

Legislative Assembly of Alberta

Title: Monday, March 16, 1998 **8:00 p.m.**
Date: 98/03/16

head: **Committee of Supply**

[Mrs. Gordon in the chair]

THE DEPUTY CHAIRMAN: I'd like to call the committee to order. Could everyone please take their seats.

I knew that would get your attention, Edmonton-Glenora.

head: **Main Estimates 1998-99**

THE DEPUTY CHAIRMAN: Tonight we have science, research, and information technology reporting and the designated supply subcommittees of Environmental Protection and Family and Social Services.

With that, we'll start with the hon. minister of science, research, and information technology.

DR. TAYLOR: Thank you, Madam Chairman. If I could, if you'll allow me, just on a personal note I'd like to thank all my colleagues for their expressions of condolence to myself and my wife on the loss of her father. Some of you have been through this before, and you know it's a very difficult time for many of us when we lose a parent. I've had many expressions of condolence, and really they're very much appreciated. They come from both sides of the House, and I'd just thank you on behalf of my wife and myself.

Science, Research, and Information Technology

DR. TAYLOR: I would like to continue with some of the items, Madam Chairman, that we spoke about on the evening of February 25. Briefly what I would like to say and what I want to re-emphasize is a vision. What we're trying to do as a department is to provide a vision of our province and of our economy. This vision is not just a vision of what we're going to look like next year but what we're going to look like five, 10, 15, 20 years from now. As you know, our economy is very much based on the commodities that we have: agriculture, forestry, and the oil patch. You see today, quite frankly, that oil was down I believe under \$14 a barrel at 11 o'clock this morning. [interjection] Yes, it was. This is very important for us to recognize, that as a province we really need to have an economy that is broader than a commodity-based economy. I believe that through knowledge-based industries we can provide an economy for our future. Knowledge-based industry can be one of the major pillars of our economy, and it will not be based on commodity industries.

So I think we need to have a vision. We need seriously as a government and as Members of this Legislative Assembly to all have a vision of what it's going to look like. You know, where do you want us to be 15 years from now? What kinds of jobs do you want your children to have 15 years from now? What kinds of jobs do we want these good-looking pages to have 15 years from now? What kinds of jobs do I want my children to have 15 years from now? I think that's the type of thing we need to have considerably more discussion of in this Assembly, quite frankly, and there are many ways that we can do that.

So one of the issues we're trying to deal with as a department is to provide that vision, because if we do not move to stress knowledge-based economies in Alberta, we will be left behind. The whole world is moving that way, and, you know, if we're

going to be a global player, then we must be very much aware of this.

We've got some hard numbers that we're trying to meet and some goals that we have set. I won't get into them, but we do have an innovation strategy that we want to increase R and D by.

Now, I'm not going to talk too long. Some of my colleagues have suggested that I don't talk very long, so I won't talk that long. We did have a number of questions from members on the other side. I answered some of them last time, some of the questions that were raised by Edmonton-Ellerslie, and hopefully we'll be able to answer more of the questions she raised.

One of the questions she raised was about performance measures and ARC. I'll attempt to provide briefly some of the performance measures that ARC utilizes. For instance, ARC utilizes economic impact, and this measure provides information on the economic impact in Alberta through work that ARC does with its customers and partners. Economic impact takes the form of incremental domestic and export sales. So a hard measure: incremental sales. New investment: a hard measure. Out-of-province revenue, a hard measure, and cost savings from increased efficiencies and productivity: all hard measures. ARC gets estimates of this from the customers they work with. They actually survey the customers they work with and ask them these questions.

A second performance measure that ARC uses is job creation. This measure provides information on the stimulation of export sales and domestic sales by ARC's customers and partners through the development and sale of new technology, products, and services, which leads to improved performance of companies and their ability to hire more employees or to protect the jobs of existing employees. I think that's one of the things we have to be aware of.

THE DEPUTY CHAIRMAN: Excuse me, hon. Minister of Energy. Would you care to take a seat next to the member there, please. Thank you.

DR. TAYLOR: One of the things we need to be aware of is not just the creation of new jobs but protecting existing jobs. As this global economy we're involved in becomes more technologically based, Alberta companies must react to that and become more technologically based as well to protect their existing jobs. So job creation consists of both hiring new employees and protecting the jobs of existing employees.

A third performance measure that ARC uses is mission effectiveness. This measure provides information on ARC's increasing effectiveness in supporting prosperity for Alberta through growth in business and industry and is calculated through a simple formula: economic impact divided by government investment. That is, what is the economic impact that ARC has through things like job creation, through more sales to companies and so on? Those things are easily measured, and it's simply divided by government investment. You'll find the economic impact of ARC is anywhere from 4-1 to 7-1, depending on the project we're talking about.

Another performance measure is R and D funding from the private sector. This measure provides information on funds received by ARC from sources other than the provincial government. The provincial government contributes roughly \$25 million to ARC a year and ARC's budget is about \$60 million a year, so you're in a situation where less than half of the budget is coming from government. More than half is coming from the private

sector, and I would suggest to all members of this House that when we have an organization that can get more than half its budget from outside – outside – government, then there's opportunity to suggest that that organization is performing well. I would encourage other ministers to look at their departments and see if there are organizations inside their departments that can match this kind of funding.

Another performance measure that ARC uses is government investment. That is once again just a simple measure. It provides information on the investment of provincial government funds in ARC.

The final measure of performance is the ratio of private R and D to government investment. Once again, I spoke about that just a few seconds ago. This measure provides information on the ratio of private-sector R and D funding to government investment in ARC.

So that was one of the questions the Member for Edmonton-Ellerslie asked, in regards to performance measures.

One of a number of issues that she raised was the question: has ARC lessened its environmental focus? I would point out that as a market-driven corporation, ARC continues to focus on the key sectors of Alberta's economy where it can have the greatest impact – those are agriculture, energy, and forestry – as well as enabling technology areas of biotechnology, environment, information technology, and manufacturing. So, no, ARC has not reduced the focus on environmental issues. It recognizes it as one of the important technology areas. In fact, the July 1996 merger with the former Environmental Centre in Vegreville strengthens ARC's environmental focus and capability. Approximately 50 percent of ARC's projects have an environmental or sustainable development component. So to the Member for Edmonton-Ellerslie – you know, I'm sure she'll be interested in this, the fact that 50 percent of ARC's projects have an environmental or sustainable development component.

8:10

Another question that was raised was the business planning. More than one member on the other side, including Edmonton-Ellerslie, raised this. She and other members from the other side asked: what is the business planning process? Alberta Research Council business plans are always developed in consultation with industry and other key stakeholders. For example, a joint committee from Alberta Agriculture and the Alberta Research Council develops ARC's agriculture business plans. As well, individual program plans also receive rigorous internal review. Ultimately, of course, it is the board of directors that finally approves the business plan, a private-sector board of directors. So it's a very open process.

Another question was raised by some members opposite. What are the different levels of evaluation the projects go through in order to be deemed a success? They do have performance criteria before projects are deemed to be a success. They have a stage gating process at ARC that's very similar to a private stage gating process. I won't go into the detail, but if members on the other side are interested in what that stage gating process looks like, we can certainly go into it or I can provide that information to them in written form so as not to take too long.

The other issue is one of technology commercialization and how ARC plans to meet and establish its targets. I would say that ARC is a key instrument of government in implementing the province's science and technology strategies. These strategies are aggressive and include a call to increase industry investment in R and D in Alberta from the current level of \$400 million to \$2

billion by 2010. In response, ARC is pursuing an aggressive business strategy to grow its revenue base. By the year 2005, ARC's operating budget will be \$100 million, 75 percent of that generated by the private sector. At the same time, its licensing and other revenues will grow through commercialization. As well, the ministry of science and research is working with the Provincial Treasurer on tax policies that will enable the growth of the R and D industry, because only through growing the R and D industry, which will then spin out companies into commercialization, can we in fact grow this commercialization and get the investment to the \$2 billion that we want by 2010.

Now, I do have some comments to make on the science and research fund, but I'll perhaps leave them for a minute and give the opposition members an opportunity to make some comments. Then if they wish or my colleagues wish, I can make some comments on the fund.

THE DEPUTY CHAIRMAN: Thank you, hon. minister.

The hon. Member for Edmonton-Glenora.

MR. SAPERS: Thanks, Madam Chairman. Thanks, Mr. Minister. Let the record show that I was here and ready right at 8 o'clock just in case. I know that we're talking about the science, research, and information technology estimates. So there. It's okay. It's me. It's like Churchill said: my opposition sits across from me, and my enemies sit behind me. But it's all soon to change; I'm convinced of that.

Let me start again, Madam Chairman, Mr. Minister. When we last spoke, we had a chance to talk about many things, mostly some philosophy and some areas in your business plan and some of the performance measures. My colleagues did ask you some budget questions. I'm going to come back to a couple of line items in the budget, but I want to talk about a couple of other things.

One of the things that I've been thinking of – and I share your sentiment that what your department really represents is a vision. That vision in my mind is a vision that is evocative of a maximum wage economy, not a minimum wage economy. The whole debate that we've had in this province of late about minimum wage review, employment standards, regulatory review: should there be a minimum wage; should it be a dollar an hour higher, a dollar fifty an hour more; what's the relative tax advantage of having a higher minimum wage? As important as all those questions are, it seems to me that if the vision that you talk about was really the object of the exercise, we would be having this debate about a maximum wage economy. What are the things that we can do that can ensure the maximum income, the maximum generation and distribution of wealth that would be possible in this province? This is an incredibly blessed province in terms of natural resources, geography, population, skills in the workforce, and it seems to me that we can do much more to take full advantage of all those blessings.

A major feature of any maximum wage economy has to be a true commitment to investment in research and development, and there can't even really be a question about short-term rewards for that kind of investment. If we all get caught up in this Holy Grail of accountability, that we must be accountable for the dollar spent today, that we must be immediately accountable for it the next day, then your vision and what I believe is the vision on this side of that maximum wage economy will never be realized, because you're not going to be able to squeeze that dollar that you invest today for an immediate payback tomorrow.

I have some empathy for you in your job as you convince your cabinet and caucus colleagues about that, that this is a much more long-term vision. So I commend you for the work that you do, and I wonder if it's somewhat like swimming upstream for you sometimes. I also recognize that part of what you are proposing may run contrary to some political commitments that you may have made in the past, and I mean this with all sincerity. So I appreciate the way that you express the role of your ministry and the work that you've taken on. But even all of that expression of goodwill and recognizing that this has to be a long-term commitment, all of that isn't enough. The words and the expressions of faith have to be matched with action. There are little stepping stones, I think, Mr. Minister, that I encourage you to take along that path and perhaps even more directly than you already have.

I think the minister of advanced education could benefit from some lengthy chats with some of the people in the science and tech business in this province to get a full appreciation of just what a crucial role the advanced education infrastructure plays in the kind of vision that we're talking about. A university should not have to go wanting for library or laboratory materials. That is short-term, old thinking that will not bring us forward to this maximum wage economy.

Of course, the bank account is not infinite, and I hope you recognize that I'm not saying: just write a blank cheque to the advanced education section. What I'm saying is that there has been not enough attention paid, and we're at the point now with advanced education where there are serious deficits which are going to be almost impossible to overcome. Instead of having to play catch-up in some massive way at some point in the future, it sure would be nice to see some incremental movement in the right direction.

8:20

Also, when it comes to even K to 12 – you know, I just had an opportunity to review the teaching and learning with technology document. I don't know whether you've seen this or not. It's put out by the Calgary Regional Consortium, the Central Alberta Regional Consortium, the East Central Regional Consortium, the Edmonton Regional Consortium, the Northwest Regional Consortium, and the Southern Alberta Professional Development Consortium. It covers the waterfront. It's a professional development package for teachers. They talk about connections with other technology initiatives, and if you read through this document, what you see is that even in our K to 12 system they have recognized that they've got to get the people, educate the people, get the hardware, upgrade the existing stock of hardware, get the software, use it, integrate it throughout the learning system so that it is not simply a matter of saying, "Oh, well, yeah, there's a computer science course down there," that in fact using technology becomes systemwide.

Mr. Minister, the other thing that I noted in this document about teaching and learning with technology is that teachers in this province are more than happy to embark, as I said, on this journey of integrating technology in an incremental way, but they don't want to see themselves and their students continually falling further and further behind. So while you're encouraging the minister of advanced education to sit down and chat with some of the science and research folks in this province, you might be encouraging the Minister of Education to sit down and talk with some of the IT people in this province so that he could get a better appreciation of how technology can be fully integrated in the K to 12 system as well.

The reason I bring these to your attention during your budget

estimates is because it's part of that vision. It's not the kind of work that you can do or the kind of thing that I would expect to see in your budget, that all of these initiatives in elementary schools or colleges would be funded by you and led by you, but the push has to come from somewhere. You know, it's been asked: "Well, why does a ministry of science, research, and information technology exist? Couldn't that work simply be done by Economic Development, or couldn't that work be done as a branch of Advanced Education? Why do we have to have an ARC that's reportable to government. Shouldn't that just be an industry function?" Those questions have been asked.

I have to tell you that I don't ask those questions. I am very happy to see that with all of the other things this government has done that I vehemently, fundamentally, absolutely, and totally disagree with, the one thing that I am very proud of is that in this province there is such a ministry of science, research, and information technology, and because of that commitment to have that vision I'm raising it to you in your estimates to keep encouraging, working with, holding the hands of your colleagues in cabinet.

We saw a bill introduced earlier in this session; the Fair Trading Act, I think it's called, Bill 20. That bill also has application, Mr. Minister, to, I think, the work of your department. It talks about some regulations or legislation regarding electronic commerce. We don't happen to have right now, in my estimation, enough national leadership at the federal level on this matter. I am raising this with my federal contacts, and I would encourage you to do the same. If we're going to allow telecommunications and electronic information exchange to be largely regulated under the CRTC or what have you, federal purview, then that's fine; they need to get on with it. In the meantime I think it's problematic for us because not only are we in Alberta trying to deal with growing and nurturing the communications technology industry, in which we have had some successes and some failures in this province in the past; we're trying to do it in a very unstable and unpredictable regulatory environment.

This has application not just to commerce but also to things like telemedicine, in which case maybe you also have to sit down with the Minister of Intergovernmental and Aboriginal Affairs and talk about cross-border issues when it comes to telemedicine and telehealth, and maybe the Minister of Health. We're dealing with changes to the Medical Profession Act, but there's nothing in there that says that an Albertan won't be able to access medical services from a practitioner in Utah or Kentucky over the telephone. That technology exists. I'd like to make sure that that physician, that medical practitioner would still be accountable according to Alberta rules, which means that that practitioner would have to be licensed by the College of Physicians and Surgeons in this province. If they want to sell telehealth services from wherever their home office may be, that's fine, but they're still accountable here. Well, that's also an issue for you, and that's also part of a maximum wage, high-tech economy.

I've had an opportunity to talk to some individuals right across the country, and these are people in the computer industry in one way or another, whether they be software or hardware or chip manufacturers. Most of those I've talked to recently have been in Ontario, but some in this province and some in British Columbia as well. What they tell me is that they could hire every computing science grad that we turned out and probably four times over, and that's the Canadian appetite for graduates. What's happening is that none of the graduates that we have, the few that we have, are actually going to work in Canada. They're going to work in

Great Britain. They're going to work in Asia. They're going to work in the United States. They're going to work in Australia. And our industries feel quite hopeless.

Now, we're putting a lot of money into postsecondary education, not as much as I would like, but we're putting a lot of money into it. We're graduating these people. We're not creating the places fast enough, and we're not, for whatever reason, creating the environment where they can go to work here. So that leads me back to – you know, I'm talking with people from Corel or Newbridge or whatever it happens to be, and they can't hire anybody. So what they're doing is they're hiring people back, and of course that drives up costs, and it also defrays productivity. It creates all kinds of problems. So, again, where's the notion of integration in terms of this vision?

I would like for you to stand up and say: "Your questions are a year premature, because we've got all these plans. You're right. All those things you identified are important, and all these components are being slotted into place." Mr. Minister, if that's true, if you can stand to tell me that, I would applaud that, but we need more evidence, then, of that planning and integration. We need to make sure that when I look at Budget '99 and I look at the goal statements of those other departments – of Intergovernmental Affairs, of Advanced Education, of Education, of Health – I see direct reference and linkage to your department. Then all of those critics that say, "Well, what do we need that minister of science, research, and information technology for" will be silenced forever because you'll be able to show them. They'll be able to see. [interjections] Well, most of the critics will be silenced forever, Mr. Minister. We can't hope for perfection.

I'm sorry that this is boring to the Treasurer. I thought it was scintillating.

MR. MITCHELL: He gets as good as he gives.

MR. SAPERS: Yeah.

Mr. Minister, the issue for us ultimately becomes one of ensuring that what you do is not at cross-purposes with those other departments but that also you're able to demonstrate that leadership.

We've talked before about some of my concerns about the plan as it was articulated in the ARC discussion document, and I won't replot that ground. We have maybe a little bit of a difference of opinion about where the emphasis needs to be on where public money should go and where the best return on the public dollar is and how we could attract the private capital. I think we've got some agreement on what needs to be done in terms of the tax regime. I for one would like to see some more debate, and I don't know how to do that other than maybe you bring in a bill that's not very good, and then all of a sudden we have a forum for public debate. While the discussion document stands alone – and it's been, I think, well debated within narrow circles – there has not been a broad public debate about science and research. I don't know; maybe introduce something with a notwithstanding clause in it or something, and then we'll gain some attention.

8:30

Mr. Minister, I don't mean to be at all dismissive of Bill 26 and what it represents and represented and the problems and the concerns that it created. I just mean that you could do something more than that discussion guide, which, as I said, was narrowly received. It's time we had a broad-based public dialogue on all of these issues, because if you're going to be able to convince some members of the front bench, you're going to need more than just the scientists on board.

I do want to mention just a couple of quick things in your budget. In the consolidated income statement under minister's office I note that your actual expense is pegged to be the same as it was last year, \$250,000. The actual money spent was only \$226,000 last year, so it was a bargain. You saved – what? – \$24,000. I would have actually encouraged you to pump up the volume on that line item a little bit. It seems to me that with all of the consultation, all of the discussion, the kinds of discussion materials that I'm thinking of and that I think you're thinking of, beyond thinking caps and buttons – and maybe that money is some place else. But I was a little bit curious with, you know, the big push, the ARC document, sort of what I saw as the starting point of a long road. I would have expected to see a few more dollars there. It could be that my request for more dollars is found in the ASRA line item, which year for year seems to be quite a bit higher, about \$13 million higher, and there's probably some good reason for that. You may need to be more explicit about the \$13 million, and I don't mean to contradict all those other things that I just said, but it's a pretty big jump over what has been relatively stable for a while.

The other query that I have is in the change in capital assets. This always just strikes me as curious. When I see new capital investment actually less than depreciated capital, I always find that curious, when the depreciated value of the capital investment is greater than the actual money that you're being called on to invest. You're the minister of science, research, and information technology; if you can't spend money on . . .

THE DEPUTY CHAIRMAN: Time, hon. member.

In keeping with the all-party agreement signed last May, we are now ready for the vote. After considering the business plan and proposed estimates for the department of science, research, and information technology, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:	
Operating Expense	\$43,645,000

THE DEPUTY CHAIRMAN: Shall the vote be reported?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Environmental Protection

THE DEPUTY CHAIRMAN: The agreement that is before me states that the chairman of the subcommittee shall report, not to exceed 20 minutes, after which time the person designated as the Official Opposition critic will also make a brief oral report, not to exceed 20 minutes, and the third party critic, if they so choose, can also make a brief report, not to exceed five minutes.

With that, I call on the chairman of Environmental Protection.

MR. BOUTILIER: Thank you, Madam Chairman. It's my pleasure to report on the meeting of the designated supply subcommittee on Environmental Protection. We met on the evening of Thursday, February 26, at 6 p.m., and with the unanimous consent of the committee we were able to conclude our business at 8 p.m., following the opening statements of the minister and the mandatory two hours of questions by the opposition.

The committee was comprised of 12 members: eight on behalf of the government, three representing opposition Liberals, and one representing the New Democratic Party. The hon. Minister of Environmental Protection and several of his senior officials from his department participated in providing some detailed answers to some very good questions. The deputy minister, Jim Nichols; the acting director of finance, Ray Duffy; the assistant deputy minister of forestry, Cliff Henderson; the assistant deputy minister of natural resources service, Morley Barrett; and the assistant deputy minister of environmental service, Doug Tupper, were all there helping and answering some questions through the minister. The members of the opposition had the opportunity to ask questions of the minister with respect to the '98-99 budget estimates. I would like to thank members from both sides of the House for their co-operation in making the meeting run very efficiently.

We covered a great many topics during our evening of questioning. I'd like to give you a brief overview. We heard from the minister about Environmental Protection's business plan for 1998-99. It builds upon the key directions and initiatives outlined in previous budget plans and puts the department in a position of strength to enter the next century. In more relative terms the business plan sets Environmental Protection's course for the next three years.

The minister reaffirmed his department's commitment that the Department of Environmental Protection's business plan dedicates resources to the efficient, effective, and responsible delivery of the ministry's core business. These are the wise management of Alberta's renewable and natural resources and the management of environmental hazards that may pose risk to people, prosperity, and resources. Additional objectives of the '98-99 business plan are to reduce overlap through regulatory reform, to continue to emphasize the harmonization of environmental management roles and responsibilities between various orders of government, and to implement strategies to manage the increased volume of environmental assessments generated by the economic growth in this province.

The 1998-99 business plan will also incorporate the issues identified at the September Growth Summit. Specifically, it will pursue the objective that development must consider environmental and social values, not just economic. The minister was very clear in his remarks that his department is committed to the ongoing pursuit of this objective.

In real dollars for the 1998-99 fiscal year Alberta Environmental Protection's budget will be \$292 million with a staff component of 3,157 full-time positions. The ministry's consolidated expense budget includes a reduction of \$16.2 million and 169 full-time equivalent positions. These reductions were identified in last year's plan as well. The department continues to restructure and look for new and better ways to do business. Recently the department reduced from four assistant deputy ministers to three, and this is down from the 10 ADMs that the department had at one time.

The department's resources are also being better positioned to meet the challenges of environmental management and to support the Alberta advantage. Alberta has \$20 billion of capital investment in major projects on the books, all of these requiring approvals and assessments. These projects have put pressures on Environmental Protection which have resulted in an additional \$2 million being budgeted to ensure that reviews of assessments and other regulatory components occur in a timely and efficient manner.

The department has also been engaged in streamlining regulations and harmonization agreements with the federal government.

Recently the minister signed a national environmental harmonization accord and three subagreements. The accord commits the federal, territorial, and provincial governments to work in partnership.

In addition to the questions on fiscal issues, the minister also fielded questions on other topics. The minister was asked about staffing levels, Dutch elm disease, fish management operations, and water quality. I can say from my experience in listening to the discussions that the issues and topics surrounding Environmental Protection were broad and varied and every part of our lives was covered, in fact, during that discussion. This is an overview of some of the issues that were discussed, and I would encourage all members of the Assembly, in reviewing the meeting, to consult the *Hansard* for Thursday evening, February 26.

In closing, Madam Chairman, I would like to thank the minister, his officials, and members from both sides of the House for a very informative session. That is my report.

8:40

THE DEPUTY CHAIRMAN: Thank you, hon. Member for Fort McMurray.

MS CARLSON: Madam Chairman, could I just clarify? Do we have one speaker on this issue, or are we allowed to have more?

THE DEPUTY CHAIRMAN: You could split it if you so desire, but you have up to 20 minutes.

MS CARLSON: Okay; then my colleague will start.

THE CHAIRMAN: Okay. Edmonton-Calder.

MR. WHITE: Thank you kindly, Madam Chairman. First of all, I'd like to clarify. There are two areas that I'd like to deal with this evening. One is forestry, which I'll deal with second. The first area is solid waste management, and one area in particular has an archetypical solid waste management problem in the province of Alberta that does not seem to be able to be solved. It's in the Pine Lake area. One of the members opposite at least will know precisely where it is and the problems that are inherent in that site.

This particular site is one of those engineering marvels that's called a perched water table. Someone in a much earlier time, in the '80s I believe, decided that this particular site for this particular region – this was where the site should go, and they simply will not give up. It is the classic worst case scenario.

The object of the exercise of a solid waste management site is to have a site that fully and completely contains solid waste such that any leachate in the future does not go into the substrate, is not disseminated throughout any aquifer or any surface water such that you get contamination in a broad range, such that any contamination of the site is contained in the site.

To do that, normally one would choose a site that is an area that would have a great deal of natural clay, clay being the only substance on Earth when water entrainment in the microscopic entity – it's kind of difficult to explain in this forum, but I should do it nonetheless. The water entrained actually goes into and forms a chemical bond with the soil such that it expands. When that happens and the soil is fully expanded and fully saturated, then no further water can in fact go through. That is the fundamental constituent of a clay liner.

Now, this particular site has a clay liner and then another clay liner and a water collection system between the two. Before any

material was put in, the landfill filled up. It was first thought that, yes, that was just surface runoff. Okay? The fact was that there could not be that much surface runoff. So after a number of years, they decided: well, we'd test this; we'd pump it down. They pumped it down, and they found there was some – how many litres? – 1,500 to 3,000 litres per day coming up through the bottom of this clay liner. Now, this is an imported clay liner which is found over a perched cell of water, water that is higher than the water table and is obviously filled by some substrate that is pressurized that fills the substrate.

Now, this is the classic worst case, I say again. Whenever water can go up through a substrate, through any kind of material, the water can then go down through it and disseminate. Either you put garbage or some contaminant – because we have to assume that it will be a contaminant – it comes up, fills up, floods over, and it is now surface water. In the other case, as aquifers sometimes do, if in fact there's a negative draw on this perched water table, which does occur in surficial geology now and again, it would draw this substrate down such that you would have the leachate drawing down into the substrate and disseminated who knows where. There isn't any really accurate way of telling where it goes, unless of course you put some charged ions on it. Well, there are a number of ways of doing it, but it's exceedingly expensive, and in fact what you want to do is protect against this.

Now, as far back as I think 1992, if memory and notes recall, in April of '92 the county's development appeal board stated:

After hearing the evidence, the Board is of the opinion, that this site, without extensive engineering, would not be suitable for a landfill.

Yet it went ahead with a landfill. They double lined it with a clay liner, which has proven to be leaky. The solution as of today – and they're going to hearings within about a week, I believe – is that now they're going to mechanically line this.

Well, that is classically not the right way to do it. A liner is the last line of defence. A liner is something you put in, say, for just extra insurance so as to not contaminate. Well, this is on a perched water table. I mean, it's a spring by any other term, and you don't put landfills on springs, and after it's found that this landfill is producing water, you certainly don't put a liner on it to try and contain it. Now, somebody in the department has to say, "Enough is enough is enough; this is folly," and those that are putting this upon the environment – it's the worst of a bad joke in the engineering business. Quite frankly, the minister should put a stop to it immediately. Enough said about that particular landfill. Hopefully, there aren't others that are as bad as that.

Now, in the few minutes remaining that I'm going to take, I want to talk about a document called the Alberta Forest Legacy, this simple little document which is the culmination of and the policies from here to the near future for what the department's idea is of how to proceed with the development and the control of development of the lumber industry in the province of Alberta, which in fact is a very, very large industry. This is a pittance of what should and could be in a policy. There was a perfectly good document published – some 800 volunteer hours went into the document – that preceded this document and was filed some 16 months ago, I believe. This cannot be and should not be the sum total of what the department believes is the case: the implementation framework of a sustainable forest. This is a travesty. This is certainly not the kind of thing that any self-respecting department and the people in it would put forward.

Madam Chairman, I will take my seat now and will again and again and again voice my displeasure as a member of the opposi-

tion and as a practising engineer that this is not the kind of thing that is required in a progressive province.

Thank you.

MS CARLSON: Madam Chairman, I'll just carry on with the discussion of the estimates. There were a number of questions that we didn't get to last time, although I'm happy to say that the minister and his staff did an excellent job in responding to us when we were in estimates the other day.

I'd like to pursue the privatization of provincial parks and recreation areas. Going back to February of 1998, in the opportunities flyer No. 11, Mr. Minister, your department sought tenders to take over the complete operation of 20 provincial recreation areas, with deadlines for most of these tenders coming by the end of February, with the exception of a couple of them. Tenders were then also sought for the following nine provincial parks, being Garner Lake, Tillebrook, Moose Lake, Whitney Lakes, Big Knife, Park Lake, Wabamun Lake, Hasse Lake, and Wyndham-Carseland. In the case of five of these parks they were marked with an asterisk in your flyer. It states that the opportunities there include the complete management of the site and that the private sector will be given broad operational flexibility in support of greater economic and long-term viability. For the other parks the scope for the private sector was more limited.

So my question here is: precisely what are you talking about when you talk about broad operational flexibility in support of greater economic and long-term viability? I think there's a lot of people out there who are currently using those parks who would like to know what that means in terms of what's happening in the parks in their area. Also, has the future of these recreation areas and provincial parks been determined? How many of them are going to close completely? Could we have a list of those? How many do you think are going to close completely? Could we have a list of those? How many will go into operation for a private group?

8:50

Mr. Minister, there's been a problem with all this parks privatization process in terms of us getting timely information and accurate updates. There seems to be three or four flyers and other pieces of information floating around at the same time. So if you could share that information as it's available, I would appreciate it.

Can you tell me what the future plans are for Garner Lake, Moose Lake, Park Lake, Wabamun Lake, and Hasse Lake? What about the parks in northwest Alberta: Moonshine Lake, Queen Elizabeth, and O'Brien? It looks like Queen Elizabeth may have a designation change, or we may see a greater range of facility uses in there. Particularly people in the area around Queen Elizabeth and O'Brien are very worried about the possibility of all-terrain vehicle tracks being put around those lakes and around the parks. Could you share that information with us, please?

We're also really quite concerned at the loss of public amenities. The value of the park recreation areas for the local population, particularly those in the northwest, is really high. There was a lot of concern expressed when I was up in northwestern Alberta about what happens to the local population in terms of where they can go for their recreation needs if these parks are closed or changed to the kind of format where they can't be used for family camping.

As you know, Mr. Minister, in that part of the province there isn't a whole lot to do on weekends. To come down to Jasper is a six-hour drive or more. Plus, with the kinds of fees that people

have to pay to get into those parks, they're really priced out of the normal operating budgets for most families, particularly for a weekend. By the time you drive down there, you practically have to turn around and drive back. So having these local parks close by is very important to the people in the community. They provide a great and needed source of recreation, and the communities certainly feel that they are not being treated properly with any possibility of those parks being gone.

In addition, a number of people up there, including some of the local municipal politicians, expressed their concern about the resources that are taken out of northwest Alberta. They see oil and gas and trees coming down those highways on a regular and consistent basis, and they see very little in terms of government dollars going back into the community to help support it. So they think it's a very fair exchange at a very minimum that they be allowed to keep their provincial parks operating in the kind of capacity that they have right now.

As well, the possibility of closing any of those parks has a real downside in terms of tourism in those areas. They are stopover points on routes to destinations in other major parks and to Alaska, and to not have those people stop in those parks and therefore gas up and buy groceries in the local neighbourhoods is going to have a considerable impact on the local economies, particularly during the spring to fall time period. So if the minister could address those issues, I'd appreciate it.

Next I'd like to move to well site reclamation criteria. We'd certainly like a copy of the full well site criteria. Certainly there's been an official from the surface rights group that has requested the criteria in January and still has not received them, in spite of the fact that they attended several workshops. So I would suggest that the minister take a look at those people who have asked for the information and supply it to them. We also have a lawyer who has the same problem. They requested the criteria and haven't received it. So we'd like it, and several other people who have requested it would like it. If there's going to be a holdup on that, if the minister could tell us why that's occurring, I'd certainly appreciate it.

I'd like to go back for a moment to some of the comments that you made during your answers and opening comments when we were in estimates the other day. You talked about assessing penalties when you find people that are abusing the environment, but, Mr. Minister, I find the reverse to be the truth in this particular situation. In fact, your department very seldom if ever assesses penalties, and in some cases I think it would be the right thing to do.

When people are abusing the environment or circumventing the rules or out-and-out breaking the rules, why is it that you don't use the capacity that you have in terms of assessing penalties and let people see that there is going to be some sort of feedback for that kind of a response? Definitely we've seen, just in the past two months, several issues that I brought to your attention where people have literally broken the rules in environment yet have had absolutely no implications as a result of that. What that does is show to other people that there are no penalties attached to breaking the rules in this province in that regard, so those unscrupulous people who don't want to abide by them have no reason to even consider doing so. If you could address that in more detail.

I know that you try to resolve the situation whenever possible, but, Mr. Minister, it doesn't take 16 or 18 months. It doesn't take breaking the same rule five or six times. It doesn't take people starting up machinery and digging trenches, before the

Environmental Protection people have even left their property, in an area where they've been told not to dig for you to see that there are some cases when penalties would actually, I think, be a real deterrent and would be something that we could use as an example of what happens when people do break the rules.

You talked about development being a key principle of your mandate. Truly I think environmental protection is a key principle of the mandate. I'm wondering how you put those two together without having environmental quality compromised. We've had lots of discussions about mitigating damages over the years, and I say that's fine, but the thing that mitigating damages doesn't take a look at and that development as a key principle doesn't take a look at is the cumulative impact of all of these things on the environment in this province. I'm wondering if you could address for me, specifically, how you account for the cumulative impact of all of these different development projects that are going on around the province in terms of maintaining the integrity of environmental protection. I don't think that's something that you've ever answered, and I'd certainly like to have your thoughts on that.

We've seen a mass exit of a number of very technically expert people from your department over the last three years. A lot of them had a great deal of knowledge and a long history with the department and did an excellent job. I'm wondering now how you think you can ensure that you have enough technical expertise to properly evaluate situations as they occur in the province. I don't think you do. We have a difference of opinion on that. Could you elaborate on what you're using to evaluate the level of technical expertise you have now and why you think it's going to be enough? If you think that if you run into a problem, you're going to contract out expertise, then fine; let us know. If you could give us that information, I would appreciate it.

I'd also like to ask you a question about logging on grazing leases. Under what circumstances is logging allowed on public land, and what process do the leaseholders have to go through with the department in order to get logging permits? Where does the revenue go, and how do you determine whether or not it should be allowed? We have that situation that I talked about last week on Logan Ridge where there was a site that was being designated under special places on the very day that the bulldozers went into the site. Now, some of those trees were more than 130 years old, and certainly we think that there was every reason to consider that, aside from the fact that few people knew you could log on public land. So if you can give us what the criteria are, how people go about getting logging permits to go in and clear-cut that land, I'd certainly appreciate it.

I want to move on now to a fish rescue that Trout Unlimited did back in 1997. The rescue actually happened on October 14, 1997. Trout Unlimited Canada volunteers conducted a fish rescue in the main diversion canal for the Bow River irrigation district near Carseland. The operation was to rescue fish left stranded when Alberta Environmental Protection, who are the operators of the canal, shut off the flow to the canal on October 14. The Trout Unlimited volunteers wrapped up the rescue efforts early because a forecasted long cold spell will cause the canal to freeze and then complicate further rescue efforts. Although more than 16,000 sport fish were rescued during this operation, it was certainly obvious from the high numbers of fish left that the majority of the sport fish that entered the canal were not going to be saved. Even on the final day of the rescue capturing fish was not a problem. Counting and transferring captured fish to the river as fast as they could was the biggest limiting factor in terms of the number that they rescued.

9:00

My question is: how could this happen? Here we have a fish crisis in this province from a sport fishing perspective, yet what the department is doing in some of these irrigation districts causes a huge problem. So if the minister could address that for me, I'd appreciate it.

Thank you.

THE DEPUTY CHAIRMAN: After considering the business plan and proposed estimates for the Department of Environmental Protection, are you ready for the vote?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed?

Agreed to:

Operating Expense	\$265,646,000
Capital Investment	\$8,159,000

THE DEPUTY CHAIRMAN: Shall the vote be reported?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Family and Social Services

THE DEPUTY CHAIRMAN: The hon. Member for Calgary-Bow.

MRS. LAING: Thank you, Madam Chairman. The designated supply subcommittee on Family and Social Services met for approximately three and three-quarter hours on the morning of March 2 to review the business plan and budget estimates for the Ministry of Family and Social Services.

The review began with the Minister of Family and Social Services providing a summary of the estimates and the business plan. The ministry's 1998-99 budget is increasing by more than \$16 million to a total of \$1.37 billion. In addition to the bottom line increase, the continued success of the welfare reforms also allows the ministry to reallocate a further \$40 million to high-priority areas. The minister's budget review covered each of the major program areas of the ministry. As part of the business plan review, the minister committed to working closely with communities and other ministries to clarify the mandates, roles, and responsibilities of all program areas.

The minister without portfolio responsible for children's services provided a brief summary of the work that communities across the province are engaged in to redesign a service delivery system for children and families in Alberta. The minister without portfolio also reinforced the government's commitment to continuing the early intervention program with a budget of \$17 million.

The opposition subcommittee members were provided with two hours to ask questions and receive answers from the ministers. After the first hour the government subcommittee members were given an opportunity to ask their questions and receive answers. The opposition subcommittee members then had another hour to pose their questions and receive answers. The opposition members asked a significant number of questions related to the business plan document as well as specific questions covering the

budget estimates. There were probably well over 75 questions asked by the opposition members.

The business plan questions dealt extensively with the ministry's performance measures as well as referencing its vision, goals, and strategy. The ministers attempted to answer many of the questions at the table. This was somewhat difficult given the large number of questions asked and the fact that the questions were often part of a long list. The nature of the questions led to many good explanations of the ministry's program and the plans being put in place to meet the needs and expectations of Albertans in these areas.

The minister identified programs such as supports for independence, where the business plan has been successful in helping individuals achieve varying levels of independence through its emphasis on education and job readiness preparation. At the same time the ministry has responded to programs that require additional resources, such as those aimed at finding forever homes for at-risk children and meeting the needs of developmentally disabled Albertans. The ministry has also worked in partnership with the federal government and other departments of the Alberta government, such as Advanced Education and Career Development and Health, to create a new program aimed at providing health benefits for children of low-income earning Albertans. The minister committed to reviewing the questions and providing written answers to any of the budget and business plan related questions that were not answered during the meeting.

The government members also asked questions, although their questioning was limited to a main question and two supplementary questions, which were then answered by the ministers.

[Mr. Shariff in the chair]

As a subcommittee chair I would like to make the suggestion that in the future all agreements on procedure should be in writing to ensure compliance.

Finally, I would like to thank members of the subcommittee for their contribution to the review of this ministry's Budget '98, Agenda for Opportunity business and budget plan.

Thank you.

THE ACTING CHAIRMAN: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman. There were some questions unanswered the last time this department was up for debate in estimates, so I have a number of issues that I'd like to see addressed. I'd also like to comment that we don't have any answers yet from the estimates of March 2. Now, that's quite a long time ago. Certainly, we would think that before anybody would be expected to vote on estimates, we would at least have had an opportunity to read over the other questions that supposedly should have been answered, because it's impossible to make any kind of decision with the lack of information that we've had. Hopefully, the minister will address that.

I need a few other things clarified. One of them is the dollars that are directed by the federal government to the SFI recipients through the national child benefit program. My problem with that is that these moneys are going to be deducted now from the provincial SFI payments, so what that means is that the net benefit to the families is going to be nothing. There will be no reduction, but there isn't going to be any benefit. Now, I don't think that's what the federal government had in mind when they came out

with the national child benefit program. I think their intent was nationally to benefit the children, and certainly that isn't happening in this province. We've had a number of questions in the House on this issue and a lot of concerns raised on this issue outside from constituents, from people throughout the province.

I wonder how a government that is supposed to be the conscience of the people could, with all due respect, possibly promote a program like this. How do you ever think that children are going to be benefited in the long run in a province where we're supposed to be getting good health care, good education, and a good head start for all of these young people when you're not putting the money back in their hands? Most of these parents use this money very well. They use it to feed and clothe their children. I don't think that's too much to expect, that they would take the money from the national program and also use it to feed and clothe their children. So I want the minister to respond specifically to this question and tell me why he thinks his government should be able to get away with pocketing this cash rather than putting it in the pockets of the children.

Also, I was led to believe by the minister's response to the other opposition leader's question on March 2 that the AISH program was not included in this. So if he could clarify if this is true or not. Does this mean that families with parents receiving AISH will realize a dollar benefit from the national child benefit? I think they should, Mr. Chairman. The AISH dollars that they receive are limited. Certainly, the cost of raising a child while you're also on AISH is very hard to do. You can only make a dollar stretch so many ways, and definitely they need the extra dollars. If you would, on the one hand, give it to AISH recipients, why wouldn't you, on the other hand, give it to people who are receiving SFI benefits? It doesn't seem to make any sense. They're both poor sets of people. They're both people who are trying to raise their children in a responsible manner. I can't see how you can say yes to one and no to the other. So if the minister could justify that, I would certainly appreciate it.

Also, how is early intervention program money allocated across the province? I certainly have a question about that.

MR. SAPERS: So do I.

MS CARLSON: So does the Member for Edmonton-Glenora. If he has an opportunity, I'm sure he will get up and pursue that line of questioning.

My line of questioning is on the new funding models. I want to know: is it true that each region is provided a sum of money according to population and risk factors? Then what are the risk factors that are being used, and how are they being weighted? I think that's important for us to know. If you compare it to the kind of funding models that we've had in Health, we've seen very unfair biases happening in some regions.

[Mrs. Gordon in the chair]

I'll speak specifically to the Edmonton region in this regard. While Edmonton is a feeder hospital for all of northern Alberta, our funding capacity is based on population, which is completely unfair because we're treating a great deal more of the population than just those who live in Edmonton. Is the same happening here in this program? If risk factors are weighted in an unbalanced regard or other factors that are occurring in regions are not properly taken into account . . .

MR. SAPERS: They dropped it.

MS CARLSON: That is a problem. My colleague tells me that they dropped it. Well, that's a problem, because we have to ensure that we're getting enough money into the hands of the people where it's required.

9:10

The minister in estimates said that the money was divided over the province program by program, but a letter from his office to Anne McLellan's office in December of 1997 explains that the money is given to each of the 18 child and family services regions. So which one is it? We seem to have contradictory evidence from what the minister stated in estimates and a letter that has been sent out to the federal minister. I think the people of the province certainly deserve a clarification of that. If you could do that, I would appreciate it.

So faced with a number of programs that meet the requirements for funding, how is it determined which program receives money? Once again we have a very small pie and a very large need. Is money not used in one region, as we can see that it is forecast to underspend in a year, transferred to a region with too many good programs to fund with their limited dollars?

This is a problem even that I encountered when I was most recently up north in the Peace River region, where one region had extra dollars that they could have spent in any number of ways that would have directly benefited the children in the area, yet because of the rules brought down by the provincial government that target how the spending can occur, they couldn't do it. So, Madam Chairman, in that regard, it looks like they're going to have to turn the money back to the province. That's too bad, because they do have a great number of children in need in that region, and certainly they've got a number of ways that they could better spend that money than have it turned back to the GRF here in the province.

So if the minister could answer those questions, I would appreciate it, and explain to us why it is that they have earmarked those dollars in such a way that no region can come back and say, "Look, we need the money, but we don't need it specifically in this program; we need it in that program," and have some sort of flexibility in the system that they've got. I think that would be a reasonable expectation, because children and programs don't all fit into pigeon holes. There are variations; there are differences in needs. There can be differences in needs from one year to the other. I think the minister should acknowledge that and have a method to address that.

How can the transfer of responsibility for children's services be handed over without everyone involved having a chance to read the Coopers & Lybrand study? Certainly I'd like to read that study, Madam Chairman, and I think everyone in this House would too. Before having that information in our hands, I think it is irresponsible to be moving forward. In a verbal response in estimates the minister talked about the report having made recommendations about the transferring of responsibility. Well, why won't he table those recommendations in the House, give us the whole study, and let us take a look at it? In fact, what is he hiding in that regard? Certainly if there are recommendations, certainly if he's moving forward on them, people who are affected by them and people who are advising people who are affected by them should have an opportunity to review them and have some input.

Given the fact that the authority boards are to be appointed in two weeks, I think the release of this report is vital to those people who need to make those decisions and who are going to be living by these guidelines and rules in a very short time. I just

don't understand the minister's bullheadedness in this regard. It is in fact irresponsible of him not to be addressing this. Could he please table that document? Could he at least, if he won't do that, give us the recommendations?

The minister also talked in estimates about the department not predicting a high level of residential care placements for children next year. That's all he said. He didn't go any further in terms of explaining why this is happening, so I hope he'll be able to do that before we have to vote on these estimates. Our question with regard to this is: do the children needing care really have different needs, or is this a result of a department decision to simply not place them in residential care? Certainly that's a question of critical importance to us, Madam Chairman, and we'd like the answer to it. I think this is a result of the department decision to simply not place them in residential care, and we'd like to know why. So if he could clarify that, I would appreciate it, and we would like the information expanded in that regard.

Now, the department performance measure on the number of children in care free from abuse has been commented on extensively in the House by my colleague from Edmonton-Riverview. My question in that regard is: what information does the department have and what tracking is the department undergoing to determine the number of children abused in the province? This is an issue I think of critical importance to people on both sides of the House, Madam Chairman, and I think he should be prepared to share that information. Is there a child abuse statistic? Are you tracking the information? If so, why don't we have it? I think it's information that's very relevant for everyone who cares about children in this province. Is this something that is included as an indicator or a performance measure for the health of Albertans? Certainly healthy children, children who are free from abuse, is a critical factor in the overall health of this province and in the health of the future of this province. So if you could give us that information, I'd appreciate it.

We'd like the same information for family violence statistics. There's a horrendous social cost, an emotional cost, and at the end of the day the only cost this government cares about, a financial cost, when we have families that are abused and children that are abused, Madam Chairman. So if he could address those questions, certainly we'd like to know.

I'm wondering where the minister is going in terms of integrating the services of Family and Social Services with Education, Health, and Justice. These are all related issues when you're talking about children. There's a great deal of overlap. There's a great deal of potential duplication. There's a great deal of streamlining that could be done to ensure that the needs of the children come first and foremost in the eyes of all Albertans, that the services and the targeted money get directly to them, and that there is a co-ordinated effort from all these agencies to make sure that all their needs are met, not just on some sort of piecemeal basis.

Once again I'll come back to cumulative impact. The cumulative impact of not highly integrated services on these children is horrendous. You can't just piecemeal address an education concern with a child and leave aside the fact that they don't have enough food or clothing or that they're going home to be beat up every single night. I think those are issues that need to be addressed. Could the minister tell us what he's doing there?

He stated in estimates that the regional authorities are to have the same performance measures as the department. I'm wondering if it wouldn't be more fitting to have a new set of performance measures developed by the community and by the Albertans that

have painstakingly shaped the new delivery of children's services. What we need here are performance measures that reflect the new model of services for children. This certainly would seem to be the most fitting and the most appropriate follow-through in the redesigned process. How is the minister intending to address that? We would like to have that information, and certainly those people who have put in such a great deal of time and effort and emotional cost to shaping these new delivery services would like the answers to those questions too.

It's my understanding that the funding model for children's services was to be presented to a private sitting of the standing policy committee for community services last week. Would the minister confirm that, please? It's difficult to vote on this budget when we haven't seen the funding model. Once again, why a private sitting of this policy committee? It would be so much more effective if these were all-party committees and the information was open and available to everyone. Standing policy committees are not funded by the government to be private policy committees of the government. They're funded by the government to be policy committees that are open to all parties, that are open and accessible to all people in this province so that proper decisions can be made. Too bad in this province they're not. Too bad they're used as private committee meetings. All those taxpayer dollars are going for private meetings when you could easily be having those in your own caucus offices.

MR. MITCHELL: I wonder if one of those reviewed Bill 26. We're sure not getting our money's worth.

MS CARLSON: I'll bet one of those standing policy committees reviewed Bill 26, and I would say that definitely we're not getting our money's worth in that regard.

So that's a problem, Mr. Minister, and I'd like to know how you're going to address it. How can we vote on these budgets when we don't have any of this information? We can't see it because we can't get into a private standing policy committee meeting. It's pretty tough to do.

Certainly this budget and this money means little for children's services when we have yet to see how it will be handed down to the regions. Regions want to know this too, Mr. Minister; you know this. For some reason you're sitting on the information and you're not sharing it. Is that because you know they're not going to be happy with it? I think that would be a question we'd like answered too. This is a process that has been five years in the making, and it has involved hundreds and thousands of Albertans. Things have been very rushed at the last minute, and certainly we've seen a very tight-lipped process around here. I think the people in the province deserve more than that. Certainly they deserve to know what's been going on, how this money is going to be spent, and how it's going to affect them region by region a day before it happens, not a day after. So that's a problem.

9:20

The minister has not clearly answered all of my colleague's questions on what will be done with the savings realized through the elimination of day care operating allowance. Now, the minister has stood up in this House day after day and said that they're really not cutting back the funding, that it isn't going to impact anybody, but I'll tell you, Mr. Minister, I have had many, many, many people into my constituency office who are middle-class Albertans, who have no choice but to have two people in the family working, who are going to be drastically hit by this reduction. So what does that mean? That doesn't mean that

they're going to have to postpone trips overseas this winter. What that means is that they're going to have to reduce their family operating budgets. They're going to have to cut back on food, on clothing, on recreation and leisure for their children – not for themselves, Mr. Minister, but for their children. These things significantly impact them.

Maybe he lives in an economic stratum that's not going to be impacted. Maybe he has the ability to have a stay-at-home mom who can take care of his children, but not everyone in this province has that luxury. There are many kinds of families who are operating and trying to make ends meet in this province, who need that operating subsidy, who are not going to get it, who are going to have to face increased fees as soon as this policy goes into place. That will create a hardship for them. The minister refuses to acknowledge that. I invite him to go and visit some of these day cares and talk to some of these middle-income people who are going to be affected by it and take a look at those children, look in those children's eyes and tell them that he's justified in raising the fees for their day care operating.

MR. SAPERS: It can't be done.

MS CARLSON: It can't be done. It's true; it just can't be done. He won't do it. I know he won't do it.

He's talked here about the savings next year being \$4.4 million. Will he at least commit now to investing that money into programs and funding for day cares that can be accessed through proposals? I think that's very important to know. Definitely there's a lot of work that can be done in that regard in making sure that those young kids who are in the system now are going to have the best possible available resources at every level, not just in day cares but in education systems and in value added in a place where it's really going to be beneficial to us.

You know, instead of wasting all that money on all those company grants – and that's what they were, all of those write-offs like Al-Pac, NovAtel, and Bovar: they were really grants and subsidies to companies – why doesn't he invest it where it's really necessary? That's with children. Certainly to talk about children who can access day care, who can get into good programming that will be beneficial to them, that will be a benefit in their lifetimes to them, not just in the very short run, is important.

What's going to happen now with all these families is that they're going to have to find cheaper day care. There's no two ways about it. Kids will be packed and warehoused into houses where there's no supervision, there's no regulation, and there's no one overseeing the quality of care. We're going to find problems in this province in the coming years, Mr. Minister. I think that is really a tragedy. It's a tragedy for these children, and you're going to count it in increased social costs down the road. We see the correlation between not providing good quality care at this time in their lives with the increase in social costs. It won't necessarily be in your department, but it's going to be in the Justice department, it's going to be in the Health department, and it's going to be in the Education department that we're going to see these costs when you have to start reinvesting in programs for juvenile delinquents to try to get through the system and some sort of rehabilitation program in the justice system. Why not spend a few dollars now up front, Mr. Minister, take care of these kids properly, make sure they're properly taken care of? You'll solve a lot of social costs down the road.

What about the new homeless shelter in Calgary? Will it be provided with the funds to continue operations next winter?

Where is that incorporated into this budget? Certainly I couldn't find that anywhere. Homeless shelters shouldn't be necessary in a province like this, where we face the kind of winters that we have. Everybody should have a place to stay that is warm, a place where they can find shelter. Unfortunately, we have many homeless in this province. For the province to help to subsidize these shelters, to take that responsibility on is very important. I would like to see the minister commit to continue to fund them, to ensure that there are adequate shelters for all of the homeless in this province, and to be more proactive in working at getting those people integrated back into society in a way where they're not having to live in back alleys and dumpsters. So if he could address that, please.

What is the cost of placing a woman and her child in a hotel when they are turned away from a shelter? I'm sick and tired of this minister saying there are empty beds in shelters over the last year. The system whereby they count that process is actually horrible. I was in a shelter with my two children at one point in my life, and in the room we were in there were bunk beds, a crib, and another bed. My daughter, who was small, was in the crib. My son was in the lower bunk bed so that he didn't fall out. He was only four years old at the time; there was no way I would put him in a top bunk. I was in the other bed. There was no way I could go on the top bunk because the children were scared out of their minds. They woke up many times during the night. I was required to get up with them at those times. Rather than climb from a top bunk or fall from a top bunk in unfamiliar settings, in a situation where you are in crisis having a strange person in that room or a child who didn't have its mother – you can't count those beds as being empty, Mr. Minister, and I think it's an abomination that you do so.

THE DEPUTY CHAIRMAN: After considering the business plan and proposed estimates for the Department of Family and Social Services, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:	
Operating Expense	\$1,373,085,000
Capital Investment	\$9,336,000

THE DEPUTY CHAIRMAN: Shall the vote be reported?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.
Deputy Government House Leader.

MRS. BLACK: Madam Chairman, I move that the committee now rise and report.

[Motion carried]

[Mrs. Gordon in the chair]

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

MR. SHARIFF: Madam Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 1999, for the departments and purposes indicated.

Department of science, research, and information technology: \$43,645,000 for operating expense.

Department of Environmental Protection: \$265,646,000 for operating expense, \$8,159,000 for capital investment.

Department of Family and Social Services: \$1,373,085,000 for operating expense, \$9,336,000 for capital investment.

THE ACTING SPEAKER: Does the Assembly concur with this report?

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? Carried.

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

Bill 27
Electric Utilities Amendment Act, 1998

DR. WEST: Madam Speaker, it gives me pleasure to speak to Bill 27, the Electric Utilities Amendment Act, which represents the next step in the restructuring of Alberta's electrical utility industry. Its purpose is to advance the process started with the Electric Utilities Act of 1995 by setting a course that will lead to full deregulation of the electrical generation market, introducing competition in the retail sector and ensuring a level playing field for all market participants. We are making these changes so that all Albertans can realize the full benefits of restructuring. The introduction of competition in the generation and retail markets will drive suppliers to become more efficient, reduce prices, and offer higher quality services to customers.

9:30

Alberta was the first jurisdiction in North America to start down this path to use the power of competition and incentives rather than regulation to ensure competitive electricity prices. We now find ourselves at a critical junction. Continued progress requires a renewed commitment to the goals of restructuring, achieving competitive markets and low electricity prices.

In late 1996 the department undertook a formal monitoring of stakeholder satisfaction with the changes introduced by the Electric Utilities Act. We found that stakeholders were concerned about the pace, direction, and commitment to further restructuring. Stakeholders said that consensus on the outstanding issues of deregulation and customer choice required that government state a clear vision of the future and set firm guidelines on both direction and pace. The Electric Utilities Amendment Act sets out that vision.

We spent 1997 working with stakeholders to understand their concerns and to build a plan that addresses those concerns. We brought in independent experts, world-class consultants whose expertise in these areas is recognized and acknowledged by stakeholders. Stakeholders recognize that the framework we are building on is solid. Some may take issue with specific components of the legislation, but there's general support for the framework as a whole. The changes address issues that were put aside for later resolution when the Electric Utilities Act was passed in 1995, and we can delay this action no longer.

What are the major changes? The act makes major changes in three areas. Generation market. The long-term contracts will

cover the supply of power from the existing regulated generating units. These contracts will start on January 1, 2001, and run for 20 years. The contracts will be designed to ensure that the customer continues to benefit from the low-cost power available from existing generation today, to ensure the generation market is competitive and that there is no abuse of market power by any supplier, and to ensure that the investment decisions made by the owners of these plants are based on expected future market prices, not on continued government or regulator intervention.

There has been some disagreement over how long these contracts should be kept in place. We listened carefully to different points of view and have sought advice from independent experts who have experience with these kinds of contracts. We have looked closely at the different models being used by stakeholders around the province to generate forecasts of what will happen to electricity rates. We have also done analysis of our own. What we learned was that you have to be very cautious with the numbers coming out of these models. These models involve forecasts of events that are 20 to 40 years down the road. Anyone who has worked with these models knows that what you get out of them is quite sensitive to the assumptions and forecasts that you start with. After careful consideration of all available data and advice, 20 years was judged to be the best choice for the customers. This is the time most likely to give customers maximum benefit from restructuring this industry. Longer times simply perpetuate regulation and do not encourage efficient investment decisions by utilities.

The second major change is the introduction of retail competition. All customers will have choice over their retail supplier of power, the types of service that they will receive, and how they will participate in the market. Choice will be introduced over time, starting in 1999 for some customers and extending to all customers by the year 2001. Technology and economics are the determining pace. It will give all parties time to prepare for this new world.

Municipalities will have choices too. Smaller municipalities have told us that they may not be interested in being involved in a competitive retail business. Under the act they have the freedom to make that choice. What we are requiring is that if a municipality decides to compete in the retail sector, then it must play by the same rules as everyone else. This ensures a level playing field and is in the best interest of the customers.

Electricity rates declined during 1997 and will decline further in 1998. The introduction of retail competition should bring further downward pressure on rates and an increased focus on customer-oriented rate design and packages.

Third and finally, safeguards will be put in place to ensure a level playing field in generation and retail markets. The governing body of the power pool, called the power pool council, will be given greater authority to monitor and investigate the behaviour of market players. A market surveillance administrator will be appointed to the power pool council to perform ongoing monitoring of fairness and efficiency in the markets. The council will be able to respond to complaints about unfair business practices and take actions against anticompetitive behaviour by imposing fines or sanctions. Most stakeholders support the need for these safeguards. Stronger market surveillance will increase the confidence that customers and new suppliers have in these markets. It will encourage new investment, increase competitiveness, and ensure fair and timely dispute resolution.

Ultimately, only the transportation components of the industry, the high voltage transmission system, and the local distribution

systems will remain regulated. We continue to regulate both transmission and distribution to ensure that these systems are built and maintained to the highest standards and that new generators and retailers have open and nondiscriminatory access to the market.

In conclusion, continued regulation of the markets that have the potential to be competitive stifles innovation and creates unnecessary and unproductive costs. We want firms to focus on winning battles in the marketplace by being more creative and more efficient, not on winning battles in front of regulatory boards. The change from regulation to competition will be fair. It will allow owners a fair opportunity to recover the investments they have made in generating plants. That's their stranded values. Customers will continue to receive the benefit of low-cost power from existing plants. That's their residual value. It will bring the benefits of competition to all customers so that we can have new power. It will ensure a level playing field for all market partici-

pants so that people will want to come to this province and do business, and it will preserve and enhance the Alberta advantage.

We have reached an important crossroads in our province and must move forward with this initiative. We will continue to move forward in a fair, open, and consultative manner with all stakeholders in the interest of Alberta consumers.

Thank you, Madam Speaker. I would like to adjourn debate now.

THE ACTING SPEAKER: Having heard the motion by the hon. Minister of Energy, does the Assembly agree with the motion?

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? Carried.

[At 9:39 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]

