

Legislative Assembly of Alberta

Title: **Tuesday, December 2, 2003**

8:00 p.m.

Date: 2003/12/02

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated.

head: **Government Bills and Orders**

head: Third Reading

Bill 54 Appropriation (Supplementary Supply) Act, 2003 (No. 2)

[Adjourned debate December 1: Mr. Hancock]

The Deputy Speaker: The hon. Member for Edmonton-Mill Woods.

Dr. Massey: Thank you, Mr. Speaker. I'm pleased to have an opportunity to make a few comments about the Appropriation (Supplementary Supply) Act, 2003 (No. 2). I'd like to focus my comments, if I might, on the Department of Learning's requests for supplementary funding. There are three items where it says that there has been a total lapse of \$28,570,000 in the Learning department, and the three amounts listed are \$8,770,000 in voted operating expense from support for basic learning programs as noted, \$4,800,000 in statutory expense from teachers' pensions liability funding, and \$15,000,000 in statutory expense from the provision for future cost of student loans issued.

The financing of Learning in the past year has some people wondering how carefully the planning is being carried out. The Auditor General's identification of the \$65 million was certainly a shock to a number of people who had heard throughout the last year or so claims from the government that there is no more money with respect to education. If you couple that with what was going on in the province and what has gone on in the province, the addition of a thousand-plus students and, at the same time, a reduction of close to a thousand teachers, the effect of that on our classrooms is still being felt. It's a major concern for parents and for those who are delivering learning programs in our schools.

There are still questions raised as to why the government's financing of Learning has been so arranged that we would end up with a reduction that large yet still have squirreled away in funds the money that's there. So some consternation about the planning that has gone on with respect to Learning, and rooted, of course, at the base of it is the concern about children and students and the delivery of their programs and what happens when we get this kind of unanticipated cut.

Most of us realize that the arbitrated teachers' settlement, the 14 percent, was a large item that had to be accommodated, and the strategy for forcing boards to cut programs and services to students while there was money that could have been used to alleviate that still has many people perplexed. What was the motive behind allowing that to happen? The recent injection of money into the system, the \$60 million, as we've said, I think is really the late payment on an overdue account. That money should have been there for September to allow schools and boards to avoid the kinds of layoffs and cuts that have occurred.

The cuts that we've heard about, of course, are the most obvious ones. There are some other long-term problems that haven't been addressed as a result of underfunding, Mr. Speaker. A report on the state of French education in the province indicates that there's been a decline of French teachers, and there's growing concern about the

burnout of those French teachers and the lack of program and administrative support for principals in schools where French programs are being delivered. Those problems are on top of the ones that were already there before the most recent cuts. I look forward to the next report on the state of French language instruction in the country with respect to our French language teaching staff and what's happened to them as a result of last year's cuts. I expect we're going to see a reduction in teachers and also a reduction in the number of students taking those programs, which is, I think, unfortunate at a time when we're trying to encourage and are mandating a second language program for students.

We have the request here for \$30 million in onetime operations and maintenance funding for postsecondary institutions. As we know, given the figures we've been supplied with, it's welcome money, but it's not going to go very far with respect to the need.

The \$15 million for the access fund to support additional student entry spaces at postsecondary institutions: again, the access fund is welcome, but we also know the problems that accompany that fund with respect to funding the entire cost of programs and the kind of program shifting that has to sometimes go on to take advantage of those government dollars.

I think it also points to the desperate need in the province, Mr. Speaker, for a long-term plan for the financing of our postsecondary schools. I don't think we can go on year after year with ad hoc amounts being added to the system like this with the tuition policy being pressured the way it is. I think that there comes a point where the situation demands that a systematic plan for financing our schools be put in place. It's not just an Alberta problem; it's a problem that faces, I think, every province in the dominion. Such planning has to necessarily involve the federal government. But the time when that planning should have started is long overdue, and again I think that when we see requests like this in front of the Assembly, it points to the need for that kind of planning.

I think that with that, I'll conclude my comments. Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Edmonton-Glenarry.

Mr. Bonner: Thank you, Mr. Speaker. It is a pleasure to rise this evening and speak briefly to Bill 54, the Appropriation (Supplementary Supply) Act, 2003 (No. 2). What we are being asked to do in Bill 54 is approve an additional \$1.228 billion in supplementary supply for operating expense and equipment/inventory purchases and an additional \$21 million for capital investment.

8:10

Now, this bill comes forward at a time when we have just announced somewhere in excess of a \$3 billion surplus in this province this year, and it comes forward at a time when other provinces can only dream of being able to have an appropriation bill of this amount. But what this does is further indicate our failure to address the issue of budgeting and budgeting properly. In a province where the provincial government likes to tout itself as a champion of business, in a province where the government likes to portray itself as having some particular kind of insight and sensitivity as to how we're going to handle a budget that is blessed with revenues that we couldn't even have begun to think of having a decade ago, every supplementary supply time we have a process that I think must be embarrassing to this government.

What we still have failed to do in our budgeting process is that we have failed to address four principles that people and institutions and AAMD and C, AUMA, our local school boards, our health authorities have asked for, and that's stable, predictable, sustainable, and

equitable funding for their programs. Certainly, this is huge when they look at their budgets, when they look at their business plans, when they try to deal with the pressures that are placed upon them.

One of the things that we still haven't figured out – and it was good to see that we do have a stability fund that is finally established in our budget. Of course, that was a good Liberal idea brought to this Assembly by my predecessor, Laurence Decore, the former MLA for Edmonton-Glengarry and the Liberal leader. Certainly, one of the reasons for that was the fact that it would alleviate this start-and-stop type of programming that we have.

All we have to do is look at southeast Calgary, the issues that are facing that part of the city, where there has been rapid growth, where schools are required, where hospitals are required, how many times they've been announced and how many times those announcements have been deferred or stopped, and still that part of Calgary does not have the necessary infrastructure projects for its people. This is after years of billion dollar surpluses. So we do not have a very good budgeting process when this happens and every year we are coming back to supplementary supply to fill our needs.

Certainly, there were some pressures that were put on our budget this year that we hadn't expected, and one of those, of course, was BSE. But every year in this province we know that we're going to have forest fires. In recent years, when our climate appears to have changed so that we're not getting the rainfall that we once got, then we have to put into the budget those costs of fighting those forest fires. Yet every year it is as an almost after-the-fact type of issue that we deal with this problem.

As well, what is upsetting in this particular set of supplementary supply is that even with the pressures that have been put on this government, there doesn't appear to be that much assistance for those people who are less fortunate than the rest of us. I look at Human Resources and Employment, which is requesting a total of \$32 million. Now, then, this is not to increase the allotment to various peoples on AISH. This is because we have \$5 million for the supports for independence program "to fund an exceptional number of utility arrears cases." Again, if the price of natural gas rises, if the price of electricity rises, then certainly those things have to be taken into account in the budget. We cannot budget on prices that were in effect five years ago and hope for people to be able to meet the demands on their income at today's high prices.

As I look through this budget, I see, for example, as I've just brought up, that we are looking for \$5 million for supports for independence, and this is in utility arrears. If those people are in arrears, what have we done to their lives when they're trying to cope with less? We can't help but think that some of the money that's been allotted that's going to schools is certainly to address a problem that they're having with skyrocketing electricity and natural gas bills. Yet they are facing these high electricity bills because of government policy, because of deregulation.

I notice here, as well, that Seniors is requesting an additional \$36.97 million. Again, \$17 million of this is for the Alberta seniors' benefit program to assist low-income senior citizens with increases in long-term care accommodation costs. When we do not allow seniors who are on fixed incomes time to react, time to budget, time to work a 42 percent increase into their bills, then certainly we are going to have people in our communities that are going to have great difficulty with this huge increase in such a short period of time.

What people fail to realize is that in many of these instances we have seniors who because of the condition of their health end up living in two different residences, the healthier person living in the home, the other person in some type of assisted living. They certainly cannot cope. Their budgets were stretched to run one home let alone having to keep one person in assisted living while the other one tries to cope with running a home.

As well, we have special-needs assistance of \$11 million, which is for onetime personal expenses. It's certainly welcomed by seniors and is something that they need. We have almost \$8 million which has been budgeted in here to assist contracted agencies with operations and maintenance costs.

So when we look at supplementary estimates, we know that seniors are just another one of those groups that's having a great deal of difficulty facing their increased costs. Certainly, I would expect to see all of these issues addressed in the upcoming budget. We cannot continue to have to come back to the well in the form of supplementary supply to address issues and to address expenses that we know are going to be faced by our seniors, by people on AISH, by health authorities, by our school boards, by our communities in this province.

Mr. Speaker, with those comments I will take my seat, and I will look forward to hearing the comments of other members of this House when it comes to Bill 54, the Appropriation (Supplementary Supply) Act, 2003 (No. 2). Thank you.

The Deputy Speaker: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Speaker. I'm pleased to speak to our supplementary estimates, and I just want to put on the record some concerns in a number of areas. The first one is the Department of Agriculture, Food and Rural Development. The supplementary estimates for this department are enormous. There's a million dollars for the department's share of the market recovery strategy, \$4 million for the stranded beef export container initiative, \$6 million for the farm water program, \$564,285,000 for bovine spongiform encephalopathy, or BSE, compensation programs under rural services, another \$5 million for cull cow and bull product development, \$6 million to support enhancements to transmissible spongiform encephalopathies, TSE, testing and animal health surveillance, and \$135,023,000 in provincial funding for the Canadian agricultural income stabilization program resulting from the federal/provincial agriculture policy framework agreement.

8:20

While I agree, Mr. Speaker, that these expenditures are necessary, I want to make some comments about the whole BSE issue. I can't help wondering if a very significant portion of these expenditures could have been avoided if the department and the minister were doing their job. I want to indicate that the delay in the testing of the cow that was found to have BSE has been acknowledged to have had an impact on decisions of other governments to ban Alberta beef, to ban Canadian beef, and it's worth taking a look at some of the events leading up to that delay.

Of course, the government's elk farming program is well known, and it was a bit of a fiasco, and a lot of farmers that were enticed into that industry lost a lot of money. One of the main reasons that it failed was because of chronic wasting disease. The result was that priority was given for testing at provincial labs of the heads of elk, and that is the reason why the head of this particular cow was not tested immediately. That's part of the reason. The other part of the reason was significant cuts to the inspections in that part of the department.

Now, the government, as is its practice, has come back and corrected it. The government is very good at rushing to fix very serious problems. The problem with that is, Mr. Speaker, that the problems are almost always of the government's own making, and it costs an awful lot of money to fix it. So I guess I have to ask the question: would this enormous expenditure of over a half billion dollars have been necessary if orders hadn't been given that heads of

elk had to be tested as a priority? With respect to that, I think that it's a legitimate question to be raising because it is just an enormous amount of money – an enormous amount of money – that this province has expended for a single case in order to support the beef industry.

Now, I want to turn to the Learning department, and here we see some significant expenditures. The government is proposing these expenditures in order to meet the proposals of the Learning Commission, and the government is again rushing to take a lot of credit for fixing a problem that they created in the first place. The difficulty, Mr. Speaker, is that this funding, while vitally necessary, does not make up for all of the cuts that took place earlier.

We are all aware of the difficulties that arose when the government imposed an arbitration process on the teachers and that arbitration process came up with a settlement and the Minister of Learning insisted that the school boards should fund the settlement out of their existing funds and rejected all assertions made by the opposition in this House that it was going to create a problem. Well, we saw that there were a thousand staff positions that were cut by school boards across Alberta in the last year.

So the money contained here, while important, while helpful, and while responding to the Learning Commission's recommendations in part, does not fully compensate the school boards of this province for the lack of support that they have received for the teachers' settlement in the past. It's a difficult situation, Mr. Speaker, and I really think that the government should start funding education at a level that had been established prior to those settlements plus the additional funding that the Learning Commission recommends, and this falls far short.

So I want to indicate that there is a real difficulty with the spending contained in this. The amount of spending in a global sense is very large. Some of it, as has been said, is not necessarily anticipated – for example, drought and forest fires – but I think we can safely predict that over a long period of time, Mr. Speaker, those costs will rise. They'll vary fairly significantly from year to year, but over a period of years – five, six, 10 years – we know that there's going to be an upward trend, so there's no reason for the government not to set aside money on a longer term basis in order to meet those costs so that we're not always coming back with these massive supplementary estimates. I think we can safely predict that as the climate warms and as the province dries out, both drought and forest fire expenditures are going to steadily increase.

Now, I want to come to another point, Mr. Speaker, and that is the \$250,000 for MLA consultation with Albertans on the province's place in Confederation. This is in the Finance estimates. There's not much, I think, that can justify this expenditure. Perhaps the PC Party would like to pay for it, but I don't think the taxpayers should be footing the bill for this kind of expenditure. Most of the information that might have been found is probably available on web sites or from local officials or could be picked up at one of the many parliamentary conferences that MLAs attend. So this particular expenditure is rather useless, in my view, and we ought not to vote it.

Mr. Speaker, that concludes my remarks on the supplementary requisitions, supplementary estimates, and because of the government's mishandling of the BSE issue, we will not be supporting the supplementary estimates.

8:30

The Deputy Speaker: Comments? Questions?

Mr. Lund: Mr. Speaker, the member has on more than one occasion made some very, very erroneous remarks regarding BSE and the

whole process. He lays the blame on the department of agriculture, and this is just totally wrong.

The facts, Mr. Speaker, are that the biggest reason that the animal was not tested immediately was because when the animal was diagnosed by the veterinarian on-site, it was very clear that they thought that the animal had pneumonia. So there wasn't a priority, plus the fact that that animal was taken out of the food chain. It never did get in the food chain, so there was no great big panic to start the testing.

If he's being critical of the process, of course, a lot of it's to do with the federal Food Inspection Agency, but I've got to put in a real plug for them. The fact is that not very long later there was imported hamburger that came into Canada, and it was found to be contaminated with E coli. The federal Food Inspection Agency picked it up, so it didn't get into the marketplace. This BSE cow was picked up and didn't get into the food chain, yet the E coli meat passed through the American system. So for him to now start criticizing that the reason that there has to be this expenditure is because there was a cut in the department of agriculture is complete folly.

So I would like to ask the hon. member – and he made some comments the other night about somehow the whole issue of confined feeding operations being tied into this – the history of this animal from its birth and the type of operations that it went through before it got to the point of being killed, slaughtered, and thrown into the tank because the carcass was deemed unfit for human consumption.

The Deputy Speaker: Edmonton-Highlands, do you wish to respond?

Mr. Mason: Well, Mr. Speaker, I can tell the hon. minister that the history is that it was three months waiting to be tested, and one of the reasons that that took place was that there was a big backlog of elk heads that had to be tested because of the bungled program of Alberta Agriculture to encourage farmers to get into game ranching of elk.

The second reason was the shortage of people to do tests, and there were, in fact, cuts to the inspection personnel, which I don't think the minister has denied.

The third piece is, of course, that this delay was referenced by other governments and politicians in the United States as part of their campaign to keep Alberta beef out of the United States. It was seized upon by those representatives of farm states to use as ammunition to put pressure on the administration in the United States to extend the ban. So it contributed very directly to a tremendous loss to our beef producers and contributed directly here to the fabulous expenditure that the government is now seeking from this Assembly.

[Motion carried; Bill 54 read a third time]

Bill 47

Tobacco Tax Amendment Act, 2003 (No. 2)

The Deputy Speaker: The hon. Minister of Revenue to move.

Mr. Melchin: Thank you, Mr. Speaker. I'm pleased to rise to move third reading of Bill 47, the Tobacco Tax Amendment Act, 2003 (No. 2).

I'd just like to point out again to all members here that the key element in this bill, that we've articulated in previous readings, was to lower the threshold. The percentage rate on cigar taxes is one of the key issues in this bill. That is being lowered to 95 percent, still

95 percent as a markup of the suggested retail price. When you talk about B.C. at 77 percent, when you talk about Manitoba at 60 percent of that rate, when you speak of Ontario at 57 percent, the only other province that even comes close to ours is Saskatchewan at the same 95 percent rate. So we still are the highest markup on cigars of any province in this country.

It has followed our high tax policy, literally, on tobacco to dissuade and discourage consumption of tobacco products. In that regard, that still remains the policy. What this adjustment reflects is that the content of tax on cigars is going to more closely approximate that in comparison to cigarettes as a percentage of the total price. About half of it will be tax for both cigarettes and cigars, and it would also make us more in line with the other provinces that didn't raise their cigar rates quite as high as we did originally to help mitigate the problems, be it of smuggling among provinces and those kinds of activities.

The rest of the issues in the act are administrative in orientation, have something to do with collection issues to strengthen our ability to collect taxes appropriately and fairly as necessary.

So thank you, Mr. Speaker. I'll take my seat.

The Deputy Speaker: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Speaker, and I'm pleased to rise to speak to third reading of this bill. You know, I appreciate the hon. Minister of Revenue's position on this as he introduces a bill to lower taxes on tobacco, and it's interesting sometimes the positions that we get ourselves into in politics. I know that there was a tremendous push, because fine cigars are enjoyed by a certain strata of our society and they were finding the cigars just far too expensive. I know that because when I returned from a vacation last winter, I brought back some cigars, not that I smoke. In fact, they're still in the fridge because we don't know anybody that smokes. Well, I can see some hon. members here are putting up their hands.

I did go and check in a couple of cigar outlets in Old Strathcona to find out the prices, and I was quite surprised how high, in fact, prices were for very good cigars. So I can understand the situation that the minister finds himself in having to lower taxes on tobacco products and taking steps which will no doubt benefit the economy of Cuba, Mr. Speaker.

8:40

You know, it's interesting. I'm torn on this bill, honestly, Mr. Speaker, quite torn about it because I've been a strong opponent of smoking all my life, and it's a difficult policy issue for governments, and price mechanism is one of the tools available to the government. I appreciate attempts that are made by the government to deter smoking, but I also understand that the government does not want to be the highest tax region of the country, which it clearly was. I know the government is also interested in low taxes, and the Premier did promise a couple of years ago, or during the last election, I guess, that taxes had no where to go in this province but down, and this is the first example other than the billion dollar corporate tax cut where we've actually seen the taxes going down. Mostly they've gone up since that time.

On balance, Mr. Speaker, I appreciate the minister's predicament here, and I just want to indicate that I do feel that it's important that we continue to use all the tools at our disposal to reduce smoking, and I'm sure the Minister of Health and Wellness would agree with me that this is one of the major sources of costs in our health care system. Cigars aren't the big villain compared to cigarettes, I suppose, but there is plenty of evidence to indicate that cigars are, in fact, also very, very harmful and are just as carcinogenic as cigarettes, although good cigars don't have all of the chemicals and so on

that they put in cigarettes. So it may be they're somewhat less carcinogenic. I don't really have the background knowledge to comment on that authoritatively.

I do think the basic issue here is to maintain an approach on the part of government which discourages smoking and continues to use the various tools at its disposal. So, in this case, Mr. Speaker, I will not be supporting the bill.

Thank you.

The Deputy Speaker: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thanks, Mr. Speaker. Happy to have one last opportunity to speak to Bill 47. When the minister was speaking, it was sounding to me like he was trying to talk himself into this bill that reduces taxes on smoking, of all things, and adjusting to the thought of losing \$8 million a year in revenue. Now, if that isn't a strange combination for this particular minister to have agreed to, I can't think of anything else stranger, but this goes to show what a very effective lobby by a very few people can do and how they can impact government. It's interesting to note that this government can still be overtly subject to doing what their friends want rather than following the policies that they initially laid out with regard to cigar taxes, cigarette taxes, and loose tobacco taxes in general. I wonder if a poor people lobby to reduce the prices of cigarette taxes would have been quite as effective.

Thank you.

The Deputy Speaker: Comments or questions?

Mr. Snelgrove: Yes, a comment, please. It's simply not fair to make this an argument totally about health. If you lived in a border community where half of the small businesses or convenience stations on one side of the border could sell cigars at half the price, you would see how quickly trade areas change. The gasoline sales stop, and it all changes. It's easy to sit here and say: well, it's not about that. It's about fairness, and that's all it's about. It's fairness straight across the board.

The Deputy Speaker: Comments or questions?

Mr. Mason: Yes, please, Mr. Speaker. I wonder if the hon. member would comment on whether or not that indicates that perhaps the hon. Member for Vermilion-Lloydminster is suggesting that Saskatchewan is a low tax environment.

Ms Carlson: Mr. Speaker, you know, I'm reviewing the comments made by the government members themselves and made on behalf or perhaps by the Minister of Revenue and, gee whiz, doesn't it say that they did a study of small businesses and specifically acknowledged that they did not believe that there was any direct impact on businesses, that a part of the campaign had been to state that some businesses would go out of business, and the minister's own copy that came out with regard to that bill would indicate that that was not true.

[Motion carried; Bill 47 read a third time]

head: **Government Bills and Orders**

head: Committee of the Whole

[Mr. Tannas in the chair]

The Chair: I now call the Committee of the Whole to order. When everyone in the committee is ready, we'll commence.

Bill 53
Insurance Amendment Act, 2003 (No. 2)

The Chair: Just so we're clear on where we were, we've had a number of amendments. All of them have now been cleared from the table, either passed or defeated, so we're back on the clauses of the bill, as it were.

The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I have a few general comments to make before we get back into the amendment war that I'm sure is going to occur this evening, and that's with regard to the comments that have been made on this bill where they talk about tort reform lowering insurance rates. We received quite a bit of information indicating that that is not an accurate statement to have made, and I would like to put a few of those quotes and some of that background on the record at this time, if I can.

What we have here before us is a number of cases – this has been an issue in the States – where insurance companies have put themselves on the record saying that tort reform will definitely not lower insurance rates.

The representative of the Ohio health insurance company was testifying before the Wyoming Legislature and specifically said, "Tort reform will not lower rates." That was in 2003.

The Medical Assurance Company of Mississippi said, "Tort reform does not provide a magical 'silver-bullet' that will immediately affect medical malpractice insurance rates." That was in September of 2002.

Patricia Costante, chairman and CEO of the MIIX Group of Insurance Companies, when asked by New Jersey Assemblyman Paul D'Amato whether, if caps are enacted in New Jersey, her insurance company would not raise premiums and would in fact reduce them, said, "No, we're not telling you that." That was at a meeting of the New Jersey Assembly joint committee on Banking and Insurance and Health and Human Services on medical malpractice in June of 2002.

The American Insurance Association said, "The insurance industry never promised that tort reform would achieve specific premium savings." This was an American Insurance Association press release dated March 13, 2002.

Sherman Joyce, president, American Tort Reform Association, stated, "We wouldn't tell you or anyone that the reason to pass tort reform would be to reduce insurance rates." From *Liability Week*, July 1999.

Victor Schwartz, general counsel, American Tort Reform Association: "Many tort reform advocates do not contend that restricting litigation will lower insurance rates, and 'I've never said that in 30 years.'" This was from *Business Insurance*, 1999.

Dick Marquardt, Washington insurance commissioner: "It was 'impossible to attribute stable insurance rates to tort-law changes or the damages cap,' since rates also improved in states that did not pass tort reform." From the *Seattle Times*, May of 1991.

8:50

The chairman of Great American West Insurance Company stated: "Tort reform 'will not eliminate the market dynamics that lead to insurance cycles,' and 'we must [never] over-promise – or even imply – that insurance cycles will end when civil justice reform begins.'" *Liability Week*, January of 1988. Too bad the government didn't take that advice. We have seen a number of overpromises, Mr. Chairman, in this particular legislation and, certainly, many implications that taking the steps they're taking will lower insurance rates.

A Connecticut state lawmaker stated:

The insurance industry now says [tort reform] measures will have

no effect on insurance rates. We have been disappointed by the response of the insurance industry. The reforms we passed should have led to rate reductions because we made it more difficult to recover, or set limits on recovery. But this hasn't happened.

That's from UPI, March of 1987.

State Farm Insurance Companies from Kansas said:

We believe the effect of tort reform on our book of business would be small. . . . The loss savings resulting from the non-economic cap will not exceed 1% of our total indemnity losses. . . . In our sample of liability claims, no claim was found that would have been affected by the joint and several restriction."

And also any savings due to alternative payment methods would be "negligible." This is from a letter from the assistant vice-president of the state filings divisions to the Kansas Insurance Department, October, 1986.

Aetna Casualty and Surety Company from Florida. After Florida enacted what Aetna Casualty and Surety Company characterized as "full-fledged tort reform," including a \$450,000 cap on noneconomic damages, Aetna did a study of cases it had recently closed and concluded that Florida's tort reforms would not affect Aetna's rates. Aetna explained that "the review of the actual data submitted on these cases indicated no reduction of cost." That came out of a statement made August 8, 1986. That's exactly what this government says they're going to accomplish with this legislation, yet we have company after company, statement after statement saying that it isn't true.

In St. Paul, Florida, St. Paul's found "a total effect of about 1% savings" from Florida's 1986 tort reforms but that even this 1 percent might be inflated. St. Paul concluded that

the noneconomic cap of \$450,000, joint and several liability on the noneconomic damages, and the mandatory structured settlements on losses above \$250,000 will produce little or no savings to the tort system as it pertains to medical malpractice.

This comes from the St. Paul Fire & Marine Insurance Company, medical and professional liability, state of Florida, 1986.

General Accident Insurance Company, Washington state, says: "Given that liability losses constitute such a low proportion of business owners' losses, GA feels it is prudent to continue with the original proposal of a 10 percent increase in base rates." Well, how do you like that? That's exactly what happened in other provinces in this country, Mr. Chairman: rates went up. That's what happened in the States too. What guarantees do we have from this government that that is not going to happen here?

It goes on. The *Times* wrote that

the highly touted tort-reform legislation enacted by the Legislature early this year is not lowering liability-insurance rates as promised, according to preliminary filings made with the state insurance commissioner.

Allstate Insurance Company, Washington state. In asking for a 22 percent rate increase following passage of tort reform in Washington state, including a cap on all damage awards, the company said, "Our promised rate would not be measurably affected by the tort reform legislation." The *Seattle Times*, July 1, 1986.

St. Paul, again, Washington state. After enacting the 1986 Washington tort reforms, St. Paul said that the limit on plaintiffs' lawyers fees "probably will have no effect on loss costs" and that "a 'cap' can become a target in smaller dollar cases, thus actually working to increase costs." Well, isn't that an interesting statement, Mr. Chairman? "We do not have the data that would allow us to project the actual probable effect in either direction." This is a letter from the executive vice-president, Saint Paul Fire & Marine Insurance to the insurance commissioner in Washington in 1986.

Great American West Insurance Company in Washington state. After the 1986 Washington tort reforms the Great American West

Insurance Company said that on the basis of its own study it does not appear that the 'tort reform' law will serve to decrease our losses, but instead it potentially could increase our liability. We elect at this point, however, not to make an upward adjustment in the indications to reflect the impact of the 'tort reform' law.

So they are saying at this time that they're not going to increase their rates, Mr. Chairman. Well, we can see what's coming down the road for us in this province.

Basil Badley, chief Washington state lobbyist for the insurance industry: "Legislators and consumers were mistaken from the beginning if they thought tort reform was going to lessen personal liability insurance costs." *Seattle Times*, 1986.

Iowa municipalities. In 1983 Iowa limited joint and several liability in order to limit the liability of cities and counties. Yet in 1985 41 Iowa counties had their liability insurance canceled within a 30-day period, leading former Iowa Senate Majority Leader Lowell Junkins, who had led the fight for tort reform, to change his position and to urge other legislators not to make the same mistake.

Well, it looks like for the first time in this Assembly I might have something in agreement with the Member for Edmonton-Calder, and I am hoping that he will comment on what we have to say here and the information that has been shared with us.

Pennsylvania municipalities. A blue-ribbon Pennsylvania commission found that the cost of municipal liability insurance rose sharply in the mid-1980s even in those states which had capped damages against municipalities around the mid-1970s insurance crisis. November 1985.

New Mexico municipalities, Mr. Chairman. In 1976 New Mexico capped municipal liability at \$500,000 per person, and in 1982 it eliminated joint and several liability, yet premiums rose sharply for New Mexico municipalities during the mid-1980s insurance crisis just as they did in the states without caps.

Vanderbilt University. A regression analysis conducted by Vanderbilt University economics professor Frank Sloan found that caps on economic damages enacted after the mid-1970s insurance crisis had no effect on insurance premiums. That's from 1985.

I'm sure we're going to see the same kind of studies come forward in the years to come from our universities, where they are definitely going to see that the failure of tort reform to cut insurance prices is a fact and that this government has led Albertans down the garden path one more time on an issue that is intensely important to all of us. In this province it is not possible for most of the population to get around without having access to a vehicle, and it particularly significantly disadvantages young people who may be trying to look for jobs where there is no reasonable public transit access.

Thank you, Mr. Chairman. I'll take my seat at this time and participate a little later on in the debate.

The Chair: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

Mr. Horner: It's a pleasure for me to rise this evening to get a few comments on the record on Bill 53, the Insurance Amendment Act, 2003 (No. 2). I want to go on record as supporting the bill, and I want to talk about some of the things that I like in it but also some of the reservations that I have.

First, I did want to chat a little bit about the items that we have on limiting general damage and awards for pain and suffering. I think that it's important that we do have the establishment and health assessment guidelines and best practices to assess whether an injury is in or out of that limit. I think it's also very, very important that we're not limiting anyone's right to court if they disagree with that assessment. They can go to court and see if they can establish that

their injury may or may not be outside of the definition that we're going to have. That is also going to the establishment of an independent medical evaluation process to determine if an injury is subject to the limit, and governing those fees as well. So I think those are good things that are in there.

9:00

I'm also, Mr. Chair, happy that we were able to come up with a change in the geographic territories such that even though for many, many, many years we have been paying different rates around the province, we're going to over the next few years have that stabilized somewhat so that we have an Edmonton/Calgary rate, if you will, on the maximum on the grid as opposed to a difference, which is what we have today. I'm also pleased that the section B accident benefits are going to be increasing from \$10,000 to \$50,000 and, as well, with a lot of the other good things in this bill, which are things like the advance payments on future settlements, having a structure that we can do that with, our structured settlements, disclosure of policy limits.

One of the other things that I think is very important in this legislation that we haven't had before, Mr. Chair, goes back to something that was brought to my attention by a constituent the first year that I was elected, where the insurers were not required to give notice to the registrar when insurance was dropped. We do have that in this legislation, and I'm happy to see that. The authorization requires insurers to give notice to the registrar of motor vehicles whenever a contract of insurance is canceled or not renewed, which is another good thing, I think, in there. Consumer complaint resolution is also within this legislation as well as the new risk sharing pool, which I think will benefit a number of drivers.

The things that I have some concerns about – and I'm hoping that the hon. Member for Medicine Hat will be able to help me with them and address them somewhat – are the rate-setting board and the teeth that we're going to give this board to ensure that the rates that are out there are going to be fair and reasonable and equitable to all of the drivers in Alberta, that this rate-setting board is going to have the strength to hold their feet to the fire, if you will, to maintain the competitive advantage in Alberta of the insurance rates. I'm hoping that there will be some teeth in not only the rate-setting board but also in the monitoring of the optional coverage so that we don't have a crossover of costs from one to the other and that we do indeed see some of the benefits of some of the things that we're doing for the majority of the drivers in Alberta.

I would like to see other things that aren't in this legislation. I think we do need to look at things like advertising restrictions for some of the injury legal firms, perhaps even regulation on contingency fees for injury lawyers – I think that's something that we need to look at as a government – and potentially some of the other items that may be related to justice that we might want to look at changing down the road to also help take some of the costs out of the system so that consumers benefit as a whole.

With that, Mr. Chair, I just wanted to make sure that I got those points on record. I do support this legislation. I think that as a long-term solution to the problem we have with insurance in the province today, this is the right track. Staying with the status quo is not an option, and we need to move forward.

Thank you, Mr. Chair.

The Chair: The hon. Member for Edmonton-Mill Woods.

Dr. Massey: Thank you, Mr. Chairman. I'm pleased to have the opportunity to make a few comments on Bill 53, the Insurance Amendment Act, 2003 (No. 2), at this time. One of the huge

questions and very basic questions that the debate on insurance in the province and in other provinces has centred on is the question of whose interests are being served. I've had, as far as my constituency office is concerned, more calls on this issue than any other issue except the teachers' strike. There is a huge, huge public interest in the legislation that's before us and the action that's proposed through this bill.

One of the difficulties many callers have is trying to understand the freeze and just exactly why the freeze is imposed at a time when rates are at their highest. If you look at those sections of the bill, in section 17, where the freeze is dealt with, a great deal, in fact almost all of the authority for dealing with the freeze rests with the Lieutenant Governor in Council. The powers given to the cabinet under section 17 are very, very extensive. They can decide whether the freeze is going to be retroactive, whether there are going to be some classes of insurers that are exempted from the freeze, whether there will be a class of automobiles that shall be exempt in whole or in part from the application of an order by the cabinet, to exempt in whole or in part a class of insurers, and to "prescribe or otherwise describe the premiums and the levels of premiums to which the order applies." Then it goes on to list a number of things:

- (h) suspend or modify the application or operation of any one or more provisions of this Act . . .
- (i) suspend or modify any decision of the Alberta Automobile Insurance Board.

And I see it goes on.

There is just very extensive and powerful authority given to the cabinet to make decisions with respect to the premium freeze, and I think that if I'm listening to my constituents correctly, it's of major concern. They don't understand, as indicated, why the freeze was put on when rates are at their highest, and they are, as I've heard from a number of them, uncertain as to what happens to the freeze in the future.

Those concerns are apart from the letters I get from specific constituents about their insurance company. I tabled a letter earlier today from a constituent who claims that he just went to have his insurance renewed, and there, in fact, was no freeze, that the insurer has raised his rates. He was somewhat outraged and ends up expressing some real concern as to what's happening. So the freeze, I think, has not been explained to the satisfaction of many Albertans, why it's at the level that it is. Certainly, I think that if Albertans read the provisions and the power given to the cabinet with respect to premium freezes and relate that to their experience with energy rebates, there's real cause for concern.

The question about whose interests are being served still needs to be addressed, and I think this section of the act does little to assure Albertans that the freeze is going to be an open process that's going to be easily understood and that changes to any freeze won't be arbitrarily changed by the cabinet. So a whole set of concerns are addressed around the freeze. There are some suggestions for amendments that will be made at a later time, Mr. Chairman, with respect to those provisions.

9:10

As another whole section of the bill that hasn't had a lot of public question raised about it but certainly by those insurance watchdog groups and those that are in the industry, the automobile insurance rate board has generated a lot of discussion, the provisions in the bill that outline the appointment of the automobile insurance rate board. I guess that one of the concerns and a major concern for some people is: will the rate board protect the interests of consumers?

With respect to the appointment of that board, what guarantee will there be that consumers' interests will be paramount and that we won't slip into the situation that we have today where rate proposals

seem to automatically be endorsed and put into practice with very rare exception? So questions about that board: the powers that the board has, the appointments, the number of individuals, three but not more than seven members. Again, they're going to be appointed by the Lieutenant Governor in Council and the superintendent, with the notion that this will, again, be done by cabinet. I hope that one of the things that we might see is an attempt to define some criteria that will be used to invite qualified members of the public to serve on the board and that this won't be an opportunity to appoint people on a political rather than a competency base with respect to making decisions about insurance in the province.

There's the listing of the establishment and the duties of the board in terms of exercising their power, how the board will operate if there isn't a quorum or there isn't a full group to make a decision, and a requirement for an annual report. I think that that's a good requirement, that at least annually there'll be a need for the board to answer to the public, at least to the minister, and the minister then has a requirement to lay the report in front of the Assembly. So, again, a number of concerns about the appointments to that board and the role that the cabinet will have in the operation of the board, because the cabinet, as I've indicated before, has extensive powers with respect to this act and to the insurance industry.

The third area – and this one is another one that is really, really a major concern if constituents' letters and e-mails are any reflection, Mr. Chairman – is the provisions that would limit claims for minor injuries. No matter how often the government repeats the notion that this doesn't prevent someone from going to court, there still remain a large number of Albertans who believe that it is wrong to provide any limitations on minor injuries and some real question about the kinds of statistics that are being put forward to justify the need for such limitations and also the assumption that seems to be being promoted of widespread fraud in making those claims. I've had real questions raised about those assumptions and how those ideas seem to have taken hold and pervade many of the discussions on this particular item.

The last section is the matter of Albertans choosing to be covered by one or more insurance companies and not being allowed to claim from both. It seems like a strange provision given the arguments that we've heard in the Legislature about a need for choice and for people to choose to run their own lives and to protect themselves in ways that they see fit. Again, it's an area where although there hasn't been as much discussion, there is still concern that those kinds of limitations are put in place. I've had some argue that it seems to be an effort to chill people who are insured in their efforts to cover themselves with respect to any kind of misfortune with respect to their automobiles.

So I think that with those few comments, Mr. Chairman, I look forward to the amendments that are going to be presented later this evening and an opportunity to look in more detail at some of the specific provisions of the bill. Thank you.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman, and I'm pleased to speak at committee stage to Bill 53. This past weekend we had a very successful convention of the New Democratic Party in Calgary, and whilst I'm sure it was not as large as the PC convention is, neither were there lots of people who attended simply because we were the government and could dispense largesse. Nevertheless, it was a very good convention. It was addressed by any number of excellent speakers, including Jack Layton.

Mr. Magnus: Who?

Mr. Mason: The next Leader of the Opposition of the Parliament of Canada, hon. member.

Mr. Magnus: Brian is taking wagers.

Mr. Mason: Well, we won't get into that, Mr. Chairman. The hon. member wants to make bets on the next federal election, but I think we'll save that for after the House.

One of the speakers that was at the convention, Mr. Chairman, was Howard Pawley, the former Premier of Manitoba and the father of public auto insurance in Canada. My wife and I had the distinct pleasure of having dinner with Howard Pawley and talking about his experiences as minister in the Schreyer government and later as Premier of Manitoba. He gave an excellent speech with respect to public auto insurance, and I'd like to inform members tonight of some of the things that Mr. Pawley had to say about the advantages of public auto insurance.

9:20

He asked the question: why do public auto insurance plans win hands down over private auto insurance systems? He starts by saying that with private plans estimates of uninsured motorists range from 10 percent to 20 percent. This is clearly not acceptable. When the decision is made to establish compulsory and universal coverage, says Mr. Pawley, it follows that there must be an obligation for the government to deliver auto insurance at the lowest possible prices. The test of that involves how much of the premium dollar the motorists get back in the settlement of claims.

Recent published annual financial reports illustrate how the administrative costs of public plans avoid costly administrative duplication and are only one-half as much as those incurred by private insurance companies. One-half, Mr. Chairman. Public plans return a maximum amount of each premium dollar invested by the motorists; that is, between 85 and 90 cents on the dollar, and this compares to private insurance returns of approximately 70 cents on the dollar.

The inclusion of basic compulsory automobile insurance with the licence plate is the most economic and efficient method of delivery. Supplementary auto insurance is also available from either government plans or from private auto insurance companies. Also, all public insurance investment earnings, unlike those of the private plans, are returned either by increased benefits or through lower insurance premiums to the motorists themselves rather than to shareholders.

On the other hand, private insurance customers are subsidizing insurers by allowing them to use the premium money interest free. Jobs are kept in the province and jobs and opportunities are created in the insurance industry by public plans. These jobs would not otherwise exist. One main central office operates in the public system within the province rather than maybe 40 or so outside the province, as is the situation with the current system. A single agency requires one computer system versus scores of varied, costly computer systems. One company president and one company vice-president and fewer officials are utilized in contrast to the multitude employed by the private insurers. Advertising, litigation, and adjusting costs are reduced.

So you can see very clearly, Mr. Chairman, that the bureaucracy involved in the private insurance system is drastically reduced. However, we know that the government is only concerned about government bureaucracy and does not really care about bureaucracy in the private system even when the costs of that bureaucracy are carried by people who have to utilize the insurance.

Mr. Pawley goes on to say that the investment company reserves

are invested in public institutions. He gives the example of Manitoba, where there is currently \$1.6 billion in reserves invested in the province's communities, in their schools, hospitals, and universities. He talks about an integrated claims centre with regional claim centres. There are 23 currently in Manitoba which minimize public inconvenience in insurance claims procedures. It enjoys a decided advantage in reducing per vehicle cost of automobile claims. Moreover, says Mr. Pawley, provincial insurance corporations as the owners of public auto insurance, have every political reason to reduce accidents and claims by insisting on safer driving conditions for their motorists. They pursue traffic safety and loss prevention programs. For example, in British Columbia the Insurance Corporation of British Columbia has financed photoradar, larger red lights at intersections, and so on.

There is no discrimination in public insurance in rates based on age or sex assessed to motorists. Bad drivers are surcharged additional dollars on their driver's permit. That's the fairest way, he said. Now, that is similar to what the government is proposing. However, the overall rate structure charged to all types of drivers, whether good drivers or not, is considerably lower.

There are consistently stable rates under public auto insurance. He compared the annual rate increases in 2003 in other provinces, including Alberta. Manitoba returned \$81 million to motorists with a 16.6 percent discount. The Consumers' Association of Canada looked at Lloydminster, skirting the border of Saskatchewan and Alberta, and discovered that motorists on the Alberta side pay on average \$900 more.

I noticed that the hon. Member for Vermilion-Lloydminster stood up tonight and made an impassioned appeal that Alberta's cigars should be as cheap as Saskatchewan's cigars, and I would expect that he would follow up on that and make a impassioned appeal on behalf of Alberta drivers that their rates are as cheap as drivers on the Saskatchewan side.

The premium rate increases compare well under public auto insurance with the inflationary increases over the same period of time. There's great financial strength, says Mr. Pawley, in public auto insurance. He suggested that in Manitoba a 102 cent return on a \$1 premium. Those are figures from the year 2000. Operating costs are less than 50 percent of the industry average. It is mandated to be financially self-sufficient and operate on a break even basis over the long term.

Now, what is Mr. Pawley's conclusion, Mr. Chairman? Well, he says that in Alberta the Conservatives have been saying that the voters shouldn't look to the other three western provinces as examples of the benefit of public auto insurance. He says that our Premier rejects public auto insurance because it flies in the teeth of the official ideology of privatization and smaller government. He mocks the idea of public auto insurance because it actually involves the government running something. He asks: why is Alberta, why is the Premier the odd man out in western Canada? Surely our Premier is not saying that it can't work here because Albertans are failures at public administration and can't be as efficient as Manitoba, British Columbia, or Saskatchewan.

He doesn't think the Premier will listen to him. He thinks the Premier would see him as a left-wing ideologue, a left-wing nut. Mr. Pawley suggests that our Premier should then seek advice on this issue from other right-wing buddies in the west; for example, Gordon Campbell in British Columbia, Elwin Hermanson of the Saskatchewan Party, Tory leader Stuart Murray in Manitoba, or previous conservative-minded Premiers in those provinces; for example, in British Columbia Premier Vander Zalm or Premier Bennett or Premier Devine of Saskatchewan or in Manitoba Premier Filmon or Premier Lyon, all of whom have maintained the public

auto insurance systems in their provinces notwithstanding that they were established by NDP governments.

Conservative and Liberal governments that have come along have not dared to touch these systems. Why? Because they work so well. They deliver the lowest possible price in the fairest possible way, and the voters would not tolerate any government, no matter how right wing, dismantling public auto insurance once they've had the opportunity to make use of that system and to experience the advantages.

Well, you know, I want to indicate, Mr. Chairman, that there are lots of good reasons why we should have public auto insurance and why this particular bill fails the key test, and that is whether or not it indicates that there is going to be a public system or not.

Opponents have consistently argued that it should be left to private enterprise since public coverage would remove the enterprise and competition of individuals. If public funds are utilized, political bureaucracy will be rampant and a scheme of individual coverage by the state is socialism. The opponents, Mr. Pawley goes on to say, argue that universal coverage will destroy initiative and ambition and there will thus be a premium for comparative idleness to be taken out of the pockets of the laborious and the conscientious.

Other arguments that he identifies used by those opposed to public auto insurance is that standards would be lowered, that governments should only concern themselves with coverage for the needy and that the creating or sustaining of such coverage for all classes is beyond the province and power of government, that government cannot provide for the necessities of people, that requiring people to pay under universal coverage is dangerous, that and there's no confidence in compulsory equalization. He points out, Mr. Chairman, that in 1830 opponents of tax-supported education for all children made exactly the same arguments in the United States. This has ever been the argument against public advances and progressive changes in society, and it is being used against us again.

9:30

Despite all of the difficulties and all of the arguments – and there were some difficulties in setting up some of these programs – they have stood the test of time. They are the kind of program that delivers the goods for people, delivers it consistently and in a fair manner, and wherever it's been implemented in Canada, it has been successful, so successful, indeed, that no subsequent government, no matter how right wing, has been willing to go back to the kind of system that we have in Alberta and which we are going to continue to have even with the so-called reforms that the government is trying to put in place. We are going to continue with all of the disadvantages of a private system, save some more equity in the apportionment of rates.

That's the only change, and it's not enough, Mr. Chairman. It's far from being enough. It falls far short of the mark that has been set in the other three western provinces. So I put to the Assembly the question raised by former Premier Howard Pawley, the father of public auto insurance: why is Alberta remaining the odd man out in western Canada? Why indeed? That's a question that will be asked certainly by many Albertans at the next election.

Thank you.

The Chair: The hon. Member for Calgary-Currie.

Mr. Lord: Thank you, Mr. Chairman. I'd certainly like to rise and respond to some of those comments. Quite frankly, to say that Alberta is the odd man out in the western provinces, well, thank heavens we are, and thank heavens we have not gone the route of our neighbouring provinces, following their socialist policies which have

resulted in decimated economies. When we talk about our next-door neighbours and that 20 percent of their budget is coming from federal government transfers and we're exactly the opposite, thank heavens we are the odd man out. Compared to what they're doing there, it's frankly extremely disappointing.

I happen to believe, Mr. Chairman, that I understand the socialist policies that we're hearing advocated here. They sound good. They sound appealing to a certain number of people who, unfortunately, have not ever been in business, not ever had to make a payroll with their own money. Yeah, these socialist policies sound kind of appealing to a certain number of people, but quite frankly they're disastrous. They're absolutely disastrous in the long run. When we look at government insurance, people say: oh, it's cheaper; it's better; it's this and that. Well, you start looking at the social engineering that's being applied in the government insurance of our next-door neighbours and you find that, in fact, the good drivers in those provinces are having to subsidize the bad drivers. That's how it works. Right?

So if you happen to be a bad driver, yes, you are probably going to be able to get quoted better insurance rates in our neighbouring provinces, but if you're a good driver, it'll be exactly the opposite case. Do we want that? Do we want to subsidize bad drivers and have good drivers have to pay more? No, I don't think so. That's just the first reason why we don't have government insurance here and don't want government insurance.

Of course, when you really think of it, if government insurance, which we've heard advocated here numerous times – if it is so good to get government involved in private business and get government involved to roll back those prices, well, why stop at insurance? I mean, groceries are too high for some people, too, and the price of a new car and the price of just about everything. So according to the policies being advocated by the opposition here, why stop at insurance? Why not get government everything and order those prices rolled back? If profit is so bad, you know, if you think profits are so terrible, roll them back on everybody. I mean, that's the kind of policy that's being advocated by the opposition here.

Quite frankly, I can never understand why socialists are just so jealous of other people trying to make money. The socialists, you know, are just so opposed to other people making money and so jealous that they'd advocate ganging up on them through government policies to take those profits away from those bad people making those profits. Thank heavens Alberta is the odd man out on this.

The reality, Mr. Chairman, is that these socialist policies of getting the government involved to regulate everything and roll back those prices have been tried before. Unfortunately, when we look at Russia, it just didn't work. The reality is that when the government gets involved and rolls those prices back and regulates everything to be cheap, in very short order there isn't any supply: cheap prices, no supply, nothing on the shelves anymore, nobody supplying insurance anymore. So it just gets worse and worse.

Frankly, Mr. Chairman, I think it's a good message to all Albertans on what our opposition would be like if, in fact, they ever form the government in this province. This is the message being sent here, that if they were to form the government in this province and started taking over everything with socialist policies, they would scare off every business. There would be the end of the Alberta advantage.

Chair's Ruling Decorum

The Chair: Hon. member, now that you've drawn a breath, I just wanted to remind hon. members that we are in committee and that

it's not incumbent on each and every one of you to talk at the same time as the person who's been recognized. We would hope that you could converse in a very, very quiet, unobtrusive way.

We'll now hear from the hon. Member for Calgary-Currie and, hopefully, only him.

Debate Continued

Mr. Lord: Thank you, Mr. Chairman. Just to continue, the reality is that if you've ever had to run a business yourself, if you've ever had to make a payroll with your own money, if you've ever been in a business where it's your own money at risk, you realize just how much of a coward venture capital is. Venture capital is the world's biggest coward. It runs at the very first sign of socialism. So in this province we have the advantage that we have, we have the economy that we have, and we have the Alberta advantage that we have because we stood up and strongly said: we believe in free enterprise and capitalism, and people who want to invest their money and take those risks are welcome in Alberta. That has not been the message in our neighbouring provinces, and that is why they are the have-not provinces, who have to depend on our money going to Ottawa and coming back to them to keep them afloat.

So for someone to stand in this House and say that we should be following the same disastrous road that they have followed and get into government regulation, government insurance – next thing we'll be in government groceries. We'll be in everything across the board, and it won't be an Alberta advantage. We'll have joined the other provinces as have-not provinces, and then we won't be the odd man out. That's what the opposition would have happen in this province.

Colleagues, I hope that you ignore the opposition's calls here to go down the road of government insurance. I think it would be a huge mistake. Thank you, Mr. Chairman.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. This is what I like: a good, honest, straightforward debate. I appreciate the hon. member's comments, but there are a couple of things that I think I want to set straight. One is that the advantage of public auto insurance comes from charging good drivers higher rates so that they can subsidize bad drivers. This is not the source of the savings that occur in public automobile systems, as I just indicated in the comments that I communicated from the speech of former Premier Howard Pawley. If the hon. member has forgotten already what I actually said, perhaps he can review *Hansard* and see the itemization of the savings that occur and why those savings occur, because ex Premier Pawley is now teaching at a university, and he is probably one of the most knowledgeable individuals on automobile insurance in the country.

9:40

I'd like to just read the report highlights from the auto insurance rate comparison study of Manitoba, Saskatchewan, Alberta, and British Columbia. This is done by the Consumers' Association of Canada, and they studied 17 cities in four western provinces. Here's what they found.

1. Alberta consumers pay on average about twice as much for auto insurance than consumers in the other three western provinces with public auto insurance systems.
2. A consumer in Lloydminster, Alberta could pay up to \$8,980 more annually for auto insurance than if they lived literally across the street in Lloydminster, Saskatchewan.

Apparently the same situation applies to cigars.

3. A driver in Winnipeg could pay up to \$9,080 less for auto

insurance than if they lived in Edmonton, a comparable sized city with similar prairie-like driving conditions.

4. In Alberta older drivers who drive newer, much more expensive cars, and who have driving convictions, pay up to \$2,430 less annually for auto insurance than young drivers with clean driving records. In the three public auto provinces, where rates are based on a driver's record, a young good driver pays less than a bad older driver.

Mr. Chairman, I just want to indicate that these are based on comparisons of actual cases, and I can make the report available for the hon. member, because I'm sure he wouldn't want to misrepresent the advantages of public auto insurance further.

The second point that I want to make, Mr. Chairman, has to do with the Alberta advantage, the economic advantage of Alberta. Government members would like to believe that this is due solely to the enlightened policies of this government, and quite frankly – and I see some of them are applauding already – nothing could be further from the truth. The reason Alberta has the economic advantage it has is because of the oil and the gas in this province that other provinces do not have. This fuels the Alberta economy, and whether or not the government has occasionally done a good thing or two about handling the economy or not is not the decisive question. This government would like to take all the credit for the oil and gas and the tremendous revenues that it has. It's like the government trying to take credit for the enormous surpluses that the Alberta government has every year, \$3.4 billion in this year, as if this was somehow a result of the fiscal policies of the Alberta government.

In fact, we have somewhat lower royalties on the oil and gas than, say, Alaska or some European countries that have free enterprise economies and governments as well, so we actually get less revenue than we could have or would have if the New Democrats were the government. But nobody should say that it's the government's excellent management that produces those surpluses because it's not, Mr. Chairman. It is due very, very precisely to royalties from oil and, in particular, natural gas. So you can take credit all you want for the Alberta advantage, but God put that oil and gas under the ground, as we were told 50 years ago, for Social Credit and not for the Progressive Conservatives.

The Chair: The hon. Member for St. Albert.

Mrs. O'Neill: Thank you, Mr. Chairman. I rise today because I did not think that I came into this Assembly this evening to listen to what the former Premier of Manitoba, Mr. Howard Pawley, had indicated. It seems to me that we are engaged in a debate over whether we should have public or private car insurance. The bill that we have in front of us does not give us that option. The bill presented in front of us deals with private car insurance.

Towards the end of July of this past summer I convened a forum in St. Albert to which I invited constituents. I invited those who wanted to speak on behalf of and whose interest stemmed from their legal interest in injury claims, if you will, or representing injured persons in car accidents, so a number of lawyers attended. I invited a number of car insurance providers, agents, and brokers who are in my community, so they came as well. I also invited a number of constituents, some of whom, indeed, had been victims of a car accident. Some of them, like the majority of my constituents, are required to have car insurance because they do own a car and drive one and, therefore, by our rules must make sure that they properly insure it.

The discussion that evening divided into three topics. First of all, I must say that at that stage of the debate – and we have advanced quite a bit further – in late July a number of the injury lawyers who were present were quite, as I have said before, pre-emptive and

presumptive about what we were discussing. They presumed that we were going to do a number of things, and they were pre-emptive in their strike against our proposals. Those who were in the car insurance industry did come, and they did give us their perspective, but it was their perspective on it. A number of my constituents had questions, and a number who were victims of accidents presented their perspective as well: their great desire to be able to take their case to court and to get properly compensated for the injuries that they had suffered.

What I want to address most specifically were the concerns of the majority of my constituents, who pay for car insurance and who are finding that lately – and this is over the past two years, I'm going to say – are not able to afford car insurance. I can tell you about Darren, a young 18 year old in my community who wanted to get a summer job in which he would be required to drive the vehicles of the company who would be employing him. The company would not hire him because the insurance on the vehicles was too expensive.

I can tell you about the senior, a senior who's quite representative of a number of seniors in my community who are 70 years-plus in age who after having driven for years and years with very safe driving records have had a minor accident. These are the people who for some reason their car insurance companies have decided not to renew their policies. So they, too, are finding that it's not accessible. Indeed, if they are asked to go to facility or to go to Kingsway, another provider of high-risk car insurance in our community here, they can't afford it.

So I'm finding, as I have found for a long time, that those who were required to buy car insurance, my family included, are finding that the rates have gone high without any acceptable explanation. They have risen without justification in the minds of the consumers and in my mind too.

I also find that there are those who are finding gross inequity in their ability to receive insurance policies. Many of you remember and sat in this Legislature when I discussed my private member's bill, which was the Insurance (Gender Premium Equity) Amendment Act. I can tell you that unmarried young male drivers under 25 are the ones who have been forced to pay very high car insurance premiums. That is in my estimation an unequal access to car insurance for males, so I am very, very pleased that this piece of legislation addresses that issue. It eliminates that factor of gender.

It also is going to eliminate the factor of age. I can tell you that while two years ago, indeed three years ago most of those constituents who contacted me were young male drivers, I have an equal number of constituents who have approached me on the issue of age because they are seniors. These are seniors who are finding it very, very difficult to get affordable coverage in their car insurance premiums. Why I'm leading to describing this is because we had to do something about the issue.

9:50

There are also those who have been accident victims. They are individuals – and we have them in all the constituencies, I'm sure, around this province – who have very specifically endured soft-tissue injury that has affected their lives, their working circumstances, and their ability to participate in a number of activities. So these are the individuals who are finding it very, very difficult to continue in their lifestyle when they have been, through no fault of their own, accident victims.

We have to address this, and we have to address it so that we ourselves have proper coverage should we be involved in an at-fault accident. We have to have the confidence that the other drivers on the road have sufficient coverage so that should we be the victims,

they themselves and their insurance companies will be able to cover the issues and to compensate us justly for our victimization, I guess I'm going to say, by virtue of an accident for which we were not at fault.

So what I'm driving at, Mr. Chairman, is to indicate that in our communities we are wrestling with the issue of car insurance that from the provider's point of view, indeed, it has not been very transparent, nor has it been accountable to the individual customer. From the legal profession's point of view all they want is the ability to be able to represent their clients should they be, indeed, victims that have far-reaching needs as a result of being a victim of a car accident.

We also have those who are neither victims nor are they, indeed, individuals who are by virtue of age or circumstance or gender or consideration of the people with whom they share a residence – they are the ones who are finding it very difficult to rationalize why they have to pay the premiums that they pay. This is why we as a government are dealing with a piece of legislation that we trust and hope will put in place regulations that will look after all those factors that I believe we want considered in order to have affordable, accessible, and fair car insurance premiums. Will we have it absolutely correct so that it will be a perfect world where no one will challenge? No, I don't think so. But will we have a better circumstance in the delivery of car insurance than we currently have? Yes, we will.

I have also in my constituency a number of individuals who make a very honest living by working as car insurance brokers and working in the car insurance industry. I have a number of lawyers who very justifiably represent their clients when their needs are such that they as victims of a car accident must make claims in order to look after the circumstances in which they find themselves.

But I also have, shared by both the lawyers and by the insurance companies, individuals who must have insurance on their cars and who must feel that they have a government who is concerned enough about their circumstances to make sure, whatever it takes, to give them the opportunity to afford car insurance, to have car insurance that is accessible to them, and that they are not turned away or sent to another facility or another company that will charge them two and three times and in some cases four times the going rate. I also have constituents, myself included, all the people who live in my community who, I believe, want to make sure that there is fairness in the delivery of this particular aspect of required business that we must be involved in, and that is that we must have car insurance.

So let's deal with all the other circumstances, the traffic vigilance that we must take. We must make sure that people respect the rules of the road. We must do things that will educate drivers not to drive recklessly and put other people's lives in peril when they are on the road. We must make sure that individuals properly represent and make sure that they have the opportunity to state their case before a jury or a judge, if you will, in a court. We have to make sure that all those things happen. We have to make sure that individuals and beginning drivers are at least aware of the fact that they have a responsibility when they are on the road.

But in addition to that, we must also make sure, if we require them to have car insurance, that they can afford it and that they then can reap the benefits of the insurance that they so expensively right now but, we hope, will more equitably pay for under the new system.

Thank you very much, Mr. Chairman, for the opportunity to speak to this. It is an issue that is of grave concern to all my constituents. It's an issue that I don't take lightly. It's something that a number of individuals have contacted me with respect to, and I think we have an obligation to address this and address it in the spirit of fairness, in the spirit of equal access, and in the spirit of affordable coverage.

Thank you, Mr. Chairman.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I want to spend a little time talking about a particular section of this bill that I'm not happy with and then ultimately bring in an amendment for this section. The one I'm particularly interested in, first of all, is the rate board. It's called the automobile insurance rate board. It starts on page 12 of the bill. This is a board that is going to have a great deal of power under this piece of legislation.

They've got all kinds of rules in this bill about how the board may be established and how the board and the chair are appointed, the remuneration provided, and talks about other staff and persons required by the board and that they can

from time to time appoint one or more persons having special technical or other knowledge to inquire into and report to the Board in respect of any matter before the Board or in respect of which the Board considers it necessary to have information for the proper carrying out of its duties.

There has to be a quorum for them to carry on, that

an order, direction, approval or other instrument purporting to be signed by the chair, the vice-chair or a member of the Board on behalf of the Board is admissible in evidence in any proceedings as proof, in the absence of evidence to the contrary,

- (a) that the order, direction, approval or instrument is the act of the Board or of a quorum of the Board, and
- (b) that the person signing it was authorized to do so without proof of the appointment of the individual signing as a member of the Board, or the individual's designation as chair or vice-chair, as the case may be, or of the individual's signature.

Then it goes on to talk about how the rules governing their procedures are made, and the most important part from my perspective is the powers of the board. They can

investigate any matter it thinks fit respecting automobile insurance in Alberta, including rates, benefits and availability of insurance.

It can prohibit

- (i) an insurer from charging any rate for the minimum insurance above a rate filed pursuant to section 655,
- (ii) any change in class of an automobile from the classification of that automobile filed pursuant to [the same section], or
- (iii) any change that would have the effect of increasing a rate for the minimum insurance.

Then a number of other powers available to them.

10:00

Mr. Chairman, what I believe is very important when you have a board that has this kind of power is that what happens in their proceedings is available to public scrutiny, and there is no provision for that in this bill. There are pages and pages of what they can do and how they can do it, but nowhere included anywhere in their powers and duties is there any provision for sharing that information publicly other than their publishing of an annual report. Because of the amount of money involved, because of the impact that this has on people's lives, we don't think that's adequate.

So on behalf of my colleague for Edmonton-Gold Bar I would at this time like to move an amendment to this particular section.

The Chair: To the pages: would you please hand them out to people who are actually sitting here first, and then you can fill in later? That way the benches can get some over here. Then we can start. Amendment A4?

Ms Carlson: Yes, A4.

The Chair: You can move it now, please.

Ms Carlson: Okay. Thank you, Mr. Chairman. On behalf of my colleague for Edmonton-Gold Bar, I'm moving that Bill 53, the Insurance Amendment Act, 2003 (No. 2), be amended in section 15 in the proposed section 653 by adding the following after subsection (13).

(13.1) All proceedings of the Board must be open to the public.

(13.2) The Board must ensure that all proceedings of the Board are recorded and made publicly available in either written or electronic media format.

We think this is an excellent addition to this particular bill. We see that likely it was an oversight in the writing of the bill that it wasn't originally included, because all members in this Assembly know how important it is that boards that are making important decisions that directly affect the public, that directly affect money, that have the ability to call expert witnesses, that have the ability to have information provided by their boards used in courts or other judicial areas definitely need to have very tight control over the recordings of the proceedings of those particular meetings.

Now, we're used to having *Hansard* record what we say in public meetings that are making key decisions and then having a record of those proceedings available to the general public. That's the kind of situation that we're asking for here, that people can come and listen to the proceedings of the boards, that they not be closed, behind-door meetings, and that records are made. This board, particularly in the first few years, is going to be making some significant and important decisions, and we want to make sure that whatever they're doing is in an open kind of format that can be reviewed and can be watched if people wish to actually show up at the meetings and watch them. That's a very important part of how this particular bill will proceed.

The worst thing that could happen is that you bring in this kind of legislation affecting a pocketbook issue for voters and have the decisions made behind closed doors. So we're helping the government out in this particular instance by bringing in the kind of amendment that will make proceedings more open, will make them more available to the public, and will help reduce the amount of concern or suspicion that people have about the decisions and how the decisions are made with this particular board.

Of course, many people will want to be on this board. There will be a lot of scrutiny on how people get appointed and whether they're friends of friends or whether they actually bring some expertise to the table. In particular, what they say, how they say it, and how the decisions are made is going to come under close scrutiny for some time and, I would suggest, some long time, not some short time. So the best way to eliminate concerns and the best way to ensure that good decisions are made is to just make the process open and transparent and the board members accountable.

Now, you'd think that wouldn't be very much to ask for, but in our experience in this province that isn't necessarily the way these kinds of boards tend to operate. So rather than have the government get themselves into a big kerfuffle over this because people are unhappy with the proceedings and us having to come back and amend this act next year or the year after if they hold out for a very long time, we're suggesting that making proceedings transparent be incorporated into the bill at this particular time.

With that, Mr. Chairman, I would urge all members in this Assembly to accept this amendment in the good faith in which it is intended, and we can proceed accordingly. Thank you.

The Chair: The hon. Member for Medicine Hat.

Mr. Renner: Thank you, Mr. Chairman. I just want to briefly address this amendment. I want to remind members what the nature of this board is. This is a board that is being struck with a number of responsibilities. The main one is establishing what the benchmark insurance rate is going to be and putting the grid in place.

I think that there is some confusion that this is some kind of a board that is going to operate similarly to the Automobile Insurance Board, that we have now, where individual companies will come and make requests for rate changes. I just want to remind all members that we've reversed that whole mechanism so that insurance companies no longer come to government asking for rate changes. Instead, the rate board that we create through this legislation will be responsible for collecting and collating all of the relevant data, analyzing that data, and then, based upon the analysis of that data, determining what is going to be the rate structure that will be used for the next successive year.

I don't think that that kind of work is the kind of work that lends itself to a series of public meetings. If the board finds it necessary on a specific issue that might come up to hold hearings, then it's well within their authority to hold public hearings, and there's nothing that would preclude them from doing so. But when we ask a board to do technical analysis of sometimes confidential information, we can hardly expect them to do all of their business in public. So I would urge members not to support this proposed amendment.

The Chair: The hon. Member for Edmonton-Highlands on amendment A4.

Mr. Mason: Thank you very much, Mr. Chairman. Well, I'm pleased to speak to the amendment by the hon. Member for Edmonton-Gold Bar. The hon. Member for Medicine Hat has just described some differences between the board envisaged in Bill 53 and the Alberta Automobile Insurance Board, which has been in existence, as I understand it, since the days of the Lougheed government.

10:10

It might help to review just how the Alberta Automobile Insurance Board operated. It approved changes to car insurance rates. It reports currently to the Minister of Finance, and its directors are appointed by the minister. It has an incredibly low public profile, Mr. Chairman. It doesn't even have a web site. It does publish an annual report, but this is not even posted on the government web site, nor are the directors of the AIB. It reviews behind closed doors rate application increases for compulsory coverage, mostly third-party liability insurance. There's no opportunity currently for policyholders to challenge rate increases. Locations and dates of board meetings are not advertised or even made public. Minutes of board meetings are not published or made public.

The AIB appears to largely act as a rubber stamp for the insurance industry. Only two out of 157 rate applications in 2002 were rejected by the AIB. Another 14 were approved with some modification. The balance were accepted as applied for. Clearly, the AIB needs some sort of transformation into a government watchdog rather than an industry lapdog.

Now, let's contrast that with what's envisaged in the present legislation. It will not just rubber-stamp any longer virtually anything brought before it. Instead, the government is moving to a heavily regulated model because they recognize that free enterprise has not worked in automobile insurance rates. They don't want to make it a public system, clearly, so they're going to regulate, and they're going to set the rates. That's a qualitative difference, and I acknowledge that. But they are still going to allow the board to meet

privately, and the rates that it sets will be subject to strong lobbying pressure, I'm sure, from the industry either directly or indirectly.

So how do consumers know that this board is going to act always in their interest if they don't know what's going on? It's probably true that there's technical information that the board talks about. Nevertheless, if we don't make it public, if we don't pass this amendment, then just knowing how these things work, it will not be able to represent the consumers first and foremost on a long-term, ongoing basis. So sooner or later the consumer is going to get the shaft unless the consumer has a guarantee of transparency, and it's clear that government doesn't want that. That's what this amendment is about.

Mr. Chairman, I think that if we want to make sure that consumers' interests are protected, we need to cut the consumer in on the deal. They at least need to be able to see what's going on so that if their interests are not being looked after by the new board, then they can contact their MLAs, they can contact the government, and hopefully things will get back on track. So I think that without this in the long run this board will cease operating in the interests of the public and the consumer of automobile insurance if, in fact, it operates in their interests in the first place.

So I urge members to support the amendment. Thank you.

The Chair: The hon. Member for Edmonton-Mill Woods.

Dr. Massey: Thank you, Mr. Chairman. Speaking in favour of the amendment, I think there are a number of advantages to having board meetings made public. Paramount among them is the possibility for public education. Part of the problem that we face right now is the lack of understanding on behalf of ordinary people in terms of how the system operates and the rationale behind decisions, the reason why rates have risen. There's no clear understanding. With the lack of information to the contrary people make some assumptions, and many of them are probably unwarranted.

So I think a major part of having meetings in public would be the opportunity for a public education program to help all of us better understand the insurance industry and why our automobile rates are set at the levels that they are. That's going to be, as the Member for Medicine Hat has reminded us, the major role of this board, and that's to set those rates.

I can't think of anything more interesting to individuals in the province than the factors that go into those rates being set. Why would they be done behind closed doors and then announced? Asking for them to meet in public I don't think is asking anything more than we already do of many, many bodies. The Member for Medicine Hat indicated that they were to collect, analyze, and then determine a rate, and that's no different than many other bodies that operate and by law have to operate in public.

I can't think of anything more complicated than, say, a budget for the city in terms of the technical detail, the kinds of competing interests that have to be dealt with in setting tax rates for the city. School board budgets. I can think of a variety of boards that are required to do their deliberations in public and to make their decisions in public who deal with all kinds of very, very complicated information. And, true, at those meetings they often have technical experts who bring information to bear and commission and have reports prepared on different aspects of the matters that they're dealing with, but it seems to work successfully.

I think it's not only that the rate setting should be open, but it should appear to be open. I can share with you the frustration, for instance, that those boards that meet in private cause citizens. If you

look at the standing policy committees, which hold only part of their meetings in public and then retreat behind closed doors, there's always the suspicion, whether rightly placed or not, that decisions that are not in the public interest are being made behind those closed doors.

After all, this board will be paid from public funds. Taxpayers will be the ones that eventually foot the bill for the operations, and to claim that they should do this in private and then announce their decisions I think is in error. That's why I think the amendment before us makes sense. It's democratic, and I think it's in the interests of citizens.

Thanks, Mr. Chairman.

The Chair: Are you ready for the question?

The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. It's a pleasure to participate in the debate on the amendment in regard to making all the proceedings of the proposed auto board open to the public. The board also "must ensure that all proceedings of the Board are recorded and made publicly available in either written or electronic media format." This shouldn't cause anyone any harm, Mr. Chairman.

10:20

When we consider other boards in this province, we look at, for instance, the EUB. There's a public process involved in hearings before that board. Let's, for instance, Mr. Chairman, look at gas cost recovery rates. On a monthly basis there would be hearings before the board. We look at the EUB in matters relating to electricity. We look at the EUB in matters relating to oil and gas development. Those hearings are public. They're open to the public. Public consultation, public representation is routine. It's part of the process. So if it's good enough for one sector of the economy, if it's good enough for one regulatory approval process, why is it not good enough for the other?

When we consider how consumers in this province feel about the regulatory process and how they feel about the insurance industry, this amendment is very important. Amendment A4 is very important, Mr. Chairman, because it would do a lot to restore public confidence in the regulatory process for automobile insurance rate applications in this province.

Now, board proceedings in the past have not been public. The majority of consumers who have been faced with double-digit increases are astonished, and the hon. Member for Edmonton-Highlands spoke about this earlier. Just in one calendar year I believe 155 or 157 applications were approved. Some of them, granted, were approved with amendments, but this board met nine times in that calendar year, and I think that's about 17 applications per meeting. They've got their work cut out for them, but it's all done behind closed doors.

This is why the public is so suspicious. They are the ones that are forced to dig deeper into their pockets every six months to renew their car insurance premiums. Car insurance premiums have gotten so high that it's become a tradition that there are now monthly payments on your car insurance.

Mr. Mason: You can put them on your credit card.

Mr. MacDonald: You can even put them on your credit card, I am told.

However, when one considers that the insurance payment for the automobile may be more expensive than the monthly car payments, as they would say: Houston, we have a problem.

Another way of fixing this problem is to make the whole process

open to the public. We can't simply say that there is proprietary information. It's a competitive market. I'm told our third-party liability automobile insurance market here is competitive. I know that there are between 75 and 80 participants in that market. Some, of course, have a larger market share than other participants, but I don't think they would mind if all proceedings of the board were open to the public.

If someone, let's say a consumer, were interested, Mr. Chairman, in following the proceedings of the board and perhaps wanted to go and see which insurance providers or sellers or companies had appeared before the board recently, what was said, or what rate application was filed, this would allow that consumer, perhaps, an easier time to shop around. If we're going to have this free market, that's what the free market would be all about. Consumers need all the information if they are to make a sound decision, and if they don't have all the information, how do we expect them to make a sound decision?

It's time. It's time again that we put consumers first in this province. It doesn't matter if one looks at another provincial government, Mr. Chairman, or one looks at one of the state regulatory bodies in America. Consumer information and consumer protection seem to be paramount. They seem to be a number one focus of government policy. But not here. Not here in this province. I'm sad to have to say this. I've looked at a lot of different web sites, and it's a shame a person can't have a look at the rate calculator web site of this government, because it was mysteriously pulled. However, we have to reverse that trend, and we can reverse that trend. We can start that with amendment A4.

I'm asking everyone in the Assembly this evening to consider A4 and recognize that we have to make the whole process public. This is an ideal way to start, by amending section 15 in the proposed section 653 by adding the following after subsection (13).

(13.1) All proceedings of the Board must be open to the public.

(13.2) The Board must ensure that all proceedings of the Board are recorded and made publicly available in either written or electronic media format.

In conclusion, Mr. Chairman, we've got to start to put the consumers first, not the interests of select industry insiders or this group or that group. Consumers. Automobile insurance consumers have taken it on the financial chin for over three years for no reason other than that we have had lax regulatory approval processes for the auto insurance industry in this province. In fact, we could say that we have none.

An Hon. Member: None?

Mr. MacDonald: None. Absolutely.

Optional, comprehensive, collision: there's no approval process for those financial service products. There is for the third-party liability portion only. Hopefully by the time we're done repairing this bill, Bill 53, there will be. There will be a strengthened regulatory approval process. That's one of the roles of government. Government has a role to play. The right-wing ideologues have trouble grasping that, but a government has a responsibility, and this is what amendment A4 is about. I'm going to say that it's about responsible government. We need to further discuss this as Bill 53 proceeds through committee, but a public process is a good process.

Before I cede the floor to another colleague or another member of this Assembly, I would urge all hon. members to please vote for this amendment A4. Thank you.

[Motion on amendment A4 lost]

The Chair: The hon. Member for Edmonton-Highlands.

10:30

Mr. Mason: Thank you very much, Mr. Chairman. I would like to propose an amendment to Bill 53, Insurance Amendment Act, 2003 (No. 2). I will have one of the pages deliver this to the table and circulate it to members.

The Chair: Hon. member, if you wish to move amendment A5, please do so.

Mr. Mason: Thank you very much, Mr. Chairman. I will. I move that Bill 53, the Insurance Amendment Act, 2003 (No. 2), be amended in section 15 in the proposed section 654 by adding the following after subsection (1):

(1.1) In addition to the powers and duties of the Board provided for under subsection (1), the Board shall conduct an annual examination of insurance rates in Alberta and other jurisdictions to ensure that Alberta insurance rates remain competitive.

If I may speak to that, Mr. Chairman, I actually hope the government will accept this. One has to retain some sense of optimism in this place, and I still do. I think this gives the government a chance to sort of be really clear with Albertans about what they are trying to achieve through this act.

The Premier has said that the government will establish a regime in Alberta in which the rates are competitive with the other western provinces. Notwithstanding the fact that they have a more efficient and superior system of delivering auto insurance, the Premier has committed the province to matching their rates in a broad sense. What the amendment, then, does is to instruct the board to look at the rates on an annual basis, to look at the rates in Saskatchewan, in Manitoba, in British Columbia, and, I guess, in other jurisdictions – but we particularly have in mind those ones that the Premier has benchmarked – and, in doing so, make sure that as they do their job as set out in the legislation, Alberta insurance rates remain competitive.

I would urge hon. members to support that because that's the object of the exercise. The object of the exercise, as stated by the government, as enunciated by the Premier, is to have rates in Alberta competitive with other jurisdictions in western Canada. To do that in a different way, I suppose, the hon. Member for Calgary-Currie earlier talked about Alberta being the odd man out, but as far as the bottom line for Albertans, if we may take the Premier at his word, then Alberta will not be the odd man out because the rates will be competitive according to the commitment made by the Premier.

So I guess we just want to make sure that there are mechanisms in place whereby the board, doing its job, can actually accomplish that goal. If it can, then good on the government, Mr. Chairman, but I would hate to think that we might just have competitive rates in the next year or so or until the election is out of the way and then we'd see the rates creep up again and rise above the rates in our neighbouring provinces. So here's a mechanism to ensure that the board checks those rates and ensures that our rates remain competitive.

What we've done here, Mr. Chairman, is to provide a specific mechanism whereby the board set up in the Insurance Amendment Act can make sure that they're doing what the Premier wants them to do. Surely members of the government cannot be opposed to that. Here we are helping the act meet the political objectives set for it by the leader of the Progressive Conservative Party and the Premier of the province.

So I do sincerely hope that members opposite will find favour with this amendment and will decide to support it, and I look forward to the comments of other members with respect to this amendment. Thank you.

The Chair: The hon. Member for Medicine Hat, followed by the hon. Member for Edmonton-Riverview.

Mr. Renner: Well, thank you very much, Mr. Chairman. I just want to comment on the amendment brought forward by the Member for Edmonton-Highlands. The member quite rightly points out that the Premier and the government have been very clear that one of the objectives of the exercise we're going through right now is that we will end up with a situation where there are rates that are comparable with other western provinces. But I want to point out to the member and to all members that an amendment such as we have before us is not needed because in the provisions in the act that talk about the duties of the board, the act makes it very clear that the board's main duty is to determine and set on an annual basis premiums for basic coverage that the insurers will use as a benchmark for auto insurance.

It also provides for authority for the board to exercise and perform any other powers and duties assigned to it by the minister. So earlier when I was talking about another motion that had been brought forward by the opposition, I talked about the fact that there may be times when it's appropriate that the board be asked to hold hearings of some kind or other. It may also be appropriate that from time to time the minister will direct the board to conduct such a survey and to report its findings back to government, to the minister, through the annual report.

So the nature of this bill is that it is enabling. There are a lot of different things that we will in all likelihood encounter as we move down the road to reformed insurance. I think that this is something that is laudable and may well become one of the responsibilities of the board, but I don't think that it is necessary nor would it be particularly productive to include it in legislation. Heaven forbid that at some point in time we may not be wanting to compare ourselves to other western provinces because we're so far below them that it's no longer a laudable goal to have comparable prices to other western provinces. That's why the bill was designed the way it is. It gives powers to the minister to authorize the board to do certain things, but let's not handcuff the board with responsibilities that may or may not apply five years from now before we even get it started.

The Chair: The hon. Member for Edmonton-Riverview on amendment A5.

10:40

Dr. Taft: Thank you, Mr. Chairman. My comments are fairly brief. While I like this amendment in principle, I do have a concern with it. I would even consider an amendment to the amendment, but I don't suppose I'll proceed with that. My concern is with the phrase that reads, "The board shall conduct an annual examination of insurance rates in Alberta and other jurisdictions." It doesn't specify here which jurisdictions we're talking about. Are we meaning other provinces? Are we meaning other countries? It's simply too vague. It's of no value for Alberta to be compared to just any other jurisdiction. It needs to be more specific. So I see an amendment that has the right spirit behind it but is, in my view, a bit flawed in the execution and in the detail.

So those are my only comments on this amendment. Thank you, Mr. Chairman.

The Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Yes. In regard to amendment A5, as moved by the hon. Member for Edmonton-Highlands, I would be more than

considering supporting this amendment. I certainly would support it, and I would urge all members to support this amendment. Contrary to what the hon. Member for Medicine Hat has just suggested, I don't see this as a handcuff of the board in any way, shape, or form. I think this is increasing the scope of the duties and the powers of the board in a positive fashion.

Again, with the interests of consumers at heart, there are enough sweeping regulations dealing with a broad range of matters in this legislation. This is all about regulations, that the minister may do this or may do that. When one considers that we are contemplating here, Mr. Chairman, that in addition to the powers and duties of the board provided under subsection (1), "the board shall conduct an annual examination of insurance rates in Alberta and other jurisdictions to ensure that [automobile] insurance rates remain competitive," well, we could break that down into two examinations.

The first, of course, is within Alberta. We know what happened, but we don't know the reason why. We know we had four geographic zones at one time in this province. The city of Edmonton was being discriminated against by this government, and now we have, it looks like, three geographic zones. There is, essentially, the north, the rural south, and what we're going to have, the metro area. This amendment would give the board the opportune time and ample time to do an examination of these regions on an annual basis.

Now, when we look at Edmonton, metro Edmonton, as I understand it, will include St. Albert. It will include Sherwood Park. It will include Leduc. Does the same apply to Calgary? Do the bedroom communities of Calgary also fit in? For instance, let's pick the community of Okotoks. Is that classified with rural Alberta? With the acceptance of this amendment this board could examine those issues. We could see if rates are fair. We know that the driving habits and the driving patterns are different in rural areas than in urban areas of this province. I've been told that 20 percent of the drivers are in rural areas, 80 percent of the fatalities. Eighty percent of the drivers in urban areas, 20 percent of the fatalities. There are many, many issues that could be examined here.

The importance of this amendment could also help out businesses. Let's say, Mr. Chairman, that a business has a fleet of vehicles located in Edmonton for oil service work. Insurance costs with these zones – there could be a significant difference. If the entrepreneur moved the fleet to Grande Prairie, would there be substantial savings there? Or moved the fleet to Calgary or to Medicine Hat? What would the costs be there? I hope I can convince members to support this amendment because it certainly is a good one.

Now, there are a lot of pluses to this annual examination of insurance rates within the province of Alberta. A lot of pluses. I would have to ask: is this amendment just for passenger vehicles? Is it also going to be for commercial vehicles, farm vehicles? There is a difference; we all know that.

Now, doing a review of other jurisdictions' insurance rates to ensure that Alberta insurance rates remain competitive. Well, we know right now that they're not competitive. We know that. We know that from studies that have been done by the Consumers' Association of Canada. The most recent study would be in September of 2003. Would that help? Would it help consumers? It might make a government that's bent on continuing with a private delivery of insurance in this province, but consumers might be interested to know. So if there was a competitive examination of insurance rates let's say in the Canadian provinces – we could just, Mr. Chairman, consider Alberta. We have a compulsory minimum third-party liability of \$200,000. That is the same in B.C., Manitoba, New Brunswick, Newfoundland, the Territories, Nova Scotia, Ontario, PEI, but again the province of Quebec is different, with a \$50,000 compulsory minimum third-party liability which a guy buys with his

plate. Saskatchewan and the Yukon also have a \$200,000 minimum.

Medical payments. This is where consumers would love to know and would love to have a board that's looking after their interests to examine these issues. Now, for medical payments in Alberta it's \$10,000 for chiropractic, \$500 a person, a time limit of two years. In B.C. the same medical payment is \$150,000. In Manitoba there's no time or amount limit, and that includes rehabilitation costs. These are all comparative costs, and this is something this board could do with this amendment A5, Mr. Chairman. Now, New Brunswick has a \$50,000 personal time limit of four years on medical benefits. Newfoundland is different again; it's roughly half of that. The same with the Territories, the same with Nova Scotia. In Ontario medical payments are 10 times what they are in Alberta. In P.E.I. it's \$25,000. In Quebec no time or amount limit. Saskatchewan has over half a million dollars, and the Yukon has the same, oddly enough, as Alberta.

10:50

Now, funeral expenses vary across the country, Mr. Chairman, from \$2,000 in Alberta to \$6,000 in Manitoba, in Quebec \$3,700, Saskatchewan \$5,400, and in some provinces a thousand dollars.

Maximum disability benefits. In Alberta it's \$300 a week, 80 percent of gross wages. B.C. is almost the same. In Manitoba it's \$61,500 per year. In New Brunswick it's \$250 a week. In Newfoundland it's \$140 a week as it is in Nova Scotia and P.E.I. In Ontario, for instance, it's 80 percent of net wages to a maximum of \$400 a week. So these are all benefits.

Now, do we have the right to sue for pain and suffering? In Alberta if we were to look at an annual examination of insurance rates and what's going on in other jurisdictions, yes, at the moment. At the moment, but if this bill goes through, well, that's going to be restricted. That's going to change. B.C., yes. Manitoba, no. New Brunswick, yes. Newfoundland, yes. The Territories, yes. Nova Scotia, yes. Ontario, yes, with qualifications. I suppose if we were to have Bill 53 become law, it would be, yes, with qualifications, here. I guess that's how you could describe it. The province of Quebec, no. Saskatchewan, no. The territory of the Yukon, yes.

The right to sue for economic loss exceeding no-fault benefits. Currently in Alberta, yes. B.C., yes. Manitoba, no. New Brunswick, Newfoundland, Nova Scotia, and the Territories, yes. Ontario, again, yes, with qualifications. P.E.I., yes. Saskatchewan, yes; for economic losses that exceed no-fault benefits for loss of income, can only recover gross income losses exceeding \$56,855 a year net of income taxes.

So that would be one example of a comparison that could be used. We could look at the review, the 40 Canadian cities and 10 provinces, Mr. Chairman. The Consumers' Association of Canada auto insurance rates study did. To have an insurance board look after the interests of consumers like the Consumers' Association of Canada study is doing would be a real plus for Alberta consumers. It would be a real plus.

I think that this is a very good amendment, and I would encourage all hon. members to support this amendment. So with those remarks in conclusion, I would strongly urge all members to support amendment A5, as moved by the hon. Member for Edmonton-Highlands. Thank you.

[Motion on amendment A5 lost]

The Chair: Are you ready for the question?

The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. There's a

lot to discuss in this legislation, and every time an Alberta consumer gets a renewal increase in the mail or shops around for insurance and they have price shock – they realize that they don't have enough money for the insurance they want to carry – it will emphasize to all members just how important an issue we're dealing with here.

Whenever one considers that we had an overhaul in this Assembly of the Insurance Act in 1999 and very little of any of this, as I recall, was discussed, I don't think we can spend enough time examining this bill very closely and in detail.

Now, there are many improvements or repairs that can be made to this bill. I would have difficulty, in all conscience, supporting this legislation in its entirety. There are some good ideas in here but not enough to warrant supporting this legislation after one considers the overwhelming research that indicates that public insurance, public no-fault insurance, is the best alternative at this time in this province. We don't have to at this time because all hon. members know whenever you compare Manitoba, Saskatchewan, Alberta, and British Columbia what the logical thing to do in this province is, and that is to adopt public insurance.

Now, on the way here tonight I was listening to the debate, and hon. members on this side of the Assembly were accused of being socialists for wanting to promote and encourage this government to adopt public automobile insurance similar to what the Insurance Corporation of B.C. has, ICBC. I was surprised that hon. members on the government side could actually stand and accuse people of being socialists for encouraging them to adopt public insurance when this is the same government that has made no effort to sell off its own bank. This is the only jurisdiction, whether we're looking at the lower 48 states or the other Canadian provinces, that owns its own bank, and we have a lot to answer for for that.

How can we accuse one group of being wrong whenever they want to promote a publicly administered insurance plan, yet we fail to recognize that we own our own bank? And not only do we own our own bank; the government has been very sound and prudent in promoting the use of co-ops to distribute natural gas and electricity to rural Alberta consumers. We can distribute these essential commodities, these essential services, on a cost recovery basis unless there's some sort of plan – and I'm suspicious of that – by this government to eliminate slowly but surely those Alberta traditions that work, the rural gas co-ops and the REAs, which are on a cost recovery basis. Unless there is a plan afoot, Mr. Chairman, to do that, I do not know why someone would be so hostile and so closed minded to the idea of having public auto insurance.

11:00

The facts are there. Those organizations exist on a nonprofit basis and a cost-recovery basis only, and they're governed by the local citizens, who have their own interests and the interests of their neighbours at heart. It's a good idea. I don't think it should be attacked by this government, and I think the idea, the whole notion of self-reliance, working together co-operatively is what we need to do with auto insurance as well.

Now, I have some more ideas in regard to improving this bill. I think we're going to be stuck with it for a while. I don't think it's the right policy. I certainly don't think that, Mr. Chairman. We're going to have to work and do our best to improve it. One of the ways I think we can improve this is by proposing another amendment. If I could please have this amendment circulated. I should have had it to the chair earlier, and I apologize.

The Chair: Hon. member, would you like to move amendment A6 now, please?

Mr. MacDonald: Thank you, Mr. Chairman. I would like to move at this time amendment A6. This is an amendment to move that Bill 53, the Insurance Amendment Act, 2003 (No. 2), be amended in section 15 in the proposed section 654 by adding the following after subsection (1).

- (1.1) The Board shall ensure that the Board's telephone number, physical address, and world wide web address, if any, are included on every policy.

I would encourage all members to consider this amendment. I know that this government has pulled some of their information off their web site, the rate calculator that they had on there that they were trying to promote this proposed government policy on, but they got real cautious real quick. They got cold feet because the rate calculator proved to Albertans that this policy is not all it's being trumped up to be. It is not reducing auto insurance premiums for Albertans. Now, I don't know who pulled the plug on this web site. I know that we want to pull the plug on electricity deregulation. I don't know what orders were received from whom to shut this web site down, but it was. It has not been reimplemented.

Again, if a consumer – and let's put the consumer first – was dissatisfied with their insurance, how their policy was being processed, how claims, if any, were being processed, if they had any concerns about their rights, well, they could just simply look at their policy and they would know who to phone. Now, surely when this government can promote a consumer advocate for electricity and recognize earlier that there's a role for a consumer advocate in this proposed board, this would give the board an ideal means of communicating directly with the consumers. Any issues that were to come up, like skyrocketing premiums, the handpicking of clients, unfair treatment of consumers, they would know about immediately, Mr. Chairman.

[Mr. Snelgrove in the chair]

If a consumer was shopping around, they could go to the worldwide web address – and hopefully there will be one for this board – they could, for instance, find out all about the board. They could find out if there are any public hearings going on, if there are any filings for rate increases, and who is behind the filings. All this could be on the worldwide web address. To strengthen this board should be the top priority of this government.

Now, we look at what's going on. I'm not going to talk too long about the skyrocketing premiums, but let's put the consumers first. With this amendment a consumer will have access to information at their fingertips. We have to look at the issue of fairness here. The consumers won't have to wait to pull this insurance slip from their glove box and fumble around. The information will be there for them. We can with this amendment A6 make sure, Mr. Chairman, that we will put those interests first, and those are the interests of consumers.

Now, I'm sure there are members that are anxious to improve this amendment – and they can if they wish – if there's other information that should be on there, perhaps who is going to be on the board. I think, however, that in the interests of being concise, the telephone number, the address, and the web site address should be sufficient to provide consumers with direct access to the board that is going to be setting their rates and finally starting to regulate the insurance industry in this province, putting the interests of consumers first.

With those comments, Mr. Chairman, I will cede the floor to another member of this Assembly. Thank you.

11:10

The Acting Chair: The hon. Member for Medicine Hat.

Mr. Renner: Well, thank you very much, Mr. Chairman. I'd like to just address this proposed amendment brought forward by the hon. Member for Edmonton-Gold Bar. I think it falls into a similar status to the last amendment that we dealt with. There already is ample regulation-making authority within the bill. If this type of information should become necessary, then there's nothing that prevents that information from being required on policies elsewhere in the act, not necessarily in the sections we're dealing with under Bill 53. There is regulation-making authority to determine what information and how the information should be presented on insurance policies.

I also want to draw the members' attention to section 661.3. This is a new section that has been added to the act. It authorizes regulations to create a dispute resolution system to handle consumer complaints in the areas of premiums, availability, and fault determination in respect of automobile insurance. So I would suggest to the member that if the new section that's part of this act is going to be effective, it will obviously be necessary that consumers be made aware of it, and I'm sure that there will be ample opportunity for consumers to know what the process is for them to either lodge a complaint or to find out information from this agent.

So, again, I think this is a redundant amendment, and I urge all members not to support the amendment.

The Acting Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. I will be very brief, but we have been operating to date in this province with a regulatory process for automobile insurance. We have been operating to keep the consumers in the dark. There is nothing the matter with making public the board's term of reference for deciding rate increases through this amendment, requiring board procedures and meeting dates and locations to be made public, and allowing the public access to this information.

This amendment gives the public the ultimate in access if they wish. Through this amendment we can make available to all consumers the full schedule of rates filed with the board, as I said, by the insurers. We can post all auto insurance information for the public on the web site. This amendment will give consumers of automobile insurance products complete access to the board. Let's be open and accountable and transparent here.

Thank you.

[Motion on amendment A6 lost]

The Acting Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I have an amendment which I would like to propose, and I'll provide that to the table and to all hon. members.

The Acting Chair: This will be amendment A7.

Mr. Mason: Thanks, Mr. Chairman. I move that Bill 53, the Insurance Amendment Act, 2002 (No. 2), be amended in section 15 by renumbering the proposed section 657 as section 657(1) and adding the following after subsection (1).

(2) Prior to making any regulations respecting discount and surcharge rates, the Lieutenant Governor in Council must seek input through public consultation.

Mr. Chairman, again, the political goals as enumerated by the Premier and the legislation are not in congruence. The legislation doesn't say what the Premier said. I think that it's important that we make sure that there is public consultation built into the act. This is important.

When you have the rate-setting process – the government has said

that they are going to have a starting default rate for new drivers and that they're going to allow people to earn discounts through a period of accident-free, offence-free driving, and they also have made it clear that they want to punish bad drivers. Frankly, Mr. Chairman, just as an aside, punishing bad drivers was never the initial intention. I think it's fair to charge bad drivers more, but it's not a section of the Criminal Code, so punishment is maybe not the right term. The government is going to allow drivers to work their way toward lower rates or, alternatively, hit drivers with a bad record with higher rates.

In principle there's nothing wrong with that, Mr. Chairman, but the concern that we have is that certain drivers under the current free enterprise or laissez-faire system – the unregulated free enterprise system that has failed so miserably charges exorbitant rates to certain categories of drivers, that being the elderly and male drivers under 25. The government is quite rightly putting an end to this kind of discrimination. They should put an end to the discrimination against Edmonton as well, but they've chosen instead to phase that out over a period of time, which makes Edmontonians feel bad. They feel bad that they're discriminated against by this government when the government won't even allow discrimination on the basis of age or gender. But I guess that discrimination against Edmonton is not unheard of in the government.

So the question is: who is going to pay if it's not young male drivers and if it's not senior citizens and, eventually, if it's not Edmontonians? Who's going to make it up? Well, by the sounds of it, it's going to be people who've had a couple of fender benders. They're the ones that are going to get hit with the really big rates because, of course, we have to continue to pay a premium to the insurance company so that they can take our money and invest it in the stock market. That's free enterprise, I guess, Mr. Chairman.

I just want to indicate that the problem is that if they just transfer the victim from being young male drivers under 25 to people that have had a couple of fender benders, with no regard as to the actual costs that are necessary to support the system, then it's just gouging but gouging a different group.

11:20

So it's important, in our view, that the cabinet should have some public consultation. We know that the government likes to have consultation in different forms. Normally it's in the form of a questionnaire; for example, the one that was referenced yesterday by the hon. Premier about the Wheat Board. It's clear, Mr. Chairman, that in that case there's a distinction between the kind of consultation favoured by the government and the expressed democratic will of Alberta farmers as expressed through their votes for the Wheat Board. So not all consultation is valid, and that's a good example of: if you ask the question in a certain way, you'll get the answer you want. That's why we have the wide range in views between the government's so-called consultation questionnaire and the expressed views of farmers.

[Mr. Tannas in the chair]

Now, in this case public consultation is not defined, and I'm thinking that maybe we should have defined it a little more tightly, Mr. Chairman, so that we don't have that kind of questionnaire that goes out. But listen; any kind of consultation by this government would be a step forward. This amendment will provide the opportunity for the government to actually ask the public before they set the regulations for discounts for good drivers and surcharges for bad drivers.

So I think it's a good idea, and there's no reason, in our view, at all not to put requirements for public consultation into legislation,

because the facts show that when it's not put in the legislation, the government doesn't do it, or they only do it when they've got some other motive, such as undermining the Wheat Board.

Mr. MacDonald: Selective hearing.

Mr. Mason: They could have selective hearing. The hon. Member for Edmonton-Gold Bar has suggested that that could very well be possible.

I know that the government likes to consult when they want to have something changed that they've already kind of decided to do. For example, we've seen consultation on the heritage fund of a sort – questionnaires is what they do – or on the Wheat Board. So why not put it in the legislation and make it mandatory for the setting of our car insurance rates? Clearly, Mr. Chairman, the record of the government on consulting with the public on auto insurance could be improved. I believe it could be improved. It could be somewhat better. Any amount of public consultation on car insurance at all would be an infinite increase in the amount of public consultation.

So I urge members to support this particular amendment so that we make sure it actually occurs, and I'll look forward with interest to the comments of other members to my amendment, Mr. Chairman. Thank you very much.

The Chair: The hon. Member for Medicine Hat.

Mr. Renner: Well, thank you very much, Mr. Chairman. It's a pleasure for me to address the amendment proposed by the Member for Edmonton-Highlands. Again, I think we're dealing with an amendment that is unnecessary, that has already been committed to by the government. I can remember that at the time the press conference was held with respect to the introduction of this bill, I made it very clear that there was a lot of work to be done on this bill in the development of the regulations, and at each step along the way there was a commitment from the government to inform the public of what the nature of the discussion is and to encourage the public to provide input into that discussion.

I think it's also somewhat mischievous that the member would choose to specifically reference public consultation with respect to discount and surcharge rates when, frankly, I think that there are numerous other areas where I would suggest the public probably would want to be more involved than in this particular area, and I speak in particular of the regulations that are to be developed with respect to protocol for the diagnosis and treatment of injuries. There are a number of regulations that need to be developed to implement this legislation, and I think that it would probably be very short-sighted of this Legislature to consider passing an amendment that would restrict that public consultation only to one particular, very small, very specific area of the regulation development.

So, again, Mr. Chairman, the government is on public record as committing itself to public consultation in the development of the regulations, and as such this amendment is unnecessary.

[Motion on amendment A7 lost]

The Chair: The next speaker is the hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I, too, would like to introduce an amendment this evening. Perhaps I'll have it distributed, and I'll speak to the part of the bill that it amends as it's being distributed.

We go to section 655 in the bill, where we talk about the annual

report that will be required by the Insurance Amendment Act. It's a little weak in some of the detail provided, Mr. Chairman, and we're taking a look at strengthening the requirements here. I think these amendments proposed will be very beneficial in terms of making the annual report actually effective and helping to make the information there accountable.

As section 655(1) reads now, it talks about the annual report: "the Board must make and submit to the Minister an annual report on the operations of the Board." In our amendment in the first section, in subsection (1), we want to add "not later than March 31 in a given year" after "operations of the Board." This is an amendment that I'm moving on behalf of the Member for Edmonton-Gold Bar.

The Chair: We'll call this amendment A8.

Ms Carlson: Yes. A8.

We think that it's very beneficial to give a time line to when the annual report should be filed. That's a normal requirement for most organizations. They have a year-end, they have a deadline for filing, and there's no reason why this board should be any different than any other organization in that regard. It's just tightening up the accountability and the responsibility. That's what happens here.

Then if you look at 655(2), it says that "the Minister must lay the report before the Legislative Assembly if it is then sitting or, if it is not then sitting, within 15 days after the commencement of the next sitting." We're adding the following after subsection (2) as subsection (3). It says that "the annual report shall contain information regarding any approved premium rate changes for all classifications of automobile insurance." So that would be similar to adding management notes or other disclosure information in other normal annual statements.

Because the rate issue is the most important issue to consumers, it's certainly going to be one of the most important issues for anybody reading the annual report, and particularly since the government defeated our amendment that talked about having their meetings part of the public record, this is going to be the only opportunity for people to review the actions of this particular board. We feel that it's really important that particularly approved premium rate changes for all classifications be included in the annual report. It can be a footnote; it can be something more substantial than that. We're not specifying that, just that it be included in the report.

So I do urge all members of the Assembly to consider this amendment and support it.

11:30

The Chair: The hon. Member for Medicine Hat.

Mr. Renner: Thank you, Mr. Chairman. Having just had an opportunity to read the amendment, I would like to make a couple of observations and comments. With respect to the annual report it's common practice that any government agency that is required to file an annual report do so in a timely manner. So, again, I don't think that this suggested amendment is necessary. Obviously, if the legislation requires an annual report, then it will also be understood that it will be filed in a timely manner.

As for the second part of the amendment I meant to actually raise the point earlier, but it certainly comes much more into focus when we look at the suggestion that "the annual report contain information regarding any approved premium rate changes." There have been comments made by members of the opposition that indicate that they're still stuck in the mind-set of the old world and they haven't quite comprehended the fact that we're taking a gigantic leap forward and that no longer will this board be a rate approval board.

They talk about making representations to the board for rate changes. I'll remind members once again that the proposal that is before us in Bill 53 establishes a rate-setting board. The board is responsible for gathering relevant information, analyzing that information, and setting rates. There will not be a process for the board to receive application for rate increases. It will be the responsibility of the board to set the rates based upon relevant information that is provided to them under their authority to gather that information, and they will then be responsible for setting rates, not approving rates, and I think all members need to keep that in mind.

Therefore, again, Mr. Chairman, I believe this amendment to be unnecessary.

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. Well, I assume that the board will be providing an annual report, and I presume that it's going to be in a timely fashion. So on those points I don't disagree with the hon. Member for Medicine Hat. But what's going to be in the report, and how do we know that the board is going to be operating in the interests of the public? How are we going to know if it's not specified that it be included in their annual report?

I think there's a real danger with this board. I understand what the hon. Member for Medicine Hat is saying in terms of this board being quite different and being a more proactive board, something that actually scopes out what the rates should be and actually sets them, but we don't know that the board is going to do that efficaciously, whether it's going to do it in the interests of the public. We're not sure how the board is going to make the decisions and whether or not we might get back to the situation where the board will be setting the rates in a way that favours the insurance companies at the expense of the consumers, and this is the big risk as far as I'm concerned. There's nothing in the act that I have seen that guarantees that consumers' interests are going to be predominant.

Every time an amendment is proposed that would have that effect, the hon. Member for Medicine Hat stands up and says that it's not necessary. Well, I beg to differ, Mr. Chairman. I think it is necessary that we put some boundaries around that board that ensures that it acts in a transparent manner or in a transparent manner as possible and that it acts in the interests of consumers rather than insurance companies. So I'm certainly going to support the amendment made by the hon. Member for Edmonton-Ellerslie on behalf of the hon. Member for Edmonton-Gold Bar.

Thank you, Mr. Chairman.

[Motion on amendment A8 lost]

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you, Mr. Chairman. I have an additional amendment which I will provide to the table and to members of the Assembly.

The Chair: The hon. Member for Edmonton-Highlands to move.

Mr. Mason: Thank you very much, Mr. Chairman. I move that Bill 53, Insurance Amendment Act, 2003 (No.2), be amended in section 13 in the proposed section 650.1 by adding the following after subsection (3): "(3.1) Prior to defining minor injury in the regulations, the Lieutenant Governor in Council must seek input through public consultation."

The Chair: This will be called amendment A9.

Mr. Mason: Thank you, Mr. Chairman. This is similar to amendment A7, which would have required the Lieutenant Governor in Council to seek input through public consultation when making regulations respecting discount and surcharge rates.

Now, the hon. Member for Medicine Hat said that we shouldn't just do it for this one thing, that there are other areas where we ought to have public consultation, so I just worked really quickly in the last 10 minutes to get this amendment ready. No, that's not true. I had it all along. I just want to indicate that the question of minor injury is critical, and the government has been less than clear about what a minor injury is going to be.

Here's the big rub. We've seen the big battle that's been played out in the newspapers and in the Tory caucus, not between the insurance industry and the public but between the insurance industry and the accident lawyers. This has been tremendous. I've enjoyed it, Mr. Chairman. I've enjoyed seeing the battle of the ads in the papers and so on back and forth between the injury lawyers on the one hand and the big insurance companies on the other. Over \$1.1 billion in insurance company profits in Alberta – you know, those little dollar bill things that look like a Lotto 6/49 ad. They've been on the front page of all the papers for weeks.

So here's this battle that's been played out, and what has it been about? It's been about putting caps on personal injury awards. It's of tremendous importance. It's here that the insurance companies hope to pay for any costs that might be incurred by the government regulating their industry, and it's here that the injury lawyers make their money, and their livelihoods are at risk. So it's very important to both of those parties, Mr. Chairman, and therefore it's been a real battle in the Tory caucus too. Which special interest is going to prevail? This is important stuff, but of course the question also affects the public, and that's where the New Democrats come in. So we want to make sure that the public gets consulted because it may well be that the government wants to pay for any cost savings in insurance premiums by limiting what you get in return for those premiums, and that is by putting a cap on personal injury awards.

11:40

It's a bit of a shell game, Mr. Chairman. On the one hand, we can give you slightly lower rates, but you're also going to get less for those rates. The public is very concerned that they're going to lose out and that they're going to get a cheaper product but a reduced product as well. I think that's a big issue for the public as well as the special interests. So given that the government has yet to say exactly how they're going to deal with this, it's important that there be public consultation so that people's rights are not taken away in order to finance somewhat lower rates that the government will permit the insurance industry to charge.

In respect of that, Mr. Chairman, this amendment is made, and it would require the cabinet to talk to the public, to consult with the public, before they define a minor injury in the regulations. I thought I heard one of the members – I think it was the hon. Member for Medicine Hat – say that the government would be consulting with Albertans on the regulations, in which case this amendment will not interfere with the government's plans in any way, but it might have the effect of making them keep a promise that they apparently have made. So I urge all hon. members to support this amendment.

Thank you, Mr. Chairman.

The Chair: The hon. Member for Medicine Hat.

Mr. Renner: Thank you, Mr. Chairman. Well, the Member for

Edmonton-Highlands has actually just pretty much summarized my comments for me. He made reference to comments I made earlier about a commitment that the government has made to seek public input throughout the development of regulations, this being no different than any of the others, and my response would be the same as it was to his previous amendment, that this amendment simply is not necessary. The government is on record as committing to public consultation, public input in the development of all regulations related to Bill 53.

The Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Yes. At this time I would like to rise, Mr. Chairman, and urge all hon. members to support amendment A9. Certainly, selective public consultation by this government has to be changed, and we have to have thorough public consultation like the hon. Member for Edmonton-Highlands states in this amendment.

When we put so much faith in the regulations of this legislation, that “the Lieutenant Governor in Council . . . seek input through public consultation” is a very good, sound idea, and it would promote good public policy. It’s the best that can be done. The hon. member, I believe, is trying to improve the bill, recognizing that so much of this is going to be done through regulation. It’s the best of a very bad situation. There’s absolutely nothing the matter with public consultation. There should have been a public consultation process in the development of this bill. There wasn’t, but it’s not too late to start, and I would urge all hon. members to please support A9. Thank you.

[Motion on amendment A9 lost]

The Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. As we continue with the debate this evening on Bill 53 in committee, one must have an examination of the potential effect of this bill on consumers and on auto insurance, and we have to be very, very careful when we’re talking about putting a cap on nonmonetary damages, as they say, for minor injuries. We essentially are leaving the definition of minor injuries up to regulation, but in other jurisdictions there have been studies done that indicate that this is not going to work. Now, there are conflicting reports about just exactly how this will work. Are we going to now add a lot of costs to the accident benefits category? If we were to put this cap on, will costs just be transferred to another portion of the policy? As the hon. member states, is it a shell game? Now, I have yet to be convinced that it is not.

In Nova Scotia these reforms, these changes, they think, may actually end up increasing costs. Is that what’s going to happen here? There doesn’t seem to be savings. The same sort of ideas have been attempted in the province of Nova Scotia, and it doesn’t seem to have that much potential for savings.

Now, perhaps we have in this province a study done to show exactly how much is going to be saved. I haven’t seen it yet. I haven’t even seen the KPMG actuarial study that so much of this bill, as I understand it, was based on. I had to use the freedom of information law to try to receive that information, and to date I have been unsuccessful. Hopefully, that will be my Christmas gift from the government: a return of my FOIP request and the KPMG actuarial study on this legislative process.

Mr. Mason: You’re only going to get a lump of coal.

Mr. MacDonald: Well, I could get a scuttle of coal, but certainly with electricity deregulation not working as well as planned, that coal could come in real handy, real handy. That could be the best Christmas gift a person ever gets in light of what’s gone on with electricity deregulation.

Mr. Chairman, another matter of great interest and great concern in regards to this bill is the setting of insurance rates by different regions of the province. We had the four, as I said earlier, and gradually it’s going to be reduced to three. The discrimination against the motorists in this city is going to be, as it was described, phased out, and no one has explained to this hon. member or anyone that lives in my neighbourhood why we should pay more. No one has explained that.

At this time I would like to ensure that Edmonton drivers are not discriminated against or subsidizing the auto insurance premiums of other drivers across the province, and I would like to proceed with another amendment to Bill 53, Mr. Chairman.

11:50

The Chair: Hon. Member for Edmonton-Ellerslie, are you wanting to speak to the amendment, or do you want to move the amendment?

Ms Carlson: I want to speak to the amendment.

The Chair: Okay. Hon. Member for Edmonton-Gold Bar, would you move amendment A10?

Mr. MacDonald: Thank you, Mr. Chairman. Now that we’ve had time to circulate it in the Assembly, I would be pleased to move that Bill 53, the Insurance Amendment Act, 2003 (No. 2) be amended in section 15, (a) in the proposed section 656 by adding the following after subsection (2): “(2.1) Geographic location must not be a factor in determining premiums for basic coverage,” and (b) in the proposed section 660 by adding the following after subsection (2): “(2.1) No insurer may use geographic location as a factor in determining premiums for additional coverage.”

I think this is an amendment that should be supported by all members of this Assembly. We had the discussion earlier. There was no rhyme nor reason why Edmonton drivers should be paying higher premiums than other areas of the province.

People are talking about how unsafe Edmonton drivers are, and one only has to look at the Alberta traffic collision statistics for 2002. There’s no mention of that in here. This document would be from Alberta Transportation, and it was compiled in a building not too far from here. I would think that if there were greater hazards in metro Edmonton, then certainly it would be mentioned in here. This is a comprehensive study on the traffic collisions in this province, the collision occurrence by month, by day of the week, by time period, even by holiday period, and the age of the casualties, unfortunately. But there’s no mention that I see of a significant difference between, let’s say, Edmonton or Calgary. There are differences between urban and rural areas as far as fatalities go, but to simply just discriminate against one area I don’t think is fair.

In the original proposal where we had St. Albert and we had Sherwood Park and Edmonton in one group, in one metro area, certainly there’s going to be a longer commute within that zone. The same did not apply to other areas. I don’t think that’s fair. Edmontonians didn’t think that was fair.

I encourage all hon. members that represent constituencies in this city to stand up and speak out and support this amendment because we do not want to see discrimination by this government toward the city of Edmonton in any way, shape, or form in Bill 53 or, as a matter of fact, in any government policy or any government legisla-

tion. We have to lock into this bill the fact that Edmontonians should not be treated unfairly, and this amendment A10 will do that.

So in light of the hour, Mr. Chairman, I would urge all hon. members to consider this amendment and vote for it, please.

The Chair: The hon. Member for Medicine Hat.

Mr. Renner: Thank you very much, Mr. Chairman. I would like to address the amendment that's currently before us. Hon. members are well aware that this issue of geographic risk has been an issue of much public debate of late. I want to emphasize to all members that the bill that's before us is a bill that allows us to transition from a highly statistically based system to a reformed insurance system that strikes a balance, removes some of the statistics and the predictive type of statistics from the rating base, but the nature of the beast is that there are still some predictors that are relevant to keep in mind. Even in the public insurance havens that the opposition members are so fond of, these kinds of geographic distinctions continue to play a role. The government has indicated that it is the intention to phase out the differences between the metropolitan areas of Calgary and Edmonton over a period of time.

But I want to emphasize and the member talked about there not being a statistical difference in the number of accidents. The difference in rating is not based on the number of accidents, but it's based on the cost of settling the claims, the average cost of claims per vehicle insured. So it's very straightforward. There were X number of vehicles insured within this region, the total claims that were paid out were Y, and therefore it's very simple to calculate what the average cost per vehicle was.

That's what has historically been used by the industry, and the government has indicated the intention to over time blend the rates of the metropolitan areas within the province. To blend the rates across metropolitan and nonmetropolitan would be very difficult, to say the least, and still maintain any semblance of having insurance under the new regime cost-effective with respect and comparable to insurance under the existing system. So I cannot recommend that we accept this amendment.

As for the second part of the amendment, that suggested that geographic location should not be used "as a factor in determining premiums for additional coverage," I'm assuming that the member is referring to coverage for optional coverage such as collision. Just to remind the member and all members that it is not the intention of this bill to regulate the rates for optional coverage. However, the bill does provide for what is called a file and use and requires the rate-setting board to monitor the rates for optional coverage and report to the minister if rates for any particular company seem inappropriate given the circumstances.

Again, I urge members not to support this amendment.

12:00

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I strongly support this amendment, and in the event that there's a division on this amendment, under Standing Order 32(2.1) I would ask for unanimous consent from the Assembly to shorten the bells to one-minute intervals.

The Chair: Having heard the motion, all those members who concur with the motion to shorten the bells to one minute, please say aye.

Some Hon. Members: Aye.

The Chair: Those opposed, please say no.

Some Hon. Members: No.

The Chair: The motion is carried.

The hon. Member for St. Albert, who has tried a number of times to get up.

Mrs. O'Neill: Mr. Chairman, I just wanted to make one brief point, and while I don't like the discrimination against the capital region rates that is there, I want to say that a constituent sent me a message to inform me of how traditionally there has been a differential between the rates charged in different regions. One of the reasons that he commented on was the fact that not only as a group are there more accidents that must be addressed, but he also said that the cost of repairs in most instances is higher in this particular area.

So it isn't just that capital region, or Edmonton, drivers are poorer drivers. The fact is that there are a number of factors that contribute to the traditional differential of costs, and while I don't like this, I am pleased that we will transition it so that it will become equal in a rather short time.

Thank you.

The Chair: Before I recognize the hon. Member for Edmonton-Rutherford, in order to change, we have to have unanimous consent, and in the last vote we did have some noes. So it is in fact not carried but defeated.

The hon. Member for Edmonton-Rutherford.

Mr. McClelland: Thank you, Mr. Chairman. I wanted to follow up on the comments with regard to the geographic distinction made by the members for Medicine Hat and St. Albert. I, like I'm sure most Albertans, probably was not aware of the fact that a geographic differentiation existed in the first place. The fact that the geographic distinction will be removed over a three-year period and equalized I think is a very elegant resolution of a very sticky problem. As the Member for St. Albert said, when we learned of this, it was not something we were very happy about. It had to be corrected, and it had to be corrected in a way that did not unfairly impact on other geographic areas.

I want to commend the Member for Medicine Hat for bringing this very elegant solution to the table, and I encourage colleagues to defeat this amendment.

The Chair: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thanks very much, Mr. Speaker. I just want to thank the Member for Edmonton-Gold Bar for sticking up for Edmonton and bringing forward this resolution. I'm glad somebody did it, and I'm looking forward to the rest of my colleagues representing Edmonton constituencies in their support for this.

I urge everyone, not only Edmonton MLAs but all members, to support amendment A10. Thank you.

The Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I think the hon. Member for Medicine Hat eloquently spoke to the reason why it's difficult to take out the geographic discrimination in rates that currently exists in every driver's policy now and the profound attempt that the government will make, in fact the commitment the government has made, to take out that geographic discrimination over three years.

But I really rose, Mr. Chairman, to again seek unanimous consent of the House to shorten the bells if we have a division. I spoke with the Member for Edmonton-Highlands, and he raised the concern that he hadn't been consulted on the request. That's an appropriate

concern to raise. Sometimes I forget to include the third party in discussions. In this particular case it wasn't my motion, but I think if we ask the question again and all members were interested in the hour, we might get unanimous consent. I'd request you do so.

The Chair: The hon. Government House Leader has moved that the committee reduce the bell time to one minute.

[Unanimous consent granted]

The Chair: Are you ready for the question?

Some Hon. Members: Question.

The Chair: Okay. The question has been called. Amendment A10 as moved by the hon. Member for Edmonton-Gold Bar.

Hon. member, you're standing. I don't know why.

Mr. Mason: Because I wish to speak to the amendment, Mr. Chairman.

The Chair: Oh. A little late in the game, sir. The question has been called. When I began into the thing – I try not to rush them – and looked, there was no one standing and no one prompting to stand, so we call. To stand after the call is made is not on. So we'll try it again.

Mr. Mason: Thank you.

The Chair: We are on amendment A10 to Bill 53 as moved by the hon. Member for Edmonton-Gold Bar.

[The voice vote indicated that the motion on amendment A10 lost]

[Several members rose calling for a division. The division bell was rung at 12:07 a.m.]

[One minute having elapsed, the committee divided]

[Mr. Tannas in the chair]

For the motion:

Blakeman	Carlson	Mason
Bonner	MacDonald	Massey

12:10

Against the motion:

Abbott	Dunford	Magnus
Ady	Goudreau	Marz
Amery	Griffiths	McClelland
Boutilier	Hancock	Melchin
Broda	Hlady	Oberg
Calahasen	Horner	Renner
Cenaiko	Jacobs	Snelgrove
Danyluk	Knight	Strang
DeLong	Kryczka	Taylor
Doerksen	Lord	VanderBurg
Ducharme	Lund	

Totals:	For – 6	Against – 32
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[Motion on amendment A10 lost]

The Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. You know, I want to indicate that one of the laudable parts of Bill 53 is the fact that it has eliminated discrimination in the setting of rates based on gender and based on age, and this kind of discrimination has been going on for a long time. It's something that I get asked about by school classes very often in the School at the Legislature. You know, it's a good subject for discussion with the children because they can sort of understand the issue.

You say: well, do you know that boys get charged more for insurance than girls do? The girls love that, and the boys are quite indignant. Then you sort of explain why. It's that as a class young men up to 25 have a much higher accident rate, and young women have a much lower accident rate. Well, you know, the boys are quite indignant about that, Mr. Chairman. Then you say: "Well, it's because boys are, generally, as a group more careless. They speed more, and they take more chances, so they have more accidents." Then they feel a little better, I guess. I don't know why that is exactly.

Then you ask the children the question: is every boy more careless than every girl? Is every boy a bad driver, and is every girl a good driver? You know, it's late, and I'm trying to make it understandable for some of my colleagues opposite. So then they say: well, no, not every boy is going to be a bad driver, and not every girl is going to be a good driver. So then I ask the question: is it fair that every boy should have to pay higher premiums than every girl? It's not universal, but by and large the kids get it. These are kids in grades 5 and 6, by and large. So they're 11 or 12 years old. They have an understanding, then, of how making broad statistical groupings as a basis for insurance policy is wrong, how it's not fair, how it operates against the principle of individual responsibility.

I know that this is an important principle to my Progressive Conservative colleagues and probably to my Liberal colleagues and certainly to me. Personal responsibility. So you shouldn't be charged because others in your class of policyholders statistically have a higher accident rate. That's, I think, where we've all arrived now, Mr. Chairman, on the basis of gender and on the basis of age. The same arguments exactly can be made for our senior citizens. Not all senior citizens have a higher accident rate, so you shouldn't be charged a higher rate.

However, what bothers me about this bill is that it does allow that sort of discrimination based upon geographical location. I know that in the previous discussion and not only in the previous debate on the last amendment but generally with respect to this debate on the bill as a whole, the argument has been made a number of times by government members that it's somehow more difficult to phase out discrimination based on geographical location than it was based on age or gender. Quite frankly, Mr. Chairman, that's a load of fertilizer, to put it in parliamentary language. The government could have as easily eliminated discrimination against Edmontonians as they did against senior citizens or as they did against young male drivers, but they chose not to. Why not? That's what I'd like to know, Mr. Chairman.

I hope that all members who represent Edmonton will stand up for Edmonton literally as well as figuratively. You know, when you line up all the Edmonton MLAs to see if they're prepared to stand up for Edmonton, you see a lot of empty space. To their credit the Liberal MLAs stood up for Edmonton. The New Democrat MLAs have stood up for Edmonton. But where are the Tories on this question?

Mr. McClelland: Point of order.

The Chair: The Member for Edmonton-Rutherford on a point of order. Do you have a citation?

Mr. McClelland: The Member for Edmonton-Highlands well knows, as does everyone in the Chamber, that . . .

The Chair: Do you have a citation, hon. member?

**Point of Order
Clarification**

Mr. McClelland: Twenty-one. It is not appropriate to refer to either the presence or absence of other members.

The Chair: The hon. member does not have to respond to that. Time allocation is the point of Standing Order 21, and that's hardly relevant in this case, so if the hon. member would continue, we'll take that as an attempt at clarification.

Debate Continued

Mr. Mason: Well, I could give a brief speech on closure if you wanted, Mr. Chairman, but I think I'll go back to the issue. You know, I wasn't attempting to draw attention to members' absence in the Chamber, but with a standing vote it will be very apparent who did stand up for Edmonton and who didn't because it'll be recorded in *Hansard*.

Mr. Chairman, if I can just go back to my comments with respect to this bill. I just think that it's wrong. There are so many things that have happened. Edmonton, of course, lost a seat, and that was a subject of quite a bit of political discussion. Then more recently there was an ATCO application that quickly, within two days, changed in order to increase gas rates in Edmonton so that they didn't jump so much in Calgary, and this was the subject of a question that I raised in this Assembly. The question is, you know: what is it about this government, and why is it okay to consistently not place Edmonton's interests on the same level as Calgary or other parts of the province? It's a repeating pattern, and I want to get it on the record. I'm very, very concerned that not all Edmonton MLAs seem to be fighting as hard as they might for this city and its citizens.

12:20

Now, if I could move on to another issue, Mr. Chairman, it has to do with the question of whether or not consumer interests are properly represented in the dispute resolution mechanism, and there's nothing here in this part of the bill that specifies that consumer representation would be paramount in the deliberations of the board as a whole and particularly not in respect to the question of dispute resolution, and as such I have an amendment which I wish to propose, and I will send it to the table and other members and speak to it in a moment.

Some Hon. Members: Question. Question.

The Chair: There is no question. There's a motion.

Hon. Member for Edmonton-Highlands, will you move amendment A11, please?

Mr. Mason: Thank you very much, Mr. Chairman. Members will be pleased to know that this is the last amendment that I have this evening. [some applause] I'll do anything for applause. Thank you.

Mr. Chairman, I move that Bill 53, the Insurance Amendment Act, 2003 (No. 2), be amended in section 18 in the proposed section 661.3 by adding the following after subsection (2): "(3) Any dispute resolution mechanism established under this section shall include

majority representation from consumer interests and policyholders."

Just to speak to that, Mr. Chairman, I think that one of the biggest differences between what the government is proposing and existing public insurance schemes in the other three western provinces is the fact that they are operated and managed in the interests of the policyholders primarily. There is no other interest there. There is no competing interest other than the policyholders, who all have an interest in low rates, good coverage, and traffic safety, and those things are not contradictory.

But the scheme that the Alberta government is proposing will retain other competing interests besides the policyholders, and the main interest is going to be the insurance industry itself. There's going to be a conflict, there's going to be a struggle between the interests of the insurance industry, that would like to have higher rates so that they can have higher profits, and the policyholders, on the other hand, who would like to have lower rates. Similarly, there's going to be a conflict between the insurance industry and the awards and the payouts that they want to make because they want to minimize those and the policyholders want to maximize those.

So there's a built-in conflict in the system that the Alberta government is proposing which does not exist in public auto insurance, and it's going to be a real problem. I can just see it. It's going to carry on creating conflict and pressure on both the government and on the insurance board, and the question is: how will it be resolved?

Well, the only way to resolve it, in my view, Mr. Chairman, is in the interest of the policyholder and the consumer of insurance. Otherwise, we'll have no advantage. We'll be at a disadvantage relative to public auto insurance because, of course, the insurance industry will want to move rates up and move payments down. We are being quite clear about this. We're not hiding it at all. We want the consumer's interest and the policyholder's interest to predominate, and particularly we want it to predominate in disputes. So the amendment places a dispute resolution mechanism with a majority representation from consumer interests and policyholders, and we hope that that will go a long way towards making the Alberta scheme operate in the interest of the consumers rather than the insurance companies.

Without this, we believe that eventually, once again, notwithstanding all the reforms that the government is proposing, consumer interests will come second to the interests of the insurance industry, and as a result we'll eventually see higher rates than we need to pay and we will see attempts to further limit payouts and awards. So I think all members should look very carefully at this amendment and support it so that we can ensure that the consumer remains king.

Thank you, Mr. Chairman.

The Chair: The hon. Member for Medicine Hat, followed by the hon. Member for Edmonton-Gold Bar.

Mr. Renner: Thank you, Mr. Chairman. I want to just make a couple of quick comments about the proposed amendment. I find it somewhat surprising that the member would suggest that a dispute mechanism should not be a neutral kind of an organization. It's somewhat like saying: I want to set up a dispute mechanism to resolve disputes in a sporting contest, but I insist that the majority of representatives in that dispute resolution process be from one side and not the other.

The essence of dispute resolutions, Mr. Chairman, is that the process be neutral and not be favouring one side or the other. I think that that applies in this case, and it applies in many other dispute resolution mechanisms. So I think it would be a mistake for this Assembly to insist that a dispute mechanism process be predeter-

mined at the outset and predisposed to making decisions in favour of one side or the other. That would bring into question, I think, the credibility of the organization.

The Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. Could I cede the floor to the Member for Edmonton-Highlands, who would like to respond to the comments from the hon. Member for Medicine Hat, before I enter debate, please?

The Chair: We normally don't have such a thing as ceding. We're in committee, and you can speak as long as you don't succeed yourself. If you wish to sit down and the next person pops up . . . Edmonton-Highlands. The hon. member may speak.

Mr. Mason: Surprise, surprise, Mr. Chairman. Well, I just wanted to say that given the history of the government appointments to the existing rate-setting/rate approval board, you know, we don't have confidence that there's going to be neutral appointees. Don't forget that 145 out of 147 applications made in private at nine meetings in the year 2002 were approved by this group, so that's not neutral, and those are government appointments. So without some language in the act we have no confidence that the government is actually going to appoint neutral people.

The Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. In regard to amendment A11, as moved by the hon. Member for Edmonton-Highlands, any form of a dispute resolution mechanism established under this section is, again, in the interest of consumers. How should we improve the efficiency of administration, increase the use of alternative dispute resolutions to resolve matters whether they're between policyholders or consumer interests?

12:30

One has to pay heed to the paper that was put out by the Faculty of Management, University of Calgary, in June of this year. Norma Nielson and Anne Kleffner, both with PhD degrees, have made some interesting recommendations to fix Alberta's auto insurance system. I don't know if they were involved in the consultation process around Bill 53. I suspect not, but hopefully I would be proven wrong by members opposite, because certainly some of the ideas that they had presented – and I think this is essentially the spirit of amendment A11, as presented by the hon. Member for Edmonton-Highlands.

This amendment would, as we increase the use of alternative dispute resolutions, be appropriate. As outlined in this report that I mentioned, I believe that this would help reduce time and cost.

There would certainly be an increase in consumer satisfaction. I think we could possibly avoid some disputes. Would this help improve efficiency of administration? I think so. I think it would do that as well.

In conclusion on my remarks on amendment A11 I would urge all hon. members of this Assembly before this bill is passed to have a look at the recommended reforms to Alberta's auto insurance system that I talked about earlier that have been presented by the Faculty of Management at the University of Calgary because it certainly is an interesting read.

Thank you.

[Motion on amendment A11 lost]

[The clauses of Bill 53 as amended agreed to]

[Title and preamble agreed to]

The Chair: Shall the bill be reported? Are you agreed?

Hon. Members: Agreed.

The Chair: Opposed? Carried.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I would move that the committee rise and report Bill 53.

[Motion carried]

[The Deputy Speaker in the chair]

Mr. Snelgrove: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 53 with some amendments. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

The Deputy Speaker: All those who concur in this report, please say aye.

Hon. Members: Aye.

The Deputy Speaker: Those opposed, please say no. So ordered.

Mr. Hancock: Mr. Speaker, I would move that we adjourn until 1:30 p.m.

[Motion carried; at 12:37 a.m. on Wednesday the Assembly adjourned to 1:30 p.m.]

