

Legislative Assembly of Alberta

Title: **Wednesday, May 17, 2000**

8:00 p.m.

Date: 00/05/17

head: Government Bills and Orders

head: Committee of the Whole

[Mrs. Gordon in the chair]

THE DEPUTY CHAIRMAN: I'd like to call the committee to order, please.

Bill 24

Wilderness Areas, Ecological Reserves and Natural Areas Amendment Act, 2000

THE DEPUTY CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Madam Chairman. It's a real privilege again this evening to speak to Bill 24, the Wilderness Areas, Ecological Reserves and Natural Areas Amendment Act. This bill, as I said last night, is very timely in the sense that it's going to provide us an opportunity to protect the affected heritage rangelands in Alberta. As the minister explained, there are going to be three of them done currently, and there will be three others that will be negotiated and designated. As I understand it, these are all going to be developed and put in place in the context of lands that are currently under public management, so there will be no impact on private titleholders.

What we've got is a real opportunity to participate in our commitment as a province to the concept of the special areas preservation of natural and heritage ecological systems. This does fit in very well in the context of that commitment that we made a few years ago. We have to keep progressing on it, and I congratulate the government for taking this step now to incorporate our heritage rangelands into this program.

The interesting part of it is that I think the three areas they've already designated, as I said last night, are really quite unique, quite identifiable only in Alberta in the context of what is being done about the rangelands. The main issue here again, as I said, is to get the three current areas in. The Black Creek area is out in the Whaleback. This is a really unique kind of grazing area that was run mostly, as I understand it, as a winter grazing area for bison, buffalo, and pre-European involvement. The Twin River area is, from what I understand, near the Milk River ridge or part of the Milk River ridge, which again is a very unique kind of ecosystem because of the altitude and being kind of encompassed by a lowland area. So we've got a very unique, quite productive grazing area that's in that area around Milk River. The third one the minister notified us yesterday was going to be designated is the Beaverhill area east of Edmonton. Here we've got, as I said, the transition area between prairie grasslands and the grazing areas that were put in as we move into the forested and the treed part of the province.

What in essence we have are really two wintering areas for the bison and one summer grazing area. What is left now and that I hope does show up in the three other areas that are to be designated would be the true shortgrass prairie that's in eastern and southern Alberta and then kind of the transition grassland areas that are more in the dark brown soil zone areas. So those kind of divide it up.

Some specific comments on the bill and how it is going to be applied. I think what we need to do is look at some of the conditions that are being put on the particular operation of these heritage

rangelands in the sense that what we're going to see is as close as possible a management situation that will provide that ecology the opportunity to respond as much as possible to the natural or presettlement way it was operated.

So we see some really good controls on the access by motorized vehicles, the access for non livestock type activities, nongrazing activities. The idea that we see in sections of the bill, like in section 8, where they're talking about the limitations that are being put on that, will control the kind of thing that can be conducted there. I guess it would be an addition to section 8, what is now section 9 in Bill 24, where we look at the idea that there's going to be a really strict control on off-road travel.

The minister also retains within this context the right to, under special circumstances or for special conditions, allow for the off right-of-way type of travel by motor vehicles. You know, this reflects the need that we have for appropriate management of those grazing areas within the context of a modern grazing management scenario. We wouldn't want to have a rancher, a leaseholder with their cattle out there and needing to have access to those animals and no way to get to them with a motor vehicle. So with the idea that the minister can make special provisions for extenuating circumstances, we can see that what we'll have is a chance for the leaseholder, within the context of that good management scenario, be able to effectively get access to the areas where their animals are.

I didn't see anywhere in the bill where there would be a provision for any kind of water management within the heritage rangeland area. Would the grazing leaseholder be able to, effectively, put in dugouts, put in wells, do things that would allow their animals to have access to water? Madam Chairman, I say that in the context as much for the areas that haven't been designated yet as for the areas that have been. You know, the area of the Whaleback and the area of the Milk River ridge have natural water areas, natural seeps, but if we get up into the area that we were talking about east of Edmonton or into some of the shortgrass areas that have yet to be designated and have yet to be picked out, what we're going to find is that these areas probably are not going to be large enough in size to allow for the presettlement type grazing patterns that went on where the animals effectively moved through them as they moved from one river to another in east-central Alberta to water at the rivers, and in the meantime they went between.

I don't see in the bill where any kind of designation for these water areas might be appropriate. I know that even in the special areas parts of Alberta where there are grazing leaseholders, they are allowed, effectively, to create dugouts or to put in wells to pump water for animals on either the community pastures or on their direct grazing lease. So I guess what we'd have to do is watch and see, as these management plans are developed, whether or not we can actually have this kind of activity defined. How will we be able to go about preventing the damage that would occur from the animals constantly coming to that one part of the heritage area where we're going to see the concentration that wouldn't have occurred in those rangeland areas in a presettlement type grazing pattern, where the bison, as I said, except in a rainy season or spring, would move right through and graze on their way between water sources? So what we have to do is make sure that those kinds of things are there.

8:10

The other thing that's interesting is the restrictions that are noted in the context of the bill, where there are limitations on hunting and fishing, that kind of thing, that would go on there, the normal recreation type activities. The minister last night said that hunting and fishing would be done by permission of the grazing leaseholder, yet from that perspective we'd have to be able to make sure that

certain methods are developed to prevent the development of a common right-of-way to a hunting or a fishing facility. The whole idea that they're talking about fishing facilities or fishing opportunities would indicate that in some of these areas the natural water systems would be available. I guess the thing is that we want to make sure that we look at these in the context of how the bill will be able to provide a management system.

I don't see within the context of the bill, at least not in the part that we see in Bill 24, a true outline of how those management plans will be developed. The idea that these would probably be part of any grazing lease agreement that would be drawn up between a leaseholder and the Crown, as representing the public, would have to be handled a little bit differently than our normal grazing lease procedures in the sense that we'd have to make sure that these kinds of management plans and the kind of controlled-grazing status of that lease area would have to be managed.

I think we want to make sure that that gets more clearly defined here in the sense that the farmer or the grazing leaseholder has to be sure that they understand what they're getting themselves involved in, what they're going to be dealing with in the context of being able to operate a competitive cattle operation in the sense that if there are going to be restrictions put on it, then we'll have to see a lower lease/rental rate, or if they're going to be allowed to be commercially competitive, then the same kind of rental agreements can be developed that are there for the standard leaseholders.

I guess the other thing that we don't see in here is the option for any kind of nongrazing development. I hope that within the context of this bill the fact that it's not mentioned means that it's not going to be allowed in these areas. Will we be able to be in a position to make sure, even if there are current activities going on, how they will be handled or how they will be phased out so that we can have a true heritage rangeland environment created?

I guess the last comments that I'd like to make would relate to the issues that are outlined in section 15(2)(b)(1.1) in the sense that here the minister is going to be able to develop a lease that, effectively, will run "not exceeding 30 years." This creates a long-term stability, but it also creates a situation where the only option we have to make sure that the management plans are being followed, that any changes that we see being relevant and being important to the management of that heritage rangeland – they can only be renegotiated on a 30-year basis. I would like to see that when they get down to the option under subclause 1.1 (b), where they say "to include other terms and conditions," a clear definition be included there that will allow the public and the grazing leaseholder to fully understand what options are available to alter the lease, to change the lease, and whether or not that's going to require any kind of payment in lieu of lost productivity so the operation of that grazing lease can be handled in a well-managed and a direct-managed way.

We don't want to have to see the kind of debate, the kind of uncertainty, and the kind of hostility, in some ways, that was created last year when we had the debate going on on Bill 31, which effectively saw the government legislating changes in contracts that didn't have to happen. We could have been dealing with those changes in contract by dealing with them at the appropriate time, when the termination of that lease occurred or when conditions in the lease were such that they triggered or warranted a renegotiation and a redefinition, like the kind of activities that would be available, to allow for changing the relationship between the public and that leaseholder.

So this is the issue that I think we want to look at. The thing that I guess is most important, Madam Chairman, is that within these operating conditions and the regulations that are going to be developed by the minister we end up with a sound management plan

where the public feels that, yes, they are going to have a heritage rangeland protected by this act, yet the individuals or the businesses that have participated in this program by taking out the leases to graze these rangelands will feel that they're being treated fairly and that they're being given an opportunity to provide both for their own economic well-being but also to contribute to the heritage of our province and to allow our future generations to see the kind of Alberta that was here when, for a lot of us, our parents or grandparents chose to settle here in this province.

Madam Chairman, with those few comments I'll reserve anything else that I have to say until we have the specific amendments that may be brought forward or else when we get to third reading. Thank you very much.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Madam Chairman. Having had an opportunity last evening to speak to the principles of Bill 24, the Wilderness Areas, Ecological Reserves and Natural Areas Amendment Act, 2000, I'm pleased to have an opportunity at the Committee of the Whole stage to look at some of the sections of the bill in more depth.

What I took the opportunity to do, Madam Chairman, was to take Bill 24 and compare the provisions we have in Bill 24 with provisions that other governments across the country have in similar acts. In particular, I looked at the British Columbia act and the act in Newfoundland, which are different in a number of ways from what we do in Alberta in the act before us now.

The Committee of the Whole of course is a chance where we get to look at the individual provisions of the bill, and I thought I would just go through some of them rather quickly. Some of them are rather obvious and don't deserve that much attention.

8:20

Section 1 states, obviously, that this is an amendment to the Wilderness Areas, Ecological Reserves and Natural Areas Act. Section 2 changes the name of the act, and those are sort of house-keeping items.

Section 3 is an important part of the act, and that's the section that now has a "whereas" clause and gives us a bit of a preamble about the desirability to protect heritage rangelands and their grassland ecology. We've had occasion to comment on prior legislation, Madam Chairman, about the need for solid preambles. Preambles I think are important to lay readers and to people who are generally interested but may be unsophisticated in a particular area of interest. This is an area where I think there is broad public interest, the preservation of our natural heritage. It's a bill that demands a preamble that explains in fairly succinct language what the provisions of the bill are all about, so I'm pleased that there is a preamble, a "whereas" clause that sets out the goal of the bill in straightforward language.

It's important, because grasslands are not just valued here. I was looking at some of the material on world grasslands, and I recall from some of my high school and early university geography the notion that there are three major types of grassland in the world: the tropical or savanna grasslands, which are really very, very long grasses, three and a half to 12 feet high, found in South America and other parts of the world; the prairie grasslands, as we know them, which are deep-rooted grasses; and then the steppe grasslands, of course the most famous being the steppes of Russia, and we have some of those grasslands, too, in North America. The grasslands are of great economic value to the people where they are located. In

Alberta's case they are of both economic and ecological interest, and it's very appropriate that this act is here and addressed specifically to the preservation of our grasslands.

Section 4 is a necessary part of the act, where it adds the heritage rangeland to the definitions and gives us a full definition under 3.2. Heritage rangeland means land designated as a heritage rangeland under section 3.2. So the definitions I think are again a necessary part of a bill like this.

Section 5 is housekeeping. It strikes a reference to a previously repealed section.

Section 6 states that the Lieutenant Governor may designate the kind of activity that can be used to maintain the grassland ecology. It's an important section because this is a provision in the bill that allows economic activity to continue on a heritage rangeland. That's a provision that is different than some of the acts elsewhere on the continent, although Colorado, I note, has a similar provision where the grasslands there are used for similar kinds of activities as we use them for here. But there are jurisdictions where once an area has been designated, all kinds of economic activity are discontinued and disallowed by law.

Section 7 again is cleaning up the act to make provision for heritage rangeland.

Section 8 gives some fairly definitive restrictions, and it includes our heritage rangelands in those areas where people are not allowed to deposit litter except in places that are provided for that litter. Animal and plant life cannot be removed unless there is a prior approval by the minister. There can be no construction or improvements made upon the land without, again, the approval of the minister. And then a general provision that nothing will be done or should be undertaken by an individual that will alter or disturb the surface of the area.

Those are important provisions in the act, Madam Chairman, and it's interesting that in our act and in our province we have chosen to make the authority over this land the minister, and the minister is responsible for the enforcing of these restrictions. In other areas there have been committees or commissions or multiperson bodies appointed that not only help monitor the use of designated reserves such as these but are also bodies that citizens can approach to have new areas designated. As I read through the details of the bill, it was one of the things that I wondered if the minister and his department had considered as the bill was being crafted, the mechanism by which new areas could be designated. It seemed to me that having a body that is somewhat independent of the minister and the department itself that could monitor these areas and would be available for proposals for new areas is an idea that's worth exploring.

Section 8 also makes it clear that the heritage rangelands are not included in areas that have restrictions where you can't travel on foot, where you can't hunt or trap, where you can't fish, where you can't land an aircraft, where you can't use a pack animal or motorized vehicle or light or maintain an open fire. It's quite clear by these provisions that the rangelands are to be maintained by grazing. To facilitate this, those individuals involved in grazing activity obviously are going to have to be able to move around on the landscape. So the kinds of restrictions that might otherwise apply or apply to other ecological areas are not seen to be appropriate here. That's the provisions in this section of the bill. Section 8 makes this clear. Waterways are obviously going to pass through them, and there are going to be greenbelts for animals. There have to be exceptions, of course, for hunting and fishing activity that would occur in these areas, and that's what section 8 of the bill enables.

8:30

Again going back to those individuals, ranchers, who are actually using the rangeland for economic purposes, they're going to have to be able to graze animals, horses and pack animals, to move around to conduct the activity that they're involved in.

Section 9 of the bill gives the restrictions, specifically those that will apply to heritage rangelands. The roads that are rights-of-way or allowances and which are bordered continuously or discontinuously on both sides of a heritage rangeland are included in this section. The minister, of course, again in this section may by order make any restrictions on fires in a rangeland. Those fire restrictions are normally put in place, of course, during high-risk times of the year, when dry seasons are being experienced.

It's in section 8 that we also have the restrictions on off-highway vehicles and motorized vehicles that are not to be operated in the heritage rangelands except on the right-of-way or undeveloped road allowances. It's recognized in this section that vehicles do the most permanent damage to the grassland area, Madam Chairman. Even though vehicles are supposed to stay on the road, it would be interesting to know what kind of enforcement will be available in these areas, and that question I think applies to a number of the other restrictions in the act. These are vast areas in many cases, and the monitoring of them is going to be an interesting exercise. Some of the ranching operations of course do require the use of aircraft. Again, it would be only possible to operate those aircraft with the minister's approval.

Section 10 is an amendment to section 9 and gives exceptions to the limits from section 8. It really exempts equipment or transportation that is owned by the Crown if it has ministerial approval, or if it's owned by the owner of a disposition or a fur-trapping licence, then this section allows for equipment and transportation to be used by those individuals.

Section 11 adds "heritage rangeland" to the list. If a person damages by an action and that action doesn't have approval of the minister, then that person is guilty of an offence.

The following section, section 12, adds "heritage rangeland" to the areas in which the minister may restrict travel.

Section 13, references sections.

Section 14 includes "heritage rangelands" now in areas in which the Lieutenant Governor in Council "may make regulations respecting the administration, management, operation and utilization." It's really a section that allows the government to make the rules and regulations governing the administration and how the activity in the rangelands will be monitored and conducted. It's that section that we, I think in the past, have always believed should be the section where the Committee on Law and Regulations could make a contribution to the improvement of legislation in the province and would, I think, provide valuable advice to the government in determining the kinds of rules and regulations that will govern rangeland operations.

Section 15 is an amendment that amends the Forest Reserves Act to include more land in the eastern Whaleback of the Rocky Mountain forest reserve. It expands that area. Section 15 also talks about the permits to be issued by the government for the grazing of livestock in forest reserves, and interestingly the word "annual" has been removed, so one assumes that they are now going to be multiyear permits, not yearly. The section also increases the lease on public lands in heritage rangeland from "a term not exceeding 20 years" to "a term not exceeding 30 years." So I guess some questions in terms of section 15. Why have these two provisions in terms of permits and leases been changed? What was the rationale for making the changes? It would be interesting to hear from the

government before the bill passes out of the committee stage exactly why those changes were made.

I've gone quickly through some of the specific provisions of the bill, Madam Chairman. I'm sure there's much more that could be said about it, but I look forward as the issues that have been raised are addressed by the government.

Thank you very much.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Madam Chairman. It's a pleasure this evening to rise and make a few comments on Bill 24, the Wilderness Areas, Ecological Reserves and Natural Areas Amendment Act, 2000. This is a bill that I certainly support, and I would urge all members of this Assembly to support this bill.

This is a bill that does voice the broad public concerns of our grassland ecosystems here in the province. What it also does is add lands to the eastern part of the Whaleback. Again, as we see with the great influx of people into our province, the demands on the wilderness areas in this province continue to grow, and as we have encroachment into these areas, whether it be by four-wheel drives, all-terrain vehicles, off-highway vehicles, just the fact that people are getting out into the wilderness more, we do require some type of protection for these areas.

Again, Madam Chairman, when we talk about the ecosystems in these particular areas, we have to realize that these are very, very sensitive areas as well. Right now they are very productive areas as far as grasslands go, and we certainly hope that these grasslands will be protected, that these grasslands will be available not only for wild game in the area but also for grazing of cattle and for the ranching industry here in the province.

What this act does, Madam Chairman, is that for the first time the heritage of Alberta's grasslands will be protected by legislation specifically designed to meet the unique management needs of this particular ecosystem.

8:40

As well, what we find in this legislation is that the classification finalizes the Alberta government's commitment to the Black Creek heritage rangeland in the eastern half of the Whaleback and that this new category will provide for the specific management requirements of grasslands. Historically in the province, Madam Chairman, grazing bison helped to shape Alberta's grasslands. Of course, it is because of these huge herds that once roamed a large portion of the province that we did have our prairies remaining as they were, as grasslands. The heritage rangeland classification provides for the continued use of cattle grazing to preserve the ecological integrity of these areas.

Now, again, another reason that I think it's vitally important that we do look at how sensitive these areas are is because of the changing conditions that we do have in Alberta. It was just this past week that we did have a report where it was felt that many of the major glaciers in the province are receding at such a rate that they will be gone in the next 20 to 50 years. When we look at this particular bill, it does make provisions for the leases to ranchers, to people that wish to graze their cattle in these areas. These would be extended from 20 years to 30 years. I think that when we are looking at the impact of our freshwater supply from the runoff of the glaciers, particularly in all those areas that rely on that runoff on the east of the Rockies, then it is a very good thing that we do have a provision whereby in another 30 years, when these leases do expire, we will be able to have a look at what the impact of our receding

glaciers has been and how the supply of freshwater from these glaciers is going to impact these particular sensitive areas in our province.

Now, the act is quite clear that the heritage rangelands are to be maintained by grazing, and to facilitate this, Madam Chairman, ranchers would have restrictions on how they can travel. These restrictions are outlined extremely well in section 9. What it says here is that vehicles are going to be restricted because they can do permanent damage to a grassland area. I look particularly at what has happened in Jasper national park.

Now, up until the '60s and '70s residents of the park had a tremendous amount of freedom in the park in which they could drive their vehicles in these areas, Madam Chairman. With those rules that they created then, the damage that they did to the system there is still there, so I think that when we start looking here at this particular bill and the restrictions that they have put on the vehicles traveling in these grassland areas, this is a very strong part of this bill, and it is good to see.

So in section 8.1(3) I do like the fact that vehicles have been restricted and that there will be enforcement on people who do not observe the rules governing these areas. As well, I would wait to see if in fact in this particular act there are going to be penalties for those that do not follow these restrictions.

I also see in here under 8.1(4) that people will not have the right to take off or land aircraft in a heritage rangeland except, of course, in the case of "an emergency or as authorized by the Minister." I think this is another strong part of this particular act and one that will definitely help in strengthening the act.

Now, then, as well, Madam Chairman, when we look at other sections of this act, we see that there are areas that have been set aside that would likely be part of greenbelts for wild animals, and waterways are going to pass through them, so that does explain the exceptions to hunting and fishing in those areas. When we do look at particularly the hunting in these areas, this does not appear to be supported by the general public. Certainly these types of activities do lead to reduced opportunities for the public to have wildlife viewing opportunities. So again this would be a major addition to the bill. As well, what would happen here is that this would avoid the conflicts with other recreational activities in that public safety and protection in the protected areas are very good reasons and the reasons cited as to why hunting should not be allowed.

There certainly is some opposition to this particular part, but in the stakeholder consultations I do see that one of the recommendations was that the committee felt that on balance the proposed policy position in respect to recreational hunting was reasonable and should continue.

As we look through the bill, I think another section that is a very good part of this bill is section 10, and this section, Madam Chairman, gives exemption to the limits from section 8 in that "equipment or means of transportation" that is owned by the Crown is exempt as is the ministerially approved equipment which is owned by the holder of a disposition or a fur-trapping licence.

Under section 11 heritage rangeland is included in the listed areas where if a person damages by an action and the action does not have ministerial authorization, that person is guilty of an offence. Again, Madam Chairman, under this section if somebody is guilty of that offence, I would like to see how the penalties for that violation would be spelled out at some point.

Under section 12, Madam Chairman, heritage rangeland is part of the list of areas in which the minister may restrict travel. Again what I do like is that we have identified a person who is going to be responsible and will be able to limit the amount of travel through these areas.

Under section 14 heritage rangeland is included in the list of areas in which “the Lieutenant Governor in Council may make regulations respecting the administration, management, operation and utilization” in these areas. Again, this is another piece of the act that does make this a good act. It does put in the provisions that we would like to see to protect Alberta’s grassland heritage. As the hon. Member for Lethbridge-East said, certainly we do want to protect these areas. They are areas that are sensitive. They are areas that are very vulnerable. Therefore, Madam Chairman, I certainly would like to see these continue.

I recall what my mother told me about when she arrived in this province in 1902 and they homesteaded in the Viking area, where I’m sure the hon. Minister of Gaming has spent much time in oil exploration and whatever. Unfortunately, they chose a piece of property where there wasn’t any oil or gas. My mother told me a very interesting story when I took her back. She was in her late 80’s at this particular point, and we went back to Viking and went to find the homestead. One of her big complaints at that time was that she couldn’t recognize where it was. I said: “Well, what has changed so much since the time you first homesteaded here in the early 1900’s?” and she said, “There are so many trees now. When we homesteaded here in the early 1900s, there were no trees.”

8:50

I do like the provisions that have been put in here. I do like the fact that these provisions will protect our heritage grasslands. With those few comments, Madam Chairman, I would like to cede my position to some other member here in the Assembly and listen to further debate on Bill 24.

Thank you very much.

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

MR. DICKSON: Madam Chairman, thank you very much for acknowledging this member. I think I’ve made the observation before in speaking to different elements of environmental protection, different statutes, different bills, that I’ve always been struck in my constituency with the very high level of concern, attention, and awareness around environmental issues. I’ve often thought Calgary-Buffalo, which is perhaps the most inner city and the most urban of all 83 constituencies, is one where environment and environmental concerns consistently rank in the top three areas about which I receive letters, phone calls, visits, and that sort of thing.

It may be that so many Calgarians have the opportunity of checking out the mountains every morning when we drive to work. Is this not a Calgary thing to do? The observation you make to whomever is in the car with you is whether there is more snow or less snow on the mountains. I don’t know whether it makes any sense, but I find myself doing it, and I know lots of other people do it. Anyway, it’s that proximity to the spectacular beauty of the mountains that makes it so important.

You know, Barry Commoner, the American biologist and educator, said one time:

Both the environmental and population crises are the largely unintended result of the exploitation of technological, economic, and political power. Their solutions must also be found in the same difficult arena. This task is unprecedented in human history, in its size, complexity and urgency.

I think what Mr. Commoner said probably resonates with all of us. Whether you’re in Calgary-Varsity or whether you’re in Duchess or Bassano or Drumheller or Hanna, Alberta, I think this is something that just people intuitively know and understand.

I was very interested when I saw Bill 24 in terms of the difference between Bill 15 and Bill 24. I give full credit to the Minister of Environment, who apparently went through a very arduous process within his caucus and his cabinet in the bill review process to be able to bring this very modest piece of proposed legislation forward. And it is modest. It certainly doesn’t have the breadth of Bill 15. Neither does it have so many of the problems that we’d identified in Bill 15, the areas that were left to ministerial discretion, left to regulation, and that sort of thing.

I think Barry Commoner, that American environmentalist and biologist, would probably vote yes to Bill 24, and Calgary-Buffalo is going to vote yes to Bill 24 as well.

I do want to say, though: what happened to the rest of Bill 15? Although we were unhappy with a number of elements and certainly much of the bigger community was concerned about that, Madam Chairman, why is it that we don’t see a more ambitious bill than this one?

Sometimes our criticism is that the bills are too ambitious, but sometimes we see a bill like this one, and we’d say that we could have done a lot more. So we wonder what sort of problems there are. You know, when my relatives in Medicine Hat and down in the Cypress Hills registered their concern around the environment and environmental protection, I think they were hoping that government would be able to bring in something that was more ambitious.

Now, what we’ve got with respect to Bill 24 is something that’s focused really – I mean, there are two parts of the province that are directly affected. We’ve got the eastern part of the Whaleback, and goodness knows it is important, and it’s a wonderful thing to see additional land added to that. The other thing it does – and let’s be very clear about this Madam Chairman, very clear indeed – is provide more protection for the grassland ecosystem. You know, that’s a concern as we start getting out particularly into the eastern part of the province. That’s the entire Palliser Triangle, the area explored by John Palliser more than 100 years ago. That is an important ecosystem, and it’s significant that government is moving to deal with it and providing a degree of protection.

I think it’s interesting that in section 8 the heritage rangeland is included in the areas that have the restrictions about depositing litter, about removing plant or animal life or constructing or adding improvements or doing anything, Madam Chairman, as I understand it, that would alter or disturb the surface in those grassland ecosystems.

We’ve got some exceptions to hunting and fishing. I was listening carefully to my colleague for Edmonton-Mill Woods, who always shows me the dazzling breadth of his knowledge and his experience. I don’t know when he found time to read and learn as much when he was writing all those books, but every time he offers commentary in this House . . .

MRS. McCLELLAN: When he was teaching all those students.

MR. DICKSON: And teaching those students, minister of intergovernmental affairs.

Every time that member speaks, I find it illuminating. I find that he provides all of us with information and perspective we didn’t have before.

MR. SMITH: If only we could say the same thing about you, Gary. If we could just say the same thing about you. I’d love to. Make we say that.

MR. DICKSON: Madam Chairman, the Minister of Gaming makes an offer that he knows I couldn’t possibly comply with. He imposes an impossible condition, so I want to move on.

I'm almost, unless I'm provoked, about to wind up uncharacteristically brief comments, and that's simply because this is a good bill. It's a bill I support. I'm encouraging my caucus colleagues to support it, and I know they've received some excellent advice from Edmonton-Ellerslie to the same effect. I think this is a bill we can put forward.

You know, I must say that I'm always sort of fascinated with the process of things, and I wonder if the Minister of Gaming at some point would tell us, you know, the proverbial fly on the wall, about those cabinet meetings when we saw the rustling of the titans of absolute unfettered free enterprise exploitation of the wilds and the Minister of Environment, that Minister of Environment whom I will always remember. I have this mental picture. He'd only been Minister of Environment for a scant couple of weeks, and there he was in hip waders on the front page of all the newspapers and on all the TV stations. He was standing in a stream. I think the mayor was there too, but I always remember the Minister of Environment standing there in his hip waders in this stream somewhere in the Nose Creek area. He just looked so joyful. I haven't seen him looking so happy since he was doing his Elvis Presley imitation at the Chinese New Year's banquet. He was obviously enjoying his portfolio, and I think he's demonstrated a really keen concern to do what is possible with that important portfolio.

9:00

I wish that minister well. I congratulate him on bringing Bill 24 through. I express my disappointment that it's not more ambitious. Finally, I want to challenge him to address some of those other issues we were teased with in Bill 15 but to bring them back in a way that respects the substantial feedback he's received from conservation groups, from environmental groups. Those people have a tremendous body of knowledge and some wonderful commentary, expertise, and perspective to share with all of us.

I hope all members are going to support Bill 24 and we'll see its speedy passage through this Legislative Assembly. Thank you very much, Madam Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Madam Chairman. I wasn't going to speak to this bill actually, because I think my colleagues have done a good job of doing the clause-by-clause commentary, but then I remembered that I had a letter from a constituent who had asked me to bring up his concerns if we saw environmental legislation brought forward in this session.

Now, it's interesting that in my riding of Edmonton-Centre, which, as you know, is an urban riding, in the centre of the city, environment consistently comes in as the number four concern of residents. They're talking about environmental protection, protection of the parks and the wilderness areas, and they're very supportive of any protection the government is willing to offer through legislation for the areas we have and also additional designation of areas that would fall under protection. The flip side of that is that I often get commentary about the need to work very carefully in partnership with forestry companies and oil and gas leasing activities and other activities that might be taking place in designated areas.

I note, with some disappointment but with understanding, that snowmobiling will not be allowed in these rangeland areas. As a snowmobiler I'm able to ride on less and less of the areas in Alberta, but I understand the need for this here. I understand that the recommendation has come forward from environmental groups and professors and experts in the area of environmental protection, and I will respect that. I'm a responsible snowmobiler.

I have just one quick question to ask. Was there any consultation at all with any established snowmobiling associations like the Alberta Snowmobile Association? Perhaps the minister can make note of that question and respond to me at some time.

Now, what this constituent, Rob Stefaniuk, had contacted me about. If new legislation was brought in around wilderness protection areas or a new version of the environmental protection bill we had last year, he was most concerned that serious consideration be given to allowing the inclusion of paragliding and hang gliding. He's quite specific there in that he is speaking about nonmotorized, foot-launched flight, which is pretty specific. I think it's really clear what he's looking for. I did notice in this bill that it was talking about aviation being restricted but that the minister could make allowances or allow certain people to do so, by permit I presume. So this is a question being put to the minister: if there has been consideration given to whether paragliding and hang gliding would be allowed in these rangeland heritage preservation areas.

I notice there's not a lot being allowed in these areas. I understand from the visits I've made to southern Alberta how ecologically fragile this kind of land can be and that not a lot is being allowed here, but I do note that hunting and fishing are. As a sidebar, I'm sure that my father, the hunter and fisherman, will be very glad to hear that, as he does participate in those activities in the areas that are being mentioned here. I would be interested in whether the hang gliding and paragliding are going to be allowed in that they don't have that much of an impact. They are foot propelled, and certainly my constituent, Mr. Stefaniuk, does feel that the aviation restrictions are excessively wide. Now, he was speaking specifically about the Alberta Provincial Parks Act, and he recognizes that they're designed to control the operation of motorized aircraft. Well, his is not motorized. His question is: why can't they allow this? He's really looking for very specific language to be used, because in some of the existing legislation the language is broad enough, he feels – and I agree – that they restrict the relatively low-impact activities of his sport.

I'm glad that I was able to have this opportunity to just put the concerns of my constituent on the record and put them forward to the minister for an answer and also for consideration. It may well not be appropriate given that we are speaking specifically about rangeland heritage areas. Certainly when we do have an environmental protection bill back in front of us at some point, perhaps in a fall sitting, we would be able to look into this in more depth.

So that was the one issue I wanted to raise around this bill at this time, and I appreciate the opportunity to get those comments on the record. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Rutherford.

MR. WICKMAN: Thank you, Madam Chairman. During my period of time here as a representative of the riding of, first, Edmonton-Whitemud and then Edmonton-Rutherford, an area of the city where we have people that are very informed, citizens that are very, very aware, over the years I've had a great number of people come to me and talk to me about various environmental concerns. There is a real, real passion amongst most people to preserve our wilderness areas, to preserve the beauty of the province. Let's put it that way. We saw what happened in Ontario with Premier Harris, and it was very unusual in the province of Ontario. It wasn't expected to be done by that Premier, but it was done. When he laid down the designations of a number of areas, it was extremely well received.

Now, we had some difficulties when Bill 15 was coming forward. The environmentalists had some difficulties with it. This caucus had

some difficulties with it. It was very, very wide in scope, much wider of course than Bill 24. When I remember Bill 15, the environmentalists were speaking out. They were communicating with us. They were making it very clear that the bill was not acceptable to them. I know that in the past there has been reference made to them or some of them have been labeled as tree huggers, and I don't regard them as tree huggers. I regard them as activists, to a degree, but they're activists with a conscience. They're environmentally concerned. They are concerned about the quality of land, air, and water not only for ourselves but are concerned about the type of environment we leave behind for our children, our grandchildren, for future generations.

9:10

When we talk in terms of the benefit of Bill 24, we see it as a positive bill. We see it as one of those bills that this caucus has no hesitation in supporting because it is to the benefit of Albertans. One may argue that it's not as wide in scope as it should be, but hopefully the Minister of Environment and the minister responsible for energy can sort of get their act together and come to some agreement as to where environmental protection is going to end up in this particular province.

I recognize the economic benefits from the position of the one minister, but I recognize, too, the overall importance of protection of the environment. Once the environment is allowed to be destroyed, you can't redo it. If you look at Edmonton, for example, if we were to allow massive development throughout the entire river valley or allow a freeway through the MacKinnon ravine, once it's done, you can't take it away. You can't say: well, we've changed our mind, and we're going to convert it back to its original area. In very few cases can that be done.

I'd just make reference here to the committee that had been established, the MLA review committee, if I recall correctly, and to some of the concerns and recommendations that were raised at that particular time on the balance in terms of hunting in parks and protected areas. If most Albertans were asked if hunting should be allowed in parks and protected areas, my feeling would be such that the majority would say no, that we have to allow that wilderness to remain in the state it's in. But you've got to find that balance. You have to recognize certain realities in life. I know I've heard the argument on countless occasions that you shouldn't touch these natural areas at all, that you shouldn't touch green areas, that they should be left as is. The difficulty is that if you can't incorporate a balance of recreational opportunities along with the preservation of those designated areas, you in effect can deprive a lot of people of having the opportunity to use those particular areas.

For somebody like myself having to use a wheelchair, in some of these areas like the river valley, for example, if there were no trails, concrete or asphalt trails, whatever, that are deliberately constructed to provide access for persons on bicycles, persons in wheelchairs and such, it would deny those people the opportunity of using that protected green area. The same holds true for the use of recreational vehicles. Again, most Albertans would say: well, recreational vehicles in those areas is not desirable. I think the thing we have to look at is: is there a balance? Is there some limited use of recreational vehicles that in fact can allow some Albertans to utilize those green areas even further?

Madam Chairman, one of my great experiences that I can recall a number of years ago was in Kananaskis Country. Probably most of us have visited Kananaskis Country at one time or another. One of the things the government did, quite a remarkable, positive thing the government did, in the development of Kananaskis Park was to develop, if I remember right, the William Watson Lodge. It's a

special facility for persons with disabilities. It allowed me and my spouse, my son, my daughter-in-law, and our three grandchildren to all occupy accessible facilities for a period of time at a very, very reasonable cost. In fact, the price was bargain basement. It was three bucks a night, if you want to know. Now, that's pretty good for a whole group of us. In any case, they had trails there that were poured asphalt. It really gave us the opportunity to utilize, to see that beautiful, magnificent country we have down there. In any case, I'm going to . . . [interjection] I'm speaking. Please.

In any case, Madam Chairman, I'm going to conclude, and I'm going to conclude on the note that I do support this bill. I would hope all Members of the Legislative Assembly would support this bill because it is a good bill, it's a positive bill. It's a very, very good bill.

Thank you.

[The clauses of Bill 24 agreed to]

[Title and preamble agreed to]

THE DEPUTY CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

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

MR. HANCOCK: Thank you, Madam Chairman. I would move that the committee now rise and report Bill 24.

[Motion carried]

[Mrs. Gordon in the chair]

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

MR. LANGEVIN: Madam Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following: Bill 24.

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

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? So ordered.
9:20

head: Government Bills and Orders
head: Second Reading

Bill 19 Alberta Income Tax Amendment Act, 2000

Mr. Hancock moved that pursuant to Standing Order 47 the previous question be now put.

[Adjourned debate May 16: Dr. Taylor]

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

MS BLAKEMAN: Thanks very much, Madam Speaker. I'm pleased to be able to speak in principle in second reading for Bill 19, the Alberta Income Tax Amendment Act, 2000. Off the top, I'd like to say that in principle I am in favour of what's being proposed in

this bill, although I'm aware that after only two speakers we had the near-closure guillotine use of Standing Order 47(1) to preclude us bringing in any motions in second reading on this bill. But I am in favour of what's being proposed here. There are a lot of numbers being bandied about these days – 8 percent, .5 percent, 11 percent, 10 and a half percent – but essentially we're talking about a tax break or a removal of a surtax for Albertans. I just have two concerns that I'd like to briefly discuss here while we're in the stage of second reading.

My first concern is the omission that has occurred with this bill in that it is reducing the high-income surtax, which really does not apply to all Albertans that are paying a surtax. It applies to about 25 percent of the taxpayers who, indeed, had been levied with this high-income surtax back in the mid-80s when the deficit and the corresponding debt were mounting. You know, there's always a hitch in this. Nothing's ever straightforward here. As I considered Bill 19 and reviewed it and did some research on it, you know, I have to say – and I'll come back to this later. But I do see Bill 19 and Bill 18 going hand in hand, because I think it's about an overall policy, an economic policy and an ideology that's being put forward by the government.

What I noticed specifically is that when the government originally came forward with this tax cut plan in '96, the timetable was to eliminate the .5 percent, the half-percent surtax that had been levied on all taxpayers. Now, the timetable was to eliminate that half a percent surtax prior to eliminating the 8 percent on high-income earners, yet when it actually came forward, that's been reversed. We've heard nothing about the half a percent surtax, which would really put money back in everybody's pockets. No sign of that, no talk of that, but we do have the high-income surtax being withdrawn with this Bill 19. There's even a quote from Budget '96, Reinvestment: The Tax Plan, that says that "the tax plan proposes to reduce the tax burden for all Albertans starting with low to middle income working families." Great.

So there seems to have been a plan put forward in '96, and here we are, four years later, and I don't know what's happened to that plan. Now we have the order of things reversed without an explanation coming from the government about why that plan that was put forward in '96 is not being followed. I, of course, would always prefer to see a more equitable arrangement. I would prefer to see all taxpaying Albertans being acknowledged for their contribution to reducing the deficit and the debt in this province. I'd prefer to see them all being acknowledged prior to any specified group. So I do have a question about what happened to the plan. I have listened, I have reviewed *Hansard*, but I haven't seen an explanation for why the plan that was put forward in '96 isn't being followed. And I do make the point that the half-percent flat rate would be more equitable to all Albertans.

In understanding and reviewing how this government has dealt with their economic policy, I search for an overall and understandable plan to be able to explain to my constituents why these choices are being made, and I am constantly thwarted in my attempts to do that because there isn't a logical flow to what is going on here.

I note that the Premier in a *Calgary Herald* article in the summer of '99 said: what we want to do is make sure that those who can least afford to pay tax get the first break. So as recently as less than a year ago there was obviously still an intent to remove the .5 percent surtax first. What happened in the intervening 10 months? Another quote, also from the summer of '99, from the then Provincial Treasurer: certainly our priority is for low-income earners, and there are ways that that can be addressed. So what happened in the intervening time?

I think every taxpayer did make sacrifices to reduce the debt, and

I'm wondering why only a chosen few winners get the payoff, the payday when it comes to this. I've often spoken of the number of senior citizens that live in Edmonton-Centre, and I have to point out that most of those seniors would be on the loser list if we are following the government's picking winners and losers scenario here, because those seniors, most of them, have incomes under the magic \$46,450. Now, that \$46,450 was the level above which individuals were paying the 8 percent and below which they weren't, but they would have been paying the .5 percent. Who has a pension or fixed income that's under \$46,000? Well, a lot of the people that live in Edmonton-Centre. These are retired nurses, retired teachers, administrators. Interestingly, a number of people that worked on the railroad have pensions that are below that level. They're not benefiting from the removal of this 8 percent high-income surtax, so I guess they could be considered on the losing side of this.

So that's my first and primary concern about what's being proposed here, and as I said, I do support in principle what's being done. I think it's perfectly appropriate that since the government, certainly with enormous help from the people, has gotten rid of the deficit and is reducing the debt, those people should have these surtaxes removed.

My second concern is the larger ideology that is behind these changes in the tax structure, the changes in the economic policy and ideology that I see the government playing with. I spoke before about the plan and then not seeing the plan implemented, so is there a plan?

Essentially we collect taxes to pay for programs and services that the government offers. I have to admit that in Edmonton-Centre I have not received any correspondence from anyone demanding that they get a tax cut, and I've reviewed sort of the last six months' worth of correspondence from people. Sorry; the one exception to that is the senior citizens who are quite adamant in continuing to raise the point that they have never recouped the 5 percent cut they endured through the cuts to their programs and services. That 5 percent, they feel, has never been restored to them. So that's the only kind of feedback I'm getting from constituents about a tax cut or restoring funding to somebody.

Let me go back to the idea that we collect taxes to pay for programs and services, and do we have enough money to offer the programs and services that the people are wanting? Certainly we have in Alberta a cyclical economy. Where is the plan? I'm looking for the plan that shows that we are coping with and we are expecting that rise and fall.

9:30

We hear talk about removal of this 8 percent high-income surtax. As I mentioned, there was talk in the '96 plan and since then of removing the half-percent flat tax that was a debt reduction tax. We're hearing about an entirely new tax scheme which is a flat tax scheme at 11 percent, or I gather the government is now going to propose 10 and a half percent.

How does this all work into adequate provision of programs and services? We're hearing from the education sector that there is a need for consistent, sustainable long-term funding there. We're hearing in health care that there is a need for sustainable, understandable, long-term funding there. We've heard a lot of talk recently about the lack of funding for maintenance in infrastructure. What about the funding that's required for the seniors where they're able to do it?

You know, I have a seniors' centre in my constituency that is offering great work to the community and is now facing a real problem because their rent has gone from \$1,100 to \$4,300 a month. They do a lot of work for the Capital health authority with referrals.

They don't get paid to do that, and they don't get any funding to provide this service, which is a wellness, prevention service.

MS LEIBOVICI: It keeps people out of the hospital.

MS BLAKEMAN: Oh, there's no question that it keeps people out of the hospital.

Where are we with programs and services for social and low-income housing? What about child poverty?

You see, when we talk about tax cuts, it's really not a spending issue. It is, as has been pointed out to me most adamantly today, a matter of not collecting that money. If we're not collecting it, then how do we expect to be able to put these moneys that are being requested from these different sectors back in?

You know, when we're into the theory and practice of taxation and spending, I'm not seeing the energy and the commitment from this government. I'm not seeing that willingness and that energy and that commitment to plan. I'm not seeing it to invest in designated sectors like youth or seniors. I'm not seeing it to be that commitment to prevention, whether it be for poverty or homelessness or disease or ill health. You know, the government has made it very clear that they don't want to be in this Legislature. I'm speaking now with that guillotine of Standing Order 47(1) over my head. It seems they want to do as little as possible and do it behind closed doors at their own time.

For these problems that we see before us that I hear from people in my constituency of Edmonton-Centre, we're not seeing the plan. We're not seeing the energy. We're not seeing the political will to move this forward. When you do see something coming forward like this idea in Bill 19, the Alberta Income Tax Amendment Act, 2000, of withdrawing that 8 percent high-income surtax, it doesn't follow with any other plan that we've had put before us. We don't see the plan.

[The Deputy Speaker in the chair]

What we do see is short-term sort of patches. Even the language that the government is using is about short-term fixes. They talk about pressure points and addressing pressure points. Well, that doesn't bring to mind any image of a long-range flow with the milestones that they're going to hit at every point to move things forward. That talks about: "Oh, oh. This water main has burst over here, so we'll run over, and we'll slap something on it. Maybe we'll have to cut a section out of the pipe and reweld it, and that'll fix that pressure point. Oh, this one's starting to bulge over here. We'll rush over here and deal with that." So I'm looking and failing to see, because the government is not providing it, quite frankly.

It is piecemeal. It is jumping around. There is no explanation for the choices that are being made here. When we ask questions in this Chamber, what we often see back is a rebuke, is abusiveness, is name calling. Well, frankly, sticks and bones can break my bones, but names are never going to harm me. I can stand here and take the abuse and heckling that happens, but I am still looking for the plan, and I'm not seeing it. We're all looking for it.

So those were the comments, the two concerns that I wanted to raise around this bill. I'll make it clear one more time. In principle I am in favour of this bill. I think it's perfectly appropriate if the deficit has been addressed. If the very reason for instituting this high-income surtax was a deficit reduction surtax and that deficit has been addressed, it is exactly right that it should be removed. My concern is that this is not following the plan the government put forward with much touting, much paperwork, and much spending of the famous Public Affairs budget, and there's been no explanation

as to why that plan is now abandoned or not being followed through with.

My second concern is the larger economic policy or, to be more specific, ideology that I see not being put forward by this government. Those are the two concerns that I wanted to raise around this bill. I'm very glad to have had the opportunity to get my few words in before that guillotine falls on our heads again over here. The government seems in an awful rush to get out of here without providing very much explanation about why. So I'm glad I got this opportunity to speak tonight, and I will cede the floor to one of my colleagues who I know wants to speak to second reading.

Thank you very much, Mr. Speaker.

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

MR. WICKMAN: Thank you, Mr. Speaker. It's with pleasure that I've been given the opportunity to make some comments on Bill 19, which of course in a way is a companion bill to Bill 18. I use the term companion bill because if you look at the basic principle behind Bill 19 as well as Bill 18, the main principle is to provide a tax benefit, but in both cases the greatest, the most significant tax benefit is to those people that make the most dollars.

Now, Mr. Speaker, when we talk in terms of taxation, people are sick and tired of having to pay the increasing tax that has occurred over the years in several provinces. Maybe B.C. is an exception. It doesn't seem to have come to grips with dealing with its budget in terms of trying to balance it. What happened here in Alberta is not so different from what we saw happen in New Brunswick and Saskatchewan and Ontario. We see it happening in the federal government, where the current federal Treasurer, the Hon. Paul Martin, has also recognized that Canadians are crying out for some form of tax relief.

I think we all accept the fact that Albertans deserve to get – I shouldn't say get some of their tax dollars back, because we're not really giving it back.

MS BLAKEMAN: Just not taking it anymore.

MR. WICKMAN: Exactly. It's not ours to just take as we see fit.

In other words, what we're saying is that we have to find a mechanism to reduce the burden on Albertans when it comes to paying tax. So it's not an expenditure in that sense. One could argue that it's a loss of revenue. I tend to see it as providing a benefit to Albertans; in other words, recognizing that Albertans have gone through some hardships and seen the deficit fought and seen the accumulated debt go down over a period of time. We've seen provincial employee and private sector cutbacks in salaries and such, and we saw a period of time in the '70s and the early '80s of dramatic increases in taxation with all levels of government.

9:40

So the basic question, I guess, that has to be addressed right off the bat: would I as an elected representative oppose a tax reduction? No, certainly not. I'd have to be foolish to go to my constituents and say, "Sorry; there's an opportunity to reduce the burden on you, but I'm going to oppose it because I don't believe in tax cuts." They wouldn't even wait until the next election. They'd get a petition and throw me out right now.

MS LEIBOVICI: Where do I sign?

MR. WICKMAN: My colleague here from Edmonton-Meadowlark wants to be the first one to sign that petition.

MS LEIBOVICI: No, not that. I like you. I want it clear on the record: I think you're a wonderful MLA.

MR. WICKMAN: So, Mr. Speaker, we recognize that Albertans are entitled to that tax reduction. Call it a break. Call it whatever. It's a question of how it's done. Let's talk in terms of fair is fair. Let's talk in terms of who deserves the greatest benefit.

I recognize some of the arguments that will be put forward by proponents of Bill 19 and also Bill 18. Let's talk about Bill 19 in particular. It is a start. There is no question about it. It's the very, very first indication of recognizing the need for less pressure on taxpayers to foot the programs that are currently being footed, and this of course is retroactive to January 1, 2000, whereas Bill 18 doesn't kick in until next year. So this becomes the first significant tax reform that will be of benefit to some Albertans. You see, that's the key: of benefit to some Albertans. It's not widespread. It's just to those selected few in a category that represents possibly 25 percent of the income earners throughout the province.

Now, when we talk in terms of fair being fair, there are two surcharges on provincial taxation. One is the 8 percent that kicks in over the \$46,460, I believe it is, or maybe \$46,450; somewhere in that ballpark between \$46,000 and \$47,000. One is taxed 8 percent provincially on any income over that. However, there's the other surtax, the .5 percent that applies virtually to all Albertans. There are some exceptions. The very, very low income, of course, don't have to pay that surtax because when you do, if your income is low enough, the Alberta portion of your tax return is offset by that particular credit that you get.

So it doesn't apply to all Albertans, but the elimination of the .5 percent surtax would benefit the vast majority of Albertans. The vast majority. Maybe it's 90 percent, maybe 85 percent; I'm not sure of the actual percentage. But it would benefit, I would say, at least three times as many people as the elimination of the 8 percent surtax. The thing is that it would benefit those people that are in a position that they're in the greatest need of that benefit because, of course, they're the lower income and they don't have that disposable income that those earning \$50,000 or \$70,000 a year or more will have.

So the question I would have to pose, that I would ask the minister to respond to when we have this particular bill go into committee stage is: why not first eliminate the .5 percent surtax? Eliminate that first. Make that retroactive to January 1, 2000. Then 85 percent of Albertans would be saying: "Great; the government is giving us some benefit right off the bat. They're recognizing that we're the ones that need the benefit right off the bat." But no, they've chosen to go in the other direction. We could eliminate the 8 percent at a further time, stage it in.

I recognize that the 8 percent surtax was put into place, I believe in 1987, with the understanding that it was there to fight the deficit. But the deficit was eliminated quite some time ago. The argument can no longer be used that during the last two or three years or whatever that 8 percent was used to offset the deficit, because the deficit was eliminated. One could argue that it goes towards the accumulated debt. Nevertheless, the reduction in taxation we see in terms of dollars is – what? – \$130 million roughly. I believe it's in that ballpark, that benefit, that portion of Albertans.

Now, one of the arguments that the proponents of this scheme may put forward is that, well, it's going to reduce the so-called brain drain into the states. In other words, if those at the higher end of the income earning potential get the bigger break, then of course there is going to be an enticement for them to stay here in Alberta, stay here in Canada, whatever the case may be. But I think there's a lot more involved than an 8 percent surtax when a person makes a decision whether they want to remain in Canada or go to the United States.

There are aspects of the United States that are not nearly as conducive to quality of life as here in Canada. I've always held that the United States is a nice place to visit, but my roots are here in Canada, and there's no way that I would ever, ever consider leaving Canada to move to the United States, even if there were no taxes there, even if taxes were eliminated totally. So I kind of reject that argument.

Now, there may be a small number of people that are so motivated by the dollar that just for the sake of saving some dollars in taxation, they're prepared to give up the lifestyle that they would have here in the province of Alberta. Some will do it. I feel sorry for those people, Mr. Speaker. I feel sorry for people who will give up the lifestyle we have here to move to some American city for the sake of having a few extra dollars in their pocket. I could not do that myself.

Let's take a look at some stats here, some background. The 8 percent provincial surtax was introduced by the government, as I mentioned earlier, in the budget of '87 as a means to assist in the elimination of the provincial budget deficit. Now, if we look at the figures, the 8 percent, yeah, it does apply to Albertans earnings \$46,450 in taxable income or paying Alberta's basic tax of above \$3,500. Those are the two options or the two categories on the Alberta portion of your tax return.

When we look at the year 2000, the 8 percent surtax generates \$144 million in revenue for the provincial government. Again that term "generates revenue" is used. I don't see it sort of as revenue; I see it as \$144 million of money in Albertans' pockets that was not taken from them, that we're not forcing them to pay over.

When we look at October 1998, when we had the Alberta Tax Review Committee come up with its recommendations, they did in fact recommend the elimination of the temporary deficit elimination tax, the surtax, to be followed by the .5 percent flat rate tax, it's called. Yeah, that did occur.

We saw a number of government statements that followed that certain things were going to happen at a certain given time, but the world price of oil – we all know what the world price of oil is. I stopped at the gas pumps on the way here. They jumped it 4 cents a litre overnight. That's because of the world price.

MS LEIBOVICI: Because of the long weekend.

MR. WICKMAN: The long weekend coming up too, yeah.

So the money just keeps pouring in, pouring in as far as the government is concerned.

The Premier has had the opportunity to take some initiatives and say: we're going to advance this whole tax reform structure; we're going to put things in place a lot sooner than we originally had anticipated. That's good that they did that. However, in terms of the priorities I still don't understand for the life of me why they chose as a priority to give the immediate benefit, the first benefit to the highest earners in the province. I don't understand that.

I know that in my constituency, a middle-class neighbourhood, a good number of the people will benefit in fact by Bill 19. I recognize that. Despite that I still have to say: fair is fair. To me Bill 19 is not fair. I know it's going to benefit my neighbors. I do their income tax for them; I know it's going to benefit them. They're going to say: "You're my representative. Why can't you support this particular bill?" Well, I have to respond, and say: well, it may benefit you, but three blocks down from where I live, where we have a subsidized housing project, is it going to benefit those people? Who needs the greater benefit? The people living in that subsidized housing project or my neighbour who has a cottage out at the lake, who has a trailer, who has a truck, and all those little toys in life that a lot of people can't afford?

9:50

So I can justify my decision not to support this bill on the basis that it is not a fair bill. I don't oppose a tax cut, and I make that very clear. I want that recorded in *Hansard* in capital letters: I do not oppose a tax break. In fact I support a tax break. Again I would think every member in this House would support a reduction in the amount of burden that we impose on those people that chose to put us here in the Legislative Assembly.

Let's look at some of the references that have been made in the past. On July 27, 1999, in the *Calgary Herald* the Premier of the province is quoted as saying: what we want to do is make sure that those who can least afford to pay tax get the first break. You see, that's exactly what I'm saying, and that's what the Premier said on July 27, 1999. What changed between now and then I don't know, but I agree fully with that statement. What we want to do is make sure that those who can least afford to pay tax get the first break.

Then we go to a statement by the former Provincial Treasurer, who of course we know has some other priorities right now that he's dealing with. He was talking in terms of priorities on July 28, 1999, a day after the Premier made his statement. The former Treasurer states: certainly our priority is for low-income earners, and there are ways that can be addressed. Well, to me when we talk in terms of priority for low-income earners, it's not the elimination of the surtax that benefits the 25 percent of Albertans who make the most money. Those are not the low-income earners. The low-income earners of course are the other 75 percent and starting to go down from there.

But the government took the expedient way by eliminating the 8 percent surtax. We saw the different scenarios, the concept of a tax rebate like Premier Mike Harris did in Ontario, which doesn't have annual implications. It's a one-shot implication. That was talked about. It never happened. There were comments made that it would be too complicated to provide some benefit to Albertans in that fashion. However, the province of Ontario I guess didn't find it that complicated. I'm not sure if they're better at their organizational skills or exactly what it is, but obviously Ontario has shown that that could have worked.

Now, we also saw kicked around the idea of the reduction or elimination of the tax at the pumps, the gasoline tax. For a while Albertans were expecting some immediate relief, seeing a reduction in the tax imposed on gas. However, the Acting Provincial Treasurer, who was at that time responding as the minister of energy said: we'll do it; as long as the federal government commits to doing it, we'll match them. Because the federal government decides they're going to do something or not isn't a sound basis for the provincial government making a decision. If it were, the government would not be considering Bill 18, for example, because I'm sure that in Ottawa the masters down there do not endorse what is happening with the delinking of taxation by the province of Alberta.

Although I agree with the concept of delinking, I'm sure that the federal government would not support the concept of a flat tax. If the government were to listen and follow the federal government, well, they wouldn't be proceeding with this type of taxation reform. They would be sitting down with their federal counterparts and working out a strategy. Paul Martin would be the man to do it with, because Paul Martin has a different view of tax reform than we see this government having. So that's the way it should have been done.

Now, what amount of money would the elimination of the .5 percent flat tax cost? If I recall, off the top of my head the loss of dollars coming into the coffers would be a bit more than the elimination of the surtax.

I want to give now some specific examples in terms of who benefits from Bill 19 and who doesn't benefit. Let's look here, for example. A typical cabinet minister earning roughly \$75,000 in

taxable income would save \$249 a year as a result of Bill 19. A cabinet minister earning \$75,000 in a one-income family with two children would save \$206 a year. A deputy minister earning \$100,000 a year in taxable income would save \$495 per year because of the elimination of the 8 percent surtax, or the approval of Bill 19.

Let's look at some of the people who don't benefit. Let's look at the – I won't say the real people of Alberta. I'll say the average person, the blue-collar workers who go out and work hour after hour. They work overtime, whatever, to try and make ends meet, just to provide a reasonable standard of living for their family. Even an extra \$25 a month may mean a lot to those people. A family of four, headed by two public servants, one earning \$60,000 and the other earning \$40,000 – in other words, two incomes in that one family – will save \$56 per year, or 15 cents a day, because the income supports are considered as separate.

A two-income family earning \$75,000 with two children where the income is split 50-50 will save zero per year. A single nurse in a place like Lloydminster, for example, who earns \$40,000 will save zero percent as a result of the elimination of the surtax. We can look at a farmer in Lethbridge, for example, where my colleague to the right comes from. A family in Lethbridge with one spouse earning \$55,000 as, let's say, a law enforcement officer and the other staying home with their three children, a priority in that particular household, would save just \$16 per year, or 4 cents per day. Four cents per day would be their savings.

A senior citizen in Calgary who has \$30,000 of taxable income coming in will save zero dollars per year. A senior couple in Edmonton earning \$55,000 will save just \$48 a year.

On that note, Mr. Speaker, I'll conclude.

THE DEPUTY SPEAKER: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Speaker. It's a real privilege again to rise and speak to Bill 19, the Alberta Income Tax Amendment Act, 2000. This is an interesting bill in the sense that it combines a couple of housekeeping things with a major change in taxation that's going to be applied in a retroactive way to the first of January 2000. At least if I read the words in the act correctly, they say that at the end of the 1999 tax year the 8 percent surtax will be removed.

Mr. Speaker, this is one of the bills now that we've had to handle in context with a whole series of different kinds of debates that are going on, different kinds of relationships, and I guess what we need to do is make sure that when we talk about how we're going to deal with adjusting and balancing the surplus that's in the Alberta budget, the way we have to approach it is how to look at what we're doing and who the recipients are of the benefits from what we're going to do in that.

We've already heard tonight a number of members talk about how this is a change in priority for tax relief for Albertans in the sense that a year ago they were promising tax relief to be spread equally among all Albertans to start with and then they would deal with the specific taxes. Well, what they've done with this bill now is they've effectively transferred the initial tax relief to those that are subject to the 8 percent surtax; in other words, Albertans that are making an income over \$46,450. So this effectively has given the tax break to about 25 percent of Albertans as opposed to the potential to be applied to all tax filers if they would have gone to the original plan of the government and eliminated the .5 percent surtax before they went to the 8 percent high-income surtax.

I guess when I try to discuss this with constituents, one of the things that comes up is: well, you know, we hear this, or we've read that. What we've got to start doing is recognizing that we are here as legislators representing our community to try and put in place a

set of rules that will govern how we on behalf of our constituents, on behalf of Albertans, put in place programs that will provide the services those Albertans want. What we have to look at are some of the definitional problems and some of the issues that come up when we start talking about things that mean something a little bit different to other people, depending upon who they've heard it from or how they've heard it or in what context they've heard it.

10:00

One of the things that struck me when we started this debate the other day: one of the members stood and said that we're going to spend \$1.4 billion on tax relief. Mr. Speaker, I would challenge that to be an inappropriate statement in the sense that we do not spend money in the form of tax relief. If we want to balance a budget, what we effectively do is ask Albertans not to contribute quite as much to our general revenue fund, so we then have less to allocate to the decisions we're making on their behalf. This is kind of an issue of: what constitutes the ownership? How do we define the ownership of the dollars that are in the general revenue fund? I guess in my mind those dollars belong to Albertans. We don't get to take those dollars and spend them by giving them back to them. What we're doing is saying: we're not going to collect that many dollars from you next year or this year.

So essentially we are failing to justify to them the concept that each year, when we do the budget process, we effectively go through a process of saying: you as Albertans have asked for a certain level of service from the public, and it's going to cost this much; that means we're going to ask you to pay these taxes. Now, that's how I believe the tax system should work. As legislators on their behalf we should be making sure those dollars are spent as effectively and efficiently and as equitably as possible. We shouldn't be asking Albertans to contribute any more to our general revenue fund than what they effectively see as the appropriate level of service they require.

What I'm getting at in that discussion is the fact that I challenge this idea that we can spend money out of general revenue on a tax cut. What we do is give up asking for money into the general revenue when we give a tax cut. These dollars belong to Albertans; they don't belong to us. We can't spend them. What we do is give them the opportunity not to have to contribute in tax. So that's one of the things a number of my constituents have raised and we have to deal with when we try and talk about when they hear somebody say: hey, we're going to spend \$1.4 billion on tax cuts. No, no. What we're doing is giving relief from asking Albertans for \$1.4 billion. Essentially these are their dollars. They're not our dollars.

The other thing we have to deal with is this multiple jurisdiction kind of issue that comes up. I think we saw an example of that this afternoon in the sense that we as legislators in this House are only responsible for the taxes that are collected and distributed under the jurisdiction of our constitutional mandate. What happens at the federal level and what happens at the local municipal level: Albertans have to take those issues up with their respective elected officials at those levels. We cannot set tax policy at the federal level. We cannot set tax policy at the local level. That is up to the elected officials at those levels.

So what we have to do when we're talking about how changes in our tax structure or tax rate and tax level affect Albertans or ask Albertans to contribute, we have to deal with only the part of the tax that we are responsible for. The fact is that we have had in the past a linked taxing system with the federal government, so if the federal government changed their tax process or their tax rates so they were collecting a different level of tax, it automatically passed through and changed our level of revenue.

Well, the good thing about this whole discussion we're having on tax reform right now, including Bill 18 and Bill 19, is that Bill 18 is going to get rid of that kind of federal interference in our taxation system and our revenue collection in Alberta. We're going to be able to establish a direct link between Albertans and the decisions we make here in this House. We're not going to have to be at the mercy, if we might say it, of actions taken at the federal level, and this creates a much better taxation system, a much more accountable taxation system, where we can go out to Albertans and say: this was the decision we made; it was directly made on your behalf, and this is how it's going to work. We don't have to deal with: well, gee, the federal government changed taxes, so now we have to make decisions differently because they've affected our revenue.

What we've got to do is be accountable in those ways in the sense that we're going to look at making sure the definition we use in our discussion about taxation is consistent and is pointed in the sense that it deals with the issues we have under our control and that we can help Albertans to understand why we're making the decisions the way we are.

[Mr. Herard in the chair]

Now, Mr. Speaker, I went through that just to deal with some of the problems that come up when we try to talk about the concepts or the change in revenue collection that's reflected in Bill 19 in the sense that, as I said at the start, only about 25 percent of Albertans are going to be affected by the elimination of the 8 percent high-income surtax. Yet when we're talking about how we deal with the issues of equity and fairness within our taxation system, we should be able to have information that we can take out to Albertans and say: look, this is why we're making the decision to create a tax change that affects only some Albertans. What we've got now is Bill 19 effectively only providing a 1999 tax year change for persons with incomes over – what did I say it was? – \$46,540.

What we're going to have to do is go out to our constituents and say: this is the reason why we chose on your behalf to change the relative weights of taxation, the relative burden of taxation, the relative share of taxation, however you want to interpret what we're doing when we ask Albertans to contribute through their taxes. We have to be able to justify to them that this is effectively creating an equitable affair and an adequate taxation system to provide the services they see fit for their perception of the province of Alberta.

As I look at the whole idea of the transition we've been through, bringing fiscal responsibility to the province, I guess what we've done is really changed some of the economic opportunity and economic burden faced by Albertans by eliminating a number of the support programs, the programs that provide assistance to persons with lower incomes. Effectively, if we were going to come to a situation where we had surplus dollars that we didn't need to contribute to our expenditures, then we should go back and say: who is it that we should allow not to contribute quite so much?

The idea that we are going to make a choice and say that only persons with incomes over \$46,000 will be the ones who get a tax benefit I think essentially creates a real distribution issue in terms of the beneficiaries of that tax cut in the sense of what we see in the context of the shift in burden that we've created, the shift in the cost of living that we've created by cutting back on government programs. A number of those cutbacks were very justifiable, others not so. The issue we have to deal with, then, is that if we're going to provide economic opportunity to Albertans, which group should get it?

10:10

I guess in my context and that of the constituents I talk to, a lot of them, even some with incomes that are at a level where the 8 percent surtax actually takes some of their money, feel we have to be looking at: how are we helping Albertans at the lower income levels? We should be dealing with making sure they get a fair chance in our province before we really deal with tax cuts at the upper end of the income level. I use "upper end" only in the context, you know, that this was defined as a high-income surtax and applicable only to the persons at what was to be defined as a high income in the context of that taxation policy.

We have to kind of question: what would have been more appropriate? That, Mr. Speaker, is why, as I started the discussion, I suggested I was much more impressed by the decision that was made a couple of years ago when we said that when the time comes that we don't need the revenues, the first priority has to be to make sure everybody gets a little bit of tax relief. In those discussions on the business plan, we were talking at the time about making sure that the .5 percent surtax would be the one that would be reduced first, and then we would deal with the 8 percent high-income surtax later.

AN HON. MEMBER: Everybody is getting some.

DR. NICOL: The member across the way says everybody is going to get a tax cut. Yes, that's true, Mr. Speaker, in the context of Bill 18 and Bill 19 put together. In the context of what we're talking about tonight in Bill 19, only the persons who are paying into the 8 percent surtax are going to get a tax cut. So not everybody is getting a tax cut out of the process of this bill. Only the people who are being asked to contribute to our general revenue through the imposition of the 8 percent high-income surtax are affected by this piece of legislation. If we put it with Bill 18, then we're talking about a whole different scenario.

I think this is one of the things I started my discussion with in the sense that when we're talking about the legislative responsibilities we have in this House, we've got to make sure that when we're talking about one piece of legislation, we're not trying to confuse Albertans by superimposing on top of it something else. If the government wanted these two handled together, they should have introduced them as one piece of legislation and dealt with an overall review of our taxation. It would have been just as easy to put Bill 19's conditions into Bill 18 and make it retroactive, just like they have it here in this piece of legislation. Then we could deal with this as a package, not as individual pieces of legislation.

We have to look at it from that perspective when we start talking about: how is it we want to present our information to Albertans? I think if we're going to talk only about Bill 19 – and that's what we're doing tonight – we have to talk about it in the context of: what is the impact of this piece of legislation in the context of the criteria of fairness and equity and adequate revenue generation for Albertans so that we can provide as their legislators the services Albertans need?

Now, Mr. Speaker, just in conclusion, I think I want to reiterate some of the things we said at the start. It's our responsibility as legislators to make sure that we consult with Albertans about the kind of services we are going to provide on their behalf, whether it's health care, whether it's education, whether it's infrastructure, whether it's social programs, whether it's any kind of program they want. We then have to figure out the most effective way to provide that, effective being quality of service at as reasonable and cost-effective means as possible. Then what we have to do is go back and say: all right; now, what is the appropriate way to collect the dollars that are needed to fund that?

If we're going to say that the reason we want to go and look at implementing Bill 19 before we do Bill 18 – which is effectively what we're doing by having this one effective in the 2000 tax year and Bill 18 effective for the 2001 tax year – is because we're saying that this has to be our priority, that we're choosing to make sure that the people with incomes over \$46,000 get the tax break before all Albertans do, then this is the kind of legislation we want to support. But if we feel that all Albertans should have gotten the tax break at the same time, then what we should be doing is looking at potential modifications to Bill 18 so we can deal with an appropriate and fair level of taxation for all Albertans in a way that they contribute to the services provided in a way that's socially fair, and then we should drop this bill.

Mr. Speaker, on that basis I think I've kind of covered the issues I wanted to talk about. I think I've clarified my point in the sense that because this only deals with a tax break for what are defined by the bill to be high-income Albertans, then I don't think it's the kind of decision we want to make on behalf of Albertans at this point in our adjustment of fiscal responsibility and accountability to those citizens. So I would like to say that I don't plan to support this bill.

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

MR. SAPERS: Thank you, Mr. Speaker. A pleasure to see you in the chair. I know this is of particular interest to you.

There's been some confusion put about – and I would be tempted to say it might be malicious misinformation spread by the government – that the Alberta Liberal opposition is opposed to tax cuts. One of the things the government has been saying is that we're opposed to tax cuts because we have been debating with some vigour both the bill before us, Bill 19, and Bill 18, even to the extent that the Premier seems to be unaware of his own promises made in previous budget documents, particularly Budget 1996, where the government made it very clear that they were going to remove both of the so-called deficit elimination taxes.

Now, since this government has been in power, there has been \$9.5 billion, more or less, accumulated in surpluses. [interjection] Absolutely, Minister of Gaming, you should applaud for that. So we've got this \$9.5 billion of accumulated surpluses, if you total it up at the end of every year, yet the government has continued to collect these so-called deficit elimination taxes for all these years. They keep on reaching into taxpayers' pockets and pulling out one loonie at a time and justify it by calling it a deficit elimination tax, and on the other hand they've been chalking up these huge surpluses.

So if there is any political party represented in this Legislative Assembly that seems to be opposed to tax cuts, it would have to be the political party that forms the government, Mr. Speaker, because while they have been talking a lot about tax cuts, all they've been doing is talking and not delivering. Meanwhile, it's been the Official Opposition that's been saying since the 1993 election: let's get serious about meaningful and sustainable and fair tax reform, delivering tax cuts across the board, and making sure we get value for every tax dollar that's spent. I remember the late Laurence Decore standing and talking about value-for-money audits, a concept this government still will not endorse. Clearly, just to set the record straight, there is in fact a group of MLAs in this Assembly who are opposed to meaningful tax cuts, and they all belong to the governing caucus.

10:20

So, Mr. Speaker, why is it that we are questioning Bill 19? Well,

we're questioning Bill 19 because it is again an example of how this government picks winners and losers within the tax system. It again is an example of the government playing favourites with taxpayers' money. In 1996 in the budget document the government said that we're going to make sure we provide tax relief to low-income and middle-income Albertans first. They pledged to remove the deficit elimination tax that's paid by over one and a half million taxpayers first, but when it actually comes to crunch time, what does the government do? They remove the deficit elimination tax that caters to only those at the higher income level. They go to eliminate the tax which, when you compound it with the tax cut to the high-income earners that would be found in Bill 18, represents an embarrassing windfall for the wealthy at the expense of the middle-income earners.

Mr. Speaker, that is why we are questioning Bill 19. It's not because we are opposed to tax cuts. It is because we're opposed to this government picking favourites. We think that while the government may be comfortable in the oak-paneled inner sanctum of the corporate elite of this province and promising favours and tax relief to the men and women who populate those corridors, the Liberal opposition would like to make sure that tax relief is, first and foremost, fundamentally fair. This of course means that we would provide tax relief to the whole spectrum of Alberta taxpayers, not just those at the very top end, and we wouldn't try any game of smoke and mirrors by talking about those who pay hardly any tax, if any at all, on the low end. What we would be doing is guaranteeing that all the taxpayers right across the spectrum receive fair and sustainable tax relief. It's very clear that that is what the difficulty is with Bill 19.

Now, maybe the government would like to accept some helpful suggestions. Maybe they would like to go back to keeping their 1996 pledge, and maybe they want to remove that other deficit elimination tax first. Maybe they will go back to their pledge and they will provide meaningful and sustainable tax relief to low-income and middle-income Albertans first. You know, if they want some suggestions, maybe when this bill gets into committee, we can provide them with those suggestions. Of course, we would do that in a way that is linked to Bill 18, because these are sisters. These bills are joined at the hip, certainly not at the head. Because these bills are joined at the hip, you have to read them together to understand the implications for the distribution of effects on both the economy of Alberta and the tax filers in Alberta.

Mr. Speaker, I know that you've read a recent academic paper on the distributive effects of various forms of progressive income tax systems, so I think you'll agree with me that the major conclusion in that paper was that you cannot take a single simple measure and then extrapolate from that its impact across the board. You have to look at the interaction effect of all these measures, particularly if you're not dealing with any particular tax regime that would be revenue neutral. I know you derive that from your reading of the paper.

[The Deputy Speaker in the chair]

So I would argue that what we are faced with is a government that kind of got caught in a squeeze. When the hardworking men and women in Alberta Treasury were given the task of finding some solutions to the tax problem the government found itself in, they came up with the flat tax, probably under direct instruction from political masters. They then came up with a plan that they thought they could afford. The only reasonable explanation I can find is that the government felt it couldn't afford to follow through on its commitment to remove the deficit elimination tax for the one and a half million Alberta tax filers, where the government collects over

\$340 million. They only thought they could afford to remove the high-income surtax, which affects less than 400,000 Albertans, because it only generates about \$140 million or \$145 million worth of tax revenue.

They probably just made a cold, calculated decision that because we're not confident in our own budget projections and because we don't want to get boxed in by what Ottawa might do and because we might want to have a tax goodie to throw out at the last minute on the eve of another election, I think we'll just forget about our commitment and just flip it around and reduce the cheaper tax first. That's a pretty cynical policy for the government to adopt, Mr. Speaker, and that's another reason why I find it very difficult to support the government in this particular initiative.

Mr. Speaker, another point I want to raise – and to me it gives evidence of the fact that the government is finding it very, very difficult to defend their tax policy – is that we had, to my memory, the unprecedented experience of the government using a time allocation device, a guillotine on debate, after only two speakers from the Official Opposition. You had the spectacle of the Government House Leader rising last night at around 11 o'clock and saying that the government is impatient with debate, that we don't want to hear anything about our tax plan, that we don't want to hear how to make it better, so we're going to move that the motion not be further adjourned. I think this is other evidence of how defensive the government is and what shaky ground they're on when it comes to their tax policy.

Clearly, they are not equal to the task of defending their own initiative, and I guess I have to give them credit for that. At least they've recognized it for what it is, a house of cards. Of course, rather than defend it, they want to try to run away from it. Well, as the Official Opposition, part of our job is to make the government accountable for its actions and for its policies, so we will be here to ensure that we do make them accountable. We will continue the debate on these ill-conceived tax bills until the government listens. Of course, there are many Albertans out there who say, "Well, the government is simply too arrogant to listen," and the evidence they point to, of course, is what's just happened with Bill 11.

I have talked to dozens and dozens of constituents just over the last couple of days about tax policy, and they all say: well, wouldn't it just be a waste of effort and energy to try to get a positive message into the head of, between the ears of this government? I mean, look at how they just were dismissive about all the debate and discussion and evidence on Bill 11. All they did was ridiculed, called names, pointed fingers, had tantrums. They did everything but act like a responsive and caring, compassionate government. So what makes you think, they said to me, that they would listen to you or to us when it comes to tax policy? I said: well, you know, I am a Liberal, so that means I'm forever optimistic. I said that I will carry their message into this Assembly and deliver that message. I will stand with my colleagues to keep delivering that message, with the slim hope that it will begin to get through, that it will sink in.

Even though with their smugness and their arrogance the government may look like they're resisting the message, I know that they listen. I know that when they go back to their offices and reflect on the debate and read the *Hansard* and listen to their bureaucrats, those messages get in. They kind of slump their shoulders and hang their heads and say: "Yeah, I know, but what can we do about it? We've already invested a whole bunch of political capital going in this direction, so wouldn't we just look foolish, like we were losing face?" Mr. Speaker, I want to tell you right now that no member of the Official Opposition will lord it over them at all. We won't hold it over their heads. We won't rub their faces in it if they back down. We will be gracious. We will accept their admission that they were

incorrect and their willingness to change course as a sign of strength, not as a sign of weakness. That's, again, why we will continue to carry the debate on this tax policy.

Mr. Speaker, what we have with Bill 19 is a bill that could be very good. It could have been a bill that this government brought forward and said: "We're going to stop picking your pockets, taxpayers. We've eliminated that deficit. We no longer need the deficit elimination taxes, and we're going to get rid of them posthaste. We're going to get rid of them both, we're going to get rid of them now, and we're going to say that we're sorry we've been wrongfully collecting them for these past few years." Instead, what they did was decide to cater to very few at the expense of very many, and that is something a Liberal will never support.

So I would ask the government to take a good, long look at their policy, to consider that there are ways to fix this. They can get out of it, and the way to get out of it is to provide the broad-based tax relief they've been promising but not delivering. They can start doing that.

10:30

In fact, I won't even rush to introduce an amendment. I will wait in committee for the government, for the Acting Provincial Treasurer – I know it's only a part-time job for him – to stand in this Assembly and bring in the amendment himself. Mr. Speaker, we won't even try to take credit. We'll just quietly nod and get on with the debate. That would be a way of this government providing some evidence that they are willing to keep their word when it comes to their tax pledges.

Bill 19 is one of those bills that the government would love to sell out there as the Official Opposition being opposed to because we're opposed to tax cuts. Nothing could be further from the truth, Mr. Speaker. Any member who says that is telling an untruth. It's as clear as that. I know that outside the Assembly I could say that they were lying; inside the Assembly I can't. But it's very clear that the Official Opposition is not opposed to tax cuts. What we are in favour of are fair and sustainable tax cuts as part of a comprehensive plan.

We've talked about what the elements of that comprehensive plan would be, and it starts with fairness to all taxpayers and starts with eliminating both of these deficit elimination taxes. Then we can get on to talking about how to maintain progressivity in an income tax system that is delinked and indexed and fair and sustainable, Mr. Speaker. Then we can get on with the corporate tax review, we can get on with the user fee review, and we can provide some real relief to Albertans because, after all, they deserve it.

Thank you very much.

THE DEPUTY SPEAKER: The hon. Minister of Government Services.

MRS. NELSON: Thank you very much, Mr. Speaker. I will keep my comments quite brief. I was a little surprised with the comments from Edmonton-Centre and Lethbridge-East as to concerns over the reduction of taxes for Albertans. The concept of reducing taxes has been one that this government has had in place since 1993. We made that commitment as a result of a fiscal plan that we took to the people. We said that once we start to eliminate the deficit and pay off our debt, we would like to see taxes go only in one direction, and that is down. We've kept that promise. We've been careful, because we recognized that there were core programs that governments were responsible for. We've changed our government, restructured it and remodeled it to deliver what we thought were the core programs of government.

I would refer hon. members to the budget document that was passed in this Legislature, in particular to page 11 of the fiscal plan, which clearly shows, Mr. Speaker, that in the last six years by sticking to a fiscal plan – albeit one that has been difficult for all Albertans, and all Albertans had to commit to the plan – we were able to pay off enough debt to free up from our debt servicing costs over \$700 million on an annual basis. Part of that fiscal plan we laid out was that as we paid off the debt, the interest expense that was saved from paying down debt would go back into Albertans' hands. We've kept that commitment. I would refer hon. members to the previous page, where we talked about what was called net debt and how it was important to pay that off quickly and get it out of the way, along with clearing off the deficit.

It gave me some concern, Mr. Speaker, to hear the Member for Edmonton-Glenora talk about surpluses. I've said this in this House many times: you cannot have a surplus when you have a debt. You can have additional operating revenues that come in, but you can't have surplus when you have debt. That is a misnomer that is quite often used and mixed. So I would ask . . . [interjections] If you would quit interrupting, you might learn something.

THE DEPUTY SPEAKER: Hon. members, debate is through the chair, not across the aisle.

Hon. Minister.

MRS. NELSON: Thank you, Mr. Speaker. I'd like to also refer the hon. member to another section in the budget document, again on page 38, that clearly shows how by sticking to this fiscal plan, our debt servicing costs have been able to be decreased over a number of years. It's critically important that we pay attention to that line to see the decrease in that debt servicing cost, because that frees up those dollars that would be going into an almost unconscionable place for a government, into debt servicing.

There is a diagram in the budget document that is also very, very important for all members to use, and I hope you distribute it to your constituents, because I think it's a picture that is easily read and viewed by anyone which clearly shows that the fourth largest expenditure of the government is interest expense on debt. That's pretty frightening when you think of the core responsibilities of government, to think that we had got into a position where we were having to have our fourth largest expenditure go to debt servicing. With the fiscal plan that's been laid out, we're able to bring that down. That's critically important not only for us as we sit in this Legislature and debate but, more importantly, for the generation coming up. I'm sure a lot of you in this Assembly came in here to do a job so that our kids would not have to bear the burden of the past and would not have to carry around their neck the albatross of paying for fiscal mistakes that were made by the government which would not give them the opportunity to make clear choices and have the ability to make those choices.

Now, the first step in Bill 19 is to remove what we can afford to do this year and still keep in mind that debt repayment and lowering that interest expense we have to do in a systematic way. It's easy for the opposition to say: well, do it all. Well, great. They would. They don't have to stand up and back up a fiscal plan. We passed this fiscal plan in this House, and I have to say, Mr. Speaker, a \$16 billion budget that question period after question period after question period I heard very little about. And \$16 billion for a population of less than 3 million people is a lot of money. It's a lot of money.

So when we get into a position like in Bill 19, where we are actually giving the people back their money and not asking them to contribute this money any longer because we have reworked the

framework of what are core programs of government and what are not, I can't imagine why anyone on either side of this House could be in a negative position on this bill. Bill 18 goes the next step. It gives the other balance of the flat tax. So why would anybody be objecting to this? Why? Because they don't read the budget documents, Mr. Speaker. They don't read the budget documents, and they don't care. If we were to go and try to do all of this in one year, then (a) we would not be able to pay down the debt requirements we have, (b) we would have to choose whether we pull it out of the programming, and (c) would we have to hold off paying it off and freeing up interest expense? Where would the money come from?

Mr. Speaker, I think it's important, and I'm just a little disappointed, quite frankly, in the Member for Edmonton-Glenora, who has been one of the finance critics, to not pick up on the fact that this fiscal plan has been clearly laid out step by step. Personally, and speaking for any MLA in here, I'd like to see it all gone at once, all of the tax burden that's been put on, all of the tax burden that was put on, some of it in 1986 and '87, to attack the deficit which, quite frankly, kept growing. This fiscal plan that our government has put in place is to deal with that. It is to deal with that, and it is to deal with it always keeping in mind the core programs that government has to service.

Those things such as health and education and social programs have to be dealt with. They can't be left aside, so you can't do it all in one year. You can't take the chance. Remember always that when we're dealing with our budget, we have to come up with quarterly reports. We have to make sure that we have the dollars to service those core programs throughout the year. That's why we do quarterly reviews. I think, quite frankly, that this is really one part of the tax reduction.

10:40

The second part comes in Bill 18. You have the 8 percent coming off here, the .5 percent coming off in Bill 18 under section 4, so if hon. members want to deal with them at the same time, that's fine. But clearly I think it's a misnomer to say that we're not dealing with getting rid of the flat tax and the surtax that was put in place for deficit elimination, because in fact we are. It may be in two different bills and it may be a year apart, but we're doing it according to the fiscal plans that we were able to lay out, the fiscal plans that see the interest expense that we're paying coming down and being freed up to provide extra program spending plus reductions in taxes.

It's not a difficult thing to deal with. It's quite straightforward, so I really wish they would focus on that. Actually, when the hon. Member for Edmonton-Glenora says that we're spreading rumors that the Liberals don't like tax reductions, well, quite frankly, to fight against this bill, that's the case. That is the case. If you can't take the heat, then support the bill, get onside with it, and get involved in this.

Thank you.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Calder.

MR. WHITE: Thank you, sir. [interjections] Be gentlemanly. In reply to the member opposite, it was a stunning dissertation of why it wasn't good to be Liberal. Look. Here it is. She went on endlessly about . . . [interjection] Speaking through you, sir. Yes, of course.

She went on endlessly about how this wonderful government did all this budgeting. It was this government in 1996 – this government, not previous governments but this government – that said: we will eliminate this flat tax of half a percent. That was then. This is

now. Now they've put it off for another couple of years. This particular elimination eliminates a tax on 1.5 million Albertans. [interjections]

Speaker's Ruling Decorum

THE DEPUTY SPEAKER: I know the night is young, but the sound is not beautiful when we have a whole bunch of people who are trying to enter into the debate at the same time. We're trying to orchestrate this so that only one hon. member speaks at a time. So those other people who are so eager to get into the debate, please send me your names and I'll put you down on the list, but right now we have Edmonton-Calder.

MR. WHITE: Thank you, sir. I must compliment the Minister of Government Services, though, because she did exactly as you wished, sir. She did stand in her place and enter debate, unlike many of the others opposite that just grumble and make all kinds of noise and do not add to the debate one iota.

DR. TAYLOR: You're standing up, and you're not adding to the debate.

MR. WHITE: I can't let that go by at all, sir. To call a member standing in place not adding to debate when that member hasn't got off his cheeks for years . . . He's sitting down there playing . . . He's the only guy who has to have extra trousers on the butt because he wears them out.

Sir, I will continue in my debate. [interjections] Yes, of course. He's making noises from the bottom of his seat. Yes. However, sir, I shall continue on with lively debate on the elimination of the flat tax.

Debate Continued

MR. WHITE: Yes, this member supports the elimination of the flat tax. The member supported the elimination of the flat tax back in '96, because the reason for the imposition of the tax was clear. It was to reduce the deficit. There was no deficit in '96, and now what do they want to do? They want . . . [interjections]

THE DEPUTY SPEAKER: Hon. member, you're obviously just really stirring up quite a few people on this side as well as on your own side. I wonder if we could just cool it, hon. Minister of Government Services, Edmonton-Glenora, and others, please.

Edmonton-Calder, through the chair.

MR. WHITE: Through the chair, sir. I shall do my best. I seem to be stirring a lot of concern over there, but my colleague to the right here is taking it all in and dutifully recording it on his electronic device here, you see. He's such a good fellow. He'll come back and retort with equal fervour in a while, I'm sure.

But the elimination of this was managed and stage-managed, and it really does not look good on this government when you have the amount of money that's rolling in in revenue resources and you continue to punish Albertans with this flat tax right from the lowest of the low, those that do not pay tax today, to the highest. This flat tax covers all bases and should have been eliminated the day this government went into a surplus position after a great deal of the debt had been worked down.

MR. BONNER: Lance, it's a surtax, not a flat tax.

MR. WHITE: Oh, it's a flat tax. It's clearly a .5 flat tax.

This .5 percent flat tax should be eliminated and should be eliminated first. The surtax is on those wealthy of us that can afford these things. Now, elimination of that tax because of the way it's imposed is a reasonable position too, but as my colleague for Edmonton-Glenora was pointing out, you cannot have an elimination of one tax. You can't examine one part of an income tax act without examining the whole act, because the effect on the taxpayer is compounded by these two acts, and you can't read them in isolation. The difficulty with eliminating the surtax first is that it gives the largesse of the province of Alberta to all of those that, in this member's view, do not need it first. There are a great many of others that need it first, and the elimination of the .5 flat tax would be the right thing to do and the right thing to do first.

Now, managing an economy is not an easy task. This member certainly would agree with that. It does take a certain amount of foresight, shall we say, in order to understand that income is not flat in this province. Our income varies as the wind. The price of conventional crude oil is back up to pretty close to \$30 U.S. today. How can one predict those kinds of increases? There is a difficulty in dealing with Bills 18 and 19 together in that you cannot really, truly plan for what could happen eight or 10 years down the road.

I would think that a government should be looking at the potential of a major loss of this oil revenue and plan for that day such that it wouldn't be quite so easily – if you're dealing with the elimination of a surtax and the imposition of a flat tax, you're putting a major burden on the lower and middle-income, generators of most of the tax revenue in this province. To deal with them in isolation is folly. If you do have a downturn, where is the problem going to occur? You're not going to be able to instantly revert to a proper progressive tax, which is a reasonable position, but certainly you should be able to put these elements together in order to deal with them at one time.

10:50

The elimination of this tax is a reasonable position but not in isolation, and this member would like to see it held over until such time as the benefits have reached all. The elements of this bill are relatively simple. Unfortunately, they should all be combined in one proper examination of the entire taxation. This member believes that municipal taxation is woefully overcharged to this point, and it would be much, much better to do that.

Thank you, Mr. Speaker.

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

DR. MASSEY: Thank you, Mr. Speaker. I appreciate the opportunity to say a few words about Bill 19, the Alberta Income Tax Amendment Act, 2000. I looked back at some of the comments made by the Provincial Treasurer in Budget 2000, *New Century: Bold Plans*. This was presented in the Assembly on February 24. In that document the Provincial Treasurer established a number of principles that he thought should govern tax changes in the province. I think some of the principles that he enunciated at that time were sound principles, and I think it's disappointing that the government has chosen not to follow the principles the Provincial Treasurer set out at that time.

One of the very first things the Treasurer said in speaking about taxes was: "Albertans insisted that a new tax plan must be sensitive to the needs of low-income Albertans, those who were struggling to get their start in the world." I think that's the disappointment with Bill 19. It ignores those very Albertans that the Provincial Treasurer

was talking about. The low-income Albertans are the ones that Bill 19 is choosing not to deal with, and I think that's unfortunate.

[Mr. Herard in the chair]

The second principle the Provincial Treasurer indicated in that speech was that "the next thing Albertans said was there had to be fairness in the system." I think fairness in the system is what all of the debate on Bill 19 and certainly the debate on Bill 18 has been around. It's been around that whole principle that the Provincial Treasurer set forth in that document, that principle of fairness. It's a characteristic identified not just by the Provincial Treasurer, but I think in almost any treatise on taxes the principle of fairness is one that's reiterated time and time again. The tax system has to be fair.

It's that unfairness in Bill 19 to low-income Albertans when the government clearly had other choices that it could have made that I think is at the root of some of the dissatisfaction with the bill and why it's being criticized so roundly. Fairness would have meant that all Albertans would have received a tax break. Bill 19 has chosen to select a group of Albertans who financially are already in a favoured position and give them some additional income, give them back some of their income. That is unfair. If you're looking at any kind of justice, the notion that all Albertans should be treated the same I think would be paramount in that kind of consideration. So it's the fairness issue that has the opposition, in particular, upset about Bill 19.

Another principle. I thought it was a curious one for the Provincial Treasurer to outline. He indicated that "Albertans said that a new taxation system had to be honest." Well, I find that a curious statement to come from a Provincial Treasurer. It never occurred to me that we would have anything else but an honest system. Yet you have to ask the question: is it the best action to remove the 8 percent surcharge on those high-income Albertans and ignore the lower income Albertans? Now, that may not be dishonest, but again I think it's certainly questionable.

A further premise that the Provincial Treasurer outlined was that "Albertans also reflected what's in their nature when telling us that a tax system needs to be not only honest, but also transparent, and understandable." That's a good premise on which to build tax reform. I think it's going to be abundantly apparent from what is before us that one group of Albertans is being favoured over another. Again, it seems to contradict the kinds of principles that the Provincial Treasurer set forth.

I want to spend a few minutes, if I might, Mr. Speaker, looking at some of the reasoning behind the tax cuts. One of the things that has always disturbed me about the tax cut rhetoric is that it's always taken out of context of what the tax system is attempting to do. It was brought home to me in the health care debate when my constituents, when surveyed and asked if they would rather have a tax cut or have the health care system improved, chose the health care system by a vast majority. I think that's been consistent in surveys taken across the province. When asked what the government should do and to rank support for education, support for health care, or introduction of a tax cut, Albertans have chosen to have more investment in services.

I've always been curious. It seemed to me that the government was on this tax route regardless of what was happening in the province and that this is what was going to occur. I looked at the reasons given for the cuts before us, and none of the reasons seem to talk about our common goals as citizens in terms of looking after each other, our common goals as citizens in terms of creating the kind of community that would be a rich community in which our children would be raised. Instead, I heard most of the arguments

being economic arguments. One, I thought, had been dismissed years ago, the Thatcher/Reagan theory of trickle-down economics. I thought it had been discredited. Lo and behold, it's used as part of the rhetoric to support Bill 19 and Bill 18. It's really quite astounding, I find, Mr. Speaker, that that would be the reason put forth.

Now, there were others. Some of the others were that it would attract more people to the province – well, attracting others to the province I guess is a good goal – and that it would stop the brain drain. Really, again I find that an argument that seems so baseless. I look at the opportunities for the graduate students that I worked with at the University of Alberta, and when they were seeking positions upon graduation, they looked for communities, first of all, where there was a strong academic climate, universities and colleges and institutes with strong research bases. They looked for communities where there were good schools for their children and their families, and they looked to communities where there was health care. They looked to communities where there were amenities, where the cultural climate was one that was supported through the arts. They looked for communities where there were recreational opportunities for themselves and their families.

11:00

AN HON. MEMBER: Environmental concerns.

DR. MASSEY: Yes, they looked for communities that were environmentally attractive and communities that were safe.

Certainly I think taxes may have entered into their decision, but I think it would have been ranked very low. That action of my graduate students was confirmed by a former governor of Utah a number of years ago when he spoke in this city and indicated that what they had used to attract people to that state had been the cultural amenities, the kind of educational facilities that they had there. Those were the factors in people relocating. So I find the brain drain arguments rather spurious.

Some of the reasons behind the action the government has taken don't seem to make sense. Bill 19 is predicated on the notion, again, that tax reform can take place in a piecemeal, tinkering fashion rather than a comprehensive look. I think the Member for Lethbridge-East indicated that at least bills 18 and 19 should have been combined in one bill if that was the intent. The premise seems to be that wealthy Albertans are the most deserving of an immediate tax break. It seems that this is one of those bills that ends up, again, picking winners and losers in the province, and the losers are those middle-income taxpayers.

I think that's unfortunate, because this was a great opportunity, Mr. Speaker, for tax reform in this province to be done from the ground up and done right, and the government finds itself in a position where that kind of planning and that kind of follow-up legislation would have been possible. It was an opportunity to look at the entire tax system and make sure that the entire system, because we're only dealing with one portion of the taxes that Albertans are required to pay, was fair, that the proposals that were put forward were equitable, that Albertans could rest assured that they were all being treated the same by their government. Again, one of the arguments – and I agree – was an opportunity to simplify, to make easy the tax system, and that is an opportunity lost, I think, Mr. Speaker, with the introduction of bills 19 and 18.

With those comments, Mr. Speaker, I'll conclude and look forward to the comments of other members. The notion, again, of not collecting from Albertans more than is required for the kinds of services we want to provide I think is a sane notion and it's one that all Albertans would support and certainly one that the opposition would support.

Thank you very much.

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

MS LEIBOVICI: Thank you, Mr. Speaker. It's a pleasure to rise this evening to talk to Bill 19, the Alberta Income Tax Amendment Act.

MR. DICKSON: It's a pleasure to listen to you.

MS LEIBOVICI: Thank you for those kind words.

One of the things that I find most interesting in listening to the discussions that we've had here tonight and in fact on other nights as well when Bill 19 was dealt with and its companion bill, Bill 18, is the attempt by the government to say that Official Opposition members are against the tax cut, even though we are very clearly on the record as saying that it would be foolhardy for us to be against a tax cut. But it would be just as foolhardy for us to give a rubber stamp to a tax cut that is unfair, and in fact that is what we're seeing in both Bill 18 and Bill 19.

I listened with interest to the Minister of Government Services to try and understand what her logic was with regards to the argument that there is no surplus if we have a debt. I guess the converse of that, then, is that there is no debt, and therefore there is a surplus. Yet when I look at the same document that she had referred to, which was Budget 2000: New Century, Bold Plans – this is an official government of Alberta document, so there is no need to table it. On pages 10 and 11 it very clearly says, "Repaying debt and investing in the future." It says, "Net debt paid off in 1999" and that paying off the remaining debt is going to occur by the year 2025. So in fact, hon. members, we do have, in accordance with the government's own plan, an "accumulated debt retirement schedule" that will take us to the next 25 years.

It's also my understanding that because of the surplus – and perhaps the government has another word for it; perhaps it's the interest savings on the debt servicing costs; perhaps that's what they would prefer to call it – there has been additional moneys provided for health and education and some of the other services. The reality is that a government in the collection of taxes from its taxpayers then makes a decision. It makes a decision as to how much to collect. It makes a decision as to how to collect, and it also then makes a decision as to what to spend if in fact they collect too much. So the decision that this government has made is to therefore slow down the debt repayment schedule in order to provide a tax break, and they have in fact reversed a stand that they took in 1987, which was the 8 percent provincial surtax which was introduced by this government.

I know we've heard lots of stories about: that was then, and this is now. Well then the government of the time appeared to believe that in fact it was the higher income earners that should bear the burden of helping to eliminate the deficit. Now what the government appears to believe is that the elimination of that – it's a higher priority to provide a tax break to the higher income earner while all those other people who helped to eliminate the deficit through cutbacks, through rollbacks, through layoffs now will not get a tax cut. That, to my mind, is unfair.

It is unfair to the public servants in this province. It is unfair to all of those individuals in this province who are lower wage earners, is unfair to the individuals in this province who've had to for many years live with a minimum wage that was below the minimum wage of any province in this country. It is unfair to those individuals . . .

MR. SMITH: Point of order, Mr. Speaker.

THE ACTING SPEAKER: The hon. Minister of Gaming.

Point of Order Imputing Motives

MR. SMITH: Thank you very much. Under 23(h),(i), and (j), imputes false motives. In fact, Mr. Speaker, the minimum wage at the time that the member refers to was not the lowest in Canada on a net basis, and at no time did anybody in Alberta pay tax on earning the minimum wage, like they did in other Liberal government provinces.

THE ACTING SPEAKER: Well, hon. members, I don't think that's a point of order because I did not hear any motives being attributed to any particular member. I think the hon. minister has clarified something, and the hon. Member for Edmonton-Meadowlark can now continue.

Thank you.

11:10

Debate Continued

MS LEIBOVICI: Thank you very much. In fact, at \$5 an hour I believe we were the lowest per hour wage in the country.

MR. SMITH: Not after tax. You know that.

MS LEIBOVICI: I said the minimum wage per hour, and that was at \$5.

AN HON. MEMBER: After tax.

MS LEIBOVICI: I never said after tax. That's what you said, and in fact the hon. minister wishes to engage in debate . . .

THE ACTING SPEAKER: That's exactly what happens when debate happens across the aisle, so please speak through the chair. Thank you.

MS LEIBOVICI: Absolutely. Thank you, and I will look forward to the rationalization by the minister, especially about the individual who was at that \$5 an hour minimum wage, part-time, no benefits and how it would make a whole lot of difference to him whether that \$5 was before tax or after tax. The actual fact was that at \$5 an hour any of those individuals had a hard time making ends meet.

So the reality is that we are looking at a government that has changed its philosophy, where it recognized that those who are at the higher income tax brackets could in fact undertake the burden, if we want to call it that, of an 8 percent surtax a lot easier than those who were at the lower tax brackets.

[The Deputy Speaker in the chair]

Now, the question, then, is: why has the government chosen to eliminate the 8 percent provincial surtax first? The question is: who benefits from the elimination of the 8 percent surtax? The issue, as well, is why in fact should lower income earners have to wait a year for a tax break?

There are judgments that are made on a decision such as that. It is the government that decides the policy. It is the government that decides the impact of its legislation and should know what the impact of its legislation is. It's the government that decides the issue of fairness and equity in the structure of a new tax policy, which is what we are seeing put before us in both Bill 19 and Bill 18.

So the government has made some clear choices in terms of when they're cutting taxes and who will benefit initially from those tax cuts. You almost wonder cynically if this government has been

looking at an election later on this year. They might have looked at the voter turnout and made a determination who to provide the tax break to based on who generally comes out to vote and decided at that point who would benefit from a tax break.

Now, one of the interesting things, as well, that we've heard over and over again is that the surtax will in fact benefit income earners over \$46,450, I believe it is, but as we indicated, it benefits unequally, because the more you earn, the more you have to have the surtax eliminated from.

Now, one of the interesting things is that high-income earners can shelter their dollars a whole lot easier than middle to lower income earners. There are numerous ways that high-income earners can shelter their dollars, so in fact they may not be taxed on the actual amount they earn. So that's a very interesting distinction to make, to show how, in fact, it becomes even more unfair.

We do know that when the government originally came forward with its tax plan in '96, the timetable was to eliminate the .5 percent flat tax rate by January 1, 1999, before the 8 percent surtax, which was to be eliminated by January 1, 2001. In the words of Budget '96: Reinvestment, "The tax plan proposes to reduce the tax burden for all Albertans starting with low to middle income working families." So that was the original intent of the government.

Somehow between 1996 and the year 2000 what we are in fact seeing is a shift away from that, a shift towards more of a seat-of-the-pants approach to tax policy-making. Even as late as 1999 what the Premier had said is: what we want to do is make sure that those who can least afford to pay tax get the first break. So the question is: why do those individuals who are below the \$46,000 mark or just marginally above – let's say between the \$46,000 mark and the \$60,000 mark – not get the same kinds of benefits as someone who's earning \$100,000?

Again, as we had in the Bill 11 debate, as we've had in a lot of debates in this Legislative Assembly over the last little while, the biggest question that never gets answered is: who benefits and why? Why are these decisions being made? Who has the ear of government? Where are the studies and the evidence that say that this is the way to go, that this in fact will promote economic growth, that this in fact will bring more prosperity to the province? Where is that evidence? Other than some confusing statements by the Minister of Government Services and interjections by the Minister of Gaming to try and substantiate a position, there is no evidence.

Now, when we look at the benefits question in dealing with tax structure, it's very easy to plug in the figures and figure out who benefits and who does not benefit. As the Member for Edmonton-Rutherford indicated, when you look at an individual who earns \$100,000 a year in taxable income, what that individual will save per year from the elimination of the 8 percent surtax is \$495. However, when you look at a single senior in Calgary who has \$30,000 in income, that individual will save a big, fat doughnut hole; in other words, zero. The senior in Calgary who has \$30,000 in income gets zero from this plan this year. A senior couple in Edmonton who has income of \$55,000 will receive \$48 for the year. That's 13 cents per day from the elimination of this surtax.

I know the Acting Provincial Treasurer is very fond of throwing out figures of how in fact people will be saving lots of money from their dollars. I for one support the fact that individuals will never say no to having more dollars in their pocket. In fact, I for one would like it put on the record that I'm very upset about the way our gas prices have increased in the last week just to take advantage of the long weekend. I think that that is wrong, and if this government were sincerely interested in looking at out-of-pocket costs to Albertans, one of the ways they would do that is to look at what is happening with gasoline prices in this province right now just to take advantage of the long weekend.

Now, if we look at the elimination of the surtax again and what will occur and who benefits, let's look at Calgary teachers. You have a family of two, two Calgary teachers. Most people in this room would think: ah, they're in the high-income earning brackets. Well, let's say that each teacher earns about \$40,000 a year, even \$45,000 a year. Do you know how much they will get from the elimination of the surtax? You got it. A big, fat doughnut hole again. Zero. They will get zero.

So do we believe that all Albertans deserve a tax cut? Sure. We also know that there will be trade-offs as a result of all Albertans receiving a tax cut, but we also believe that there needs to be fairness and equity in the tax policy, and we need to stop picking and choosing and dividing Albertans in this province. We have seen that for the last seven years. We continue to see it entrenched now in policy and in structural policy that deals with issues like taxes. What is happening is that the systems are changing so that there are systemic changes that will be very, very hard to reverse. We're seeing that in health. We're seeing it in education. We're seeing it in the tax structure. We've seen it in social services.

11:20

These are systemic changes that have long-term effects on Albertans, and by those systemic changes what is happening is that some people will have advantages and some will not. The winners and losers in this province will become very clear, and they're becoming clearer daily. An example in Calgary – we brought it up in question period – are the homeless who had set up a shantytown, something that would have been unheard of seven years ago. A shantytown in Alberta would have been unheard of. Having individuals eating dogs and cats in this province would have been unheard of seven years ago, and now it seems to be accepted. If that's not a systemic change in our social structures, I don't know what is. That is what has happened as a result of the policies of this government over the last seven years.

Here we're being asked, in a sense blackmailed, by being told: well, the Official Opposition doesn't believe in a tax cut. Well, that's not true. What is and should be on the record is that we believe in fairness and equity in the tax structures, that we don't believe in picking and choosing, and that if there is going to be a tax cut for individuals, it should be across the board and it should be for everyone this year. If you can't do it for everyone this year, then you might have to wait. But the reality is: why should you exclude individuals below the \$46,000 mark? That includes a lot of individuals in this province.

Actually, I can give you the actual figure of how many people will be excluded and how many will benefit from the 8 percent surtax. I think it's somewhere around 395,000 Albertans – I'm just finding it here. Three hundred and ninety thousand Alberta taxpayers will benefit as a result of eliminating the 8 percent surtax. Had the government gone along with their original proposal of eliminating the .5 percent flat tax rate, it would have applied to 1,562,000 Albertans. That's a whole lot of difference, Mr. Speaker.

The question is: why is that not being eliminated this year? If in fact, as I indicated, there are trade-offs to occur, if in fact a trade-off is that the government cannot afford the tax break this year, because that's what the Minister of Government Services seems to be indicating, then perhaps they should not have accelerated their tax program – the promise had not been for this year; it had been for next year – and not provided the tax cut. That perhaps just provides fuel to my argument that this tax cut is a cynical tax cut to set up for an election this fall, and that is the reason we're seeing the 8 percent surtax elimination as opposed to a fair tax cut that would be equitable across all sectors so that in fact you could do it.

I am very clear in the position that the Official Opposition has, which says that we support the idea of a tax cut but that it needs to be fair, it needs to be equitable, and, yes, it needs to be affordable. If the minister is now suggesting that it is not affordable, then perhaps the minister and the cabinet need to rethink their position on this, and it is a good thing that we as the Official Opposition have indicated that this bill could potentially be a problem.

With those words I thank you very much for the opportunity of being able to explain what the position is.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Speaker. It is a pleasure to rise this evening to speak to Bill 19, the Alberta Income Tax Amendment Act, 2000. I do look forward to this opportunity to make a few comments on this particular bill, particularly in light of all the debate that has occurred here this evening. I've enjoyed many, many of the comments that have been made, but there is no doubt that this is a companion bill to Bill 18.

It seems to me that what this bill does in so many ways is reflect the corporate agenda of this particular province. When we look at taxes, we've always thought that taxes were levied on those who had the ability to pay. Certainly those people in the lower income brackets do not have that ability to pay. When we are introducing a bill into this Assembly, why are those people that don't have the ability to pay the last ones to receive benefits from this particular bill?

The words that we've heard constantly this evening as we've debated this bill are those principles of fairness and equity. These are principles that should favour all Albertans when we are looking at tax breaks, not those who are in the upper 25 percent.

As was pointed out earlier, as well, Mr. Speaker, we are the custodians in this particular place of taxpayer dollars. We are the ones that were given the responsibility of how to spend those dollars. We were the ones, those members who were in this House, that were not good custodians of those dollars, and that deficit and debt were run up and up and up. When we look at those things, then certainly the people that paid the biggest price were those lower income earners. What we hope will happen now that we are in a favourable financial situation is that we will spend their money wisely. Those people did pay a price. All Albertans paid a price to get our financial business in order. We do have to look at what is happening.

Now, then, when we look at the people that are going to be hit hardest again by not receiving a tax break, these are the people who see that today because of inflation the prime rate has risen. As of today they are paying half of a percent higher on any loans they have.

Earlier this year when we had the great debate on Bill 11, many Albertans indicated in polls that they would rather see money go into providing proper publicly funded health care for all Albertans than have a tax break. Again, this is one of those areas, Mr. Speaker, where all Albertans do benefit.

As well, as was just mentioned by the hon. Member for Edmonton-Meadowlark, again we have this constant problem where we have holiday weekends coming up throughout the year and we can be guaranteed of a jump in the price of gasoline. Now, this isn't the only jump in the price of gasoline. It wasn't too many months ago when we were paying 45 cents a litre for gasoline. Certainly the jump in prices at the pumps impacts those people in the lower income brackets.

I look forward, Mr. Speaker, to what is going to happen this

summer, when we have deregulation in the power industry. Every indication is that those prices are going to rise too. Therefore, the expenses for all Albertans are again going to increase, but they are going to impact those lower wage income earners more than they will those at the other end.

When we do look as well, Mr. Speaker, at who in this rich province of ours has the greatest ability to use the resources that we do have in this province, it certainly is those at the upper end. They are the ones that make the financial gains by using so many of the riches that we have here. One of the ways we can benefit those lower income people is to give them their tax break first, and we are saving that to the last.

Those are a number of the points that I want to make in my introductory remarks here.

11:30

Now, as well I think it's important at this time, when we're discussing and debating Bill 19 here, that we look at the background. How did we get to this point? To start that off, the 8 percent provincial surtax was introduced by the government in Budget '87 as a means to assist in the elimination of the provincial budget deficit. Again, that was a time, Mr. Speaker, when we had a very cyclical type of economy. We still do, but we certainly haven't had the price of Texas crude drop to \$10 a barrel. I think if that were to happen today, we wouldn't be seeing Bill 18 and Bill 19. We would be in a position where we would not be looking at this type of taxation policy.

As well, when we look at the history of what happened with these two, the surtax and the flat tax, the 8 percent provincial surtax is paid by Albertans earning over \$46,450 in taxable income or paying Alberta basic tax of above \$3,500. Again, these are the top 25 percent of those paying taxes here in the province. In the 2000 tax year, Mr. Speaker, the 8 percent surtax would have generated \$144 million in revenues for the provincial government. When we are looking at a surplus in the neighbourhood of \$3 billion, it does make you ask the question: are we in fact collecting too many tax dollars?

Now, even with that surplus, we have to realize that we are servicing our debt. We are paying the interest, and we are paying down this debt. So how quickly do we want to do that? Do we equate this to a home mortgage where we shove all our resources into that home mortgage and don't think about things like food for the table, clothes, whatever else? Of course not. All of this has to be done. It has to be balanced, and it has to be balanced in time. Again, I don't think we have done the proper job here over time in handling taxpayers' money.

As well, when we look at the background here, Mr. Speaker, in March of 1999 this government announced it would eliminate the 8 percent surtax as of July 1, 2001, as a component of the move to an 11 percent single-rate system by January 1, 2002. The 8 percent surtax was to be reduced by half on July 1, 2000, and eliminated as of July 1, 2001. The revenue impact from the elimination of the 8 percent surtax was estimated at \$36 million in 2000-2001, \$88 million in 2001-2002, and \$105 million in 2002-2003. Again, we did have the figures here, so there was no reason why we had to do this flip-flop where we had not told all Albertans, who had had a .5 percent flat tax rate placed on them, why that was not given back to them first before the 8 percent surtax was given to the top 25 percent of the income earners here in this province.

Now, as the hon. Member for Edmonton-Rutherford said, I certainly don't want anyone to misconstrue that I don't support tax breaks for people in this province. I certainly do, and I certainly think that as of right now we are in a position where we can give Albertans a tax break. But I also support and strongly support the

other members of my caucus, who have indicated that that tax break should go to the lower income bracket.

MR. DICKSON: Solidarity.

MR. BONNER: Definitely. Solidarity.

Now, then, we do have to question the government as to why they would choose to eliminate this 8 percent surtax, which applies to only 390,000 Albertans, ahead of the .5 flat tax rate, which applies to over a million and a half taxpayers in this province. So, again, we do want to support those Albertans who need this money most.

It is also interesting to note, Mr. Speaker, that when the Alberta government originally came forward with a tax cut plan in Budget '96, the timetable was to eliminate the .5 percent flat tax rate by January 1 of 1999, before the 8 percent surtax, which was to be eliminated by January 1, 2001. Now all of this has been pushed up. Again, it has been reversed, and it is very difficult, I think, for most Albertans to understand why this would happen in this particular way.

That brings us now to the point where we find ourselves with this bill. This bill, Mr. Speaker, combines some housekeeping with this major change, and we will be giving the 8 percent surtax back to the top 25 percent before we remove the .5 percent flat tax. As was very well pointed out by the Member for Lethbridge-East, what we have to do here is balance this surplus. We are certainly gathering far too much money for what our needs are right now, and that money should be put back into the hands of Albertans. As well, our priority right now is that we would be putting these surtaxes and these flat taxes in to certainly help eliminate the deficit, and that has been done for some time. What we have done here is effectively given the greatest tax break again to those people who have the ability to pay, and that is certainly not the order in which I would have liked to have seen this legislation go.

Now, then, as well, when we go back to our constituencies – and I know that when I go back to Edmonton-Glengarry, the majority of my constituents certainly are not going to fit into that 25 percent. There are not going to be too many people in Edmonton-Glengarry that have a taxable income which is over \$46,450. We will have some of course, but the majority of people don't.

We have quite a number of seniors in Edmonton-Glengarry as well, Mr. Speaker, and those are people that retired on a fixed income. They retired at a time when this government treated Alberta's seniors very well. When we look at the number of universal programs that have been wiped out in this province that were in favour of seniors, they again are people that are going to be hurt most by this particular bill. [interjection] Well, certainly, because these people are not going to get that little bit of tax break they would have gotten by removing that .5 percent flat tax first. So they are going to have to wait for their money again, and they're going to wait for these empty promises.

It reminds me very much, as well, of how the Premier promised Alberta seniors that because of changes in federal income tax, the \$14 million they were going to be taxed extra would be returned to them. Now, then, we've been waiting over four years for this, and these people now have in the neighbourhood of \$56 million, which had been promised to them by the Premier, yet they have not had that money returned to them. So, again, I think we're going to be looking here, Mr. Speaker, at the same situation where maybe this .5 percent flat tax is one of those that's going to be forgotten for the average Albertan as well.

11:40

I certainly did enjoy this opportunity this evening to make a few

comments on this bill. I certainly would hope that as we move down the line, the government, whoever it may be, would certainly do a better job of balancing its budget, that we will sort out what our needs are and adjust the budget the way it should be, that we would be collecting those dollars that are necessary and certainly not extra dollars, because as has been pointed out by many different speakers this evening, those dollars do belong to Albertans. If we are going to be giving relief to Albertans, let's give it to those Albertans that deserve it the most. I will rephrase that, Mr. Speaker. All Albertans deserve a break, but some of them need it more than others, so let's give it to those that need it the most. I want to reiterate that all Albertans do deserve a tax break.

In closing, Mr. Speaker, I want to say that what I don't like about this particular bill is that it is not a fair and equitable bill. It does not deal with those principles that favour all Albertans. It favours a few Albertans. It, again, is picking winners and losers. I would certainly have liked to have seen the .5 percent flat tax removed first, before the 8 percent surtax.

I thank you very much for this opportunity to speak to Bill 19, and I look forward to other comments of the members of this Assembly. Thank you, Mr. Speaker.

MR. DICKSON: Mr. Speaker, it's with some trepidation that I stand to speak. I know that I'm the only thing standing between all these weary members and being able to go home. I understand that we are close to the vote, but also there's a significant responsibility that goes with that. Now, there may be government members who are going to participate in the debate, and I'm sure we'll hear some good analysis from them, but if there were not, I guess I'm going to have the chance to make the last opposition observations on it.

Now, I thought about just incorporating by reference all the excellent analysis we've heard from my colleagues tonight. I thought of doing that, but then it struck me that there are a couple of points I want to add, I guess, in terms of my own perspective and my own constituency.

I'm mindful of Edmund Burke, the Irish-born British statesman, who wrote in 1774 . . . [interjections] I'm glad we have members that are interested in what Edmund Burke had to say. He made an observation, and I'm mindful of this when we wrestle with these difficult bills 18 and 19. This is actually in sympathy to the Acting Provincial Treasurer. His comment was: "To tax and to please, no more than to love and to be wise, is not given to men." It does strike me that we should have some sympathy for the Provincial Treasurer because there will always be somebody unhappy with any tax system we devise. I recognize there may be some on the government side who say that we expect too much of government, that we impose too high or too onerous a standard when government starts tinkering with the tax system. So I'm mindful of that, but not to the point where I'd be dissuaded from offering some commentary.

In my constituency of Calgary-Buffalo, you know, Mr. Speaker, there are 19,000 constituents who live in low-income households, many of them seniors, a lot of single mothers, a lot of recent immigrants who are coping with lots of challenges in terms of language barriers and cultural barriers and all those kinds of things. I always start off, when I see a bill, wondering how it's going to impact my constituents. The reality is that Bill 19 is not going to make life significantly different or better for any of my constituents.

One thing I want to deal with straight off, though, is that there are some beneficial things in the bill, and I've not heard very much attention paid to that. Now, it may have been because we saw a form of closure brought in after only two speakers at second reading. I just want to say that as much respect as I have for the Government House Leader and his judicious use of the arsenal of powerful tools

that a majority government can have – I want to make a specific reference to the Deputy Government House Leader.

There may be some in the Assembly who were not here this afternoon when not only did I apologize to the member for a comment I made – I want to say now to members who weren't here this afternoon that that minister responsible for tourism, that Deputy Government House Leader, and I want the Minister of Municipal Affairs to remember this, is the one responsible for the Freedom of Information and Protection of Privacy Act we have in this province. It is terrific. So I'm glad he's here and participating in the debate. I hope I've said enough that he'll allow me to move on now to deal with the bill at hand.

I was talking about my 19,000 low-income constituents who are not going to benefit by this bill. There are some positive things in here. I think the elimination of programs that had lapsed in 1986 to 1988, the renter's assistance credit and the stock savings plan credit, makes sense. Take those out. Cleaning up corporate references, whether it's mutual fund corporation refunds, a small business deduction. This relates to a time Alberta didn't collect its own corporate taxes. So it makes sense. That's the nature of cleaning up, and that's a positive thing to do.

Updating changes in terms of Canada Customs, some of the changes that have happened there. I mean, that's important. That's being done. Putting in the definition of adjusted earned income was necessary for the family employment tax credit, and it's good to see that in there.

I have some other concerns. Really what we deal with in this bill is the 8 percent surtax being eliminated for the benefit of 25 percent of Albertans, and those of course are those Albertans earning in excess of \$46,450. As I understand it, the best estimate is that about 390,000 Albertans would benefit from the elimination of the 8 percent surtax. As I've listened, I'm not sure I've heard anybody say that shouldn't happen. I'm not sure I've heard anybody say that they are going to be voting against the bill, that they have a problem.

I heard a lot of concern around the sequencing, a lot of concern about how we establish a kind of fairness. As I look at 18 and 19, I've actually been in the process of posting to my web site my comments on the bill because you get constituents that always want more information and sometimes it's not available. [interjections] Well, the wonderful thing about the public library system is that even my low-income constituents can go down to the Castell library. They have a wonderful facility there for people who don't have their own computer to be able to access. Whether it's my web site or the government web site, they're able to do those things. [interjections]

I think the gaming minister is getting cranky, Mr. Speaker, and I think he's urging me to get to the gist of my message. I'm trying hard to do that.

MR. MAGNUS: Is there a point, Gary?

MR. DICKSON: Well, that may be in the eye of the beholder, Calgary-North Hill. You may never be satisfied that there's an adequate point to this.

I want to offer constructive commentary. We have two bills that are in front of us, 18 and 19, and they really are a package. What I'm typing on my web site, what I'm going to post to it is that I think I have a responsibility as an MLA to offer a constructive suggestion, a change in terms of what things can be done differently. My proposal is this. I think there's some benefit in looking at tax reduction, but it's clear to me that what's in front of us in the 18 and 19 package doesn't do the job. So I've got a proposal to the government members.

11:50

What if we were to say that what we'd do is take taxpayers earning up to \$13,569 and, say, zero provincial income tax, recognizing, as the government has done, that you've got a pool of people at the bottom who ought to be exempted? That makes sense. My suggestion would be similar. We take those earning \$13,569 or less and pay zero provincial income tax. Then what my suggestion would be: you take those people in the category between . . . [interjection] Well, hang on, Minister of Government Services. I always hear government members saying, "Tell us what your alternatives are," and I'm trying to put forward an alternative. So you take those people between \$13,569 and \$99,999 and assess a 10 percent rate, and you take those people with incomes in excess of \$100,000 and say: let's have a 12 percent tax rate.

Now, what's interesting is that in terms of all these rates, what it starts to do is recognize that progressive taxation is an important element of our system historically, but what we're suggesting is a thing that provides tax . . . [interjection] No; my suggestion provides, in fact, proportionate tax relief. So those people who aren't over \$100,000, who aren't high-income earners, also would get a substantial benefit. I put that forward as a suggestion, and I'm soliciting feedback from constituents.

I think it's much fairer than what the bills 18 and 19 package gives us. It has the advantage of preserving a kind of progressive, graduated system, and it provides fairer treatment to middle-income Albertans.

Mr. Speaker, the problem I've got with the 18 and 19 package is that this looks like something that was written by my constituents who live in the half million dollar condominiums in Eau Claire. It doesn't look like something that was written by the much bigger majority of my constituents who are living in the belt line in those walk-up apartments. I think we have to come up with a system that's going to be fair to those people too.

So my proposal – and I'm no tax expert, but in terms of the material I've read through and looked at . . . [interjection] Well, okay, and I don't know how many people in this Assembly are tax experts, but I do take seriously the responsibility, if I don't like something the government is doing, to offer a better alternative. I'm hoping we will hear some commentary. I hope people will tell me if there's a better way of doing this than that. I think this is a better system, and I think it's one that's much fairer.

What's interesting with that is that if you went with a zero, 10, 12 kind of structure, what you have are the greatest cuts for middle-income taxpayers. Anyway, I think it will be for others to judge whether that has merit, but I wish the Acting Provincial Treasurer would take a look at that proposal.

The other thing I find a bit confusing in the way government has approached this is that if you go back to March of 1999, we had the announcement that the government was going to eliminate the 8 percent surtax as of July 1, 2001; then on September 1, 1999, the announcement that we were going to see an acceleration of the tax reform plan, and then it was going to have a bifurcated impact. On July 1, 2000, it was going to be cut in half, the balance on January 1, 2001. We were going to see a proposal at one point to eliminate the .5 percent flat rate of tax by January 1, 1999. That was going to be two years before the 8 percent surtax was eliminated. Now what's happened . . .

It's great to get waves of encouragement. Thank you very much. I think we should have a charades tournament. I think what we'll do is we'll pick a team from the opposition, a team from the government, and I want to nominate the Minister of Gaming and the Minister of International and Intergovernmental Relations for the government team, because . . . Okay, Mr. Speaker. I'm just trying to wind up. I think we've got a sequencing problem with this.

Speaker's Ruling Decorum

THE DEPUTY SPEAKER: Hon. members, in your encouragements to the hon. Member for Calgary-Buffalo to hurry up, you in fact spread out the process even longer. The reason for the intervention is that it's impolite and unparliamentary to keep yattering on while the hon. member is giving us his words of wisdom. Could we have a pleasant listening group while the hon. member concludes his remarks?

Debate Continued

MR. DICKSON: Mr. Speaker, thank you very much. It is all my fault. I accept full responsibility for the act of intervention opposite.

I do want to put on the record my concern that we had the Premier and the former Provincial Treasurer tell us, when they were talking about tax cuts in the event of a higher than anticipated surplus in 1999-2000, that, quote, what we want to do is make sure that those who can least afford to pay tax get the first break, close quote. That was the Premier on July 27, 1999, in the *Calgary Herald*. We had the former Provincial Treasurer, now on leave of absence, say on July 20, 1999, in the *Calgary Herald* that, quote, certainly our priority is for low-income earners, and there are ways that can be addressed, close quote. Well, I think with this bill we see that in fact low-income earners have not been a priority of the government. In terms of the sequencing, that has not been the priority, and in fact it's a much lower priority for the government.

There is no benefit under this bill to a Calgary senior who is living in Calgary-Buffalo who earns \$30,000 a year. There's no benefit to a family of four if you've got both parents who are, say, teachers each earning \$40,000, no benefit to them. You know, I'm sorry that the government moved from what they had talked about before in terms of the proper sequencing.

Is that reason to vote against the bill? No, I don't think so. I have misgivings with the way the government has approached this. I'd like the government to consider the alternative I put forward and, if not, to come back and tell us why not. There may be some members who try and suggest that this is a question of the Liberals being opposed to tax cuts and that the Liberals are somehow impeding or standing in the way of Albertans being able to get that kind of relief. That would be nonsense, Mr. Speaker. You know that, and I think Albertans understand that as well. We've certainly heard this evening constructive suggestions from the opposition that would also provide tax relief to Albertans but do it in a way that's fair to middle-income filers. Wouldn't that be the Alberta way? Wouldn't that be the way this government should move?

So I hope the cabinet ministers are going to share that with the Acting Provincial Treasurer, the former Provincial Treasurer, and the Premier so they can take a look at how we can fine-tune this bill and how we can make the adjustments. I think the Treasury Department, the last time I looked, had about 760 employees. I don't have the benefit of that sort of research, so when I do my . . .

MRS. McCLELLAN: Allan Rock's got 6,000, and it doesn't help him.

12:00

MR. DICKSON: You know, Mr. Speaker, every time I go to wind up and I want to conclude, then the minister opposite wants to take me off on another side path.

My observation is this. I don't have access to the 730 calculators and 767 employees, so I'd like to challenge any members who have an accounting background and my MLA from Calgary-North West

to tell me why that proposal that I've posited would not be fair, would not be more equitable, would not be a tax cut that makes more sense. We have here an experienced and well-respected member of the accounting profession, who also happens to moonlight here as a member of the Assembly. He's got that kind of expertise. He would be able to share that with us. I want to specifically encourage him to look at that analysis, and maybe we'd be able to table it in the Assembly so members can see it. If this thing doesn't work, then let's tell it.

This is like an auctioneer. Hearing no more interventions from the minister of intergovernmental affairs, I'm going to wrap up my comments and look forward to what's coming at the next stage.

Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER: Are you ready for the question on the motion that the question be now put as proposed by the hon. Government House Leader?

[Motion carried]

THE DEPUTY SPEAKER: Pursuant to Standing Order 47(2) and *Beauchesne* 521(2) I must now put the question on the original question.

[Motion carried; Bill 19 read a second time]

[At 12:03 a.m. on Thursday the Assembly adjourned to 1:30 p.m.]