

## Legislative Assembly of Alberta

Title: **Monday, April 15, 2002**

**8:00 p.m.**

Date: 02/04/15

[Mr. Shariff in the chair]

THE ACTING SPEAKER: Please be seated.

head: **Motions Other than Government Motions**

### Student Loans

504. Mr. Snelgrove moved:

Be it resolved that the Legislative Assembly urge the government to study the student loan system in place in Alberta.

[Debate adjourned April 8: Ms Blakeman speaking]

THE ACTING SPEAKER: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Mr. Speaker. I'd just like to pick up where I was on this Motion 504. As I was saying last week before we adjourned, I have a lot of students that live in my constituency partly because there are so many postsecondary education institutions in the constituency or very close to it. For example, we have Grant MacEwan college, NorQuest College, Alberta College. NAIT is right next door, practically, and a lot of students live in my riding and attend that, and of course the University of Alberta is just one short LRT ride across the river.

I certainly hear a lot from students of their struggles in trying to achieve a postsecondary education without committing themselves to a long-term relationship with a lending institution, which is what tends to happen, so although I take issue with a number of the statements that the mover of this motion made – and I'll come back to that – overall I do support the motion itself. I think we do need to review the student loan programs that we have in place. We seem to have changed the way we operate the program a number of times, but I don't think we really took a step back and went: okay; what is going to work best here?

Given that we know that a number of students are graduating from postsecondary educations with debt loads that are in the \$20,000 range, and that would be, like, for a three-year degree and certainly significantly more than that if the student was choosing to pursue a specialty degree like a medical degree, I think it's particularly important that we do whatever we can to assist students with a student loan program.

One thing that I would like to bring up around this was something curious that happened last fall. Now, there was a period of time in place – I think it was six months – that was a payment holiday on student loans, and interest was not supposed to be accruing, I think. The students had six months to start paying their loans. I had one student phone me and go that he had just received notification that in fact they had canceled that part of the program some six weeks earlier but hadn't notified him until just then. His point was that he'd been saving his money for his payments and, in fact, had it in an interest-bearing account of some kind or some sort of term deposit or something like that, waiting for that six-month period to come into play, and then he was going to make a payment on his student loan. He said: "They took away my choice. Had I known they were going to charge me interest for those six weeks, I would not have put that amount of money into a term deposit. I would have just paid it, and that would have saved me a lot of money on the interest. Why did they tell me this six weeks after the fact?" We were never really given a satisfactory answer to that, but that's exactly an example of why this student loan isn't serving students

very well. Let's face it. It is the students who end up paying back the money here, so it's not as though this is a program where the taxpayers are carrying the full burden here.

A couple of other things that have been brought to my attention by constituents around the current student loan program. The issue about family assets. I think the sponsoring member spoke about farm families and them showing huge assets on the books but, in fact, not a lot of cash flow, which is a fairly common situation with many of our farming families. Yet because of the regulations in place currently, there was an expectation that that family could surely come up with the cash to put their child through whatever stage of university, and that's just not happening. I don't think people have that kind of disposable income anymore. I look around, up and down my street. Some of these families that are two people working are looking towards their retirement. They're also looking towards saving something towards their kids' university. Maybe they own a house, and they've each got a vehicle to get to work. Well, those assets are going to count for them. But can they actually come up with cash on the barrelhead to be able to put towards these kids, you know, every month that they're in university or to front the tuition money? No, they're not going to be able to. So what we end up with is a situation where students are taking much longer to complete their degree because they're having to work part-time all the way through and can't take a full course load, which just extends the agony for everyone, because now you've got that initial loan for five years instead of for four years or for three years. I mean, it's stressful to work and go to university.

I find it really interesting that very few of us in this Assembly would have been in the position that we are freely expecting young people today to be in. Certainly, there was no expectation that I would be graduating from university with that kind of a debt load, but we're readily expecting that of the current generation of students. So there's a big double standard there.

I also think that the budgeting requirements through the student loan program are unrealistic in this day and age. What they're expecting is a reasonable amount of rent to pay or transportation costs or food costs certainly in the cities is just not connected to reality. So students are expected to put their budget in, and then the managers of the loan program come back and say: no, no, no; you won't be paying \$700 for rent; you'll be paying \$300 for rent. Well, you're hard-pressed to find a place for \$300 to rent even when you're young and you're willing to, you know, have a roomie. Even residence is going to cost you more than that. So I think that there are some unrealistic expectations.

If we want to be a smart province, if we want to be in the vanguard, at the forefront, in a number of technology-based and intellectually based areas, we need people to go to university not only so that they'll end up with an engineering degree. We need thinkers. We need citizens. We need people that have had an education that challenges them to be creative and to pour all of their talent into what they're doing. To have a loans program that seems to be discouraging people from getting into postsecondary education I think is defeating where we need to be going as a province. We know that we need more people that are trained for skilled work or with university degrees, so let's not make it so difficult. If it means reviewing a student loan program, then I'm fully in support of it because I want to see our young people have the best possible future that we can give them.

Thank you.

THE ACTING SPEAKER: The hon. Member for Calgary-Buffalo.

MR. CENAIKO: Thank you, Mr. Speaker. I'm honoured to have the

opportunity to join the debate on Motion 504, sponsored by the hon. Member for Vermilion-Lloydminster. I believe that a review of the student loan system in this Assembly can only bring about positive results for Albertans pursuing postsecondary education as funding pressures continue and fewer sources of financial assistance are available for students.

Mr. Speaker, I would like to briefly talk about the financial options available for Albertans seeking postsecondary education. Then I'd like to share with this Assembly two options that this government should consider promoting to help improve accessibility for Albertans pursuing higher learning. First of all, I'd like to point out that this government provides wonderful achievement scholarships that recognize academic and athletic excellence through the Jason Lang and Jimmie Condon awards. The Jason Lang scholarship recognizes academic achievement of undergraduate postsecondary learners entering their second through fourth year of studies with \$1,000 awards. The Jimmie Condon athletic scholarship recognizes excellence in athletics and encourages learners to continue their studies. Awards are valued at \$1,800 per student. In 2000-2001 2,792 adult learners were awarded \$2.8 million in Jason Lang scholarships, and 1,802 learners were awarded \$1.5 million in Jimmie Condon scholarships. This government also awards Alberta heritage scholarships, which recognize individuals who have obtained exceptionally high standards in arts, science, and the humanities as well as at the high school, technical school, undergraduate, and graduate levels.

8:10

This government has introduced legislation this session that recognizes the contribution of students to their community. We also have legislation in place that prepares the Department of Learning for future liabilities related to student loans. Bill 1, introduced by the hon. Premier, outlines a program to recognize achievement among high school students in the areas of citizenship and leadership. It provides for awards of \$5,000 to be presented to five students in these areas per year. The bill establishes another two scholarships per year for people studying the visual arts and performing arts. I agree with the hon. Premier that these areas of pursuit – citizenship, leadership, and the arts – are very much characteristics associated with the reign of Her Majesty, who has exemplified achievement in these areas during her 50 years as our monarch.

Alberta Learning provides a line item in their budget called provision of loans, which is an accounting adjustment made in recognition of future liabilities associated with new student loans. Although these liabilities could occur several years from now, current accounting practices dictate that this potential future liability be recognized in the year that the student loan is issued. Approximately 48,500 adult learners each received \$7,200 of provincial loan assistance in 2001-2002. Mr. Speaker, in 2001-2002 the Alberta student loans program approved about \$100 million in loans to approximately 50,000 students.

AN HON. MEMBER: How many?

MR. CENAIKO: Fifty thousand students.

The provision for the future cost of student loans issued, a statutory expense that is accrued up-front in the budget, is approximately 60 cents for every dollar of loans issued. Mr. Speaker, I believe that the Department of Learning is working hard to find ways to provide financial assistance and encourage students to excel in their postsecondary studies.

However, there are challenges. Last year this government lost one

of the biggest partners in the student loans system. The major banks have been withdrawing from the student loans business based on loan portfolio performance and negative customer retention, the biggest example being in March 2001 when CIBC notified the province that it did not intend to provide student loans after its current contract expired on July 31, 2001. The bank offered to enter into an agreement to extend its involvement in the student loans program for one more year. However, the terms of the proposed agreement were not favourable to this government, and the Department of Learning with the support from the Department of Finance proposed that the province directly finance student loans as of August 1, 2001. As a result, Learning moved to the direct financing of student loans. A private corporation, Edulinx Canada Corporation, will administer these loans on a fee-for-service basis. There's no impact on the provision for student loans issued in 2001-2002 as a result of moving to direct lending.

Mr. Speaker, my question is: if financial institutions cannot find a way to effectively manage student loans, how can the provincial government? I understand that the Department of Learning and this government do have a commitment to lifelong learning and therefore need to ensure that postsecondary education is accessible to all Albertans. I think the members of this Assembly would agree that the Department of Learning has found many ways to recognize academic achievement and offer financial assistance to Albertans seeking higher learning. Furthermore, I truly believe the Minister of Learning is always open to suggestions for improving accessibility to postsecondary education. Overall, I believe the Alberta government offers a great deal of funding for people seeking postsecondary education. As far as the financing of student loans, I believe the Department of Learning is moving in the right direction, but I worry about the financial risk to this government.

Mr. Speaker, thank you very much for these remarks.

THE ACTING SPEAKER: The hon. Member for Whitecourt-Ste. Anne.

MR. VANDERBURG: Thank you, Mr. Speaker, for allowing me to enter the debate on Motion 504, which has been proposed by the Member for Vermilion-Lloydminster. Motion 504 calls for a review of the student loan system in Alberta. I know that in my constituency office in Whitecourt-Ste. Anne I hear about student loans, both good and bad. I'm pleased that this issue has been raised for debate here in the Assembly so that we can discuss it in its entirety.

Mr. Speaker, student loans are designed to help those Albertans without means to pay for their education. However, sometimes I wonder whether the student loan system is letting down both our students and our citizens. It often does not help Albertans who do need help, and it's often not paid back in the best way for borrowers and lenders alike.

At this time, I'd like to share some thoughts from a constituent that took the time to write me and give me her feelings on Motion 504, so I'll go on. She states:

One huge consideration during the review has to be the cost differences between urban and rural students. Many urban students can remain in the family home while furthering their education. Of course, rural students do not have this opportunity and their loans cost them considerably more. Meager room and board accommodations range from \$300-\$500 per month; meager rental accommodations range from \$500-\$700 per month. If a student is lucky enough to find decent accommodations near the learning facility, the student often has to pay for them during the summer months in order to have a place for the following year.

And we experienced this with our own sons, so I can say that that's true.

The bottom line is that rural students face at least a minimum of \$6,000 per year just for room and board.

Student loans are also cut back big time if the student owns any kind of vehicle. Yes, vehicles can be expensive but rural students often need to make trips home and bus fare is also very expensive. Hitchhiking is dangerous . . .

I am also aware that whatever amount the student applies for is usually very carefully calculated – and then reduced by 10%-15% upon approval as the student is expected to work to help with his/her expenses. This is understandable to a point but really not too practical as it definitely interferes with class and study time. Also factor in the difference between urban and rural loans and it is evident that a reduction of this sort is very expensive for rural students. Often these students face a lot of stress just relocating to an urban community and this added money worry only makes them more nervous.

Therefore, I . . . strongly suggest that rural students be given a special consideration such as a reasonable 'Housing and Transportation Allowance' for problems that are unique to them. This 'Allowance' should be forgiven in order to reduce the differences between urban and rural student finances.

One more thing I would like to mention is the fact that potential post-secondary students are very aware of the fact that the qualifying criteria for student loans are [very] much different if the student . . . has been out of school and living away from home for a period of only one year. I can name many, many people who do this on purpose so that they can easily qualify for the much less stringent criteria of student loans for adult students. This does not make much sense to me as the student's vigor (and study habits) wane during this year. In many cases, once potential students have been in the work force for a year, they may decide not to continue their education as they like having money in their pockets. It also seems to me that this is a very poor approach for a province that is crying loudly for skilled people in the workplace.

I wanted to share those comments from a constituent because the constituent did take the time and made an effort to send me her feelings on Motion 504.

So I guess I'll close and urge my colleagues and all members of this Assembly to support Motion 504. Thank you, sir.

THE ACTING SPEAKER: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Speaker. Obviously, there's a lot of interest in this motion given the number of people who want to participate in the debate, and I think that's great. It reflects the value that we all have for education.

One of the basic issues that has always struck me about how far we ask students to go into debt is the question of balance between debt and subsidy. What I mean by that is that through our student loan program as it is now, we seem to be asking students to take on very substantial debt. They come out after a four-year degree with, in some cases, tens of thousands of dollars of debt, and I find myself questioning the wisdom of that. We then have them pay back the student loan program, which is now operated once again, as I understand it, by the provincial government, and to the extent that that takes several years of payment, we are preventing those students from perhaps advancing themselves with a second degree or purchasing a house or investing in a business or moving on in other ways. So we loan them the money and then they pay us back, and I'm not convinced that we shouldn't be looking at a different approach, which is to keep tuition costs at least at a very affordable level and help students avoid the debt in the first place.

8:20

MS BLAKEMAN: Agreed.

DR. TAFT: I can see that at least some members agree with me.

REV. ABBOTT: At least one member of your caucus.

DR. TAFT: I take what I can get.

I've heard this concern and had this perspective brought to me from quite a number of my constituents. The University of Alberta is in my constituency. It's the largest university in the province and one of the largest in the country. A great number of the students there end up taking on student debt, and they, of course, spend a lot of their energy and time and concern sorting out how to handle that debt: how much to take on, how to get out of it, how to minimize it. So I do raise the issue, and I would be pleased if some serious attention was made to the question of: how far into debt do we want students to get, and what is the price that we as a society are paying for having them get that far into debt?

A few days ago in the Assembly I tabled a survey conducted by the University of Alberta Students' Union. It addressed a whole range of issues, one of which was: what are the top concerns for students? The cost of education was, indeed, the number one concern for students. That's no surprise, but I do think it indicates the need to have a look at this particular issue. Are the costs we're placing on students appropriate? Are they perhaps too high? My concern, frankly, is that they are too high.

We're also hearing a number of concerns brought up by other members which I think are excellent concerns. One has to do with the way in which the student loan program requires a tie between students and their parents and makes certain assumptions about parents' ability to contribute to the cost of education. Sometimes, of course, that's a reasonable assumption, but in many cases it's not reasonable. The parents themselves may not be able to contribute, or even if they are able to, they may not be willing to because of strains in the family. We all know that families today are not typically the nuclear family that once was so dominant with mom and dad looking after the kids until the kids were university graduates. Instead, we may have blended families or second marriages or all kinds of complications that limit the parents' interest in supporting a child or a stepchild or an adopted child through university or college or postsecondary education. So I'm not convinced that the regulations, as I understand them, around student loans are up to date and reflect the modern reality of families.

Other issues that I've heard raised here today which I think are legitimate have to do with things, for example, like recognizing the difference between students from urban areas and students from rural areas. Students who live, say, in Edmonton-Riverview or Edmonton-Centre are typically a walk or a bike ride or an LRT ride from the university, but students who may be in a suburban area or coming in from out of town will face much greater costs, and there's no easy way of avoiding that. So I think we would want to look at that sort of issue in reviewing the student loan system and ensuring that allowances for transportation costs were fair and reflected the circumstances of the individual students.

I've also made a note here, and this goes back to an earlier point I was making. My understanding is that over half of students – I think perhaps the information I have is 53 percent of students – have their loans turned down or denied or at least reduced because of the position of their parents. As I indicated earlier, that can be completely unfair. It may simply be that the parents aren't willing to contribute, and we shouldn't hold that against the students. That moves me to what I think is perhaps the fundamental discussion around this issue, which is the value of education itself.

If we have a student, a young adult typically but perhaps a student of any age, who is wanting to improve their self, who is wanting to

advance their self, advance their career, or understand the world more thoroughly than they do now by returning to education, I think we should celebrate that and encourage that because it's a good thing in and of itself. I think that we are a better society for having a well-educated population, and as a society, therefore, we should encourage students of all ages to seek higher education at every opportunity.

The value of education, of course, can be looked at, and it typically is looked at in a most easily measured way, which is: how much does it add to a person's income? We probably have all seen studies showing that grade 12 graduates earn such and such and college graduates earn more and university graduates earn even more and so on it goes, and that's an important measure. I wouldn't deny that. It's appealing, it's easy to present to people, and it's a reasonable basis for encouraging people to improve themselves and seek further education, but in some ways I think it's the least important reason for seeking an education. Seeking an education simply to get a job seems to sell the whole concept of education a little bit short.

There are some other reasons we want to look at. As the health critic I stand here before the Assembly having read any number of studies suggesting that one of the closest correlations with good health is high education. The higher educated the person, typically the better their health. So there's an issue we may want to consider.

What about satisfaction with life? If we want to go through life fully experiencing it, understanding what's going on, appreciating whatever we're looking at – whether it's in nature or in architecture, in art, in language, in music, in politics – having a sound education to work from I think will be an asset for getting the most satisfaction from life.

Finally, I think it's worth reflecting on the value of education as part of a democratic society so that our population is well enough educated to feel competent and confident in participating in a democratic society and contributing to a democratic society.

So there are many, many reasons for supporting education, and I think to the extent that student finance and student loans are a pillar for supporting education, it is well worth having a look at them, fleshing out the philosophy, fleshing out the details, and ensuring that they are serving students and society to the best.

Thank you.

THE ACTING SPEAKER: The hon. Member for Red Deer-North.

MRS. JABLONSKI: Thank you, Mr. Speaker, for the opportunity to join the debate over Motion 504. I believe it addresses an issue that is critical to Alberta's young adults. This motion has great potential to effect positive change towards addressing issues of fairness in the student loan program, and I believe that we must revisit our policies surrounding student loans.

Having said this, I think the steps that Alberta Learning has made recently are extraordinary and a very positive step in bringing access to postsecondary education to all Albertans. The new remissions benefits program will waive millions of dollars in student debt for each year of the program from the immediate time that the loan repayment to it begins. This is a staggering amount and very welcome relief to individuals who are really at the very beginning of their working lives. Imagine the relief of not being saddled by a crushing debt and seeing possibly a third of take-home pay being taken back by the bank for years upon years.

8:30

This program will accomplish so many great things for young Albertans, allowing them to make a strong start in the job market as well as in the investment markets to help individual Albertans

accumulate savings and investments sooner. This kind of income security for Alberta individuals will mean overall economic strength, a more confident consumer, and a more confident investor in the Alberta advantage.

Looking at all these enormous advantages of the steps we have already taken, we really should be wondering if there aren't opportunities to go even further. We have to take a look at some of the evidence to suggest that there may be opportunities to provide greater equity in the system and provide more Albertans with an opportunity to acquire knowledge without having to sacrifice their standard of living in subsequent years. Perhaps Alberta could become known as the place where the starving student was first threatened with extinction.

When we look at the challenges that face our youth in the decades to come, we have a great opportunity to prepare them in the best ways possible to meet the challenges head-on. This is so important to young Albertans and can only help our economy and our society to grow. A population burdened by thousands of dollars of personal debt not only stifles the economy but causes a great deal of stress on the families, the individual, and eventually social programs. Financial stress is cited as a primary cause of marital breakup and can contribute to depression and even suicide.

It is important that we not underestimate the opportunity we have to better the lives of those Albertans who have strived to better themselves. We have a significant opportunity to provide educational opportunities to some individuals who might not have thought they had the chance to get educated. The student loan program has traditionally been targeted to youth. Still, Mr. Speaker, there are many individuals who later in life want to upgrade their skills and need a few financial supports to do so. We should be doing all we can to raise awareness of the Alberta student loans for those individuals that pursue lifelong learning.

The benefits of having an educated population are similar to the benefits of having financially secure individuals in the province. The workforce is more flexible in what they can do, and this reduces the level of so-called structural or natural unemployment. People are better equipped to adapt to the challenges that face them throughout their life. Having a strong base of knowledge also helps individuals be innovators, entrepreneurs, or be in a highly specialized field. An educated workforce adds greatly to the productive capacity of the province and can greatly enhance our ability to produce unique and innovative products. As well, a trained workforce will attract start-up and venture capital into the Alberta market, which will help Alberta's economy grow stronger. These are just a few of the ramifications of having more accessible student loans. This is core to the issues that Motion 504 would address, and this is why I support the motion.

Mr. Speaker, I have always believed that education is extremely important to making the lives of Albertans richer, more fulfilling, and happier. There should be as few barriers to entry into university or technical training as possible, and if there are barriers for individuals, we should work hard to eliminate them. With the current system, quite oddly, one of the barriers for young adults in many cases is the wealth of their own family. Unfortunately, not all young adults have the support they need from their family to go to school. Some parents just don't believe in supporting their adult children and cut their children loose after they turn 18 without so much as a handshake. In other cases youth are very adamant about making it on their own and don't want the support of their parents. Still others are estranged from their parents at an early age simply because they just don't see eye to eye. It's a sad commentary on human nature, but young adults and the middle-aged are frequently at odds with each other. The generational gap that persists can often

leave Alberta's youth without the financial support they need to go to college. Instead, they choose to enter the workforce and squander the potential that they may have developed by higher education.

This is what student loans are there for, one might think, but unfortunately this is not the case. The parents are expected to foot the bill of the young adult's education, if they are able to, before the young man or woman can receive assistance from student loans. In cases where the young adult wants to take the responsibility or is estranged from their parents for whatever reason, then the individual has fewer options. I think that a person's financial tools should have nothing to do with their parents, particularly when the person is recognized by the law to be an adult. Young men and women look toward higher education to find independence and a sense of their own identity. It is stifling for them to have to rely on mom's and dad's goodwill and generosity if they want an education. The student loans program ironically provides financial freedom only to those individuals whose parents are not wealthy. This completely ignores the disposition of students and their willingness to take on the responsibility for their education themselves as adults.

THE ACTING SPEAKER: I hesitate to interrupt the hon. Member for Red Deer-North, but under Standing Order 8(4), which provides for up to five minutes for the sponsor of a motion other than a government motion to close debate, I would invite the hon. Member for Vermilion-Lloydminster to close debate on Motion 504.

MR. SNELGROVE: Thank you, Mr. Speaker. When I brought the motion forward, I think I stated clearly then that I didn't have all the answers to this motion. It's a very complex question, and I think we've seen from the opposition and from the members on this side that the situation the students are in ultimately may end up the same but with very, very different circumstances surrounding how they're getting there and what they're doing. I think the hon. member across made a very valid point when talking about the problem of trying to access funds from parents that may not still be in a relationship and that legal battles could take months if not years to determine who's financially responsible for the child, and I wonder what is he supposed to do in the time while that legal fight is going on. It doesn't make any sense to put him in that position.

The other aspect that I think we have to keep in mind is that while many students go into the education system from a low-income family, when you graduate as an engineer or a doctor or whatever profession you choose, I think you do that because you're going to move yourself out of the low end. So when you graduate, your repayment scale shouldn't still be based on how you started. If you're an engineer, whether you started poor or started rich, you're still going to make the same \$60,000 or \$70,000, so your repayment shouldn't be based on being poor at the start. I mean, that's just one of the aspects of saying that you have to know what you're doing when you get into this program because we're expecting our money back.

Mr. Speaker, I just think – and I think pretty well all hon. members in this House would agree – that an educated society is a successful society. It makes us able to look after our less fortunate and allows people to enjoy things in life they may not otherwise, whether it be the arts or whether it be the humanities or whatever. I don't think there's any question that we want to be able to educate our youth to be better than we were so that the future is brighter and better. That's all I think we have to do, to look at what the best way to do this is, and I want to say again that I don't know. I just know it's a huge problem that we seem to have separated students into different gates and different funnels, and I don't think we're addressing the issue right now. I think we're probably spending

more on paperwork and application processes than we are on what we're actually doing with the students.

So I would just ask the hon. members to support this motion, and then let's see where it goes from there.

AN HON. MEMBER: You've moved us, man. You moved us.

MR. SNELGROVE: I moved you. Okay.

With that, Mr. Speaker, thank you.

[Motion Other than Government Motion 504 carried]

### Provincial Achievement Testing

505. Mrs. Gordon moved:

Be it resolved that the Legislative Assembly urge the government to review and re-evaluate the delivery of provincial achievement testing.

MRS. GORDON: Mr. Speaker, colleagues one and all, is our provincial achievement testing providing an adequate measure of a student's overall ability? Is provincial achievement testing meeting the learning system's overall goal of effectiveness in educating students? Could we utilize a more comprehensive mechanism for evaluating a student's overall performance? Many educators as well as parents in my constituency have asked me to bring forward their views vis-a-vis Motion 505. They are asking us to review and re-evaluate the way we are presently delivering provincewide achievement testing.

Many of these parents are particularly concerned with the testing of eight and nine year olds, children in grade 3. These parents talk about the stress placed on the child, the fear, the anxiety. They refer to the fact that children at this age and stage often mature at very different levels, at very different rates. Some children in grade 3 cannot possibly comprehend a timed test or understand the full ramifications involved in multiple choice questions and answers. What about their communication or their collaboration skills? How are they incorporated into or fully measured through achievement testing? I am told that communication, collaboration, presentation, and research skills are not part of the mix. Should they be? Let's initiate an overall review and find out.

8:40

Provincial achievement tests have been used since 1982 and are aligned with the provincial curriculum, thus are based on curriculum standards for grades 3, 6, and 9. They are designed to provide a common measure for all Alberta students. As well, they provide Learning officials, as in department, with feedback related to the curriculum. They also measure the effectiveness of teachers working within the learning system. Do these tests distort and/or limit classroom instruction? How often have you heard a parent remark, particularly the parent of a grade 3er, that teachers spend all year teaching to and for that test. Lacombe upper elementary principal Wayne Hampton, a most respected educator and award winner, tells me that these exams don't test the skills children will need for job success: responsibility, adaptability, and teamwork. Further, he states that these tests measure what's easy to measure, not what's important.

Let me share with you a random sampling from my constituents, and I'd like to thank the many parents who wrote. The way the tests are laid out now, they do not test what children know, only what they don't know. Eliminate these tests for grade 3 and work at improving the procedures for grades 6, 9, and 12. Please remember that the work world requires employees who can learn, unlearn, and

relearn, and that should be our goal in any type of testing. Achievement testing is far too costly. My grade 3er fearfully asked me what the government man would do to her if she failed the exam. Another huge concern is the inappropriateness of mandating these tests to students enrolled in the integrated occupational program. If you haven't studied calculus, how can you be tested on it?

As a sidebar I would like to add the following. This morning I had a lengthy, interesting conversation with a very nice, knowledgeable gentlemen who has long been involved in education. He told me something very interesting. Research proves that boys do much better than girls in multiple choice testing. Girls, however, do better at writing, at writing compositions, stories, and essays.

Standardized testing? We must recognize that elementary and secondary schools teach a wide range of materials and/or subject matter, including some very, very important life skills. For some children this is the only place that those life skills are taught. Is there a mechanism to more adequately assess the teaching and retention of these skills which are not directly discernible from the present format used in provincial achievement tests? I don't know the answer to this question. Do you?

What I'm asking for is your support so a full review and re-evaluation can take place. If what we're mandating is fine, then it need not change. But is there a need for a change or a need for an update? Are student portfolios the way to proceed? Should there be a blend of the two? Please support Motion 505 so that we can hold a broadly based review of current testing procedures. It is my understanding that a review has not taken place since 1982 and certainly would be needed if that is the case. I would hope that this review could involve dialogue with many: with parents, teachers, academics, the general public, and those who are most affected, the students themselves.

Thank you.

THE ACTING SPEAKER: Before I recognize the next speaker, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

#### head: **Introduction of Guests**

THE ACTING SPEAKER: The hon. Member for Drayton Valley-Calmar.

REV. ABBOTT: Thank you, Mr. Speaker. It is a very great pleasure for me to rise tonight and introduce a very distinguished guest in our members' gallery. She is the former MLA for Drayton Valley-Calmar and has been my coach and mentor over the last year or so, and I very much appreciate her. She is from the small town of Winfield, which has actually produced three MLAs for our constituency, myself being the third. I would ask if the hon. Shirley Cripps would rise and receive the traditional warm welcome of this House.

#### head: **Motions Other than Government Motions** (continued)

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

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to have the opportunity to support Motion 505, as put forward by the Member for Lacombe-Stettler. I think her comments indicating that this review is long overdue are most appropriate. I was part of the testing committee at one time that put in the exams in the first place,

and I'm quite amazed at how the original intent of those exams has changed and how the administration of those exams has changed.

Originally the tests were put in to sample the programs. They were to look at the third grade social studies program, the sixth grade social studies program, and the ninth grade social studies program, for example, and indicate how appropriate they were for those children that were studying the content in those courses and to make some judgments about the program of studies itself. There was no need, when that was the intent, to give the tests to every youngster in those grades, and initially the tests sampled youngsters across the province. So at any one time there would only be a small number of third graders writing one of the exams, and that has changed so dramatically.

The tests now are given universally. Every youngster in grades 3, 6, and 9 writes those exams, and the purposes of the exams have again changed to almost be unrecognizable from the original intent. They're used now to evaluate not only students. They're used to evaluate teachers, they're used to evaluate schools, and they're used to evaluate school districts. This very, very minor instrument now has this huge impact on the schools and on education in the province. I think it's not overstating it to say that the use of the exams is being abused in some quarters. As the previous speaker indicated, the exams now are wagging the dog, and you hear reports of a sixth grade youngster coming home in January and saying: now we're starting our review of exam questions for the achievement tests in June. That was never intended, Mr. Speaker, when the exams were first instituted. So I think it's really worth while taking a look back in any review at the history and what the intent was and what's happened to that intent and whether we're happy with the changes that have occurred and the uses that are now being made of the exams.

I think a second question that needs to be answered in any kind of review is: are we making the best use of the evaluation dollars that are available to us? The current testing program is very, very expensive in terms of the preparation of the tests, the administration of the tests, the kind of time that's involved. It's a very, very expensive operation, and are we really getting our money's worth? If you have limited dollars for evaluation, is this the way you would spend them?

If I go back to when the tests were first discussed, Mr. Speaker, I think the original intent was that these would be used to make some judgments about the program of studies and the appropriateness of the program of studies but that in terms of actually helping classroom teachers, we would move to a series of diagnostic tests, which makes much more sense, that teachers would be given a diagnostic test to use with youngsters at the beginning of the term. That test, along with other evidence that the teachers gathered about individual youngsters, could be used, then, to plan and determine a course of studies or a program for individual youngsters. It would seem to me that if that's the use being made of a test, the payoff for individual children is really quite high.

8:50

As it is, the exams are given at the end of the year, so the benefit for any individual youngster writing it, other than having a mark assigned to them, is nil. I mean, there's no benefit at all to that youngster. Now, there may be some benefit to the teacher, if he or she learns that in teaching a concept like interaction, all of the youngsters in that particular class do poorly or that they do very well, in adjusting his or her instruction for the next year, but in terms of individual youngsters and helping individual youngsters, the current tests do very little.

I think questions have been raised particularly about the appropri-

ateness of the exams for eight year olds and nine year olds. Again, the nature of the exams: they are predominately multiple-choice questions. There were the last time I looked some open-ended questions. But all of the limitations that we have known for years and years and years of onetime testing can be applied to the achievement program. It's done on one day, one hour, and samples the behaviour of a youngster. I think that most parents now, when they're talking to teachers about the progress of their child, look for much more comprehensive reporting, and the use of portfolios has become extensive. Parents want to see a wide range of evidence in terms of the progress of their child, and teachers, when they eventually have to sign a grade for a youngster, aren't comfortable using one instrument. In most cases, they rely on a wide range of instruments, portfolios, that take into account youngsters' daily work, that take into account other situations that they're put into in terms of problem solving. So there's a wide range of the youngsters' abilities and accomplishments that are taken into account in any kind of an evaluation.

Again, I think that there has developed around the tests a mystique that's completely inappropriate. I think we have to remember that these are exam questions made up by committees who field-test them, who gather them back in and for each exam put together a pool of items for which they have predetermined what the success rate for the grades 3, 6, and 9 children will be before they write the exam. For instance, I think that when the third grade exams are put together, the expectation is that 85 percent of the youngsters will be able to answer 85 percent of the questions on that exam successfully. So these are man made; these are people made. People construct the tests, and there's no magic. The power of the test is limited to the test-makers.

One of the other things that we've asked, I think, in the past to look at, now that the exams are being used in the way they are, is: is it appropriate for the government to actually be doing this, or should it be done by an independent committee or an independent agency?

So with those comments, Mr. Speaker, I'm delighted to support the motion and hope that my colleagues in the Legislature will join the Member for Lacombe-Stettler on this motion. Thank you.

THE ACTING SPEAKER: The hon. Member for Calgary-Currie.

MR. LORD: Thank you, Mr. Speaker. It is a pleasure, indeed, to rise tonight and speak to Motion 505, which urges the government to conduct a review of provincial achievement tests given to schoolchildren in Alberta. First, I would like to thank the Member for Lacombe-Stettler for her efforts to bring this issue forward. A debate concerning ways and means of measuring the learning progress of Alberta's youth as they move through the school system is something that I am pleased to contribute to.

I would like to talk briefly about how achievement tests are used in the Alberta education system today. In grades 3, 6, and 9 Alberta students write standard exams that cover essential learning topics. In grade 12 our high school seniors are issued standard diploma exams that they must take in order to graduate. To use grade 6 as an example, Mr. Speaker, children take tests that measure their knowledge in language arts, mathematics, social studies, and science. These exam scores are then used to evaluate students, teachers, schools, and the success of the provincial education system as a whole.

With the information that is gathered from the exams, we are then able to compare the achievements of our students class to class and district to district as well as across Canada and indeed around the world. I think that it is incredibly valuable that we have a way to measure the effectiveness of our learning system as a whole and of our schools and teachers individually. Being able to gather informa-

tion about our student body in a quick and cost-effective manner is essential. The results of these tests can then be used to hold the learning system accountable to the students, the parents of the students in the schools, and the taxpayers of this province.

Recently, Mr. Speaker, Alberta students have been submitting scores that rank among the very best in the entire world, and I would like to congratulate them for the excellent work that they have done on these tests. Results of standardized exams are also used as a guide to shed light on where students excel individually by subject and where schools display excellence as well as a need for improvement over the core subjects. The test results can then be used as a guide to tell the minister and associated groups and individuals that help to draft the curriculum where it needs enhancement as well as where it is meeting the desired standards. However, are these tests comprehensive enough to gather essential information on the complete learning needs of Alberta's children? That's the question. Is there information about students that is not gathered and skills that are not assessed by these standard exams?

Mr. Speaker, I believe that there is important information about student learning and success available from different types of exams and the use of student portfolios. The main purpose of standardized testing is to sort through large numbers of students as efficiently as possible. This limited goal unfortunately gives rise to conformity and teaching to the test. These tests are felt to neglect or ignore several essential skills such as writing, speaking, acting, drawing, and constructing or repairing. All of these skills are taught in our schools and are valuable in life, yet they are not measured in provincial achievement tests.

Far-reaching educational policies are often based on results of standardized testing programs. Concerned individuals from the education system and beyond have questioned this situation. Questions arise because there are educational experts who are unsure that standardized tests look closely enough at the students' abilities and knowledge to make informed decisions about curriculum changes. The testing programs and their scores have been blamed for disrupting normal classroom learning and assessment because often the tests are viewed as being one-dimensional, biased, and not useful for the classroom teachers.

The phrase "test-driven curriculum" captures the essence of the major controversy surrounding standardized testing. When test scores are used on a comparative basis not only to compare the educational fate of individual students but to also assess the relative quality of teachers, schools, and school districts, it is no wonder that teaching to the test is becoming a common practice in our schools. This would not necessarily be a problem if standardized tests provided a comprehensive, in-depth assessment of the knowledge and skills that indicate a mastery of a given subject matter, but to achieve that, we will need to seek out complementary tools to use with standardized testing. On their own, standard tests may be too rigid to serve the learning needs of Alberta students.

With that said, Mr. Speaker, I believe that a review of standardized testing in Alberta is a great idea. It is reasonable to assume that the demand for test results that can be compared across student populations will remain strong.

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

9:00

head: **Government Motions**

#### **Appointment of Auditor General**

23. Mr. Zwozdesky moved on behalf of Mr. Hancock:

Be it resolved that the Legislative Assembly concur in the April

8, 2002, part one report of the Select Special Auditor General and Information and Privacy Commissioner Search Committee and recommend to the Lieutenant Governor in Council that Frederick James Dunn be appointed Auditor General for an eight-year term commencing June 1, 2002.

THE ACTING SPEAKER: The hon. Deputy Government House Leader to close debate.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I'm delighted that all members concur in this because this decision was arrived at pursuant to a recommendation of an all-party committee. So in that regard, on behalf of the Minister of Justice and Attorney General to all members of the House I would like to simply say thank you for the support.

[Government Motion 23 carried]

head: **Government Bills and Orders**  
**Second Reading**

**Bill 22**  
**Tobacco Tax Amendment Act, 2002**

THE ACTING SPEAKER: The hon. Minister of Revenue.

MR. MELCHIN: Thank you, Mr. Speaker. I rise today to move second reading of Bill 22, Tobacco Tax Amendment Act, 2002.

The amendments in this bill will legislate the increase in the tobacco tax rates that were announced in Budget 2002. This action is in response to recommendations from the report A Framework for Reform and is part of a comprehensive tobacco reduction strategy. The bill proposes increases to cigarette taxes of \$2.25 per pack retroactive to March 20, 2002. A larger increase applies to loose tobacco in order to equalize the rate with cigarettes and prevent switching to avoid the tax. Cigar taxes, which are calculated in proportion to their estimated value, will also go up substantially.

These increases are expected to generate added revenues of \$281 million in this fiscal year in spite of the substantial decline in smoking rates expected. All tax revenues, including the increase in tobacco taxes, go into the government's general revenue fund. The government uses the fund to support the programs and services it provides and to meet its priorities in all areas of spending. Health care funding is increasing by about \$500 million this year. Some of that increase will be addressed by increased tobacco tax revenue.

Before the increase Alberta had one of the lowest tobacco tax rates in the country and had not raised them in over 10 years. Tobacco is one of the leading avoidable causes of illness and premature death in Alberta and in Canada. Raising tobacco taxes is part of a strategy to reduce the use of tobacco, especially by young people. A study by the World Bank states that on average increasing the price of tobacco by 10 percent reduced the demand by 4 percent within the adult population and as much as 15 percent among the youth population. Alberta's tobacco tax increase results in a rise in the price of cigarettes of almost 50 percent.

In addition, several amendments are proposed to help prevent tobacco smuggling from getting a foothold in Alberta. With these raises in rates, you can see that certainly smuggling becomes a larger concern. Part of the amendments includes limits on possession of tobacco, provisions that would enable us to pass regulation extending the tobacco marking program to include cigars, and increases in the penalties for offences under the act. The Alberta Gaming and Liquor Commission works closely with Alberta Revenue, the RCMP, Canada Customs and Revenue Agency, Health Canada, and

other external provincial regulators regarding smuggling issues in Alberta. Any increase in attempts to smuggle tobacco as a result of this tobacco tax increase will be addressed by improved enforcement efforts by the AGLC, Alberta Revenue, and our partners.

An amendment is also proposed to parallel a provision in the Alberta Corporate Tax Act whereby we can waive penalties and interest in cases where noncompliance is outside the control of the tax remitter. An example would be when a business burns down. Obviously, the owner would have difficulty in maybe meeting deadlines or remitting taxes on time, and this would allow the flexibility even in the tobacco tax for those kinds of reasons to grant extensions or avoid the penalties.

Alberta's new tax rate is \$32 per carton of 200 cigarettes. B.C. has increased its tax rate to \$30 per carton. Saskatchewan is now at \$32 per carton. Prince Edward Island is at \$22.90, and Nova Scotia is at \$21.04 per carton. Other provinces' budgets have yet to be tabled, Manitoba's possibly as early as next week, many of the provinces taking the same direction of increasing their tobacco tax.

In conclusion, the increase in tobacco tax supports our goal of promoting wellness and encouraging healthy behaviours as part of our efforts to build a sustainable public health care system. Thank you, Mr. Speaker.

THE ACTING SPEAKER: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Speaker. I'm delighted to respond to the minister and address Bill 22, the Tobacco Tax Amendment Act, 2002. I appreciated his comments, and I for one will be supporting this legislation, although that doesn't mean that I don't have some issues I would like to discuss in relation to the bill.

I share one of the prime motives of the government, which is to reduce tobacco consumption generally throughout Alberta, and I think that common sense and the research would suggest that by increasing the costs of tobacco, we will reduce demand. The minister has actually cited research supporting that position, which I've seen reference to in other locations as well. I think that's a commendable objective. As a health issue tobacco use is a huge concern and a leading cause of death through a variety of causes: cancers and heart disease, to name but two. So there's much to be said for Bill 22.

I also understand from the minister and from other sources as well that there is something of a co-ordinated approach among western Canadian provinces on increasing prices in harmony. The minister mentioned Manitoba raising prices. I assume that that will be up to a level similar to Alberta's, and I think that's commendable. If we have a consistent pricing strategy ideally across all of Canada but at least across western Canada, then we can minimize problems with interprovincial smuggling or interprovincial transportation of tobacco products.

There is, of course, the problem of international smuggling of tobacco, especially coming in from the United States, and we perhaps fuel that concern by tax increases on the product. It simply makes for a larger margin of opportunity for smugglers to use for their profit, so we will need to be vigilant on international smuggling of tobacco products. There are some provisions, I guess, in the bill in terms of marking tobacco products and that sort of thing, but I would certainly commend the government and the other authorities or the other ministers involved to maintain a very vigilant attitude towards tobacco smuggling.

9:10

One of the concerns that I imagine some other members of the



Legislature may raise is that tobacco use is not evenly distributed across the socioeconomic strata of our society. I'm told that my colleague from Edmonton-Centre wants to address this issue as well, and I think there's at least one member from the government side who has heard from his constituents on this issue. Tobacco use is heavier among lower-income Albertans and Albertans with less education, so in some sense this is a tax that will be felt more heavily among lower income Albertans than among higher income Albertans, and it will be felt more heavily among lower educated Albertans than higher educated Albertans and probably among less healthy Albertans than among more healthy Albertans.

So you could argue – and I think there would be some credence to the argument – that increasing the tobacco tax is burdening unfairly the poor, the lower educated, and the unhealthy. It's not an argument that I'm fully prepared to accept, but there is something to it. I do think that the long-term benefits of reducing tobacco consumption outweigh those kinds of problems, and certainly if we discourage youth from starting to smoke in the first place, then over the long haul that problem will automatically begin to diminish, but it's one worth considering.

There's also the issue of the cultural meaning of tobacco. In European or mainstream Alberta society or whatever the proper term is, tobacco has a meaning of pleasure and addiction and so on for people who use it, but in our aboriginal culture tobacco has actually quite an important spiritual meaning. Those of us who have been at aboriginal ceremonies where tobacco has been treated with remarkable respect and almost reverence have seen how important as a symbol tobacco is to aboriginal Albertans, a symbol of their culture. So we also tax an important cultural symbol by implementing Bill 22, and that . . . [interjection] Sorry?

MRS. GORDON: They're exempt.

DR. TAFT: Off reserve too? The issue is being raised, for the record, that aboriginals are exempt. Is that true off reserve as well? No? Okay.

In any case, it is an issue that I wanted to bring to the attention of the Assembly, that the cultural meaning of tobacco is different for different cultural groups. We don't want to lose sight of that as we put taxes on it. Whether those taxes apply on reserve or off reserve is a different issue but a related one.

Further, as I've gone through Bill 22, I couldn't help wondering – I don't have the answer to this, but it may be worth raising in committee – about the free trade implications. Under section 2(b) we actually differentiate between cigars manufactured in Canada and those manufactured outside of Canada. I'm not sure, but it made me wonder if we are in some way contravening free trade agreements on that particular issue. So it would be worth raising in committee, and perhaps by that point the minister will have a response and an explanation for that. We would hate to incur some kind of a grievance under NAFTA that would cost the provincial government a substantial amount of money to compensate lost business for American or other tobacco companies. It's unusual these days to see legislation that has such a clear distinction between products manufactured in Canada and those manufactured abroad, and I hope the minister will look into that.

Finally, one other, frankly, disappointment I'd like to express is the fact that the revenue that will accumulate as a result of Bill 22 will not go into a wellness fund. I know that the minister of health at times has raised this as an idea worth exploring, and I have concurred with him on that. In fact, a very large number of health promotion groups have championed the cause of having the revenues generated by the tobacco tax go into a wellness fund, and the total

revenues are expected to be, I think, in the range of \$300 million or something like that. I could be corrected. It's a significant amount of money but in the overall scheme of things not a huge amount of money, but I would say that it is enough money to have in the long term an almost revolutionary effect on the health of Albertans if it were specifically targeted to wellness initiatives. I think that's the kind of creative use of tax funds that in the long run will make this a much healthier province and might very well save us far more than it costs.

So that's, I would say, my greatest disappointment with this bill, the fact that it doesn't establish any kind of wellness fund. As far as I can read, all the revenue from this tobacco tax will simply flow into general revenue. It might be spent on potholes. It might be spent on debt reduction. It might be spent on health care. Who knows? I would say once again that I believe that for that sort of revenue, for that amount of money we could have in the long term a nearly revolutionary effect on the health of Albertans.

Finally, I'll close by just noting that there are some other members of the opposition caucus who want to address the bill and who are not able to be here at this moment, so I hope they will have that opportunity under second reading to speak to the bill, and I'm sure the Government House Leader will consider that.

Thank you very much, Mr. Speaker.

THE ACTING SPEAKER: The hon. Member for Vermilion-Lloydminster.

MR. SNELGROVE: Thank you, Mr. Speaker. I have a few points, and they may not exactly deal with the intent of the bill, but they certainly are questions that I think could be addressed in a likewise bill. I think the most important issue we are addressing when we've increased the tobacco tax is that we justify it under tobacco reduction. Ideally we don't want people to smoke, so if we tax it high enough, maybe they'll quit and save us money. So to the minister I would say this: why haven't we addressed the tobacco use in our native population just as critically as we do with the rest?

We have set up our alcohol system under a system where the fee is a markup. It's not a tax, and everyone, then, pays the same amount regardless of anything. I would just simply put it like this: if health care is our biggest concern and through tobacco reduction we're going to achieve that, why don't we feel that healthy young native children are every bit as important as any other child, and why don't we feel that healthy First Nations people are just as important as any other people? I think we do ourselves a big disservice when we start to treat people in our society differently, and if we can address this issue, instead of a tax – apparently due to legal or whatever things some people may be exempt from paying tax, but to my understanding, Mr. Speaker, no one is exempt from paying the markup on alcohol.

So if health and tobacco reduction are the two critical points of our government and of this bill, I'd just ask you to consider revamping how we address a markup on tobacco to a markup instead of a tax, because quite honestly in my area now the sale of tobacco in the small communities around the First Nations reserves is probably the biggest single street business there is. It only took two weeks, Mr. Speaker, to start this. There is simply no way you can enforce it or stop it when it's there. So I would ask you and I would ask all the Members of this Legislative Assembly to consider whether we have the willpower and the common sense to back off on the tax and call it a markup, and let's treat everyone equally and fairly and do what's right for everybody.

THE ACTING SPEAKER: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Mr. Speaker.

THE ACTING SPEAKER: Just a minute. We have five minutes for questions and comments. Are you rising on a question or comment?

MS BLAKEMAN: No. Sorry.

THE ACTING SPEAKER: Any questions or comments?

The hon. Member for Edmonton-Centre is recognized.

9:20

MS BLAKEMAN: Thanks very much, Mr. Speaker. I'll try this again. We've got 15 minutes. Oh, man. I'm pleased to be able to speak in second reading to Bill 22, the Tobacco Tax Amendment Act, 2002. There have been a couple of speakers precede me from both sides of the Assembly, both of them raising good points.

I had just a couple of notes on this bill. Obviously, this is the formal response to what was in the formal mechanism to what was outlined in the 2002 budget. I'm interested that the percentage increase on different kinds of tobacco products is different, and I've listened, but I've never heard anyone explain in particular why there's such a difference. For example, it went up 128 percent on individual cigarettes, 183 percent on cigars, and 300 percent on loose tobacco, and I haven't heard a description yet of why there's a discrepancy in that. I can see the minister making notes, so I expect he'll be able to answer that question.

According to what I've heard, the object of this is to discourage Albertans from smoking, particularly to discourage young Albertans from starting smoking. I can certainly speak to what a worthwhile endeavour that is. I smoked for more than 30 years, and I started when I was 12, so it's no surprise to anyone that has looked into this that getting young people to smoke is a great market for tobacco companies. It's easy to get younger people smoking, and I can speak from experience that it's really hard after 30 years to quit. I guess I'll always be a reformed smoker. I quit during the fall session, so it has been five or six months now, but, man, when you get hooked that young, it's a part of your entire lifestyle. Everything I've done in my adult life is around smoking. Every activity involved smoking.

So to listen to the somewhat glib instructions on how to quit smoking – they say: well, do some different activity. What different activity? Every single thing I've done in my adult life is about smoking. Go for a walk. Yeah, and smoke. Go visit friends. Yeah, and have a cigarette, of course. Go to work. Yeah, and smoke. Uh-huh. It's really hard to stop this. I'm certainly supportive of anything that we could do that would stop young people from starting, because, boy, it becomes a lifelong battle to quit, and frankly I didn't want to quit. I still don't want to quit. I still miss it every day, but I quit.

So, anyway, moving on, part of what I was looking for and what I believe I heard in discussion around having this tobacco tax brought in was a wellness fund. It was in the Mazankowski report. Create a wellness fund, and that was hooked in the Mazankowski report to this tax, but I don't see the tax being hooked to a wellness fund. When I look at Bill 22, the Tobacco Tax Amendment Act, 2002, it's not hooked to a wellness fund, so I'm wondering what went astray. What went awry here? What we have now is simply a mechanism for increasing the revenue to the government, but we don't have any of the other corollary aspects that we were expecting to come along with it.

I'm not seeing a wellness fund. I'm not seeing anything in here that comes with smoking cessation encouragements. I think that is a huge mistake. It's hard to quit smoking. There are different

methods on the market right now to assist people with that, but they're expensive, frankly. If you're in a position where you're going to be both smoking and trying to pay for these smoking cessation things, it's a considerable chunk of money, and that's enough to deter someone from even trying. So I'm wondering what happened to cause the disconnect between the increase in taxes and the smoking cessation and also the promotion of a healthier lifestyle. Those things didn't come along with this, and I want to know why.

The other thing I've referred to here is a wellness fund. As part of that, I'm wondering why the government didn't consider incentive programs for people to have a healthy lifestyle or to continue having a healthy lifestyle. We've certainly seen the government use the stick, but where's the carrot? I have constituents that say, "Hey, you know, how come I can't get a tax credit for my health club membership or my fees for a trainer or a nutritionist?" I say: "I don't know. I'll ask the question," so I'm asking it. You know, if we're trying to encourage that, why are we only willing to use a stick, but we're never willing to use a carrot? There are people that are interested in that, and they're feeling a little hard done by. They've done all the right things – you know, they've got the healthy lifestyle; they're eating properly; they have an exercise program; they regularly go to the gym or whatever – and they don't get anything for it. I mean, yes, they're healthier, but they look around and in other areas there are incentives or tremendous punishments, and they feel they're doing something right, so why aren't they gaining anything from the government for it?

I, too, am wondering about this increased smuggling. I can remember – when was this now? – five or six years ago when taxes on tobacco products went up federally maybe, and in fact the smuggling increased so much in Ontario and B.C., I think it was . . .

DR. TAFT: Quebec.

MS BLAKEMAN: Sorry. I'm corrected. Quebec.

Those provinces, in fact, reduced their provincial taxes on tobacco products to bring the price down so that smuggling was not so attractive. In fact, I'm hearing already from members who are in the know saying that this is already a problem on the street for us. The government must have anticipated this. Why was nothing set in place to actively deal with it?

I want to support this, but I was really looking for the full meal deal here. I was looking for the tax which was going to bring in some revenue, but that revenue was going to be used for a wellness fund, and it was going to be used for smoking cessation programs to help people. I'm not seeing those two parts out of three. All I'm seeing is the government making more money. So if that's all this is about, the government making more money, then I have a beef with this bill, because it is going to disproportionately affect people in a lower income range. It's not fair; it's not right; we all know we know better; it shouldn't be happening: all of those phrases. Nonetheless, we know statistically that people with lower incomes smoke more and consume more tobacco products, and you can argue that this is not a good use of their money. Well, fine, but that's where they're spending it. To simply use this as a vehicle to get more revenue for the government without the additional programs going along with it is a tax grab by the government. It's a regressive tax, and it's picking frankly on people with lower incomes. It wouldn't surprise me that this government would make the choice to do that, but I really thought that they were supposed to be going into it with a larger program in mind.

If the purpose of this is simply to make additional money for the government, then I disagree. It's a regressive tax. It's taking money away from people who can least afford it in many instances, and the

government is giving no assistance for people to be able to not have to pay that tax. I mean, let's face it. If you're addicted to smoking, you're addicted. This isn't just a matter of going, "Gosh, the tax has increased, and I'll just not do this. I'll just not have this next cigarette." They're addicted. There's a physical compulsion that has to be addressed here, and for any of you that have never been addicted to cigarettes, well, good on you, but, boy, I can speak from experience. It's darn hard to deal with.

9:30

So I guess that's how I'm approaching this bill: if it's part of a larger program, then where's the rest of the program? And give me some information, please, about when you expect it to be launched and how much money is being dedicated toward it or how much is expected to be raised from this particular tax that will be dedicated towards those two parts of the program. What are the various components of it? Where's it going to be launched? What kind of advertising campaign is going to be involved so that people are aware that it's going on? If you're not interested in attaching those two components to it and this is simply to raise additional revenue, then I'm not supportive of what you're trying to do here. I think if the government needs to raise money, which it obviously feels it does, there are other places that are more fair to Albertans for this government to be looking for that additional revenue.

So thank you for the opportunity to be able to speak to this.

THE ACTING SPEAKER: Questions or comments?

Okay. The hon. Member for Edmonton-Highlands.

MR. MASON: Thanks very much, Mr. Speaker. I'm pleased to rise to speak to Bill 22, the Tobacco Tax Amendment Act, 2002. I have throughout my adult life and my political career been someone who strongly supported action by government and by society generally to reduce the use of tobacco and to reduce smoking, and that goes back for me a very long way. I've worked alongside groups such as ASH to bring in bylaw amendments at the municipal level, and I certainly appreciate efforts that can be made by a government to reduce the use of tobacco.

However, Mr. Speaker, I have a concern similar to the Member for Edmonton-Centre. The use of tobacco is disproportionate in society among low-income groups. For example, a background report for the Mazankowski report indicates that 39 percent of people who did not complete high school smoke compared to 14 percent of people who have a university education. People in the lowest income households were nearly twice as likely to be current smokers, at 30 percent, as were those in the highest, which is about 16 percent. This is consistent with most research on the issue of smoking. Working people, poor people, and aboriginal people are far more likely to be smokers than people with higher income backgrounds.

So I think we need to put the legislation in context, Mr. Speaker. There are many steps that can be taken by this government to reduce smoking if in fact that is their single objective. However, one has to become somewhat suspicious if the government seems to be pursuing the issue of tobacco use in Alberta society from a strictly revenue point of view. There are many ways to tackle the issue, but one thing is clear: if the government's main instrument of policy is taxation, then it will harm or hurt or affect financially those members of society who are most addicted to tobacco and who have the least financial means. That is, I guess, the biggest problem that I have with Bill 22.

At the same time as the government is continuing, albeit at a reduced rate of speed, with tax cuts for large corporations in this province, the only people that are getting tax breaks, they are in fact

increasing taxes in a variety of ways on the rest of us. This is a tax which will particularly hit low-income Albertans. There is a real problem in that philosophically for me at least, Mr. Speaker. Perhaps it's not for members of the government side, but certainly I think that there is something wrong with the picture of increasing taxes – in this case a tax that affects low-income Albertans in a significant way – at the same time as continuing along their well-trodden path of cutting taxes for those people who are most able to afford to pay taxes. I think that there's a serious inequity involved in that.

You might draw a parallel, Mr. Speaker, to the whole question of gambling revenues in the province. The growth of those revenues as a percentage of government revenues is very dramatic, and now it exceeds well over a billion dollars of revenue in a year. Yet if you look at it, if you analyze it, you'll find that most of that money comes from a relatively small proportion of people who gamble. Large numbers of Albertans gamble occasionally or infrequently, but a significant but small percentage are people who gamble regularly, and they provide the lion's share of revenue to the government. So the question really is: where does the government want to get its revenue from, and is that a moral choice, is that an ethical choice, is that an equitable approach to producing government revenue? People who are dependent on tobacco or gambling are certainly bearing an enormous financial burden.

Well, what are some of the things that the government can do? I'd like to refer members to a report of the Alberta Interdepartmental Committee on Tobacco Reduction of AADAC, and this is dated June 2001. It sets out quite a number of very interesting things that can be done by government to deal with this. What it talks about primarily is that there needs to be a very comprehensive and multifaceted approach to dealing with tobacco use. It indicates that best practices internationally include community programs.

- Develop partnerships with local organizations
- Maintain continuing education programs for young people, parents, enforcement officials, community and business leaders, health care providers, school personnel, and others
- Restrict access to tobacco products
- Tobacco free policies

And any number of things.

What it says most importantly, I think, is that a tobacco reduction strategy must be comprehensive: "A comprehensive approach including focused programming, taxation and legislation is required to lower the tobacco usage rate in Alberta." It must be complementary; that is to say, "Federal, provincial and municipal laws and initiatives need to complement each other." It must be collaborative: "Provincial, municipal and community agencies need to work together to address tobacco reduction to ensure mutual knowledge and support." It must be sustainable: "In order to be effective, programs must be sustained over a long period of time." It should have performance targets.

There are many, many valuable points in this particular document, Mr. Speaker, and I would recommend that members review it. It's available on the government's web site.

In conclusion, Mr. Speaker, I think that tobacco reduction is an important element. Surely the costs of tobacco use to society in terms of health care and other costs are well documented, and it's a very sound investment by government. But what I would like to see is exactly the type of comprehensive program that's outlined in this brief, which was published back in June of 2001. I would like to see the government acting in a broad and comprehensive way, and certainly protecting people from exposure to secondhand smoke and increasing the locations in our community that are entirely smoke free is a good thing.

9:40

One of the things that I wonder, Mr. Speaker, is why we play this game with tobacco companies. I know that this is outside the jurisdiction directly of this provincial government, but it always amazes me how the federal government spends millions and millions of dollars on antitobacco advertising, and they don't really do anything to criminalize the production, distribution, and promotion of tobacco products by the big tobacco companies. It seems to me that if you're really serious about getting rid of tobacco, that's a direction you ought to go. You need to be focusing on the executives and the shareholders of the tobacco companies and making some of the activities that they are involved in in the promotion of smoking, particularly among young people, criminal activities. That would be an approach that I would certainly support. But you allow these companies to operate almost freely and then spend all kinds of money trying to counteract what they're doing. It just doesn't seem to make sense.

To come back to the bill, Mr. Speaker, I am after careful consideration not going to support this bill. I know that the Premier was standing in question period and saying: if anybody has any objections to the bill, why don't they stand up and say so? But he wouldn't sit down long enough to allow that. I do think on balance that this bill is more of a tax grab in an area where the government feels there is popular support for a tax grab than a serious attempt to deal with smoking in our society. I know that the Premier has said that there would not be any taxes and that taxes were going nowhere but down in Alberta, but this is in fact a tax increase. I believe that it's dressed up as an antismoking measure, but in fact what this is is an area where the government feels there is public support for a tax increase, and that's why it has been selected. This is a revenue item, presented quite properly by the Revenue minister, as opposed to an antismoking measure.

As I said when I opened my comments, Mr. Speaker, I believe that given the demographic nature of smoking in our society, a tax approach to smoking is probably one of the least fair approaches to reduction of smoking and will I think increase the tax burden on those people who are least able to afford it. As a result, I cannot support the bill and will oppose it at second reading.

THE ACTING SPEAKER: Any questions or comments?

The hon. Member for Edmonton-Mill Woods is now recognized.

DR. MASSEY: Thank you, Mr. Speaker. I appreciate the opportunity to make a few comments about Bill 22, the Tobacco Tax Amendment Act, 2002, and I am going to support the bill. I think any kind of action that we can take to reduce smoking is worthy of support, and I think the reasons have been well stated by others: the health reasons; the costs to society, health costs being but one of the costs that we bear; the kind of lifestyles that are encouraged by smoking; and in particular the dangers of secondhand smoking to, in many cases, family members who are in no position to control their environment. So I think anything that we can do to discourage Albertans from smoking, starting or continuing to smoke, deserves our endorsement.

When I first saw the item, in fact I started to look through the budget for other program areas that would be used to complement this, because when I first heard of it, I thought it was part of an antismoking initiative that was going to be undertaken by the government either through the Department of Learning or through the Department of Health and Wellness or through one of the agencies, through AADAC. Unless I've missed it – and I'm sure the minister would have mentioned it in his remarks – I'm really disappointed to find that it is a stand-alone item, that it's an isolated

action. I think the government has missed the opportunity to use this tax to launch an all-out assault on smoking in an all-out effort to reduce or eliminate completely smoking in the province. I think it's an opportunity lost. It was a move that received a great deal of publicity and would have been, I think, an ideal time to launch a provincewide program.

I think we have to live with the difficulties: robberies, increased crime, smuggling. If you stop by a 7-Eleven to pick up milk, you see the signs and the locked cases with the cigarettes in them, and I'm sure that that's going to be an even greater concern now that the cigarettes are more valuable. Those are the kinds of things that I think are the price we pay in an effort to try to reduce smoking.

I also think it's unfortunate that the kinds of factors that are involved in smoking have not been taken into account, and some of those have been mentioned already: gender, young females. The last information I'd heard was that young females are the highest percentage of new smokers. Trying to understand why that is true, I think, would be as important, Mr. Speaker. If you're a low-income earner, then you're more likely to smoke, and there is some correlation between the amount of education you have and whether or not you smoke. I think there's been a great deal of research done, but understanding the problem is key to resolving it. Again, I'm surprised and disappointed that some of these funds will not be specifically earmarked to agencies that could undertake that and further that research and help the understanding that we now have of the problem.

I do have a question for the minister and would ask him why it is that this building is not a nonsmoking building. It seems to me that if any facility should be nonsmoking, it should be this one, the capital building, the symbol of government in this province, and I'm amazed that you walk into offices and into hallways in the building and can be overcome by secondhand smoke and that smoking is still allowed. Even in the cafeteria there's a designated smoking area. I wonder just how much money the provincial government has spent in trying to accommodate and modify facilities to accommodate smokers and whether that isn't working at cross-purposes when you take and put in a huge tax program like this to try to get smokers to quit, yet you still allow them or encourage them to continue by making sure that the government buildings have facilities where that activity can continue. So I'd be interested to know from the minister just exactly where discussions on making the Legislative Assembly smoke free are.

I think that with those comments I'll conclude, as I said, supporting the bill, Mr. Speaker. Thank you.

9:50

THE ACTING SPEAKER: Any questions or comments?

The hon. Minister of Revenue to close debate.

MR. MELCHIN: Thank you, Mr. Speaker. I appreciate the comments tonight, and in committee I'll endeavour to bring back responses to the questions that you've had. Thank you.

[Motion carried; Bill 22 read a second time]

## Bill 16

### Racing Corporation Amendment Act, 2002

[Debate adjourned March 18: Mr. Stevens]

THE ACTING SPEAKER: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Mr. Speaker. I'm pleased to be able to raise some issues and debate a bit around the principle of

what's being proposed here in Bill 16, the Racing Corporation Amendment Act, 2002. I think this is a timely bill, actually, because there are a number of issues that are coming up around questions that are being raised around the horse racing industry in Alberta. Certainly the Alberta Racing Corporation, which is the predecessor of what's being proposed in this bill, was in fact given a great deal of attention by the Auditor General in the 1999-2000 report and again in the 2000-2001 report, raising some concerns about management and accountability and also the split of the moneys collected and where those moneys were going.

There have also been concerns raised around the reduction in the number of racing days. I'm sorry that I don't have my notes with me as to the exact dates, but I think it was last spring when a number of people were writing in expressing concern around the future of the horse racing industry. In particular, I'm remembering the letters from people that made their living in this sector – I actually did table those letters – pointing out the number of racing days that were being offered to them through negotiations with both Northlands in Edmonton and Stampede Park in Calgary. The number of racing days that were being offered in negotiations with the sector were decreasing. Additionally, my research has turned up that there's been less betting, smaller purses, less participation, which in itself becomes a vicious circle for this industry because that leads to less betting, smaller purses, and less participation. It seems to be spiraling in a downward direction, so I think there needs to be a larger debate about the future of horse racing in Alberta, period. I welcome the opportunity through this bill for that discussion to be taking place.

One of the issues that was raised with me was the concern that under this bill the members who had been serving or were currently serving on the Alberta Racing Corporation and could be moved over and appointed to this new incorporation of Horse Racing Alberta could, in fact, have a very long tenure in sitting on these boards, because the time that they had sat on the boards for the Alberta Racing Corporation was not going to be considered under Horse Racing Alberta. In fact, I think that in all, they could sit for almost 12 years: six years with Alberta Racing Corporation and then an additional six years under Horse Racing Alberta. Some people were questioning that.

Additionally, there was some question about how the new board was being configured, and one of the additions to it was that there would be representatives from the track represented on the board. There's supposed to be less emphasis on the owners and the breeders. In fact, I think when you really look at it, given the public members who are appointed to the board, it's still quite possible to come up with a weighting to the side of the breeders and the owners.

I'm aware that there are very warm feelings from the government toward horse racing in Alberta. I mean, the Premier has often made it clear that he used to own horses, and I'm aware that just recently the Premier was involved in a charity fun race with one of the members opposite. Certainly the previous Premier is well known as a horseman and involved in horse racing in Alberta. So I understand that there's a great deal of warmth and goodwill towards ensuring that horse racing continues to thrive in Alberta. I just wonder if that's possible, and I wonder how much assistance this sector is going to need now and in the future from the government in order to remain a thriving sector. On the one hand, I'm sympathetic and supportive of that because this is a labour-intensive industry, so a number of people are making their living from it. Again, those are people that are not making a lot of money, and their money is staying here in Alberta and circulating about and contributing to our economy here. For those people that are trainers and groomers and walkers and people working at the tracks, it's important for them.

They don't want to see their sector die any more than anyone working in another area could envision their jobs disappearing, but in fact that's happened.

What we're seeing is that people want the big races. So they may go to Edmonton Northlands or Stampede Park in Calgary, but what they want to see is the simulcast from the big races in the States or in Europe. Right now only 20 percent of the betting at Northlands is on local races. Eighty percent of the betting action that takes place is on the simulcast races. So what's that telling us? I think we could be in a position where Alberta cities – in other words, Edmonton and Calgary – could become like a small market in the same sense that we're struggling right now with our professional hockey teams, that were a small market. There are only so many people we can pull from and so much activity that we can generate here. When I look at the emphasis and the percentage of participation that really is on the simulcasts, I think that trend is going to continue, and eventually we may just be sort of betting shops where the races are all taking place somewhere else and we're just watching them take place and betting on them.

DR. TAFT: There's only one global racetrack.

MS BLAKEMAN: No. I think there'll be more than that.

The people I've talked to are saying that it's quite likely that within 10 years everything will be simulcasts of the big races, and perhaps at best Edmonton and Calgary, I suppose, could look at having something like a B circuit, like triple A baseball, like the Trappers are. You know, is that a bad thing? Maybe not. There are still employment possibilities there for people. Perhaps that's more within the economic range that these markets can support. Part of my concern here is that this bill is looking to enable a sector that in fact needs to change and is moving in a direction of change by itself, and this bill is stopping that and propping it up in a different way. I'm not an expert in horse racing. I'm more than happy to listen to other people bringing forward comment on this, Mr. Speaker, because I am interested in the debate and I think we need to have it.

10:00

Further on this idea that live horse racing is dying and why we are making an effort to prop it up or to prolong it, I found that the total pari-mutuel has declined by 48 percent since 1991. As I said before, the number of live race days has dropped from 381 – and that was in 1991, so 10 years ago – to 221 in 2001. That's 42 percent fewer race days. So those two things are more or less following each other: 48 percent less in pari-mutuel and 42 percent less in racing days. That's almost half in 10 years. Thus I'm thinking that in another 10 years we could expect pretty much to see the end of it.

I question here whether the government is picking winners and losers. That may be amusing, considering that we're debating gaming, betting here, but I mean it seriously. Is the government perhaps because of its long ties to the horse racing industry choosing to take steps here to support an industry that in fact is slowly changing itself into something else? Is the government picking winners and losers on this?

How is this being accomplished? Well, ironically it's being done through electronic gaming. Most of these racetracks have what are called racing entertainment centres, RECs, in them now. Those racing entertainment centres have VLTs, slot machines, and in some cases electronic racing terminals, which are sort of like little games of horse races. It's like a simulcast. You actually see a race that goes on, and little horses run around and you bet on them. How the money that's collected from this electronic racing is being split is part of it is going towards the purses for the horse racing. That's

part of what's being contemplated here in this act, and it's very specifically what the Auditor General was talking about in his two previous reports: how that money was getting divided up.

In fact, it is a very special deal for racing. Compared to any other gaming arrangement that we have for any other sector in Alberta, this is a very special deal because the government gets 33 and a third percent of what's coming off of these electronic games. The remaining 66 and two-thirds is split between the racetracks and the horse owners. By horse owners I mean the purses. They're the ones that are going to win this money, so they're the beneficiaries of it. Essentially it's between the racetracks and the purses, if you want to put it that way.

In the other endeavors that we can look at that are in the gaming sector, the operator is getting 15 percent, the charity is getting 15 percent, and the government is getting 70 percent, which it then puts into the lottery fund. Some of those funds, only 6 percent now, are going back out to charities and nonprofits. About a third of it goes to debt repayment, and the remaining third goes for a variety of priorities the government has identified, like health and education and other core government services.

There's a very special deal that's being offered here to racetracks to prolong perhaps or encourage continued activity in a sector that seems to be in fact declining. I find this an irony because when we look at the betting progression, we have an odd sort of connection here. We have a decline in racing that is partly attributable to an increase in people putting their gaming money into slot machines and VLTs and electronic racing terminals. So what are we going to do to try and save horse racing? We're going to take the money from the slots and the VLTs and electronic racing terminals and put that towards the purses. They become parasitic. They become reliant on one another, and I don't think it's going to be the live horse racing that's going to win out of this. You know, in order to keep the whole thing going, there's an increased reliance and encouragement for people to gamble using the electronic terminal, not the live horse racing.

In order to keep up the purse amounts and keep up this level of activity, we're going to need the revenues from the slots to increase tenfold over the next four years to keep up. The minister and the legislation anticipate there being additional gaming machines put into the racing entertainment centres at these track facilities. How many new slot machines are being anticipated, and what's the cost to the taxpayers? Is there a corresponding amount of money that's being set aside to treat gaming addiction out of this, or is that simply left to come out of the lottery fund because it's not in any kind of percentage to the increase in the amount of gaming overall? The other thing around all of this is: where does Internet gaming come in? It's not contemplated in here, but when we're talking about the electronic machines supporting the live horse racing, somehow Internet gaming has got to be dealt with here, because it's coming. How does that fit into this whole scheme that's being anticipated here?

There's an argument about providing entertainment for the public. What's interesting here is that in most cases the entertainment is paid for by the provider. For example, skiing is considered an entertainment. Well, the resort that develops it pays for the development of it, and they're going to get their money back through their charges to people that use it. Hollywood movies: you know, it costs a lot of money to develop those, and they're going to get their money back through their ticket prices. Golfing and golf courses: again, a lot of money to develop, but they get their money back through their green fees and various promotional items. Even things like monster truck rallies: I mean, it costs the promoters money to put this together, but they're going to get paid back from the proceeds of it. When we

anticipate there being additional gaming machines put in here, it's the taxpayers that are going to pay for those additional gaming machines. So we have the taxpayers of Alberta supporting a particular entertainment, but that money isn't necessarily going to come back to them. I'm interested in the argument about gaming being entertainment, because I don't see these being equivalent or parallel.

Another question. It doesn't appear that the Alberta Racing Corporation was very successful in advancing racing. In fact, that was part of its mandate when it was established, but it wasn't particularly successful, and we've had a decline in the number of racing days. We've had a decline in the purses. We've had a decline in the amount of betting. So what is anticipated in the changes that are going to establish Horse Racing Alberta that will be different? I'm not seeing any substantial difference in the operation of the agency. Essentially it's the same people. We know that they can all be reappointed for up to six years, I think. We've had a couple of small changes like the race tracks being represented, and Horse Racing Alberta will have two seats for the tracks, but at the same time we're increasing the number of seats for the breeders and the owners. So we've just kept the same ratio happening again. The public members that are appointed to this board have in the past certainly tended to be members of the owners, so you still have an imbalance there. If that's what was trying to be corrected here, I don't think it's going to be achieved given what's put forward in the act, because in the end the tracks are still at a disadvantage.

10:10

I just have about a minute left, and I haven't started to discuss the concerns that were put forward by the Auditor General specific to Alberta Racing Corporation and whether, in fact, those concerns have been addressed in the dissolution of the Alberta Racing Corporation and in creating Horse Racing Alberta. I may be able to do some of that in Committee of the Whole, where I can go clause by clause once I've examined the concerns that the Auditor General brought forward in 1999-2000. He did answer in 2000-2001, and he did say:

With respect to the Ministry of Gaming's oversight role and accountability for the performance of the [Alberta Racing Corporation] under the Racing Corporation Act, we recognize that coordination of respective roles and responsibilities will take time. We will also follow-up this issue in 2001-2002.

We have had a number of steps taken partly in response, I think, to the Auditor General's concerns, but obviously the Auditor General is still anticipating an oversight role that needs to be continued. He obviously was not satisfied completely in the steps that were taken by Alberta Racing Corporation or by the ministry.

Thanks very much.

THE ACTING SPEAKER: The hon. Member for Whitecourt-St. Anne.

MR. VANDERBURG: Thank you, Mr. Speaker. I just want to make a few brief comments regarding Bill 16 in support of the Racing Corporation Amendment Act, 2002, and to let people know that this just isn't gaming – and the member across had made some good points – but it's also farming for a lot of families in Alberta.

I've read different reports on it, and I've witnessed, you know, how many people are affected by horse racing in this province. I can tell you of one specific case where I know of a second generation family here in Alberta. Right now their farm south of Calgary has close to 150 horses, and these horses end up all over North America. There's a breeding industry, and there's a training industry, and there's a big industry behind horse racing. It's not just gambling.

There are many, many people throughout this province that invest their hard-earned earnings into this business and return good profits back to Albertans. You know, there's a feed industry; there's a vet industry; there are people that haul horses back and forth from tracks, whether it be B tracks in Lethbridge or Grande Prairie or the Stampede track in Calgary or Northlands.

Speaking about Northlands, Northlands track is one of the highest rated tracks in North America. They have outstanding staff that maintain that track in a world-class state. So, again, we've got people that are maintaining tracks and maintaining barns, and we have grooms, and we have all kinds of people that make their living off horse racing. Really I think that we should recognize that it's not just gambling. It's farming, and it's an industry. I'd encourage everyone here to think hard about that and support Bill 16.

THE ACTING SPEAKER: Any questions or comments?

MR. MASON: To the hon. Member for Whitecourt-St. Anne: recognizing that what you said is true, that horse racing is an industry, is it consistent with the Conservative government's philosophy to provide subsidies by the taxpayers for any industries, and if it's not generally in keeping, why this one?

MR. VANDERBURG: Well, I can only say that in the case of the people that I know in this industry, they pay big taxes and they contribute lots to the economy of this province.

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

DR. MASSEY: Thank you for the opportunity to say a few words about Bill 16, the Racing Corporation Amendment Act, 2002. At second reading, Mr. Speaker, we are asked to address our remarks to the principles that stand behind the bill, and there are a couple of principles that I think are important principles to consider when we're looking at Bill 16.

I think one of the principles that becomes clear if you look at the bill and the background material is that there is a need for an integrated governance structure for the industry, and that need is based on a number of factors. One, there's a need to stabilize the industry. There have been some great reductions in revenues in the last number of years and instability, so there is a need to bring some stability about, and some changes in the governance could help that happen. There is need to enhance the horse racing and the breeding industries in the province, and we heard from the previous speaker in terms of the kind of ripple effect on the other industries that are related to the horse racing and breeding industries and that this does have a large economic impact on Albertans. We also heard from the Auditor General of the need for increased accountability to the government by the industry, so the principle that there is a need for an integrated governance structure I think is supported and defensible.

The model that the government has brought forward – and I don't pretend to be an expert on it, but I think it's modeled closely after the Ontario Horse Racing Industry Association, and I think it was chosen as the pattern because of the success or the resurgence of the industry in that province. So, again, the governance model is borrowed from elsewhere where it has proven to be of some success.

I think another principle that the bill rests on is the principle that horse racing will be part of the overall gaming program in the province. This bill makes it clear that it's part of the government's overall gaming program, and I think it clarifies and makes clear the role that horse racing will play in that strategy, although I suspect

there are parts of it that still have to be worked out and negotiated. Again, the principle is that horse racing will be part of the overall gaming strategy.

I think the principle that the governance structure has to be inclusive of those who have horse racing and breeding interests is also an important principle. This act includes harness and thoroughbred horsemen, breeders, and the two large city racetracks, and it makes it possible for all the finances and marketing to be channeled through Horse Racing Alberta. It also gives the one organization the responsibility for governing racing rules, so it brings together a lot of the interests in horse racing and provides a governance structure for them that will again, I think, lead to some stability and to some certainty. I think it will also make possible the resolution of some of the disputes or conflicts that seemed to be characteristic of the industry in the past.

I think that with those comments about the principles, Mr. Speaker, I'll wait until we go into committee to make comments about some of the specific items in the bill. Thank you very much.

10:20

THE ACTING SPEAKER: Any questions or comments for the hon. member?

The hon. Member for Edmonton-Highlands.

MR. MASON: Thanks very much, Mr. Speaker. I'm pleased to rise to speak to Bill 16, the Racing Corporation Amendment Act, 2002. I read the bill with some interest, and what it does, of course, is it provides a unified voice for the horse racing industry, expands the board of the governing body from seven to 12 members, and attempts to provide an integrated voice for the industry. Now, that's all well and good. It's very hard to argue with that. It looks like it's just a progressive change and essentially an organizational type of bill, but I think we need to look a little bit deeper into what is behind this bill. Dr. David Reid, who sat on last year's horse racing review committee, has indicated that the government has told the industry that it will only receive support – and by that I take it to mean financial support – if there is a unified voice for the industry.

In the past internal bickering between elements of the industry meant that the government could not provide financial support to one section of the industry without creating a furor and demands by other sections for equal treatment. Dr. Reid was quoted in *Horse Racing Gets Wholesale Makeover: Report calls for new governing body, hike in slot revenues*, which was an article in the *Edmonton Journal* on December 15, 2001, as saying:

The government insisted that they would only help if we came as a united voice . . .

They couldn't have supported us before, even if they had wanted to, because the industry was too fragmented. Any help would have just caused more bickering."

So what it seems to me from those comments and others that I've heard, Mr. Speaker, is that the government is insisting that there be some unification in the horse racing industry as a precondition for continued support, including financial support, for the industry. What I see this bill as being is government legislation of that unified voice in order to open the door to continued financial support of this industry, and it's curious that the industry, this particular industry out of all of the other industries, has been singled out as one worthy of government subsidy.

Now, this government has prided itself in the past on a policy of noninterference in the marketplace and getting government out of business and ending subsidies for business. The government of the current Premier has made quite a reputation for itself nationally for doing this and as being a principled enforcer . . . [interjection] And well might you applaud if the government was indeed consistent,

hon. Member for Edmonton-Glenora, but the government is not consistent. It has this one little blind spot, which is the horse racing industry.

The Auditor General pointed out last year – we dealt with this before the election, I guess, so it may be a little more than a year ago – in his report that \$17 million had gone to various elements of the horse racing industry illegally, in contravention of existing legislation. So what did the government do? Did it ask for the money back? If one was a welfare recipient and had received an overpayment as a result of some government error, the government would surely insist that the welfare recipient repay the money in full. They'll take it out of their cheque; they'll do any number of things. But in this particular case the government did not ask for the money back. In fact, they found a new way to legally give what illegally had been given before. Why is that? Why is the horse racing industry deserving of a different standard of treatment than a welfare recipient? Not only that, not only having legalized this illegal overpayment, the government is now doubling the stakes in this year's budget, Mr. Speaker. There's a \$33 million subsidy for this industry, this one industry.

Now, I have to ask. This industry is in trouble financially, and the reason is that a source of the industry is being displaced by new technology. This is very common. This is pretty typical of capitalism wherever you might go. New technologies, new businesses, more efficient ways of doing things come into being, and they displace old ways of doing things, old technologies and outdated concepts, and so it is with horse racing. It's being displaced by electronic gambling, and that is one of the reasons why there's been a steady decline in this industry.

All well and good if the government wants to subsidize a declining industry in order to maintain jobs. I can't say that other governments haven't tried it, but I thought this government had turned its back on those practices. Does the government attempt to prop up the vacuum tube industry, Mr. Speaker? Does it try and prop up Ramblers? Does it try and prop up the vinyl record industry, the eight-track stereo industry? Does it give subsidies to drive-ins to help them compete with VCRs and DVDs? What is it doing to protect the declining shag carpet industry? And to take a homegrown example, what is the government doing to protect the wooden grain elevator industry, a very, very threatened homegrown Alberta industry that might just be worth giving a little help to? Well, they're not doing anything for those industries because that's the natural way of things, the evolution, the going out of business of outdated technologies that the government accepts as a fact of life, the jungle of the marketplace if you will. No. In this particular industry the government insists on continuing subsidies in contravention of its own philosophy and its own track record, much trumpeted around the country.

I would like to know why that is occurring. The horse racing industry in this province has won the quinella, and I don't mean to nag, but I really think it's time that this government bet on a different horse and was consistent in its policies about support for industry. I have yet to hear an explanation that I find acceptable for the selection of a particular industry, in this case the horse racing industry, for public subsidies. At the same time as there are ongoing cuts to children's services, for all kinds of valuable services that the people of this province need, the government insists on giving subsidies to business, and I think that it ought to stop.

So, Mr. Speaker, in conclusion, I just want to indicate that I think that the Racing Corporation Amendment Act seems to be benign on the surface, but when you put it in context to the government policy relative to this industry, it is not and is not something that in that context I can support.

10:30

Now, I want to make one final point, Mr. Speaker, and that is that the act requires Horse Racing Alberta, as it's becoming known, to provide annual business plans. I would suggest that these annual business plans ought to include a provision to get this industry off subsidy by the Alberta taxpayers. Why not amend this act to put a requirement that the business plans of Horse Racing Alberta move very quickly towards complete financial independence from the Alberta taxpayer? That would be something that perhaps I could support, but as it now stands, I don't see any intention on the part of the government and even less so on the part of the horse racing industry to wean itself from taxpayer subsidies.

Thank you, Mr. Speaker.

THE ACTING SPEAKER: Any questions or comments for the hon. Member for Edmonton-Highlands?

The hon. Minister of Gaming to close debate.

MR. STEVENS: Thank you, Mr. Speaker. I appreciate the hon. members who spoke to this bill in second reading, and I'll provide some comments in response at the beginning of committee.

Thank you.

[Motion carried; Bill 16 read a second time]

## Bill 20

### Justice Statutes Amendment Act, 2002

[Adjourned debate April 8: Mr. Mason]

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

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to have an opportunity to begin addressing some of the concerns and some of the principles that we find in Bill 20, the Justice Statutes Amendment Act, 2002. It's a huge act with a host of changes, so I thought I would start off initially with some comments about one section.

There are actually eight acts amended, and the first that I thought I would spend some time on is the Civil Enforcement Act. The Civil Enforcement Act takes up about the first one-third of the bill, and it affects virtually all Alberta businesses because almost every business in the province, I'd say without exception, will at some time or another attempt to recover the funds that are owed to them. All of the rest of us as citizens and consumers have an interest in ensuring that the way funds are recovered is fair and provides the debtors an opportunity to discharge their debt before their property is seized and sold. So I think that all Albertans in one way or another, Mr. Speaker, are affected by these amendments to the Civil Enforcement Act included in Bill 20.

It deals with how you recover money or how you recover objects to which you are entitled. It usually happens in one of two ways: one, you get the money from a judgment from the court and you register the judgment and then attempt to collect on that judgment; or two, certain kinds of contracts such as property leases and conditional sales contracts allow the creditor to seize under what is known as the power of distress, and it's a little different because you don't have to go to court and sue to recover that money. Those are usually the two ways that creditors recover what is owed them.

The bill has as one of its purposes to sort out competing claims. Often when someone is in debt, particularly a business, they're in debt to a number of businesses, and sorting out whose claim comes first and how all the claims are going to be handled is a part of this



bill. The determining of that priority is handled in this section of the bill.

There's a minor amendment but I think one that creditors are going to find useful, and that's the ability now to find out who else is owed money. So if you are a creditor, you can find out who else will be working to try to also get redress and to have a claim on the business for funds. That's a minor change, Mr. Speaker.

A fifth change is the conditions under which creditors can obtain payment from a bad debtor. Usually what happens is that the creditors initiate a seizure, or a garnishment, of someone's wages. When that happens, when a debtor has his or her wages garnished, there's often some agreement where the creditor comes along and says: look, I'll pay you part of this if you cease action against me. This requires the release of the seizure, of the garnishment. This is now allowed under the bill. The notice period to other creditors to allow them to initiate action such as seizure or garnishment was 15 days, and that's now in the bill being extended to 30 days. I think that this is an amendment that will accommodate other creditors and will not unduly prejudice the rights of a debtor.

A sixth change that this particular amendment deals with is enabling certain civil enforcement agencies to contract with the sheriff's office. I guess this is one where I'll be interested in what other members of the Assembly have to say. It will now allow the sheriff's office, acting on behalf of the Crown, to carry out certain things usually done traditionally by the public office. I think it's an area that my colleagues in the opposition have expressed concern with in the past. That is the concern that the oversight of those activities will be weakened, and it may lead us to the kind of situation, that we all dispare, that exists in the U.S. of having the repo man, the repossession individual, who uses all kinds of dubious tactics to gain a creditor's assets. The fear is that they'll be cutting corners to accommodate commercial creditors, particularly if you have large commercial interests paying them. So it's a change that we'll come back to, Mr. Speaker, and have further comment about in the future.

10:40

Another change – and I think it's an important one – is that it affirms the sanctity of a citizen's dwelling. It deals with the entry of a bailiff into a residence or a business to seize property and how that has to be done. The Charter of Rights and Freedoms guarantees all of us the right to be secure against unreasonable search or seizure, and this section of the act reaffirms that tradition of the citizen's dwelling. It deals with actually two situations: one, where the premises being entered belong to the debtor and, two, where the premises being entered belong to a third party. In the first case, the bailiff can enter for only two purposes. The first is to seize and remove the debtor's property or to evict the debtor in a landlord/tenant situation. If the premises are residential premises or if the premises belong to a third party, the bailiff can enter for either of those two purposes only if an adult is present who the bailiff believes is a resident and if that adult consents to the access. So, again, careful restrictions in terms of how property can be entered and seized.

There are also provisions for how to enter a residence of either the debtor or the premises of a third party in terms of what the bailiff may use as reasonable force to gain access; that is, to force open a locking device to enter a nonresidential premise of a debtor. Absent consent, a court order is required to force open a door to the nonresidential premises of a third party or resident. There are provisions there, and very carefully laid out provisions, in terms of how that entry can be gained.

I think the amendment is a positive change. The major difference

is the requirement that an adult be present before an entry can be forced into a residential premise. That's, I think, a positive move, Mr. Speaker.

I think a final change will be about the Civil Enforcement Act. There are penalties now for passing yourself off as a sheriff, agency, or bailiff on your business papers or your business cards or identifying badges or any kind of documentation that is used to try to convince somebody that you have a legitimate right to engage in the activity in seizing or entering property. Though it's a minor change, I think it's an important change.

The bill has a number of underlying principles that are designed to protect the debtors and a number of principles that are designed to support creditors in securing their rights under the law. But as I said, it's a comprehensive bill, Mr. Speaker, and one that really begs being moved to the Committee of the Whole, where we can deal effectively with these specific items. I think with those comments, I'll conclude.

Thank you, Mr. Speaker.

THE ACTING SPEAKER: Any questions or comments for the hon. Member for Edmonton-Mill Woods?

The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Speaker. I just need to take a few minutes to address some of the aspects of this very substantial bill, indeed one of the more extensive bills we will be seeing in this session. I have in my constituency a superabundance of lawyers – it's a burden I must carry, but I do my best – so I know they will be expecting me and indeed have provided various comments to me on their views concerning what is, in effect, an omnibus bill, I would say.

I would just, as is I think customary for second reading, go through a few of the highlights and principles. As we all know, Bill 20 is amending a number of acts. The Civil Enforcement Act makes changes, as the hon. Member for Edmonton-Mill Woods noted, that a bailiff may enter a residence without a court order only with the permission of an adult who lives at the residence. It's a step to protect our rights as Canadians.

The aspect of this bill that has received the most media attention so far, I think, has to do with the amendment to the Fatal Accidents Act, which increases the amount of damages paid to the spouse or cohabitant of a deceased adult or to a parent of a deceased child from \$43,000 to \$75,000 and increases the amount of damages paid to a child for a deceased parent from \$27,000 to \$45,000. It amends the act so that there are quite different approaches than are currently in place for collecting damages from the death of a parent or child, and I won't go into those details here. They have been discussed already in the media and, frankly, are a source of some controversy. Some groups, such as Mothers Against Drinking Drivers and some lawyers who are supporting them, have views that they've made a point about delivering and that contradict the proposal from the government here. I'm still weighing out which side to come down on here, but that's why we have these debates, and I'll be listening to some of the comments as time goes on.

The bill will also amend the Interpretation Act, which will adjust how people are appointed to boards or committees and how hearings and investigations are held and so on, and it addresses a number of other acts in greater or lesser ways.

I was particularly, though, wanting to address the issue of the Fatal Accidents Act and the amendments proposed there, which will, as I say, increase payouts to \$75,000. One of the first things that concerns me when I see a dollar figure specified in legislation is that once that becomes law, it's very difficult, impossible to change, in

fact, without new legislation. Sometimes that's good, but it is a constraint, and with the effects of inflation and so on, it's an issue to be concerned with, and maybe we need to review that.

MS BLAKEMAN: Every five years.

DR. TAFT: Perhaps a five-year review provision would be a good idea.

MS BLAKEMAN: Maybe you should look at an amendment.

DR. TAFT: I'm getting various comments of assistance from some of my colleagues here. I think that maybe we'll all end up agreeing on this, that some kind of a five-year review process for the dollar figures would be a good idea.

I think, Mr. Speaker, there's a great deal – a great deal – to be said on this piece of legislation, but I sense that the energy in the room is diminishing despite the passion of my comments, so I think I may

take my seat here and cede the floor to somebody else. Thank you.

THE ACTING SPEAKER: Any questions or comments?  
The hon. minister to close debate?

[Motion carried; Bill 20 read a second time]

THE ACTING SPEAKER: The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker, and thank you to all members for their co-operation this evening. It has been a very productive evening. With that, I would move that the Assembly now stand adjourned until 1:30 tomorrow afternoon.

[Motion carried; at 10:49 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]