and consumers. So what we need to do is possibly look at how we would implement a cost-benefit analysis and who is going to get the benefits out of this.

Mr. Speaker, when we debated the deregulation act, one of the things I pointed out – and I've talked about it quite frequently since – is that in the context of what we're dealing with here, we are in a position to effectively go back and look at deregulation and determine whether or not it is going to give Alberta any kind of a true benefit that it would not have had with the continuation of the existing electricity marketing structure, or electricity distribution structure I guess says it better. You know, when you talk about marketing, you imply some degree of choice and decision-making associated with a market, but in effect what we had was a distribution system where price was determined by formula.

If we look at trying to put in place the concept of cost-benefit analysis, we want to be looking at this from the point of view of who the recipients are going to be. One of the big things that I heard about before we talked about deregulation was the relative transfer of value that was associated with the existing structure of our electricity distribution system. We used to have different classes of power, yet we talked about a pool pricing system. Well, you know, what we could have done to get rid of that if we truly wanted a pool pricing system was reduce or eliminate the different class rates.

There was no justification for the class rates other than a specific decision to have the industrial and commercial sectors subsidize the residential sectors in their electricity. That should never have happened if we were really dealing with a pooled system. So as we went away from the kind of class identification we had, we created an obvious benefit to the industrial and commercial sectors at the cost to the residential sector by allowing for a common price.

We're probably also going to further influence that in the sense that we allow for large businesses to go out and buy block amounts, with their peak loads bought on a contingency or spot market basis, but individuals that are in the residential market don't have the option the way a large block business or a combination of block businesses has to go out and buy jointly. What we have to do, then, is look at how that is going to effectively work in the sense that it will transfer the buying advantage to the large users at the expense of the small users. You know, this is why we're talking about who are the gainers and the losers from this. That's basically what a cost-

benefit analysis tells you: where do the benefits go and at what cost? In the context of deregulation we have to look at that.

You know, if we look at all the projections that are given to us – and we constantly hear the minister and the Premier talking about our being back down to competitive prices in five years, Mr. Speaker. If we start dealing with net present values on looking at the flow of dollars that is going to occur, in five years the price advantage to introducing a competitive marketing system will have to be unbelievably large to offset the net present value of the five-year interim period where we are so significantly above what would have been the price had we continued with the current market structure and the current market pricing system, even if we took and eliminated that bias that was associated with the user price class system.

4:00

So what we've got to do, then, is try to figure that out. It's almost impossible to imagine the degree to which the benefits would accrue subsequent to the time when the price would drop back down to where it might have been if we stayed with the current system.

Mr. Speaker, if we look at it – and it would be really interesting to do an analysis 10 or 15 years into the future and look back on this when we've actually got a historic price path for us to follow. But, you know, we've got to watch here because what we've done in an industry where we have an increasing cost curve: the concept of moving to marginal-cost pricing always guarantees that the market price would be above the price that was associated with an average-pricing system if you stayed with that. We've moved from an average-cost pricing system to a marginal-cost pricing system, and there is no foreseeable new technology that would give us any kind of an expectation of a reduced marginal cost for new generation in the future.

So, essentially, what we've done is we've asked Albertans on into the future always to pay more than they would have had they stayed with average-cost pricing. If we look at that kind of analysis in the context of our cost benefits, you know, actually changing the pricing mechanism as well as changing the structure, what we'll see is that the costs to Albertans are significantly higher than what they'll be able to see in the context of the benefits. Because until we have a downward-sloping supply curve – and that's only going to come when we have a new technology, a new mechanism to provide us with electricity – we're going to have prices that are above the cost that's associated with the former pricing system.

The reason that we're asking for this to be done on an annual basis is to look at it from the perspective of giving Albertans a chance to basically see how they are essentially approaching, if they ever do, this position where, in a sense, their benefits exceed the costs that they've had to experience because of the deregulation process.

You know, I guess by doing it on a tracked basis, what we're doing is essentially saying that we're giving the government a chance to show Albertans that the net benefit to them would be positive at some point in the future. As my explanation that I've just given in terms of this discussion, I don't think that would happen, but that's a challenge, I guess, that we each have to face in the context of: I take a risk that if this is done, I get proven wrong, but also, if the government does this, there's a chance that in the end Albertans will realize that the net effect and the net benefit of their deregulation system is a long ways in the future, if they receive any benefit from it at all. When you go back, then, on an annual basis, you can compare the numbers and do net present value on them. We can see that as of the time we made the decision, there was no rational basis in terms of cost benefit to actually do it.

Mr. Speaker, we could have given our industrial consumers of electricity, who use electricity as a production input, not as a utility,

an extreme opportunity to have benefits by just collapsing the price class system that we have and not going to a marginal-cost pricing system.

It's really interesting in the sense that a lot of the discussion that we see now in the context of the potential new generation comes with kind of the proviso that there will be an export market opportunity for that generated power, and, Mr. Speaker, this is a normal process in the context of a business decision. You don't want to make the kind of investment that's necessary to generate electricity in a closed market. We could have developed that flexibility and that incentive for our private-sector generators which we had before. We could have provided them with that opportunity in the sense that we could have given them an option to build a generator, commit a certain percentage of it to the Alberta pool, and then allow them to market the rest of it, either for peak load in Alberta or into the export market. We have an opportunity here because of our coal resources to generate power at a profitable level into the western grid.

But I don't see why we necessarily want to have Albertans subject to the marginal-cost pricing situation that is going to exist in the western grid, especially when large consumers like California create such a mess that they've created in the context of an environment where they're short of supply. We're always hearing now about: well, you know, the price of electricity is now down to \$90. This high price that we had before isn't really significant. I think it's now probably around \$110 or \$112 on the daily blend price. But what's it going to be this summer, Mr. Speaker, when California needs more power to deal with the air conditioning demand down there?

How are we going to deal with that as our power gets bid down into the B.C. grid, the tie lines through B.C. to that western grid where they need that air conditioning electricity? We're going to have to compete with all of the individuals in California for their will to be cool. Instead of coming up and visiting us like tourists, like they should do, they're going to want to stay home and be cool. We're going to have to sell them our electricity to do it, and we'll end up paying for our electricity because of that. This is why this kind of a system where we're going to expose ourselves to basically the improper or the not-well-planned decisions of another jurisdiction — do we want that to travel back and impact on our consumers?

Mr. Speaker, this is extremely difficult for individuals on a fixed income when they look at how they have to proportion their fixed income budget and all of a sudden they find a lot of up and down spikes in their utility costs. We saw it last fall in natural gas. We saw it last winter in electricity. We'll probably see it again this summer in electricity as we deal with basically somebody else determining the price of our electricity. Until we get to a point where the generation capacity in Alberta exceeds the needs of Albertans and the capacity to export, we're always going to be subject to the issue of another place setting the price for electricity here, because we're dealing with that marginal-cost pricing system.

I guess in the conclusion of this, Mr. Speaker, what we want to do is look at how this benefits Albertans in the sense that what it'll do is give them a sense of confidence that there is a kind of a trend toward an increased benefit scenario. Even if we do it without looking at the structural change in the pricing system, the average versus marginal cost, if we only do it in the context of how is it coming through, if we take some of the impacts of secondary benefits through a cost-benefit analysis, what we'll see is that because of the lower price in the structure for industrial commercial users, what we'll end up with is individuals in Alberta seeing that there is additional employment, that there is additional economic opportunity created because the activities and the proposals and the hopes that we put forward by promoting this kind of deregulation actually occurred.

4:10

Mr. Speaker, I don't see it happening, but I would very much like to stand up in this Legislature five years from now or write you a letter in maybe 10 years from now and say: "I apologize. I was wrong. Deregulation was good." But until we have this kind of data, I guess I won't really have a basis to be able to sit down and say, "Gee, that's how it happened, and that's how we're going to measure it." So, don't hold your breath because you probably won't get the letter because we won't have the data to deal with it, but, Mr. Speaker, I'd really like to be in a position 10 years from now to be able to write that letter. With this kind of information we could, and I'd also like to be able to admit or to apologize to Albertans and say: "I was wrong on that. You ended up better off because of deregulation." But on that basis, again, I don't think I'll be writing the letter either, because I don't think we'll get to a position where this kind of an analysis will show Albertans are better off because we made the shift than what they would have been if we would have just fine-tuned the system that was there.

So on that basis, Mr. Speaker, I think I would ask individuals to make a commitment to Albertans to provide them with the information that they can use to judge how they're going to benefit from the structural change that we've put into our electricity industry through deregulation. I would ask everybody here to give us that chance or to commit our government to provide them with that information so they can feel comfortable knowing that the decision was made and they're going to benefit from it.

So on that, Mr. Speaker, I'll take my seat and allow others to make some comments.

THE ACTING SPEAKER: The hon. Member for Airdrie-Rocky View.

MS HALEY: Thank you very much, Mr. Speaker. I do appreciate having the opportunity to rise in the Assembly and address Motion 503, and I appreciate very much that the Member for Lethbridge-East is trying to get more information out to the public about the cost of electricity. I'm pretty sure that anybody getting a bill in Alberta in the last six months knows what electricity costs. What they may not realize is why prices have gone up, and I would like to address that while speaking to this motion.

We've all heard the term supply and demand, and we also know that when demand comes close to the supply level or in fact in peak demand times exceeds that supply level, the price is going to go up. That holds true for all goods and services of all kinds from cars to apartment rentals to commodities, and hon. members and Mr. Speaker, electricity is in fact a commodity.

In a report done in December of 2000 for the market surveillance administrative, the MSA determined that a combination of factors had contributed to high market prices. The report listed many contributing factors such as fuel prices, electricity prices specific to opportunity costs and other regional markets, weather and precipitation, hydro generation and its particular characteristics, operating reserves carried on the system, maintenance, supply growth relative to demand, and technical limitations on the interprovincial interconnections.

The reasons for deregulation in the first place were to make it possible for companies other than the monopolies, which were TransAlta, Alberta Power, and ATCO, to generate electricity inside this province and put their surplus power into the grid. The regulatory framework that existed for years did in fact serve Alberta well for a period of time. However, when it takes over 10 years of hearings to allow one of the monopolies to bring a power plant

onstream in Alberta, you can tell that the system is no longer working. In addition to that specific delay, the cost of the last regulated plant in Alberta went up by over \$650 million because of all of those hearings, and by the way, Albertans had to pay that \$650 million as well.

Even as recently as six years ago it was estimated that we had a surplus of power of close to 20 percent, but while that may have been true, the monopolies for the past six years did nothing, and they did not seem to even notice that we were averaging a growth rate of over 4 percent a year. New people were moving in, new investment was coming into the province, and new companies were opening up here. And, yes, the surplus of power was in fact disappearing. The majors did nothing to address this looming shortage. Incidentally, just computer usage alone has increased power consumption by close to 12 percent. But I digress.

Fortunately for us cogeneration came onstream, over 1,400 megawatts in the past four years alone. Another 600 megawatts of new and cogeneration power will come onstream this year. In addition to this, over 4,000 megawatts of power development have been announced in the past six months. One wonders if the cost-benefit analysis the member wants done would take into account what would have happened if deregulation had not come in. What happens in a growing and booming economy when we've run out of power? If you want to talk about high prices, I wonder what it would be today without the cogeneration that is already in our grid system.

I love that the opposition are always looking for a downside on everything, and it has been easy to take shots at deregulation. I mean, talk about bad timing. Who knew that natural gas prices would go from \$2.70 to \$16 in a 90-day period of time? Who knew when the power plants were converting from coal to natural gas in the past five years that it would force the price of power way up in the year 2000 and 2001? How many Albertans know that our transmission grid system cannot really handle much more power on the existing lines? Most of the power in Alberta is produced in the Edmonton area, yet much of the demand is in southern Alberta.

Several new cogeneration and stand-alone power plants are being built or planned for in the constituency that I represent. This has created concerns there, as well, Mr. Speaker. However, the truth is that the transmission system that we currently have will not handle the power if it has to come from long distances. We have to build the plants closer to where the use is. Our interprovincial connections will not handle much more power either, yet the big fear now is that we're going to export power.

Well, one day maybe we'll be in a surplus position again and we could export it. In fact, we do during the night export some to British Columbia but not with the transmission grid system we have today. It has a 950-kilovolt limit on it. Billions have to be spent enhancing the existing lines just to get power around the province. We could be buying power from the Northwest Territories and Saskatchewan, but the lines won't handle any right now.

So we sit here talking about yet more reports on the cost of power when we should be talking about how to fast-track projects. We should be talking about building a bigger and better grid system, and we should be talking about how to promote the safe and environmentally friendly use of coal, which we have in abundance here.

For too long we as Albertans have just taken power for granted. It was just there. You flip a switch and the light goes on. Well, they thought that in California too. Their population doubled in the last 15 years, and no one built any power plants. I mean, why would you? The environmentalists were opposed to them. No one wants to live anywhere near one. And what the heck? You can buy it from somebody else anyway.

Well, California did everything wrong, Mr. Speaker. To make it even worse, they've now reregulated their system and put the taxpayers at even greater risk down there. They have to build plants, and it just gets that simple.

Every 100 megawatts that you need to build will cost approximately \$100 million, and California needs 30,000 megawatts of power. We are not California. We dealt with higher prices through British Columbia in large part because of their sale of power to California.

Several independent auditors have studied our deregulation model. In fact, it's probably not a perfect system, but the auditors all say the same thing. We are on track for a long-term sustainable and affordable electricity industry. Higher prices would have existed with or without deregulation, and to say otherwise is being less than forthright with Albertans. Our problem is caused by high and rapid growth and high natural gas prices. All the cost-benefit analyses in the world won't change that. We need more power, and deregulation will give us that. The creation of a competitive marketing option in energy is a long-term process certain to undergo bumps along the way.

An annual report that does not emphasize this long-term vision, especially one that focuses on the short-term cost/benefits on electricity bills, would be misleading. The department of resource development has already established a transition plan for electricity deregulation, and the department will be pursuing its own targeted reports on the opening up of competitive market options, reports that will be far more valuable to us than what this motion would suggest.

I urge all hon. members to defeat Motion 503.

THE ACTING SPEAKER: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much. It's a pleasure at this time to get an opportunity to participate in the debate on Motion 503, a cost-benefit analysis for the electricity deregulation. The only thing I can say at this time, Mr. Speaker, is that certainly it is about time that a cost-benefit analysis would be provided not only to members of this Assembly but to consumers, whether they be residential or industrial consumers of electricity, the ones that are paying for the mismanagement and the mistakes that have been made by the current government in the handling of this issue.

We are talking about having forecasts and a cost-benefit analysis, forecasts for electricity prices well into the future, for another 20 years. Contrary to what the hon. member has just stated, we've got organizations such as Optimum Energy Management. Their analyses are used, and they have a very accurate analysis for forecasting hourly pool prices. For those analyses to be dismissed I think is just simply not right.

4:20

Now, of course, we all heard that electricity deregulation promised to bring lower electricity prices for all Albertans through increased competition, but that certainly has not happened. So far all we've seen are skyrocketing prices due to a number of factors, including a lack of investment in new generation due to the lack of rules for deregulation. The lack of investment is a reflection on the lack of confidence in the current government to administer this deregulation scheme.

Now, if we look back, Mr. Speaker, to the past in this province, we will see that a former government – and I believe it was in 1948; I'm not sure about that date, but I think it was in 1948 – actually held a referendum to bring to the citizens of the province the issue of where the province should go with the distribution and generation

of electricity. There were two options in the referendum. The first was a publicly owned utility, and the second option was a combination of both private generators and a distribution system that would be possibly publicly owned. The citizens of this province in a narrow vote chose the second option. We lived with that for 50 years.

All members of this Assembly talk about parliamentary reform. They talk about free votes, and they talk about referendums, but this is a case of a government actually going to the people in conjunction with a provincial election and being bound by the results.

We had this electrical distribution and generation system that, contrary to what other hon. members may think, actually dealt with the economic expansion of the '70s quite adequately. There was a planned expansion of the electrical grid. There were transmission lines installed. Transmission lines, as I understand it, are about 40 percent of the cost of the entire system. They can be up to 40 percent of the entire cost of the system. The system worked. What did this government do? Well, it simply put blind ideology before common sense. The consumers of electricity, whether they're industrial or residential, are paying the price, and they're going to pay the price well into the future.

Now, many industry experts suggest that electricity prices will come down, Mr. Speaker, from where they are currently but do not necessarily suggest that they will come down to where they once were before deregulation. It is interesting that even the Premier admitted in question period in this session that prices may never come down to where they were before deregulation. So, in other words, once all this settles out, we're still going to have prices that are much higher than our sister provinces of Manitoba, Saskatchewan, and British Columbia.

What sort of economic advantage are we going to have? What sort of advantage, for instance, is Lethbridge Iron Works going to have? Unfortunately, the only advantage it's going to have is that perhaps the moving vans that are deadheading to Winnipeg are going to be empty. If that individual unfortunately has to move his enterprise to Manitoba, where electricity rates are cheaper, the move will be less costly. That's the only advantage that I can see in this, because the electricity costs are not going to go down.

An hon. member over there talked about exports, and I do not want to spend too much time on exports, but at this time we have to be very, very careful about getting fly ash in our face because of electricity exports to America, which is going to be hungry for electricity. What are we going to be left with? The pollution?

No one in this Assembly can tell me that CCTs, as they're called, the clean coal technologies, exist that are economically competitive. If someone on the opposite side of the House has a study that can prove that clean coal technologies exist and are economically competitive, show them, because right now all our coal-fired generators in this province are ironically called PC, pulverized coal, units. The CCTs that are claimed to be the wave of the future are still on the drawing board, and I would encourage that perhaps part of the half a billion dollars that's been set aside for research and development in this province could go to that effort. That would be a real good location for some of that research and development money, and perhaps we can develop our own clean coal technologies, because on the research that I've done, we've still got a lot of work to do, Mr. Speaker.

Now electricity exports. There are permits already available for many different producers of power in this province. They've got two choices here: they can have firm permits or they can be interruptible, but it exists. Now, the line capacity doesn't exist, and who is going to pay the benefit of that? I do not know.

Mr. Speaker, we have seen this current government all too often

proceed with things, whether it's health care privatization or electrical system deregulation, without any evidence that it will work, and this is why a cost-benefit analysis would be so beneficial. To do it on an annual basis – I would almost think it should be done quarterly. As I understand, there are quarterly reports presented to the Economic Development minister on any number of issues. So perhaps if it's good enough for the Department of Economic Development, well, it's good enough for the rest of us.

Now, normally, Mr. Speaker, a cost-benefit analysis would be done before proceeding with something like deregulation, but since the current government has chosen to proceed anyway, we can only gauge and measure how we are proceeding. Right now we just have to think of the \$40 a month rebate. That's not a ringing endorsement.

Now, such a cost-benefit analysis needs to look at all classes of Alberta consumers, from the largest of the industrial users to the smallest of the residential users. A cost-benefit analysis would look at the impact deregulation has on all types of consumers, whether it's been positive or negative.

Now, currently the government is taking an ad hoc regulatorylike intervention position in the electricity marketplace. I can't see how the government can talk about free enterprise, because this is certainly not conducive to a free, open, and competitive marketplace. There are still the outstanding questions as to whether electricity is what some economists call a natural monopoly and that's how it should remain.

Furthermore, without a plan for effective assistance for Albertans and without a long-sighted plan for deregulation, everyone in this province is ill served. By developing a long-term plan, one that is well thought out and ready to be executed, all our interests can be served. A cost-benefit analysis helps accomplish . . .

THE ACTING SPEAKER: I hesitate to interrupt the hon. Member for Edmonton-Gold Bar, but the time limit for consideration of this item of business has concluded.

4:30

head: **Government Bills and Orders**

Second Reading

Bill 12

Farm Implement Amendment Act, 2001

THE ACTING SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MR. HORNER: Thank you, Mr. Speaker. It's my pleasure to rise today and move second reading of Bill 12, the Farm Implement Amendment Act, 2001.

Mr. Speaker, the need to harmonize legislation in the prairie provinces has been recognized for the past two decades. Triprovincial meetings have been held to further this end. It is anticipated the passage of this Bill 12 will help move us further down the road in our efforts to harmonize with the other prairie provinces. In preparing this legislation, considerable input through the Farmers' Advocate office was completed. Stakeholder review included 462 Alberta licensed dealers, the Prairie Implement Manufacturers Association, Canada West Equipment Dealers Association, Canadian Farm & Industrial Equipment Institute, and 10 farm organizations including the Alberta Cattle Commission, Western Stock Growers' Association, and the Alberta barley growers, to name a few.

This bill, Mr. Speaker, addresses three key elements: clarification and simplification of definitions in sales agreements, a change in the notice period for failure to perform, and an amendment of the dealer and distributor obligations at termination. The amendments will

clarify that a purchaser means a farmer using the equipment for farming use, not other off-farm use such as using a tractor for road construction. It will provide regulatory authority to exempt specific implements from the act like a garden tractor for mowing your lawn. It'll clarify the specific references to tractors in the act under section 4(1) to be completely farm implements. Not all tractors have a drawbar or power takeoff, and legislation already requires the equipment to meet manufacturers' specifications. If the unit has a power takeoff or drawbar, then that power would be listed in these specifications.

This bill, Mr. Speaker, will harmonize our act to be in line with what the other prairie provinces are at or going to. Manitoba's legislation currently specifies, on the notice of failure, to perform 50 hours or 10 consecutive days. This act brings us to 50 hours. However, due to a concern that weather conditions may preclude a purchaser from using his implement during a specific 10-day time frame, we've not made that requirement consecutive.

In addition to keeping the harmonization with other prairie provinces, this amendment will increase the amount payable to the dealer for parts returned with new parts from 85 percent to 90 percent and also clarify that at the time of dealer termination the distributor is responsible for storage and transportation on returnable parts and whole goods. The act will also increase the amount to 100 percent of the current net price where the agreement to terminate is at the distributor's request.

Mr. Speaker, harmonization will allow distributors easier access to all three western provinces by providing standard rules of operation. Without harmonization, dealers and ultimately farmers are not given parity throughout the prairies. This bill will enhance interprovincial trade through clarification and simplification.

Having said this, I ask for the support of members of this House for second reading of Bill 12.

THE ACTING SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. It's a pleasure to stand today and speak to the Farm Implement Amendment Act. This I guess has been an issue that has been raised on a number of occasions in the last number of years when I've talked to farmers across the province, and they've wanted to have their legislation brought to some degree of consistency with what is in place for other farmers across western Canada. There are a couple of questions that I would like to raise on this. They're specific to some of the sections in it, and I just want clarification as to whether or not they're really the intent of the legislation or not. I think given the discussions we're having about how legislation is going to proceed, I'll talk to those couple of issues right now rather than waiting till committee, when we're supposed to talk about the specific sections in the act.

I guess the issue here is that when we're talking about a purchaser in the definition section, by adding the specific definition to be farming use, it appears here that essentially what we're dealing with is that a purchaser is "a farmer who purchases a farm implement for his own [farming] use." What about farmers who purchase it and use it in a custom operation? Is that a broad interpretation to be included in this? I can see the benefit of distinguishing between a person who purchases and is going to use what is effectively a farm implement for an industrial or construction use. But to essentially put in a definition that limits the use of this to a farmer who purchases it only for their own farming use, I interpret that to mean for use in your own operational farm as opposed to in the delivery of farming services.

So I guess in the context of that definitional change I would ask

that the sponsor of the bill, the Member for Spruce Grove-Sturgeon-St. Albert, and the department of agriculture look at this and see whether or not that is truly the interpretation they wanted. If not, maybe some clarification needs to be put in there so that we have a clear definition of whether or not someone buying equipment for use in custom operations would also be included in that definition. I don't consider a custom operator as buying a piece of equipment for their own farming use if they're using it to earn an income by farming for someone else.

I guess the other issue here is the amendment under section 5 where they're talking about the change to 50 hours. I guess what's happening here is essentially looking at it and putting in a minimum standard for effectively a time frame or a use frame for warranty work. Then what we should be doing here is essentially putting in a statement that stipulates that a clear definition of a warranty must be provided in the context of some issues, because potentially there are situations where to acquire a minimum standard of warranty creates an opportunity or a hardship in the context of a sales contract. But if we actually say that there must be an expressed warranty even if that warranty is zero, then the purchaser is buying in a situation of awareness; you know, they're fully informed, and they know what they're getting.

As long as there's a clear definition of a warranty, I don't see why we in the Legislature should be telling manufacturers, distributors, dealers, and use purchasers what kind of commitment to service they should be putting in place. This should be something that is negotiated and becomes part of the relative trade negotiation between different dealers and dealerships, manufacturers and distributors. So I guess as we look to truly allowing marketplaces to work and marketplaces to express themselves, to me that essentially legislates into the market some kind of a restriction that effectively should be allowed to be developed by the participants in a sales agreement.

With those couple of comments just on the record so that they can be looked at in the context of the time frame, I would urge everybody to look at this and consider it very seriously, because the farming sector has been asking for this kind of change in the act to satisfy their expectations, I guess, in terms of how they can relate to a dealership and how it will provide them with a degree of openness and accountability when they purchase farm implements. So congratulations to the member for bringing it in. It's been waited for by the agriculture community.

With those couple of considerations that I've brought up, I think we should look at this very favourably. Thank you, Mr. Speaker.

THE ACTING SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert to close debate.

MR. HORNER: Thank you, Mr. Speaker. I'd just like to thank the hon. member for his comments. I appreciate his comments.

With that, I'll close debate.

[Motion carried; Bill 12 read a second time]

4:40

Bill 13 Farm Implement Dealerships Act

THE ACTING SPEAKER: The hon. Member for Dunvegan.

MR. GOUDREAU: Thank you, Mr. Speaker. I'm pleased to rise today to move second reading of Bill 13, the Farm Implement Dealerships Act.

Mr. Speaker, Bill 13, the Farm Implement Dealerships Act, is

designed to improve competition and remove restrictions placed on farm implement dealers by preventing distributors from terminating dealership agreements without cause. This bill defines cause, process, and options available for canceling a dealership agreement. I would like to be very clear that we are not for a moment suggesting that distributors cannot and should not be able to decide with whom they would like to do business.

[The Speaker in the chair]

What we are proposing is a process whereby the playing field is level. Both farm implement dealers and distributors are able to make sound business decisions knowing that unilateral impositions will not negatively impact the future direction of their independent businesses.

Mr. Speaker, currently, through strongly worded dealership agreements, farm equipment distributors can dictate the day-to-day operations of a dealership by mandating, for example, the brand of equipment available, the size or number of facilities, and the colour of paint on the floor. It's important to remember that we are not talking about a McDonald's or Tim Horton franchise. We are talking about a family business where the father cannot pass the business down to his son or daughter because the distributor refuses to provide product to a new owner. We are talking about businessmen who have carried a specific line of equipment, trained their service technicians, and have provided quality service to customers for 15 or 20 years now being told that they need to discontinue offering these services and that if they don't comply, they will be shut down.

Mr. Speaker, in many rural communities the local farm implement dealership is the largest single employer. It is imperative that the economic viability of these communities continues to be maintained. Bill 13 goes to the heart of one significant concern for farmers and implement dealerships, which is the availability of products and services locally. Without this legislation we will continue to see closures of dealerships, resulting in greater cost to farmers through increased travel for parts and service. As well, farmers will be forced to carry large parts inventories on-site. When the weather is right for seeding or harvest, time is of the essence. Farmers can ill afford the time required to make a 100-mile trip one way for a repair part. This bill will go a long way to ensuring that manufacturers don't lose their retail outlets and local dealerships and remain in the neighbourhood providing support to the community and its economy.

Saskatchewan was the first province to recognize the need for dealer protection. Manitoba and Prince Edward Island quickly followed suit by passing similar legislation. Bill 13 will ensure that Albertans receive the same standards and function under the same principles as other agricultural operators in Canada.

Bill 13 will support dealerships in carrying a greater selection of equipment and services for their customers. Through this improved opportunity will come greater profitability. Farmers will see competitive pricing, selection, and service.

Mr. Speaker, in Alberta we reap the benefits of strong competition and a business environment with little or no government interference. Bill 13 will ensure that the farm implement industry is granted those same privileges. A dealership's fate will lie in the hands of the market and their own business acumen and not in the hands of distributors.

Since the initial release of Bill 13 on May 7, 2001 – that was just yesterday – response from dealers and rural constituents has been strongly supportive.

Bill 13 will help to support our rural communities and the backbone of Alberta, and that's agriculture.

Having said this, Mr. Speaker, I ask for the support of the members of this House for second reading of Bill 13.

THE SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. I would support the member in saying that this is a good bill, long waited for by the agriculture community in Alberta. This is going to essentially provide some options for purchasers of farm equipment, when we're seeing more and more a concentration of the main-line manufacturing activities. I think we're down now to basically four different significant manufacturers of farm equipment.

We have to look at it from the point of view of: how do we encourage and create competition in the market, and how do we increase the ability of farmers to both be able to shop but also be able to deal with some of the specialized equipment that's out there? We've heard a number of cases brought up in the last few years where main-line manufacturers or distributors have come along and asked dealers to give up short lines even though that short line was not in any way in competition with the pieces of equipment that were being supplied by the major distributor. So what we have to look at then is: how do we encourage that competition? The other provinces in western Canada have had dealership protection legislation in place for a number of years, and I think this is one of the pieces of legislation that will be well received in Alberta.

Again, as I read through this bill, I have just a couple of questions that have come up in the context of some of the particular sections that are there. In section 2(3) we're looking here at some restrictions on price discrimination. I guess the concern there that I would like to raise is some of the issues that might come up in the context of some of the larger dealerships that are able to buy quantity orders from the distributor. Does that not allow them to negotiate volume discounts? You know, we're talking here only about discrimination based on grade and quality, but the issue, then, I guess is that as long as it's the same grade and the same quality, the price has to be the same. But if you're buying a number of them, what we have to do is look at: is that an option? How can we clarify that in the context of section 2(3), and is that the way we want to deal with it?

So I guess the next section there as well, 2(4), is where we're talking about "substantially different contractual requirements related to dealership agreements on different dealers." I know that there are some cases out there where the distributors, in order to sustain a local dealership, have provided significantly different relationships so that they can actually keep a dealership in a region. I think what we've got to do here is look at it and make sure that the wording in this section is such that it doesn't allow a distributor to impose "substantially different contractual requirements" that create a disadvantage for a dealer.

That's, I guess, the way we want to look at it, more than just a blanket different type of a contract, because some of the distributors do provide reasonably beneficial or concessionary agreements to some of their dealers in order to keep them there. If we're going to say that they have to provide that same kind of concession to every dealer, then what we're doing, effectively, is not allowing the marketplace and the commitment to service to show as it could.

Mr. Speaker, I guess as we look beyond the bill here, I think section 2(5) is really the meat of the whole thing, where we have to make sure that a distributor is not allowed to discriminate against a dealer based on their carrying secondary lines or short-line equipment. What this is going to do is help the purchaser have an option, especially when we're dealing with specialized equipment, equip-

ment that could potentially be recognized as unique to their kind of use.

What this kind of a restriction also does is it provides in many ways a real opportunity for a manufacturer of a specialized product or a local manufacturer the opportunity to have their product sold through a dealership that already has kind of the support network to be a dealership. This is really good, because what we've got to do is encourage and provide opportunity for new manufacturers to enter into the market of providing equipment for the agricultural producers. If we can make sure that a distributor can't restrict their dealerships from handling additional product, even if it is a competing product, then what this does is it facilitates the new innovators.

4:50

Mr. Speaker, if you look at the agriculture community, I can probably sit here and name off for the rest of the evening the pieces of equipment that you've seen developed by small manufacturers. They've developed them in the context of a specialized need to meet a condition that's either relevant to their area or to their type of farming. Then we end up seeing that piece of equipment later being picked up and the patents either taken under licence or actually bought out and become part of the major distributor's new line or new piece.

So what it does is it encourages innovation and kind of the adoption, because we look back and see how often new equipment, new ideas, new applications occur at the smaller level rather than at the big level where they're just thinking about improving their product or because they don't have the grassroots connection to actually see where farmers have changed their farming practice or have changed their cropping rotation or have changed the way they want to handle the product when it comes out. So they don't sense to the same degree that maybe their piece of equipment is becoming obsolete.

What we end up with here is a chance for small manufacturers to get a chance to put their product into a dealership, allow other farmers to have access to that product, use it for a little while, and essentially give it a chance to prove itself. Then it can be adopted or it is adopted by the major manufacturers and sold through their distribution channels.

So on that, Mr. Speaker, what we've got to do is look at this and deal with it from how it would best serve Alberta farmers. I think the way to do it is to put this in a way with the changes that are suggested through Bill 12 and look at them as a package of bills or two bills here that are going to really send a message out to the agriculture community that we've listened to them. We've heard the concerns that they've raised, and they'll now have farm implements, both dealership restrictions or dealership commitments, that are consistent with the other provinces around here and really also are intended to serve the best interests of the agriculture sector. So we end up with these ideas of innovation that I talked about being made available, and when a farmer goes in, they can also in many cases get a better match between the implement that they want to serve the need that they've got for it yet have it at a local level.

One of the other complaints that comes up an awful lot – but within the context of legislation, I don't think it's our position to get involved in it – is the whole idea of how dealerships are getting concentrated, and we've heard the comments already about the distance that has to be traveled to get equipment and to get to your dealership. We're looking at these now in the sense that within Alberta, especially right now, we're seeing two or three corporations taking over the line dealerships pretty well across the province as opposed to having a series of independent dealers where you really have the competition even within the same product line. This is

something that farmers are expressing concerns about, yet within the legislation it's not really appropriate to deal with the idea that amalgamation and expansion in that way are not in the best interests of the system. These are the kinds of things that have to come up in the context of both the dealer/distributor negotiation and the relationship between the purchasers.

In many cases I've seen situations where a farmer will drive past one dealer all the way to the next dealer to buy their product rather than support the one that's closest. Who knows what reason that is, but they do it, and it does in some ways create competition that spurs on the economy and creates price sensitivities that are necessary when we have to deal with how we look at dealerships and competition in the market.

On those comments, Mr. Speaker, I think I'll take my seat and encourage everybody to support this one in conjunction with Bill 12. I think the two of them put together form a good package that will send a strong message to Alberta farmers that we listen to them and that we're acting to make sure that the kind of structure they want in their farm dealership relationship both in terms of accountability in Bill 12 and here in terms of the diversity and flexibility to carry multiple lines through one dealership – these pieces of legislation will really serve their needs.

On that, Mr. Speaker, I hope everybody supports this piece of legislation.

THE SPEAKER: The hon. Member for Dunvegan to close the debate.

MR. GOUDREAU: Thank you, Mr. Speaker. First I'd like to thank the Member for Lethbridge-East for his positive comments and excellent suggestions. Bill 13 recognizes that farm implement dealers are very important to rural communities, and this bill should help to minimize the erosion of our dealerships in our small communities.

I would like to end our debate and discussion on this bill.

[Motion carried; Bill 13 read a second time]

Bill 16 School Amendment Act, 2001

THE SPEAKER: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Speaker. It's my pleasure today on behalf of the hon. Minister of Learning to move second reading of Bill 16, the School Amendment Act, 2001. I would make a few comments on behalf of the hon. Minister of Learning, simply to underscore what the intentions were or are with this particular bill.

First of all, to clarify administrative and governance processes of the education system. Secondly, as stated in the Minister of Learning's news release, which bears today's date,

the School Amendment Act, 2001 introduces a process to ensure that learning opportunities for students will be considered, along with utilization rates and other criteria, when decisions are made on new school facilities (complete criteria has yet to be developed by Infrastructure and Learning).

5:00

Mr. Speaker, other proposed changes contemplated under this bill, as introduced by the Minister of Learning, include:

- clarify the process for establishing charter schools and encourage better links with public and separate school boards in order to meet diverse student needs and parental expectations through the provision of alternative programs;
- ensure public and separate school supporters are assessed the same property tax rates;

- clarify the regions governing Francophone education and ensure that students have access to both linguistic and denominational rights guaranteed by the Constitution of Canada; and
- introduce alternatives to the existing separate school establishment process calling for further cooperation between public and separate jurisdictions and furthering the move to co-terminous boundaries across the province.

The bill also will impact school boards, obviously, private and charter schools, and a number of other aspects of our learning system.

Mr. Speaker, on my own behalf and on behalf of many constituents who have been speaking with me over the last several years, I should say, about the importance of continually updating and improving our learning system, I simply want to reiterate that the issue of utilization rates, which will be impacted by this particular bill, has been by far the single largest issue that I've had to deal with in terms of education-related concerns. In particular, the tremendous growth of cities like Edmonton – and by growth I mean expansion out beyond our boundaries – has created a phenomenon that is frequently referred to as urban sprawl, and it is in fact in many of these outlying areas where so many people have brought to my attention the need for new schools to be considered.

In one particular area of my constituency called the Meadows, which is nicely placed east of 34th Street, south of the Whitemud freeway, there is a tremendous need for a new Catholic school, and I've been working very closely with the Catholic school trustees, listening to their concerns on how they plan to address those needs, as well as with a number of individuals that are on various parental committees, particularly out of the Blessed Kateri school. So I'm looking forward to seeing what impact this amendment act will have in that regard, Mr. Speaker.

The other point, very quickly, is with respect to the impact on the Francophone education network in our province. One of the privileges I have in my new portfolio, Mr. Speaker, as you know very well, is the responsibility for le Secrétariat Francophone, and as part of that responsibility I will read this bill with great care to see how it may or may not impact the delivery of Francophone education in our province.

So at this stage, Mr. Speaker, I personally will not be passing any judgment one way or the other on this bill. I'll keep an open mind, hoping that it addresses all of the concerns very squarely. I'm sure it likely does, but I will read it through more carefully and at this stage allow others to participate in this important debate.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to have the opportunity to make some comments about the principles underlining Bill 16 at second reading, and it seems to me that there are some important principles at work in the amendments that we have before us.

I'd like to first start with the mention in the bill of charter schools and a change in the treatment of charter schools under the School Act. It's a change that I think is welcome. The notion is that those schools should be, if at all possible, under the umbrella of one of the elected school boards in the province, and I think that that's a good move. It also is a reflection on what's happened to the public school systems – when I say “public,” I mean both the Roman Catholic separate and the public system – over the last number of years, and that's their ability, their flexibility in terms of responding to a variety of apparent interests.

I think it started with the alternate school programs that were introduced, some of them rather tentatively initially. The alternative school programs under the public system have grown to the extent

where there are a wide variety of options and possibilities open to students and their parents in accessing public education. They're able to find programs and to find schools that suit their particular children yet are still under the aegis of a publicly elected board, a board that they can have some influence on, if at no other time at least at election time, a board that they can help have members elected to. Those schools adhere to the principles of public education in the province in that they are open to all, that they're publicly funded through the tax system, and that they are governed by a group of elected trustees.

I think the bill doesn't quite insist that they be umbrellaed, but the preference, I think, is certainly there. It's my hope that the public schools boards in their response will look with friendly eyes on those applications as they come in, because it will serve all of us and serve all children well to have those schools under one of the public boards and the opportunity to have a school that reflects a common set of values, that public schools do. I think that that's in everyone's best interest.

The principles as they affect charter schools I think are sound. It will be interesting to see the charter school applications that come forward that can't find a residence in one of the public systems. Given, as I said before, the wide range of alternate programs that are now available, from religious-based programs to fine arts programs to academically challenging programs like the international baccalaureate to an all-girls school, there is just a whole wide range, a rich range of choices of public schools. Yet we can be assured that those schools adhere to a number of requirements in terms of the teaching staff and the kinds of programs of study that are followed and the security and safety and behaviour of children. It will be interesting to see if any at all are rejected and, if they are, on what grounds.

Just a footnote on this, Mr. Speaker. It's been a growth in the alternate school movement that seems to have had more initial success, at least in this city, than it has in our neighbour to the south, in Calgary, where at one time a board there at election was entirely removed. The issue was the provision of alternate school programs.

The principle underlying this part of the bill that charter schools should be governed under elected school boards is a principle that we support. We're happy to see this provision in the act before us.

5:10

I move on to a second principle. I'm not sure that I'm articulating the principle the best way it could be, but it's that the School Buildings Board as such was not adequately reflecting the educational interests of the community. The School Buildings Board acted in a manner that seemed to exclude it from ministerial or school board pleas, and it was almost acting independently. It was, I think, most frustrating for school districts and boards to go to extensive plans in terms of their building and their repair requirements and to set a list of priorities, to send that list of priorities to the School Buildings Board, to submit it, and then to have projects – certainly not priority projects – approved that were five or six down the list or to have projects ignored year after year that they really wanted.

Always there was the spectre of the utilization formula that loomed in any kinds of submissions to the board. The utilization formula doomed many school districts to failure in terms of new school construction even before they made any applications. The whole utilization formula, particularly in large urban areas and in very small communities, was very, very difficult and is very difficult to handle because the percentage of space used in a school is but one measure of the value of that school, even the use of that school in a community. As such, it was I think very, very frustrating for boards and parents and communities to have that formula stand between

them and what they saw as sound decisions for their community, primarily in terms of the educational programs that were being delivered but also in terms of the health of the community as a viable neighbourhood or as a viable town or village.

It will be interesting to see, now that the decision-making is going to be moved back to the Learning minister, if there will be more consideration given to educational concerns in decisions that are made. It will be interesting to see what happens to the utilization formula and what kind of weight it is given in decisions. It will also be interesting to see how much of the decision-making the minister will have once this act is passed, how much of that decision-making is going to be passed on to local boards. I think that the plea has been made, Mr. Speaker, that block funding, allowing local boards to ultimately be the decision-makers who decide where buildings will be built, which buildings will be closed – they get to close buildings, but right now they have little influence over where new buildings are built or the kind of construction in terms of their needs.

I guess if there's a disappointment in the bill, it's the provision for local decision-making and allowing the minister to pass that decision-making down to where it properly belongs, and that's with local school trustees. They're the ones that have to answer to the community at election time. They're the ones that best know their communities. I think they are the ones that can best make school building decisions, school program decisions. So while wresting the decisions out of the hands of the School Buildings Board is something that I think is a move in the right direction, I'm also concerned that we will have created in the Learning department a new bureaucracy that will be just as inflexible and just as difficult for boards to penetrate as the one that currently exists. So I guess in terms of the move to the replacement of the School Buildings Board, I'm cautiously optimistic, but I think it's just a first step.

I had some conversations with the minister about this. I hope that he'll see fit if not to move completely to block funding to at least explore the possibilities in some school districts. I know that there are problems in any kind of abrupt movement to block funding because there's a history of districts that has to be taken into account, the kind of building and repair activity they've been engaged in over the recent past. That history would have to be taken into account, so the transition period to block funding might take some time, but at least I think that should be the goal and that should be the target in terms of where the government goes with those kinds of decisions.

I think there's a good provision in the act, and that's in terms of identifying unsuitable teachers. It seems to me that with teachers who have had difficulty in the classroom, teachers who've had difficulty with students, to be able to remain anonymous and to move to another jurisdiction, either in the province or in the country, was a disservice to children and certainly a disservice to the profession. So I'm pleased that those school jurisdictions and charter schools will be charged with identifying those people and making the registrar aware of the kinds of difficulties that individual has experienced and that that record is going to be available to other employing boards so that those teachers are not able to pick up their practice and move and inflict poor practice on another group of children or students elsewhere in the province or the country.

I think we saw a parallel of that just recently in the news with hockey coaches, where a coach from this country turned up in Spain working with another group of young adults. How inappropriate that was, and for it to happen in the teaching profession would be even more inappropriate. So I'm pleased that those unsuitable teachers are going to be identified and something done about tracking them in the system.

I wanted to talk for a few minutes about the principle in the act that will allow citizens to choose to be a resident of a public or a separate school district. We've had a history of residency and residency requirements that is a little checkered. I think if I understand the act – and I have to admit that I had to read it and ask one of my colleagues to read it a couple of times to make sure I really understood that the choice is there. The whole business of residency has been a thorn in the side of boards for a number of years. I remember in the past act that you were deemed to have been born into a school district and to be a member of that district, a resident of that district. While it sounded good in theory, in practice it caused a whole lot of difficulties.

5:20

I remember the attempt to have school boards charge nonresident students for programs. So if a youngster with Catholic parents attended a public school, there was the expectation that there would be a nonresident fee paid by that student. The whole problem of that in terms of urban areas is that students would come from out of town, access programs, and claim they were residents of the city by living with a relative and using that relative's address in terms of residency requirements, so the board they were really resident in wasn't charged for their program.

I remember an effort on the part of the public school board at one time to try to determine the religious persuasion of students in a 70,000-student system. Parents were asked to identify their religion, and 10,000 of them refused to do so. So this whole business of where you are resident, what school district you are a resident of, has a history of presenting problems to boards. The act reads now that there's a choice for parents, for citizens to identify themselves as residents of either the separate or the public school district.

Just a footnote in terms of the amendments themselves, Mr. Speaker. One of the pleas we've made in the past is that there be plain-language legislation. I remember back in 1992-1993, when the present government was campaigning, that one of their promises was to come forward with plain-language legislation, and there are some sections of this act that I don't think meet that criteria, to say the least.

So with those preliminary comments – I haven't even touched on the big, important change in that, and that's regarding separate school districts; I'll have an opportunity later to do that – I would like to adjourn debate on Bill 16, Mr. Speaker.

[Motion to adjourn debate carried]

THE SPEAKER: The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. It's been a very productive afternoon. I move that we now call it 5:30 and that when we reconvene this evening at 8 p.m., we do so in Committee of Supply.

THE SPEAKER: On the motion put forward by the hon. Deputy Government House Leader, would all hon. members in favour of the motion, please say aye.

HON. MEMBERS: Aye.

THE SPEAKER: Opposed, please say no. Carried. The House will reconvene tonight at 8 o'clock in committee.

[Pursuant to Standing Order 4 the Assembly adjourned at 5:23 p.m.]