

Legislative Assembly of Alberta

Title: **Wednesday, May 2, 2001**

8:00 p.m.

Date: 01/05/02

head: Committee of Supply

[Mr. Tannas in the chair]

head: Main Estimates 2001-2002

THE CHAIRMAN: I'd like to call the Committee of Supply to order. Again, as usual, we ask that there only be one member standing and talking at a time. We must remind hon. members that the House leaders' agreement constitutes two hours for questions.

Health and Wellness

THE CHAIRMAN: We'll start off, then, with the hon. minister for his opening comments.

MR. MAR: Thanks, Mr. Chairman. It's my pleasure to present the Alberta Health and Wellness budget for 2001-2002 for your approval.

Colleagues, public health care in Alberta faces a herculean task: to help the 3 million people of this province with the full range of their diverse, acute, rehabilitative, and long-term health needs to achieve optimal health and wellness. The biggest issue we face is not our commitment to that goal; it is our ability to sustain that commitment in the face of a growing and aging population, a health workforce that is nearing retirement, the impact of new technologies on budgets and training, public expectations of access, and a growing concern over the ever increasing cost. As we look ahead, our biggest challenge is to ensure that our health care system will continue to be there with the right service at the right time and by the right professional.

The Health and Wellness budget covered by the business plan for 2001 to 2003 is dedicated to maintaining the health system while we continue to consult on and discuss how our system must evolve if we are to meet Albertans' health needs in the future. The 28 percent increase in health expenditures over the next three years simply to maintain our health system shows how urgently that evolution is needed. I look forward to seeing the results of the Romanow commission, the outcomes of the Senate Standing Committee on Social Affairs, Science and Technology, and most importantly the results of discussions with health providers and people in this province as we seek to develop made-in-Alberta solutions to sustainable quality care.

For example, our business plan makes a commitment to review how health services are used, examine policies and guidelines for community rehabilitation and related services, and consult on new directions for primary care. Until we receive the recommendations and are able to act on them, we must work to maintain our health services for the benefit of Albertans. This budget addresses the costs of retaining our health workforce in the face of stiff domestic and international competition for professional staff, maintaining services to meet the rising demand, continuing to underwrite prescription drugs, protecting the wellness of Albertans, and staying in the lead in health systems management.

It is not just our population that is aging. A large portion of our health workforce is nearing retirement. The inevitable loss of thousands of workers at a time when the demand for services is increasing lends urgency to strategies that keep and attract health professionals to maintain our workforce, let alone help it grow. Doctors and nurses agree that recent contract agreements will help attract professionals, but the increase in salaries and benefits will

cost us over \$700 million over the next two years, \$390 million in the first year alone. In addition, \$34.5 million in the first year will pay for more physician services provided to a growing and aging population, while an added \$4.1 million will help maintain our physician workforce by increasing support for physician training programs such as academic health education, residency programs, rural medical education, and the international medical graduate program.

To address the growing costs of physicians, we are exploring alternative compensation for doctors through pilot projects that also improve patient services. An example is the Crowfoot Village Family Practice in Calgary, where physicians are paid a fixed rate based on the number of patients they treat rather than the standard fee for service. This allows physicians to spend the time that a patient needs.

This budget includes an additional \$7.5 million in the first year for the medical services delivery innovation fund to support more alternative physician payment plans. Another \$5 million will go into a fund to meet the unique needs of specialists who provide province-wide services, specialists like heart and transplant surgeons and neurologists.

The higher cost of health care workers is just one indication of the pressure our growing and aging population is having on our health system. In this budget we are allocating over \$250 million simply to maintain services in an environment of higher demand for programs and supports. For example, we expect it will cost health authorities \$51 million more just to provide the same health services to a growing provincial population.

Allied with that are corresponding increases in other patient services: \$7 million more in acute care coverage; an equal amount for higher caseloads at AADAC; \$3.6 million more for ambulance services; \$3.1 million for growth in Aids to Daily Living. Another \$43 million will cover both the higher cost and higher usage of drugs those doctors prescribe. Eighty percent of all prescriptions are used by seniors, and \$12 million of the total is for cancer drugs.

We see the further impact of growth on the cost of blood services, \$10 million more; public health laboratory work, \$1.1 million more; out-of-province health care, an additional \$3.5 million; and \$7.3 million for higher demand in allied health care such as chiropractors and extended benefits for seniors. Providing MRI scans to meet the growing demand will cost an additional \$13.4 million in operating costs for the new MRI units and buying public services from private MRI providers.

Maintaining our health workforce and health services addresses only one of our core businesses, which is to "lead and support a system for the delivery of quality health services. But we have another core business, and that is to "encourage and support healthy living." A sizable portion of our budget increase is aimed at maintaining the health and safety of Albertans. While that is a laudable goal in itself, focusing on wellness has the added benefit of helping to sustain our acute and long-term care services. A healthy and injury-free Albertan has less need for acute care or rehabilitation. To the extent that exercise, diet, and avoiding tobacco can have a positive impact on one's health, there can be a corresponding impact on long-term care as well. To maintain the health of Albertans, this budget includes a significant investment in wellness activities.

We must start with an increased investment in protecting and maintaining the health of our children. In all, this budget has increased its allocations for our children by more than \$29 million over the next three years. We are investing \$10.8 million in strategies with other ministries to improve children's health, including children's mental health, \$3.2 million to AADAC for

youth at risk initiatives, and \$1 million more in perinatal care for newborns. To protect against disease, we are allocating \$10.2 million to immunize Albertans, mostly children, against meningitis and \$4 million for other vaccines to protect children from other diseases like chicken pox. I'm also targeting \$1 million to tobacco reduction, primarily to initiatives aimed at children.

For other Albertans we've increased our support for breast cancer screening by \$3.6 million, and I am allocating \$2 million to pharmacy information and \$2.5 million to continuing care information and accountability in year 1, growing to almost \$6 million in year 2.

One of our most potent tools in serving and protecting the health of Albertans is information. Quick access to health information not only supports service delivery. In the case of pharmacy information it can avoid potentially harmful drug interactions, and it provides the basis for other decisions that can have an impact on health. In the first year of this budget \$10 million will help equip health offices with information systems to support the exchange of information. This investment is the groundwork to support information sharing that will help sustain our health system in the future.

The emphasis on maintenance in this budget does not minimize our commitment to improvement. Our first business plan goal is to sustain and improve health services delivery, and goal 2 is to improve Albertans' health and well being. One of the most important features we want and need is to maintain our leadership in health care delivery in Canada for the benefit of Albertans. The new MRI scan rate of 24 per 1,000 population will meet the growing demand, but it is also the highest scan rate in Canada.

8:10

Alberta has the highest organ and tissue donation rate in Canada and is recognized as a leader in transplant surgery and care, and this is why the federal government has located the national secretariat on organ and tissue donation in this province. In addition, Alberta is exploring its own organ and tissue strategy. This coming year we will support that strategy by increasing the allocation to \$1.8 million in year 1, and that grows to \$8.9 million in year 3.

The first point of contact with the health system is primary care. In the fall of 2000, at a primary health care conference, health care providers gathered to celebrate the conclusion of the pilot projects that explored new ways of delivering primary care and reviewed some of the aspects of those projects. As we complete our assessment of the completed projects, we will work with the health system to explore what primary care in Alberta could and should look like.

I'll conclude with this. In this budget \$13.7 million is set aside to develop Alberta's primary care system that will maintain and improve access to services for Albertans to medical care and wellness initiatives that maintain health.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I will speak to the budget. I won't say that I'm pleased to speak to the budget. I think in many ways it's a step in the right direction, but I do have serious questions about the entire process.

Let me begin by setting the context. A budget is a plan about how to spend money, how money will be spent, and as with every plan this budget has a context. We can start from the global context. I tabled some articles today from the esteemed medical journal *The Lancet* which discuss at some length great concerns about the growing pressures of globalization on health care systems throughout the world and how that trend is replacing the number one goal of

health care, which has been patient and health care delivery, with a new goal, the goal of maximizing profits. The globalization trend, of course, is being felt in Canada and Alberta, and it's a significant part of the context we face.

In the continental context, closer to home, we of course live in the shadow of a very powerful country, the United States, and the American model of health care delivery is probably being studied more than any other. It teaches us many things, mostly what not to do when it comes to delivering health care. It's worth noting that Americans are spending about twice what Albertans are spending on health care per capita for a health care system that provides no coverage whatsoever to about 15 percent of their population and seriously limited coverage to another 35 or 40 percent. In fact, the kind of coverage that Canadians enjoy would be the envy of a majority of Americans. We are getting it for about half the cost, and I'm sure we all appreciate that here.

One of the great problems with the American health care system is that it's a massive intertwining of public, nonprofit, and for-profit interests. There's a huge public component to America's health care system. Astonishing as it may seem, more tax money per person goes into health care in the U.S. than it does in Canada. In short, then, their system is so inefficient as the mix that it is that as a society they are spending far more per capita than Canadians on health care, including more tax money for a system that leaves a large portion of their population with reduced or even no health care coverage. My great concern is that in recent years we've been heading down the road towards a mix of for-profit and public interests that looks more and more like the American system and that this budget shows no sign of stopping that or, indeed, of even making it visible or traceable.

In the national context our budget faces a range of challenges and opportunities. We have the Romanow and Kirby reviews. We have the aging of the health care workforce, which is a serious problem in this province and across the country. The average age of RNs in Alberta now exceeds 45, and we are not replacing them with anywhere near the sufficient numbers. Partly as a result of that, of course, we are in a situation of interprovincial competition for workers of all kinds. We also face the ethical challenges presented by new technologies and new treatments. Undoubtedly certain portions of the budget address these new technologies and treatments, and we must down the long road address the ethical questions that these raise.

Finally, our own provincial context. Health care spending in Alberta has been on a roller-coaster ride in the past 20 years, a roller-coaster ride that reflects almost perfectly the booms and busts of our economy. In the early 1980s, 20 years ago, health care spending in Alberta soared. In the later 1980s, when the price of oil and gas was very low, health care spending was squeezed and flattened right out. In the first half of the 1990s health care spending in Alberta was chopped with drastic speed and severity, more than any other province, with literally almost 15,000 health care workers losing their jobs or having their jobs downgraded.

Now we are back on the upswing of the roller coaster, where we're seeing rapid and enormous surges in health care spending. Is it any wonder that our health care system seems in turmoil? Is it any wonder that health care workers are burned out and that many who were pushed out a few years ago have no interest in returning? We have to get beyond this approach to health care budgeting and onto an approach that is based on the services that are needed. A system that is driven by services rather than surpluses is what we need.

So what are we trying to achieve with this plan? What is the government trying to achieve with their budget? Well, their mission statement is "to maintain and improve the health and wellness of

Albertans by leading and working collaboratively with citizens and stakeholders.” What does that mean? How do we interpret that? How does that translate? As the minister indicated in his opening comments, the ministry’s budget identifies two core businesses. I want to take issue, in fact, with the use of the term “business.” The government is not in the health care business; it’s in the health care service. We are not customers of health care; we are citizens here, expecting a public service. It’s fine for a government to run in a businesslike fashion, but neither a government nor a health care system is a business in itself.

Nonetheless, using the terminology of the department, one of their businesses is to “lead and support a system for the delivery of quality health services.” The second is to “encourage and support healthy living.” I’ll talk for a moment about the second one first. It is, as the minister referred to in his opening remarks, very important. It has to do with prevention of disease and with maintaining the health and welfare of the public so people do not need doctors and hospitals and diagnostic services.

One of the best indicators of the health of a society is the equality of wealth distribution within that society. There’s remarkable research from countries throughout the world showing a very close correlation between the extent or the size of the range between the higher and lower income groups in a society and the level of illness. The greater the inequity of income in a society, the greater the levels of illness. Similarly, a society in which there is a reasonably equitable distribution of wealth typically has higher health indicators and longer life expectancies. I’m concerned – and this is certainly not just the minister of health’s issue – that Alberta is headed in the wrong direction on this kind of an indicator for health care and that the impact of the growing gap between the bottom and the top of Alberta’s income levels is already being felt in this budget and will be felt even more sharply in future ones.

There are, of course, some areas, any number of areas, which deserve commendation in the budget in terms of this second business. I note one that I’m aware of from outside of the budget: the Health for Two project, which is supported in part by the Capital health authority and entails a special support program for single moms and their newborn babies. As well, smoking cessation programs are of course of great importance. Automotive and car safety programs are of great importance.

8:20

But let’s set those aside, and let’s talk for a minute about the first so-called core business identified by the ministry, which is to “lead and support a system for the delivery of quality health services.” Here I come to perhaps the most important comment I can make in this or any other discussion on budgets: this budget is to a great extent practically meaningless. Why do I say that? Because all the budgets of the RHAs are presented without any detail whatsoever. There’s no indication of capital costs versus labour costs, of drug costs, of program costs. We have no clue about how much will be spent on preventative health care versus active treatment. How much is going to be spent on long-term care? None of us here know, with perhaps the exception of the minister, nor will we learn from these documents.

In fact, if you turn to page 201 of the Budget 2001 business plans, 3 and a half billion dollars is listed on one line without any detail. That’s about 15 percent of the entire expenditure of this government, and there is no way of getting more detail in these budget documents that I can see except the breakdown into the various RHAs, which tells us very little. This in my opinion makes a farce of this budget process and diminishes legislative accountability to a rubber-stamp process.

The RHA budgets themselves will not come to this Assembly. We’re being asked to approve 3 and a half billion dollars without any meaningful knowledge of how it will be spent. On this basis I feel – and this is for the record – like I must participate in this discussion with great reluctance and with a sense that it is a failed attempt at accountability. Indeed, I considered personally boycotting this discussion.

How much are we approving for staff? Don’t know. How much are we approving for administrative overhead, which this government has been so proud of cutting? We don’t know. How much is going to prevention; how much to active treatment; how much to long-term care? Don’t know. How about how much is going for information systems? Is it a million? Is it \$5 million? Is it \$100 million? Don’t know. Is this accountability? How much is going for MRIs? The minister’s comments talked about \$13 million for MRIs. There’s no MRI line in the budget. Is that 13 million additional dollars? How does that compare to the year before and the year before that? We don’t know. How much is going to private nursing homes? Governments used to tell us that, let me remind you, but they don’t any longer. No wonder the public is nervous about conflict of interest.

Let’s look at what was available in the estimates of 10 years ago or 12 years ago. Of course, even then the estimates weren’t a wealth of information, but at least something could be gleaned. I just pulled this one, no particular purpose, off the shelf: 1988-89 government estimates, page 227, hospitals and medical care. What do we have? Well, we have a detailed listing: program supports, major urban medical and referral centres, specialized active care, rural community-based hospital facilities, community-based hospital facilities over 40 beds, capital support – there was actually a capital line in those days – salaries, wages, and employee benefits.

On page 229 the Legislature debated and could approve, in a way that we have no opportunity to do, items such as auxiliary hospital budgets, district nursing homes. How about this one? Private nursing homes. That was a separate line that could be traced in the estimates of 10 years ago that has disappeared. Voluntary nursing homes. Capital support. Those items could be seen and debated and approved in former estimates and budgets, and they have disappeared from these ones.

With that in mind, I’d suggest that we really need to determine what the RHAs actually are. Are they agents of the minister, are they agents of this Assembly, or are they self-governing organizations similar to school boards? I think we must, we absolutely must in the future include regional health authority budgets in detail in these estimates or we are simply failing in our duty as legislators to hold public dollars accountable.

I might ask: what basis are the RHAs operating on now? If there’s no detail in this budget, what’s their authority for operating now? What budget do they have? And if the minister has access to their business plans and their budgets now, why aren’t those available to us? When will the RHAs’ individual budgets be made available to the minister?

Let me now turn to a longer look into the future: my concerns with this budget as to sustainability and responsibility. I have – I know the minister shares these concerns, and I think he shares them sincerely – profound doubts that this government is constructing a sustainable health care system. I look, for example, at the increase in doctors’ fees. The rise in spending projected in this budget from 2000-2001 to 2003-04 is from \$1 billion to \$1.5 billion, an increase of about 50 percent. Is that sustainable? Clearly not over the long run. Budget and cost overruns in recent years in the health budget indicate a poor record of planning and a poor system of controls.

I’m also noticing in the budget – maybe it’s justified, and maybe

it's not; we'll never know, or maybe the minister can answer for us – there's a drop in staff at the department. Who will there be to ensure the long-term coherence of Alberta's health care system? Again I must warn the Assembly that turning more and more of our health care delivery over to investor-owned, for-profit corporations is a recipe for disaster, a surefire way to crash the sustainability of our health care system. Yesterday there was a brief exchange with one of the ministers on the expected rate of return; I believe it was the Minister of Economic Development. I suggested to him that for-profit health care corporations were looking for an annual growth in revenues of 15 to 20 percent a year and that by bringing these organizations into our health care system, we were courting disaster.

Let me quote from a company called MDS, a major multinational that is in a large joint venture with the Calgary regional health authority. This is from MDS's own web site.

MDS aims to double its revenues in five years while providing earnings per share growth at a compound rate of 15% over the same period . . . MDS has achieved compound annual growth in both operating income and earnings per share over the past five years in excess of the 15% target established by the Company . . . MDS is organized . . . to make senior management of each sector accountable to Corporate management and the Board of Directors for the achievement of growth objectives.

We bring those parties into our health care system at our peril.

The Gimbel eye clinic has also aimed and achieved at various times in its existence similar growth rates, as have a number of other companies contracting to the Alberta department of health.

Mr. Chairman, for the moment I'll stop there, and I'll save other comments for later. Thank you.

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

MS CARLSON: Thank you, Mr. Chairman. I'm happy to have an opportunity to spend another fun-filled night discussing government estimates, health being the topic tonight. First of all, I'd like to thank many of the minister's staff that are here listening. I know that they review what we say and answer the questions and sometimes even have the opportunity to act on some of our suggestions. I'm hoping that with the topic I'm going to be talking about first tonight, that will in fact be the case, that we are going to see over the next year, even though not many dollars are dedicated in this particular budget, some goals and directions, more resources dedicated to mental health. I think that's where I want to focus the majority of my time this evening.

8:30

If we take a look at this year's budget and look for specifically targeted dollars for anything to do with mental health, we have to look quite hard to find anything specifically identified. As my colleague from Edmonton-Riverview said, there isn't a great deal of detail available in these budgets that we can scrutinize and compare from year to year and see if we've had an effective use of the dollars.

Mr. Chairman, I think it's common knowledge in the business world that the issue isn't how much money you spend in a particular area. It's whether or not you're getting value for that money and whether you've increased the efficiencies and the operating abilities to get more value than you did the year before. Can we say that's true about Health? I don't think so. We've seen a lot of money dumped into this department in the last year for spot funding or for specific projects, some to beef up some existing problems, but we don't actually see many benefits that are over and above what we had in prior years as outcomes for those dollars. I would think we can particularly say that's true when we talk about mental health.

What we've seen since I've been in this Legislature is that there

has been less of an emphasis on providing support for people with mental health issues in the community. If we take a look structurally, we've seen people literally being thrown out of institutions and back into the community without the necessary follow-up support that helps those people have the stability, the structure they need to manage within the communities. What we see as a result of that are many more street people, many more people living in abject poverty who for a variety of reasons aren't able to manage their lives and therefore manage their money and organize themselves to live any kind of decent life, never mind lives that contribute to their well-being or the well-being of other Albertans. Those are primarily mental health issues.

If we take a look at program 1 and try to find some dollars that are dedicated to mental health, we have to go three-quarters of the way down page 238 to find the dollars. The Mental Health Patient Advocate's office is dedicated \$309,000 this year, which isn't very much money when you consider that the deputy minister's office is allocated \$395,000. So when we see the proportion of dollars that are allocated and what share mental health gets, it isn't very much.

When we try to take a look at the line items and pull out any dollars dedicated to mental health, once again it's tough to see much there, Mr. Chairman. If we go to program 2, we do see the Alberta Mental Health Board at \$216,813,000, certainly in the middle of the pack in terms of spending but not much of a proportion of the \$3.6 billion that's being spent in that total subprogram.

If we keep flipping through the budget and we start to look at the ministry business plan summary, we should be able to see some sort of resources dedicated to mental health. Mr. Chairman, guess what? It's not here. When we go down to the key strategies and take a look at all these excellent key strategies that are laid out here – improving access, improving management, enhancing quality of health services – we come to the one that I think should include mental health as an issue. It talks about “increasing emphasis on promoting wellness for Albertans and preventing disease and accidents.” You'd think we'd find some reference here to mental health and well-being and, even more specific, to age groups, because we are finding specific problems with children and mental health. It should be in one of these seven bullets that are outlined here, but it isn't. It's missing. So my question is: why is it missing? Why don't we see a key strategy being aimed at mental health?

There's no doubt that in the work that has been done, the studies that have been done in the area, spending some money up front on mental health issues saves us dollars down the road, not just within the health system, Mr. Chairman, but within the justice system. Many of the people who have mental health problems end up in justice institutions. Most recently a University of Alberta study found that 34 percent of male inmates in provincial penal institutions suffer from a mental illness like schizophrenia or bipolar depression. It's expensive to keep those folks in those institutions, and I wonder if that's a good use of our tax dollars or of benefit to those people. I think those are issues that we need to start thinking about and start taking a look at a more preventative model.

We all know that there are huge draws on health care dollars, so this government needs to start spending those dollars in a much smarter and more accountable fashion. I would suggest that in conjunction with a number of other preventative measures some focus and attention should be given to mental health. If we take a look at it, the stats would indicate that one in five Albertans will suffer from some kind of mental disorder during their lifetime. If those can be caught, managed, and controlled early on, then we save society from a lot of issues and problems including a lot of social issues involved with keeping families together, which is said to be a priority of this government, but we don't actually see the kind of

support coming through that allows that to happen and allows children to grow up to be healthy and happy human beings. I think those are important issues.

When we talk about mental health, among the 10 leading causes of disabilities of mental illness are things like alcohol abuse, depression, bipolar disorder, schizophrenia, and obsessive-compulsive disorder, all disorders, Mr. Chairman, that we know are at least controllable if not correctable. What it means when people fall into a mental illness is that they're not able to be fully functioning people in any kind of social or working capacity.

In fact, 30 percent of those visits to doctors' offices are for emotional reasons. If you could cut out 30 percent of the visits to doctors' offices, take a look at what that does to the budget. I think those would be dollars well spent to even take a small portion of the 30 percent of the dollars that are spent on doctors' visits right now and dedicate some of that money. Let's take half of it and put it in mental health work and prevention and see what happens to our health care budgets and see what the outcomes are not only in terms of dollars but in terms of people's happiness and ability to contribute to society. I think that's important to talk about.

When we talk about mental health, there are other health issues that fall out of that. People who have mental illnesses have suppressed immune systems. They're more susceptible to other kinds of illnesses and disease. Therefore they become a greater drain on the system, be those respiratory kinds of ailments like colds and the flu or more serious like cancer and heart attacks, which are very, very costly illnesses when we put those people into our health care system. So I think those are issues that we need to be talking about.

What do we need in this area, Mr. Chairman? What we hear from the Alberta Alliance for Mental Illness and Mental Health is that we need some vision and a strategic plan. We need to work towards a balanced system in this province, and I think the information they have available is very good and would be a good guideline for the health department to follow. I would ask the minister if he will respond to this. Will he do it? Why hasn't he? What steps are they taking now? Are they going to be working towards a strategic plan that deals with mental illness and well-being that would be balanced and brought together by many people, by stakeholders, which would include users of the system and providers of the system in addition to the government service departments? I think that would be a question I have that I would like the minister to answer.

8:40

Why don't we have an integrated system for mental health services? I know that the government in some ways has tried to work to a more integrated system across ministries and within departments, but so far it just isn't happening. So I'd like to know if the minister could answer: what are the roadblocks to providing a fully integrated system in terms of putting together all the key stakeholders and coming up with plans that will have outcomes that are measurable, tangible outcomes that we can see some benefits from?

Will the minister in committing to a strategic plan here make a firm commitment to evaluating, to having performance indicators, and to measuring outcomes at the overall system level, the program level, and then the individual level? Could he answer that question for me? Are they looking towards doing this? If they are, what are the time lines on this? When can we expect some progress reports? If they're not, why not, Mr. Chairman? I think that would be a very effective use of tax dollars.

What's happening on the prevention side? Are we taking a look at a co-ordinated approach that emphasizes both education, prevention, promotion, and treatment? How many dollars are being

allocated to that? Why aren't we seeing the outcomes here? Why don't we see the minister tabling information? Why don't we hear groups that are working in this area come out and congratulate this government on a job well done? I'd be happy to congratulate the government on a job well done if we could see that it was really happening.

The AAMIMH talks about specific needs, and I would like the minister to tell me how far they're going in terms of achieving these specific needs. If they haven't addressed them yet, when can we expect some feedback on them? What they're asking for is an explicit vision shared by stakeholders. They're asking for an explicitly laid out implementation plan with regular progress reviews. They're asking for consolidated and protected funding envelopes that can be used flexibly but only for mental health. They're asking for a plan of concrete, measurable outcomes. They're asking for regular monitoring for program and system accountability. They're asking for one regional local authority with overall responsibility for mental health delivery. They're asking for community-based services near people's homes. They're asking for a common, confidential, consumer-centred information system. They're not really asking for much, Mr. Chairman, just a basic system that would be measurable and would have some significant, positive outcomes for users of the system.

I'm asking for one recommendation to be added to this, and that's for the government to recognize the importance of this issue and dedicate this as a priority. I'm looking forward to seeing in next year's budgets this area laid out in the key strategies and sometime between now and next year's budgets the minister standing up in this House and telling us what a good job he's done. I think that would be excellent and certainly something that needs to be done.

Another thing this organization talks about is the need for adequate funding directed to priority areas including acute psychiatric care in regional general hospitals. I don't know about the rest of the Members of this Legislative Assembly, but I know that throughout the years I've received several panicked phone calls from parents or caregivers for people who need to be admitted to acute psychiatric care facilities and can't get in because there just aren't enough beds. Often these people are suicidal, or they're a direct threat to those they live with or sometimes work with.

This is an abysmal situation, Mr. Chairman, when we can't meet this bare minimum need. You can't put somebody who is having an acute psychotic episode in a waiting line. It just doesn't work. It doesn't meet their needs, and it just isn't good enough. What happens to those people? They end up in the justice system, or they end up on the street, or they end up killing themselves, or they end up hurting people they live with.

This organization says that what is needed here are additional beds in acute care general hospitals. I can't emphasize that strongly enough. All of us who have dealt at the constituency level know this to be a fact, Mr. Chairman, and I would ask the minister what he's doing in this regard and when we can expect a dedication of more beds there.

What they're asking for also is a systematic reallocation of funds to priority areas that could address the community support gaps in the current system. [interjection] Very true. You know, these people get admitted to the system, then they get discharged, and there isn't any follow-up care or any transition care for them when they go back into their home environment. Without that transition support, Mr. Chairman, how can we expect people to go back and be fully functioning? It just doesn't work. It's an impossibility. It's an impossible burden on their families, who are expected to fill in that gap when they aren't trained, when they're under stress, and when there are all kinds of underlying problems involved in that. So I

would ask the minister how he is addressing that particular need and when we can expect some feedback on it.

They're also asking for providing funds on the basis of targeted outcomes and a requirement for ongoing evaluation and benchmarking for best practices. Well, go figure, Mr. Chairman. They're asking for something that the Auditor General has asked for not once, not twice, but many times. In fact, it's a part of the 37 recommendations made to the department for improving systems accountability from 1995 to 1999, also listed in the year 1999-2000 Auditor General report as amongst one of the requirements, once again, for the ministry to get to.

So what's the problem, Mr. Chairman? Can the minister answer that for us? Why aren't they there? They're not doing a good job of measuring and reporting the performance of the health system. The Auditor General is recommending that

the Department of Health and Wellness, in cooperation with health authorities, continue with implementation steps for improving performance measurement and reporting on the quality of health services.

It isn't really a very tough thing to do. Businesses do it every year and do it very successfully. You have to measure what it is you're doing, and you have to work towards improving it. How can you improve it if you can't even measure it, Mr. Chairman? I'm hoping the minister can comment on that for me.

Two more items I'd like to talk about in the brief moments I have left: one is children's mental health, and the other one is comprehensive community-based systems. I think both are very important. We'll talk about the community-based systems first. What we have is a system that isn't balanced. It needs to be. We need to see increased mental health funding for beds in general hospitals and community and home-based services. So the flow-through follow-up work and the acute care side of it.

This integrated system has to include a continuum of crisis response and emergency service. A big issue. When there's a flare-up in a home, who comes? The police, not necessarily mental health support. So where do people go in the first place? They go into the justice system, the last place someone with mental illness should be, Mr. Chairman, and a misuse of resources there, poorly allocated in that case, and we end up with incurring costs within the system that aren't needed and aren't justified. So there needs to be some sort of crisis response system put in place that meets the needs of the people. Housing alternatives – lots of people with mental illness, Mr. Chairman, who can't support families.

In the few seconds I have left I want to talk about children's mental health. You know, this is so important. Thirty percent of the children in this province suffer from some kind of psychiatric disorder, and we really need to dedicate some resources to solving that problem. Policy framework on children's mental health services would start to help that. Will the minister do that? Will he give us some feedback on when we can expect that?

What about those services for kids who are in child welfare, for young offenders, and for children with complex needs? We see the Children's Advocate having addressed that as an issue in his latest report, Mr. Chairman, a well written report. I would ask the minister of health to respond on the areas that should be a part of his responsibility, which includes laterally going into the Justice department, into education, and into social services. So I'm looking forward to answers on those questions.

8:50

THE CHAIRMAN: Hon. minister, unless you're planning to move to the opposition, you're not on.

We have right now the hon. leader of the third party, followed by Edmonton-Gold Bar.

DR. PANNU: Thank you, Mr. Chairman. I'm not entirely sure about the time I have at my disposal, so maybe I'll start with some specific questions. How much time do I have?

THE CHAIRMAN: Twenty minutes.

DR. PANNU: Twenty minutes? Okay.

Let me then start with some general comments, Mr. Chairman. I'm pleased to rise and make some comments on the budget estimates for the Ministry of Health and Wellness for the budget year 2001-2002. The hon. Member for Edmonton-Riverview made some very broad observations about the context in which we need to look at this budget. I concur with many of the observations he has made and the concerns he has expressed.

I think the primary global set of forces that are at work which seem to affect our debates about the future of public health care and the question of what to spend and how to spend and where to spend the public dollars that we have to provide health care services and who should be the providers are all driven by a general sort of expansion of multinational business interest activities across areas that previously, at least in this country, were out of bounds for private, for-profit economic activity. So multinationals are very much interested, of course, as are national private interests, in moving into areas of health, education, and so forth. It's in that context that the debates about health and, in particular, debates related to the expenditures that we incur for the delivery of health services must be assessed.

One of the claims not generally made that seems like an article of faith with many governments, including this one, is that market competition in every area of economic and social order works in the same way and has similar results, an assumption which, Mr. Chairman, is highly questionable. Enormously weighty evidence draws attention to the fact that markets do not work, particularly in the areas of health and perhaps education.

Nevertheless, since this government is committed to bringing the market into health care to enhance the role of private, for-profit agencies of delivery of services, I think it is incumbent on it to be transparent in its budget and make every effort it possibly can to show how the budgeted dollars will be apportioned between the public providers and the private, for-profit providers.

It's impossible to get any idea from the budget documents with respect to that very weighty question, which the government I think should feel obliged to address, given its open public commitment to increasing its reliance on for-profit agencies of delivery in the area of health care. Transparency, accountability, honesty I think all require that the budget documents pay attention to that and desegregate the manner in which these moneys will go in one direction or the other. There is no evidence of that happening here, so it's impossible to hold the government accountable with respect to its claims that either the delivery of the services will become more accessible because private, for-profit agents are involved and/or, secondly, that such services can be delivered more economically than would be the case within the public sector. So these claims remain just claims, no evidence one way or the other, either produced by its own efforts reflected in its budget estimates.

Looking at some of the goals in the business plan general statements, one thing I find missing under the core businesses, "lead and support a system for the delivery of quality health services" – I think perhaps advisedly the government has left open the question of whether the system is predominantly public, will remain public, or whether it's just a system in which different blends of the public/private will work together in tandem or in competition with each other. That's a very interesting omission. It seems to be deliberate.

There is no indication here that the government is committed to keeping the system as public as sometimes the government claims it intends to do.

Two or three other things under the goals. There is the question of prevention. The second goal: “strategies for protection, promotion and prevention.” When looking through the detailed business plans here, goals 1, 2, and 3, I’m trying to see if there are any performance measures that will help us see whether or not the government has made any efforts and whether those efforts made any measurable difference in the area of prevention of ill health rather than simply providing treatment to Albertans who get sick. So prevention is used as an empty word. There is no commitment at the level of performance and the ability of the government to measure its own performance and allow its own performance to be measured when it comes to prevention.

Similarly, I was looking in the four areas under the key strategies. “Improving access to quality publicly funded health services”: there is a bullet on “improvement of access to home care and continuing care.” Again, under that section in the elaborate strategies and key performance indicators I found absolutely no mention of what kind of performance measures are being developed or are already in place to assess this commitment made; that is, to the improvement of access to home care.

We do not know, of course, what portion of the budget for home care is going to be targeted for the private, for-profit sector and if there’s any portion of that budget that will go for the nonprofit sector delivery of home care services. Again, it is difficult from this budget to make any judgments about whether the statements made here and the allocations made are justified or not and on what grounds.

Similarly, in the area of primary health care, “enhancing the quality of health services,” the first bullet is about “health system reform with focus on primary health care.” No indication anywhere under strategies or key performance measures that this goal is taken seriously in the budget. There is nothing about any performance measures and indicators that will be available to members of the Assembly to assess whether or not the government means what it says and whether it can be held accountable for what it claims it’s trying to do.

So with those general observations having been stated, Mr. Chairman, I will just move to a few specific questions. On the positive side one will have to of course agree that the government is putting significantly increased financial resources into the health care system. After years of cuts both in real terms and in terms of inflation and population growth the government appears to be reinvesting in the health care system.

I also note that for the first time the ministry of health business plan contains targets for waiting times for some health care services. While those targets are a bit vague and do not cover a sufficient range of health care services, again I think I’m willing to concede that this is a step in the right direction.

9:00

It’s hard to overstate the importance that properly funded health care services play in the lives of Albertans. Properly funded and delivered health care services are literally a matter of life and death to tens of thousands of Albertans.

[Mr. Lougheed in the chair]

My questions to the Minister of Health and Wellness are these. I’ve got four or five of them, so I’ll just state them. My first question relates to the key performance measures contained on page 244 of the estimates book. Is the government planning to incorpo-

rate additional performance measures in terms of waiting times? Why is it taking so long to put these performance measures in place? In terms of persons waiting, where’s the benchmark being used for persons waiting for MRIs or for a bed in a long-term care facility?

My second question relates to the provision for the write-off of health care premiums. Why the steep rise in the amount of the write-offs between the estimate of \$28.6 million for last year and the actual writeoff of \$50.4 million? Why this difference of nearly \$22 million? In light of this, why has the government only provided \$28.9 million for health care premium write-offs next year? Where is the connection between what it in fact will cost the government to write it off and the actual budget provided for that write-off? Finally, why doesn’t the government recognize the fact that these high write-off levels clearly show that health care premiums are simply unaffordable for a growing number of Albertans? Why won’t the government commit to eliminating or at least phasing out an unfair health tax that clearly imposes an oppressive financial burden on Albertans?

My third question. I note that the government spent \$250,000 last year and the same amount this year on the so-called Premier’s Advisory Council on Health. This was a council of so-called health care experts that was appointed through Bill 11. This is a council that’s heavily weighted in favour of interests who support further privatization of our health care system. What are we getting for our \$250,000 a year? Albertans haven’t heard a boo from this council since it was appointed last fall. What is it doing? What can we show for the amount of money that it takes to keep that council alive?

My next question relates to the government funding of Blue Cross benefits programs. I understand that most of this funding goes to subsidize prescription drug costs for low-income Albertans and seniors. Prescription drug costs are the most rapidly expanding area of health care expenditures, and I note that there is a further 11 percent increase projected for these benefits. Then as I was looking through the estimates book, there is a section on sustainability of the system. Where is this concern with sustainability reflected in looking for ways of limiting, containing, and bringing down the drug-related costs to the system? There’s no indication in the budget or in the goals that are stated in the business plan or in the strategies that are indicated here that the government is looking for ways of cutting down, containing, and limiting the costs of drugs that are exponentially increasing in this system, yet we talk about the concern about sustainability that this government has.

Is the government using strategies such as bulk purchasing and reference-based pricing – that is, use of the cheapest available drug including generics – in order to keep a lid on drug costs, and if not, why not? Why is there hesitation, why is there reluctance to look at ways of saving money for Albertans, saving taxpayer dollars by using best practices used by other jurisdictions relative to the purchase of drugs and reduction of costs related to those purchases?

My final question, Mr. Chairman, has to do with the Alberta Wellnet initiative. This initiative shows up in several places. Expenditures total tens of millions of dollars this year on top of the tens of millions that have been spent on this telemedicine initiative in previous years. The Auditor General has commented in his past reports on the vast amounts of money and the slow pace of progress in completing this initiative. I’m wondering if the minister can enlighten this Assembly on what the status of the Wellnet initiative is and when taxpayers can reasonably expect an end to the enormous sums that have been expended on it.

I will stop at this point, Mr. Chairman, and take a chance later, perhaps, to enter the debate. Thank you.

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

MR. MacDONALD: Thank you very much, Mr. Chairman. I'm delighted to get an opportunity to question the hon. minister tonight regarding the critical portfolio of Health and Wellness. Now, this is obviously the largest budget, well in excess of \$6 billion, and as was noted by the hon. Member for Edmonton-Strathcona, it is welcome funding. I certainly hope that it is being put to good use.

I see in the general overview of the department that the mission of the ministry is "to maintain and improve the health and wellness of Albertans by leading and working collaboratively with citizens and stakeholders." Now, this is the mission statement on page 193 of the business plan. I would also have liked to have seen in there: and also to foster, enhance, and promote public health care in this province. Unfortunately, that has been missed in the mission statement, and I believe it is significant.

Mr. Chairman, this year's budget estimates for the department are roughly \$950 million more than the department's budget estimates from last year. This is as close to a \$1 billion difference as one could get, and the department's responsibilities have actually become smaller. I note that the Persons with Developmental Disabilities Provincial Board is no longer with the department. Also, the department doesn't have an associate minister, another change from last year.

Given the department's stated major goals for Alberta's health care system, including "to improve the health and wellness of Albertans through provincial strategies for protection, promotion and prevention," we in the Official Opposition would be interested in knowing what those strategies are and whether the department has employed cost-benefit analyses on those strategies to ensure that Albertans' dollars are being spent wisely and prudently. For example, will the ministry consider such programs as pharmacare as part of a prevention strategy? It would appear that if more Albertans had easier access to prescription pharmaceutical products, fewer Albertans would have to deal with chronic health problems because they simply cannot afford the products.

Another place where the ministry could go a long way toward its stated goal of preventive strategies is in the area of diabetes. Costs for persons with diabetes can range from \$300 to as much as \$1,000 a month. Currently Alberta health care insurance covers a fraction of the potential monthly costs for Albertans dealing with this condition. Some 90,000 Albertans have been diagnosed with diabetes. For seniors on limited incomes the additional out-of-pocket expenses associated with diabetes, including diet, testing, and medication, are a serious hardship. Sustainable, direct funding, funding that would help Albertans burdened with not only the weight of diabetic symptoms but also the costs associated with treating those symptoms, would show a true commitment to preventive or health promotion strategies.

Now, Mr. Chairman, will the minister please provide a breakdown of the ministry's gross operating expenses of \$6.24 billion for 2001-2002 by object for the following components: health care workers' salaries, permanent, nonpermanent, and contracted positions. A little while ago we heard about the efforts that were made to train and recruit health care professionals, and I think this is a reasonable request.

9:10

The recent pay raises provided to physicians and nurses are generally a good thing. We need to pay our health care workers adequately and fairly, but we also need to know how many health care workers, if any, are left out of pay raises or benefit packages or

educational opportunities because they are on contract, particularly those involved in home care, or don't qualify because they are part-time workers. It is only fair that we properly compensate persons working in the health care field, but we also need to know whether the amounts paid to health care workers, the amounts budgeted to pay health care workers, are sustainable amounts.

Nurses certainly took wage rollbacks, as did many other public service workers in the early 1990s. It is patently unfair to give workers a certain wage and then at some time in the future expect those workers to accept another wage rollback. It's poor planning. What Alberta health care workers and all Albertans need is sustainability in funding and stability, a combination of that and long-term planning of the workforce. This hasn't been done in the past. There have been reports done by the regional health authorities, Mr. Chairman, paid for with tax dollars and hidden from public view and discussion, and we have now an expensive problem to fix, and we are fortunate in this province that we had the financial resources to at least try to fix it. It's been mismanagement. It's been past mismanagement.

Now, Mr. Chairman, will the minister please provide a breakdown of the ministry's gross operating expenses of the \$6.24 billion for 2001-2002 by object for the following component: contracts, all contracted-out insured medical services with all regional health authorities. During the Bill 11 debates the minister and the Premier assured Albertans that contracted-out insured medical services would result in both higher quality health care services and more cost-effective health care service delivery. I on behalf of the Official Opposition would like to know how much money each of the regional health authorities spent on contracted-out insured services to private providers. I would also like to know how much the department spent on doing the cost-benefit or performance measure analysis on these contracts.

Another question is whether the department relied on only one cost-benefit performance measure analysis or whether the department relied on more than one to get a truer picture of the quality of health care and the cost-effectiveness of health care service delivery? We all know, Mr. Chairman, that there was no study done that could prove the cost-effectiveness of Bill 11. There was none, zip. They were blank pages, and now the blank pages seem to be apparently reflected in blank stares, but that is the reality. They were just simply blank pages. There was no backup to the argument. None. Absolutely none.

Now, Mr. Chairman, will the minister provide a breakdown of the ministry's gross operating expenses of \$6.24 billion for 2001-2002 by object for advertising, promotion expenditures? Another question to the minister regarding these estimates: is the minister planning any more hard-sell legislation in the order of Bill 11 that will require promotion? Certainly there was a lot of promoting done in regards to Bill 11, and I don't know if I should even be asking these questions in Health and Wellness estimates. I probably should wait for Executive Council and the bureau, the Public Affairs Bureau. You know, it sort of reminds me of, is reminiscent of J. Edgar Hoover and the FBI, but that's another matter.

Now, health care insurance premium revenue. This was covered by the hon. Member for Edmonton-Strathcona. I just want one clarification. Was it \$22 million or \$28 million that was the write-off in 2001-2002? I understand the actual write-off was \$50 million, but why does the 2001-2002 budget estimate have a write-off of only \$28.8 million? I would like to know what the difference is here. Although the minister has already indicated that he did not see Alberta families having difficulty paying the premiums as the reason for more than \$50 million in health care premium write-offs, maybe the minister would like to explain why more than \$50 million again

has been written off. We're sure the minister isn't suggesting that the write-offs are attributable to scam artists or to people who don't pay on principle or people who are looking to hoodwink the system.

In budget item reference line 1.0.1, the minister's office, the estimate here of \$487,000 for operating expenses represents an increase of \$13,000 over the last year's budget. What accounts for this increase, given that the minister's office has less responsibility this year than last? Again in reference to the PDDPB, which has moved. Continuing along this line of questioning, what is the breakdown in the minister's office budget for 2001-2002 by salaries for permanent positions, salaries for nonpermanent positions, salaries for contract positions, travel expenses, advertising, telephone and communications, and also hosting expenses?

Now, the deputy minister's office: what happened here? In the deputy minister's office there is \$395,000 in the budget for 2001-2002. Again, could I have a breakdown, please, of salaries for permanent positions, nonpermanent positions, and contract positions, travel expenses, advertising, telephone and communications, hosting expenses, and dry cleaning. Again to the minister: why is the deputy minister's budget increasing by \$12,000?

Now, public communications. I'm sure this was a branch of the department or of the minister's office that was quite busy in the last year. That's reference line 1.0.4. The estimate is an increase of \$20,000 over the previous budget, and of course I'm very interested in finding out what accounts for the \$20,000 difference between the 2001-2002 budget estimate and the 2000-2001 actual expenditures.

During the Bill 11 debate, Mr. Chairman, the government supposedly spent some \$1.7 million on so-called information on the bill. Where did that money come from? Because with these numbers, the department only spent \$1.3 million on public communications, so where did this money come from for this campaign? We have very little money in this province for the needy. We can't seem to increase the rates for those on SFI; there are perhaps 27,000, 29,000 files at the moment. We've got no money for any of this. We've got our priorities, I think, wrong. We can casually spend \$1.7 million on so-called information, or it could be disinformation for all I know. I don't know, but I'm very concerned about that.

9:20

Now, health accountability. That's again going farther down the page, reference 1.0.6, Mr. Chairman. My first question to the minister: what accounts for the \$7.28 million operating expense increase between the 2001-2002 budget estimate and the year 2000-2001 actual expenditure? There appears to be a pattern here, given that the 2000-2001 capital investment estimate was \$1.1 million, the year 2000-2001 capital investment actually is \$2 million, and the 2001-2002 capital investment estimate sits at \$1.15 million. Can we expect that the 2001-2002 capital investment actually will again be slightly over \$2 million? If so, why not simply make the estimate more in line with what the actual expenditure will likely be? Also, what is the breakdown for the department's 2001-2002 operating expense estimate of \$31.8 million?

Now, program 2, health services, Mr. Chairman. I see my time is running down, and I have a question that I don't want to neglect to ask. That is in the statement of operations by programs. The onetime energy rebate of \$40 million: I can assume that that is to all the regional health authorities and the two other boards. I would like a breakdown on that \$40 million figure, please. How much of it was used for natural gas rebates, and how much of it was used for electricity rebates? I'm told – I'm shocked and appalled – that I will never know that figure, but I'm very curious about that. That's a \$40 million hit. How much was used for electricity, and how much was used for natural gas? I imagine one would just have to go to,

say, the University of Alberta hospital and see the meter that would be outside that institution. I would think the meter dials would be moving quite rapidly, and also the electricity consumption there I think would be enormous. I would appreciate very much an answer forthwith to that question.

Program 2 on health services: the regional health authorities, reference line 2.3. How did the department arrive at its 2001-2002 gross expense estimates for each of the 17 regional health authorities?

My next question would be on reference line 2.3.22, supplemental capital equipment funding. There is an operating expense estimate for the year 2001-02 of \$48.9 million. Actually the operating expense the year before was \$98.7 million. What accounts for the decreased funding for capital equipment between the year 2001-02 and the operating expense estimate and the 2000-2001 operating expense actual? That's a significant difference.

Line 2.4.1., Mr. Chairman, the Calgary regional health authority. Now, we have to have a review of this. In the year 2001-2002 the gross expense estimate was \$170 million. In the year 2000-2001 the gross expense actually was \$154 million. For 2001 the estimate was \$149 million roughly. Okay. My question to the minister is: what accounts for the difference between the 2000-2001 gross expense estimate and the 2001-2002 gross expense estimate? Again, what is the breakdown of the 2001-2002 gross expense estimate?

With those questions, I will look forward to the answers from the minister.

THE ACTING CHAIRMAN: The Member for Edmonton-Centre, please.

MS BLAKEMAN: Thank you very much. I'm not happy about this budget, but I'm sure glad for the opportunity to speak to it and get some questions on the record, which I'm assuming will be answered in writing and forwarded to me. So a couple of different areas I'd like to cover tonight. I have a number of questions and issues around seniors' health care. I'd like to look at the performance measurements, and I'd like to look at the department responses to the Auditor General.

Starting with seniors' health, this is certainly an issue for me with the number of seniors that I have living in Edmonton-Centre. It's always the number one concern on the hit parade. It is the issue I hear the most about. It's also the issue that our constituency office does the most casework on, without fail, and has been for five years now. So what the Department of Health and Wellness is doing, where they're putting the money, what the performance outcomes are expected to be, and what are the key performance indicators are of great interest to me.

We know now that our traditional method of treating seniors, especially seniors that are in acute care, is not the most successful way to be treating them. I know that there are three specialized geriatric units in the province. My question is: is the Department of Health and Wellness looking at increasing the number of those units or expanding the capacity of the units that are in existence?

There are a number of issues that they have been proven to deal with expeditiously. Of course the obvious one, which has already been mentioned this evening, is overmedication, and there are a number of issues around that. You get seniors who end up going to different doctors or, frankly, being sent to different specialists, all of whom are prescribing medication. You may not have a central, controlling physician who is actually keeping track of all the different kinds of medication that everybody is on and cross-checking that they're not taking a medication that's either canceling out a different kind of medication or causing complications when it's

used in combination with another drug. So certainly when the frail elderly get onto these units, that's the first thing they do: get the list of all the medications that people are on.

There are a number of other issues around that. It may well be for some seniors that they'll take the full prescription from the doctors they like, but they're not so keen on taking the prescription from the doctors they don't like, and that also contributes to the difficulties with medication and seniors. So there's a lot of work that we have to do still in Alberta to be able to manage that, and we know that these three units are successful at it. I'm looking for answers to the two questions I've already asked and whether there are any plans as part of the rest of the three-year plan. I've gone through it and I don't see it in here, so I'd like that confirmed or some indication given.

9:30

Some of the other issues raised around those specialized units. For example, when a person goes into the hospital and they're not well, usually they end up lying flat on their back in a hospital bed and are getting the treatment or whatever is necessary for their ailment. That doesn't work for seniors. We've all heard the stories of somebody who went in with the flu or a broken hip or something like that and a couple of weeks go by, three or four weeks, and now they've got pneumonia. Eventually these people can die from pneumonia. You think: well, how on earth did that happen? They were in a hospital. Part of it is that they need to get up and move around every day, and our hospital system is not set up to do that. We need to keep people lying flat on their backs being good in their rooms, and we need to be able to get seniors up and move them around in order keep their system working properly. So a number of issues around that and any information that's forthcoming on those units.

I'd also be interested in how much these units are costing overall and if I could get a breakdown for the costs on those three different units that exist in Alberta already. What are the staffing costs specific to that and any overhead or operational costs that are specific to those units' operation.

I'd also like to talk about prevention for seniors. Now, one of the two biggest issues in my constituency – and as Seniors critic for the Official Opposition I can also say for many other seniors in Alberta and for their families – is availability of home care. I'd like to know what the percentage breakdown is of funding for home care that goes to subacute care and what percentage goes to home care for assistance to seniors, to the frail elderly? The figure I had heard previously was that two-thirds of funding in home care in fact goes to subacute care, leaving only one-third of the funding going specifically to seniors. So I'd like to get that specified, please.

I'm also interested, if there is an increase in home care in this budget, whether the increase is satisfying a volume increase – in other words, more people that the system is trying to satisfy – or is it that more funding is being given to each area to give better service to the same number of people?

[Mr. Tannas in the chair]

That sort of issue keeps coming up as I examine the government's estimates. Many of the increases are in fact just reflecting population increase, volume increase, demand on the system in other words, but it's not actually giving better quality care in any way, shape, or form. So I'd like to get that breakdown. If I could get that breakdown also by the health regions, I would appreciate it.

Certainly there is a disconnect that we have in this government between what is being said about the desire to keep seniors in their

own homes as long as possible and the kinds of services and support we're actually offering in order to that. There's a disconnect there between the goal and the reality, and I'm encouraging the government to look at that very carefully, because this is one of the most obvious areas to be successful in this.

We need to look carefully at the kind of care that's being offered through home care. We need to look at standards of care. We need to look at staffing and at the contracts that are being signed with home care providers. Is there detail in those contracts about the wage that the staff that in fact go out and offer the service are getting? What is the percentage of profit that's built into it if it's a private business? What is the administrative percentage that's being taken off as well?

We're not getting enough home care out there to assist these seniors and keep them in their own homes. There are other stresses that are causing seniors to leave their homes and move into either subsidized care or some other kind of accommodation or even into institutional care like long-term care or auxiliary hospitals. Certainly home care is our easiest and most direct avenue to keep seniors in their own home. In many cases they just need a little bit of help, perhaps to get up in the morning or get going or have breakfast, or assistance with various aids, prosthetics, or getting into wheelchairs or scooters or whatever. I think we're failing in that. I'm interested in what the long-term plans are there and exactly how much money is actually going into that system and how much is filtering down to the seniors.

The second part of that is housekeeping. This is the other thing that I hear about so much from seniors. Now, I don't know whether there is a lack of public education and the government just not being clear on people's expectations about housekeeping. First of all, most people think home care is going to include housekeeping services, and it doesn't. Home care is personal care. No, they're not going to do your dishes or wash your floor, but for many seniors that is the yes or no between staying in their own homes.

When we look at housekeeping services, again I want to know the same kinds of answers. How much is in the housekeeping budget? How much is allocated to each of the regional health authorities? What is the breakdown in the way the contracts are allocated? If it's not a contract situation, if it's a direct delivery from the regional health authority, fine. What's the staff wage? What's the percentage for administration and overhead? If there's an increase in this budget, then what is the increase a reflection of? Is it a volume increase, or is it in fact money to provide better quality service? Those are the questions I want answered in that area.

Now, we go on to more prevention, still under the category of prevention for seniors' care. I have been lobbying for some time to have the government consider funding or a funding program for seniors' centres, which exist across the province and which in many cases truly are prevention in that these programs are getting seniors out of their homes, are getting them active and walking around. They often offer a lunch or a nutrition program. They're offering all kinds of classes, self-education. They have educational seminars. They bring in speakers. They have activities to engage people's minds, to keep their bodies active. You know, there are all kinds. I'm sure anybody that's walked into a seniors' centre has seen the tai chi classes and the weight lifting and the dancing and all those kinds of physical exercise classes and the great encouragement to do so. We know that is health prevention. It is wellness. It's a wellness model. These seniors' centres are frontline deliverers of this service and are not getting any assistance.

This government likes to use user fees, but we have a generation of seniors right now, and all seniors are on a fixed income. They don't get any more money. What they've got is fixed, so they can't

continue to pay higher and higher and more and more user fees. Eventually they say, "I can't do this anymore," and they sit at home. Then there's a disintegration in their mental health. There's a disintegration in their physical health. There may well be additional problems with eating proper food and eating three times a day. So I really see these centres as preventative medicine. I'm still urging the government to look at a system whereby there is funding to these centres, you know, based on an amount of money per signed-up member that they have or whatever kind of system the government wants to look at to make sure they're funding reasonably and not setting up a system that's open to abuse. I think it's still something to be looked at.

In particular, I'm wondering about one of the centres that's in my riding, which is West Edmonton Seniors. It got into a situation where it had been renting space in the General hospital at a very reasonable rent, and then Caritas took over the administration of the building. The rent started to go up. They went from something like \$345 a month for rent into the \$3,000 range. I'm sorry. I don't have the figures in front of me, so I may be not quite accurate on that. I'm sure you've got all the information. You can check it. They got into this ping-pong game, being bounced back and forth between Community Development, which at that point was responsible for seniors' funding, Infrastructure, and Health and Wellness, none of which seemed to be willing to take responsibility for this group. We were going to lose this service. I'm wondering: what was the end result of that? Was there funding from any or all of these departments? I'm also looking for what kind of other preventative health models are being put in place to assist seniors.

9:40

The obvious question coming out of the election is: why didn't the government eliminate health care premiums for seniors? I'm interested in what the exact amount of money is that is taken in from health care premiums charged to seniors less the administration costs, less the subsidy costs for those seniors who are receiving a full or partial subsidy. What is the actual net amount of money that this government takes in on health care premiums from seniors? So I'd like all three of those figures, please.

I'm hoping that I'm going to get another chance to raise these issues, but I'm aware of time restrictions here. I'm going to move on to the performance measurements. Now, when I look at the public accounts from '99-2000, Alberta Ministry of Health and Wellness, section 1, pages 71, 72, and 73, we actually do have a listing there of key performance measures. I think a number of these are flawed and aren't really measuring what they need to be measuring, but some of them do in fact give us something we can work with here.

I look in the budget documents at the business plans for Budget 2001. I am looking for key performance measurements, and in this department, lo and behold, I actually find some. This is a wonderful night for me, to actually find key performance measurements. However, when I try and match these back and forth between what is being admitted to in the last fiscal year and what is being set forward in this fiscal year, we don't have a match. So are you changing your performance measurements year to year? What happened to the old ones? Where did the new ones come from? I'd like to see some kind of direct comparison between these.

I do notice that on page 195 of the business plan we are getting key performance measurements like 1.A, which is actually listing targets for waiting list times. Very good. Now, you've actually got something you can measure against here. But then when I get into targets like 1.C, "ratings of quality of care received, percent who report that quality of care personally received is 'excellent' or 'good'", that's an incredibly subjective performance measure done

by a survey of people who are on their way out of the hospital. I don't find that these kinds of performance measurements are a useful management tool, and it's certainly not incredibly useful for someone who is trying to scrutinize the performance of the government in this particular department.

Here's another one, 1.D: "Percent of persons, who have received a service, who are satisfied with the way the service was provided." Now, how is that a useful management tool? I think we have to move beyond these kinds of performance measurements which are simply surveys of satisfaction of clients. We have to start moving to ones that are more useful.

Now, we have some in here like 2.D, "childhood immunization coverage rates, percent of two year old children who have received the recommended immunizations." That's a more useful target if what you're trying to do is make sure that all children at a certain age are immunized.

When I go back and look at breast screening, 2.C, "screening rate for breast cancer, percent of women age 50-69 receiving mammogram every two years," you've got a target of 75 percent screened. That needs to be linked to a clear indicator of whether we have a reduction in new breast cancer cases so that we actually know whether what has been done here is achieving something. It's moving from doing to achieving, from measuring what you're doing to measuring what you've actually achieved as a result of what you've put in place. So I encourage the government to continue with this.

I'm also looking for why there isn't a direct correlation between the performance measurements of the previous year and the performance measurements of this year. This is an ongoing deficiency in what this government has done across the board, where performance measurements are changed every year. So you've no way of looking and saying: oh, yes, over this five-year period we are able to track along and see that we've actually improved or achieved something here.

In changing these performance measurements every single year, you have lost the usefulness of this as a management tool. It's of no use to the public or to the opposition as a scrutiny tool for what the government is doing and whether in fact we are getting value for our money. What are we achieving with the money that's being spent on these various initiatives?

Very briefly, the last I'd like to look at is a quick comparison of the Auditor General's recommendations and the government's response. I'm seeing that almost all the recommendations are accepted, but I do not see anything actually happening with that.

Thanks very much. I look forward to continued debate on this budget.

THE CHAIRMAN: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. I won't take too long here just to get a handful of questions on the record on information I would like to be provided, information that in some ways is comparable to what used to be brought to this Assembly and I believe ought to be brought to the Assembly again.

There did used to be a much larger number of hospital and health care and auxiliary home and nursing home districts, and the department managed to work with all of those to come up with line items. I'm sure it can be done again now with a mere 17 regional health authorities and a couple of provincial health boards.

What I would like by regional health authority is their capital and operating budgets. I would like by regional health authority information on their expenditures on for-profit, voluntary, and public nursing homes, which did used to be provided.

I would like by RHA expenditures on for-profit and public surgical procedures and again by RHA expenditures on for-profit and public diagnostic procedures. I would like by RHA expenditures on board expenses for the RHA boards themselves and, of course, for the provincial boards. I would like to see estimates for RHA expenditures on drugs and estimates by RHA on expenditures on information systems. Exactly how much are we spending on information systems in Alberta Health? I hope the minister will provide that information in a timely fashion.

I will finish with just a handful of comments. I think there are some bright lights, and there is certainly some reason for optimism in the health care system. Initiatives such as the Northeast health centre in Edmonton are to be commended as examples of successful primary care, and I think the work of the western Canada waiting list project, the first report of which was released yesterday, is commendable and will help us make some sense of the chronic confusion over what really is a waiting list.

I would encourage the minister to look very seriously at a pharmacare program. Drug costs, as he well knows, are out of control or certainly are soaring in Alberta, and across the province it's an obvious direct correlation with having the drug industry run the system without a coherent public program. So we need a coherent public pharmacare program.

I would encourage expansion of home care to help take pressure off the active treatment and acute care system. We are going to be taking a long, hard look at long-term care delivery in this province and watching it very closely, and I hope the minister's expenditures reflect that priority.

With those comments, Mr. Chairman, I stop. Thank you.

9:50

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

MS BLAKEMAN: Thanks very much. I'm glad I was able to get in a bit more time to ask some more questions here. I was on questioning performance measurements and responses to the Auditor General's report from '99-2000, and in particular there have been repeated requests for the government to include the regional health authorities' individual reporting in a consolidated report. In fact, although the government has repeatedly said that they agree with this and they'll look at it and they're going to do it and achieve it, year after year I look at the public accounts and the Auditor General is saying yet again that this hasn't been done. So what is the issue with the government being unable to achieve this? It's never really been detailed, and I'm interested in why we are looking at this.

We have a situation where the government has set up a delegated administrative organization, a DAO, in their regional health authorities. I know that this was a clear and deliberate move on the part of the government to shift responsibility for provision of services to these regional health authorities. I think there are long arguments about whether this is appropriate, and they did not shift with that a clear accountability line, and I continue to look for that line of accountability.

Often we would, for example, ask questions of the minister or the Premier in question period about the regional health authorities or actions that the regional health authorities have taken. We'd ask that question to the minister or the Premier, and we'd be told: sorry; ask the regional health authorities. So you'd go and ask the regional health authorities, and they'd say: well, we don't really have an answer for that because we're essentially, certainly through our budget provision, under the control of the government; go back and ask them. So on things like, you know, waiting lists and provision of services – and we've gone round and round in a circle on that one.

Certainly when we start to take accountability to taxpayers seriously, it's important that those budgets and public accounts be presented in their entirety and in the consolidated statement with what's brought forward from the government under the Department of Health and Wellness.

On a slightly different topic here. I'm interested in public communications. There was a great deal of debate around Bill 11 and a number of questions asked, saying how much money is being spent to convince the public of the government's point of view, and we were told repeatedly by the Premier: no problem, you can get every detail out of the public accounts. Well, I've looked in the public accounts, and it's not there. So I'm looking again in this year's budget for a breakdown of exactly how the communications money is spent.

I'll continue to pursue the expenditures around the Bill 11 debate through another avenue, but I would like to know exactly what the breakdown is on the public communications budgets in the Department of Health and Wellness. Where does this money come from? How is it expended? What is it expended on? How much of it is for advertising? How much is for printing? How much is for postage? I want to see the complete breakdown of what this communications money is spent on here. I believe a number of checklists were provided in the past from the Official Opposition to the government. Those checklists are still around. Perhaps they could consult that for the kind of breakdown I am looking for.

I'm glad I was able to get in those last two sections' worth of questions, and I know there are additional questions coming from my colleague. Thank you.

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

The hon. minister is reminded that only one person is standing and talking at a time.

MS CARLSON: Thank you, Mr. Chairman. I'm happy to be able to finish my comments; however, if the minister wanted to get up and take a little time, I'm sure we could have agreement in the House for that too.

Some of the things that I didn't have a chance to talk about when I was standing before and talking about the health estimates were the expenses in program 3.0.1, which is the assistance to Alberta Alcohol and Drug Abuse Commission, the operating expenses and the operating expenses funded by lotteries. What we see here is a significant increase, almost a 20 percent increase in funding from last year to this year. That's a problem, Mr. Chairman, because most of those new dollars are funding for people with addictions. Where's the greatest increase in addictions coming from? From VLTs and gambling. It's AADAC money, and while we're seeing a significant increase in revenues from gambling-related activities, we are also seeing a significant increase in costs.

The most direct costs that we see are in this line item, 3.0.1, but there are many social costs involved in this too. I would ask the minister of health to undertake a costing of all related areas with regard to problems created by gambling. They are all health issues and addiction issues whether we see them in the social system through social services or services provided to children because families aren't providing for them due to addiction problems or whether we're seeing them in the Justice area because the people are within that system for whatever reasons or that we are seeing them in the direct health costs. I would ask the minister if he would undertake a review of that and compile the associated costs so that we can get an accurate idea of what it actually costs us to bring in those gambling revenues.

We see some interesting things here in the Alberta Alcohol and

Drug Abuse Commission. When they talk about the actions and achievements, they say that the action contributed to cross-government initiatives including Alberta partners on fetal alcohol syndrome, Alberta children's initiative, Protection of Children Involved in Prostitution Act, aboriginal policy framework, and Alberta's strategic plan for seniors. All of those are related issues, so if the minister comes back and says that he can't do what I had asked because it isn't specifically within his department, I would challenge that and say that there are actions under way within the government departments and related departments that are starting to track that information. I think it is available. I think it's very important for them to compile it, and we would like to see it presented and measured against the assistance they are giving in this particular program. So if they could do that.

Now, I understand that there have been some changes to AADAC in the last couple of years, some reorganizational changes in terms of where the delivery of service is. I know that there was some consolidation happening with regard to their programming into the downtown area. I don't know where to find that specifically in these programs or goals. Perhaps it's all rolled into 3.0.1, but if the minister could elaborate on that, I would appreciate that.

You know, there was a concern with the consolidation of AADAC into the downtown areas, that some people wouldn't use those services anymore because they didn't want to be in areas where they could be readily identified by people that they knew. They wanted to go to the outlying centres for the services. They didn't want people to know that they were in these programs. So I'm wondering what happened to the stats for the people using these services. Was there a drop when they consolidated the offices? If so, did they track down why that drop was? How is the consolidation working? Did they save any money? Is it costing more money? If we could get some information on that, it would certainly be helpful for us to be able to assess the viability of those operations. What are the people who are working within the system and the users of the system in AADAC saying, Mr. Chairman? Do they do satisfaction surveys for both the people who provide services and those who use the services there? I think that would be one measure that would be very interesting to see and would be a way of actually properly evaluating the outcomes of some of those dollars that are spent.

10:00

I never had a chance to really go through the Auditor General's report on Health and Wellness, Mr. Chairman, but in fact there are seven key recommendations that were made by the AG last year with regard to Health and Wellness. I wonder if the minister could report back to us in terms of the progress they have made in achieving those objectives. Are we going to see these same recommendations come forward next year, or has there been some progress made? I won't have enough time in the few minutes that are left to me to go through the seven recommendations, starting with number 17 and carrying through the various sections of Health and Wellness, but if the minister could specifically comment on those for us, that would be appreciated.

I think that there were some excellent comments being made. "Accountability for the cost and quality of health services" is a very important issue, Mr. Chairman. We need to know that we're getting value for our money. We need to know that these systems are properly in place prior to our seeing any more privatization of health care services. If all we're going to do is layer different kinds of services on the province, what we're going to do is get different layers of bureaucracy and problems. We want to know that the department has moved forward on these various recommendations and has made significant progress on them, not just token progress

or no progress at all, before this province moves into a system that will be more of a parallel system with the additional privatization that we're going to see.

You know, there's been lots of talk in the AG's report and lots of talk in this Assembly about the various health authorities in the regions and some of the problems that have occurred in there in terms of deficit budgeting and extra strain on the regions because of extra costs associated with those authorities. I'm wondering, Mr. Chairman, what progress has been made there. That's a little bit about what recommendation 18 talks about, "a joint strategy for improving the implementation of authorized business plans," with Health and Wellness and the health authorities. I see this as a critical recommendation and something that definitely needs to be brought in-line.

There have been some significant changes. We've had problems with deficit budgets and deficit budget plans being submitted. The Auditor General remarks on how patterns of prior years have continued, that we haven't seen a change in spite of the recommendations that he's made. Why is that happening, Mr. Chairman? I think that's a valid question to ask here.

Also, the Auditor General comments on interim funding and how that has increased more in terms of the budget than annual budget increases. So what that means is that in fact this department isn't actually budgeting. It's setting up a forecast and then dumping more money in as it's available or as the minister can lobby for it. That is not sustainable, as we all know, in any kind of fashion, particularly in health care. We have to provide both stability and sustainability. People need to know that the system is going to be there for them when they need it, and they're going to need to have some idea of what it's going to be like to be in the system. What kind of service are they going to get? When are they going to get the service? Is it going to meet their needs, and is there going to be bridging from acute care service to whatever they need as they move back into their home?

We know at a constituency level that that bridging service is nominal at best and is a real issue when we talk about home care and lack of home care and what it takes to get people out of the costly health care system in terms of hospital use and back into the home, where people do recover faster if they have adequate supervision and proper support provided than they do in a hospital bed. But the problem with what's happening now is that we see all kinds of horror stories where people are released from hospitals when they either have very little support at home or no support at home and can't get enough support from the home care system. I think that's an area we need to seriously look at in terms of cutting down the bricks and mortar costs of hospitals and also from the preventative side. If we can provide a little support to these people before they become acute users of the system, then that's going to be a benefit for everybody. So I think that's something that needs to be done.

Did the department follow through with recommendation 19, that "the Department of Health and Wellness take a lead role in working with health authorities in reporting the costs of key service outputs"? Clearly, the department has some expertise in this area, Mr. Chairman, and we would hope that they would share that expertise and the people they have that know how to do this in terms of training these health authorities on how to both report and measure outputs. I think that's an important aspect that needs to be done.

Tied in with the seven major recommendations are a number of minor recommendations that the Auditor General has talked about, and one of those is timely reporting. Not reporting in a timely fashion in the business world would mean that you would lose shareholders and customers. Why doesn't that happen when government departments don't provide timely reports? It seems like

there's no accountability at that level, and it's something that the Auditor General has remarked on. It's surprising to me that it isn't in itself a major recommendation, because I think that it's quite important.

In talking about recommendation 19, the Auditor General makes a comment that "there has been little change in reporting the cost of outputs," and what he talks about is linking costs with outputs in terms of assisting resource allocation and providing readers of annual reports with information that's meaningful about a particular authority's operations. Once again, basic accounting principles. It is hard to believe that it doesn't happen, but clearly it's something that's been an ongoing issue.

What he talks about then is that he reviewed

fifteen annual reports issued by RHAs in 1999 [and] twelve did not contain management discussion of financial position and risks.

Fourteen reports did not present information on the costs of outputs.

Well, who's training these guys? Mr. Chairman, it's practically inexcusable behaviour that we see here, and clearly the government needs to be doing something. So if the minister could give us a progress update on this. I don't even think it would be reasonable if we had 10 percent of those authorities not reporting in a proper fashion. That would be one and a half of them. When we talk about 12 and 14 of them not bringing forward proper management discussions or information on the costs of outputs, you have to really be concerned about the way they are managing themselves.

Why wouldn't the minister of health have seen this as an important enough issue to ensure that these RHAs were properly trained? This is a problem with a government that makes decisions by the seat of their pants and says: well, we'll just cut costs, and we'll figure out afterwards whether it worked or not and where we need to make improvements. It isn't a very responsible way to manage, and it certainly is a costly way to manage. If you were truly interested in reductions of costs and finding efficiencies, what you'd do is devise the framework, figure out what the issues are, the process to move through the framework, try and anticipate where the issues are going to be that could arise, try and fix them before they occur, and then have a fairly manageable plan as you move through the process.

That's completely the opposite of what this government has done, and consequently they waste money. When you can't measure what's happening and you don't properly report what's happening, you get a system that has a number of inefficiencies and abuses built into it in terms of costs. So I would think that this should be a very high priority for the minister of health, and I'm hoping that when he reports back to us in terms of what progress they've made, that progress is going to be substantive in nature, Mr. Chairman.

Then we talk about recommendation 20, where the AG recommends

that the Department of Health and Wellness develop a process for reporting the full cost of delivering health services for the population of each health region of Alberta as a means of supporting business planning decisions and the accountability of regional health authorities.

Once again, pretty basic information that isn't done. How is it that this department, that spends so much money, cannot tell us what the costs are for each region by population? Of course, you'd have to do some tracking costs, because people move in and out of regions depending on expertise and need, but that's not very tough to do. Businesses do it all the time, Mr. Chairman, so I don't understand why this happens. Consolidated financial reporting in businesses, in global entities happens all the time. Certainly this isn't as complicated as many global entities are, and the government should be able to do that. We're just talking about 17 regions. It's not the end of the world and certainly should be well within their mandate.

10:10

Another interesting point he makes that doesn't make it to a key recommendation is that there is no information accounting for the full cost of health services provided to regional populations. Too bad again, because that means there really isn't an understanding of basic population-based funding.

Some good recommendations in here from the Auditor General. As I asked, I would like a report back on the progress made on all of those and how many recommendations they expect to be coming forward in the next report. Mr. Chairman, I hope it's fewer than seven. I hope the Auditor General is going to be able to say that there aren't any recommendations that weren't completed from the last time and that the new recommendations he comes forward with are fine-tuning. We're a long ways from there.

Thank you.

THE CHAIRMAN: The hon. minister to conclude our deliberations.

MR. MAR: Thanks, Mr. Chairman. I'll undertake to review *Hansard* and provide written answers to questions asked this evening. As far as the suggestions and undertakings that have been asked by members opposite, I will look at those suggestions as part of our business planning process and budget review for next year.

Thank you, Mr. Chairman.

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

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

Agreed to:

Operating Expense and Capital Investment	\$6,241,417,000
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THE CHAIRMAN: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Chairman. I would move that the Committee of Supply now rise and report progress and beg leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

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

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2002, for the Department of Health and Wellness: operating expense and capital investment, \$6,241,417.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

head: **Government Bills and Orders**
Committee of the Whole

[Mr. Tannas in the chair]

THE CHAIRMAN: I'll call the Committee of the Whole to order. Again, as before, one person standing and talking at a time would be the order of the day.

Bill 1
Natural Gas Price Protection Act

THE CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Leader of Her Majesty's Loyal Opposition.

DR. NICOL: Thank you, Mr. Chairman. It's a real pleasure this evening – or maybe I should say tonight – to stand and speak to the Natural Gas Price Protection Act. This is kind of a chance to go through now and look at some of the issues that are outlined in the sectional material, but I also want to talk briefly about some of the basic premises of how the bill operates and how it's put together and deal with it from the perspective of, you know, what it tells Albertans about how this bill will operate on their behalf and how they will be able to see the effectiveness of it or the degree to which it will work.

If we look at the bill itself as it is printed and put together, we end up basically with a bill that shows a lot of material undefined, undetermined, and not clearly outlined. A consumer that was really looking at this bill wouldn't have any idea to any degree other than the fact that there potentially could be and there might be situations or circumstances under which they could expect to get a rebate or payment to protect against high prices.

You know, this is one of the issues that we really need to look at in the context of the kinds of expectations we're going to create as we go out and try and market this to Albertans and make them feel comfortable that this piece of legislation will truly provide them with a sense of comfort. What we have to do is look at it from the perspective of: what can we tell them with this? Basically, at this point in time we can just tell them that there's going to be an Alberta price determined, and if the price that is prescribed by the minister is different or is above that market price or the Alberta price, then they'll be able to deal with some kind of a trigger mechanism, which we don't really know, because that's going to be defined in the regulations.

So what we've got is basically a whole set of uncertainties that are out there that are going to be put together by regulations. If we look at section 7 in the bill, it goes through and tells us that the minister or the Lieutenant Governor in Council can go through and basically redefine or restructure this whole price protection system in any way they see in order to achieve the objectives that they set out.

The whole set of providing for definitions by regulation is here. The question comes up in the context of: when you start off section 1 with a series of definitions in it, why do you have a clause in the regulations component that allows for the Lieutenant Governor in Council to further put forward definitions? If we're going to try and modify the concept of this bill and the application of this bill in a significant enough way that we need to have new definitions put into it, I guess I would suggest that that would be a reason to come back to this Legislature, because by changing definitions we're effectively changing the direction, the philosophy, the application of the bill.

To me that's much different than when we have regulations that talk about setting a level of a rebate or a protected price or a target price, because these are in essence variables that we expect to change on a year-to-year basis, and conditions surrounding them are expected to change.

But when we're starting to talk about how we deal with definitions that are in a piece of legislation, then what we see is that these are the kinds of things that to me, in essence, we should be putting right into the legislation under section 1, where all the other items that are going to be important to the legislation are actually defined. This includes all of the aspects that talk about how you define the eligible consumer, the types of substances that can be subsidized. These kinds of things are all defined in the definitions section, and we have to look at that and wonder why we're going to be able to change those definitions when we get into the regulatory part.

10:20

The issue comes up in terms of what we want to do with this bill in the context of trying to put together some mechanism of price protection. We need to make sure that these kinds of issues are considered by the minister when they put forward the regulations and put forward the formulas or whatever they're going to use to trigger the Alberta prices, and that is basically the issue of: what is it we want to do in the context of protecting the price for Alberta consumers, our users of gas?

When we get to these kinds of situations in the regulations where we're talking about the level and the trigger point for the regulations, if we want to set it at an absolute level, then what this does is give the consumer a basic upper point that they'll be able to expect or plan on and build their decision-making around. But if we're also going to look at it in the context of some of the true aspects of a market economy, which most of us stand to support, we have to make sure as we go about determining the level of price that we're going to be supporting that we look at it in the context of: how does that fit with the market? How are we influencing the relative prices so that we don't affect decision-making either by consumers or by intermediate users, input users?

This is important, because if we do these kinds of things that actually influence the relative price of the product, we bias in favour of different types of energy the relative decisions that are being made, and that can have ongoing impacts and implications for the business community, the energy community, and Albertans as a whole as we interfere with the level to which the true market gets to operate in consumer decision-making.

The thing we have to make sure of is that we look at a lot of the benefits that come from a true market-based system, and that is the fact that as we go trying to set out a program that triggers off a price and provides a rebate, what in essence we're doing is sending a signal to consumers that we don't have to worry about conservation the way we should. If we have cyclical patterns that bring price spikes, what that does is send a signal to a consumer that says that, you know, you should think about conservation, you should think about investments that will reduce your consumption, and you should think about changing to alternative sources of fuel, whereas if we protect that, those kinds of signals aren't felt as strongly.

You know, Mr. Chairman, there are a lot of cases, if you follow the literature, that talk about consumer decision-making, and if prices just gradually filter up or filter down, the reaction of the consumer is a lot less imminent, or immediate, than if there are spikes at certain times. What you'll find is that when the spikes occur, there's a real significant change in consumer behaviour. It then kind of moderates through the period when the spike changes, either up or down, and then what you end up with is that you get a real stable transition in the use of that rather than what comes with this kind of consistent price system, where there's no real shock to

make consumers think about what they're doing in the context of their consumption patterns.

When we have to look at that, we want to make sure that we in essence make sure the price that we choose and the mechanism that we use for making the payments are consistent with allowing the signals of a marketplace to really transfer through to the consumers. So when we deal with it, you know, what we want to do is make sure that in the regulations, as that part of it comes up when they start developing those regulations, let's not do like we did this winter and just put the gas rebate or the price protection rebate onto the gas bill, because that doesn't send the signal that it should.

It would be quite easy for us as the administrators, the directors of this rebate program to use the utility companies as an agent, even to the point that if they were to go out and actually send a bill and have the full cost of that gas on the bill and then the next day send a rebate cheque instead of having it deducted off the bill – and we could, you know, use the utility company to send that out. But what it does is provide the bill with the true cost of the product so that the consumer can truly see what is going on, and then they get another piece of paper in their hand which is basically the rebate cheque, and they say: gee, you know, if I were to actually conserve here, I could spend this on something other than my gas bill. That's important, Mr. Chairman.

You know, I sat there this winter, especially this last month. My bill came just the other day, and during the past two or three years I've been looking at heating bills that have been \$200 to \$250. One month it actually went up over \$300. When it got up to that \$300 mark, I was saying to myself: gee, I've got to start thinking about this. This winter, when we actually had the high prices, where the market was trying to send a signal saying, "Prices are high, you should think about conservation," I was getting bills that were \$75, \$80, or \$100. That doesn't send the right signal to the consumer.

So as we put these regulations together so that we end up making sure that we don't interfere with the market, I hope the ministers look at this and say: we've got to make sure market signals transfer through to the consumer and the consumer sees that true cost so that they will begin to undertake and be responsive and respond to those signals so that they can actually implement conservation. Because when we give them a subsidized bill, there's no incentive for conservation. One of the best ways we can undertake to get control of our markets, to get reaction is through conservation. We can save, reduce demand. That's just as good as increasing supply if we can do it through proper market signals.

Some of the other aspects that come up within the bill are quite useful, I guess. One of them is the actual use of clause 3(1), that deals with vendors, so we in essence have built right into this a set of conditions which will really encourage anyone who is an agent incorporating the gas on behalf of someone else – you can make sure that you end up with this coming in to deal with the aspect of how those signals get sent and how the money gets to the actual consumer that we want it to go to. So that kind of message also gets through.

10:30

As we look at some of the sections in here, they indicate that some of this rebate can be going to industrial or manufacturing consumers. We want to make sure here that this is not subject to any of the NAFTA conditions, that we don't create situations that will in essence precipitate or possibly bring forth a set of countervail duties or countervail actions by a foreign government. The aspects that we want to look at there basically are how we deal with that fairness, with the perception of the rebate program in the context of how it influences and affects international trade and international marketing.

When the minister is allowed to make regulations which talk about who the eligible consumers are, I guess the question that

comes up is: will we see differences from one application to the next of who eligible consumers might be? Can we see a situation where it might go only to the municipal or industrial/commercial users? Some other times it will only go to residences? When we define a set of parameters for these conditions or for the definition of who the eligible consumers are, we want to make sure that we are dealing with it in a consistent way. If we're looking at it in terms of how best to protect, the residential consumer is probably the one that we should be looking at in any way possible.

Now, I guess the aspect that we look at in that context is also an issue of – you know, there was legislation on the books already, the Natural Gas Rebates Act, that would have allowed basically a lot of these kinds of programs to be implemented, so you kind of question why it is that we're dealing with this new piece of legislation as it's being put forward. We need to look at how it's going to be effective in getting out and getting material put in place so that we can deal with, I guess, achieving the end that we wanted from this piece of legislation.

Mr. Chairman, I think that as we go through this, you know, we're going to see that there are some other issues that come up. We've got some amendments that we're going to be proposing to some sections of it, and what we'll do then is look through and see how some of the different aspects come about.

I guess the one concluding comment I'll make is: we go at length in this act to talk about how to deal with vendors or pass-through activities. One of the comments that was asked the other day was why we couldn't have done the same thing with the acreage payment that went out to farmers in the sense that we should have been putting restrictions on it that had it passed through to the current operator as opposed to some previous list of farmers who may not now have the same need for the money. We've got a very easy way to deal with pass-through requirements here, and that same kind of situation could have been used in that other legislation. So we have to kind of look at that.

Mr. Chairman, I think my time's just about up. I'll let others have a chance, and maybe I'll contribute more as the clock ticks on. Thank you.

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

Other members need to be reminded that we would have only one member standing and talking at a time.

MR. MacDONALD: Thank you, Mr. Chairman. It is quite a bill here. It indeed is quite a bill. As I said before, it's the classic slogan bill. It is certainly not necessary, but whenever you see a bill like this, you have to think to yourself that it has to be proved. There are many things that I have to question with this legislation. The first thing that comes to mind is that the gas that is going to be used to determine whether or not a rebate should exist does not necessarily, as I understand it here, have to come from within the boundaries of Alberta. I'm curious to know: in the drafting of this legislation, was that taken into consideration? Now, that is certainly my interpretation here, that the gas that would be eligible for rebate would not necessarily come from within the boundaries of Alberta.

Now, I've done some research on this, and unfortunately in the time this evening that we've had to devote to health care estimates, I never got a chance to get the statutes from the cupboard. There are at least four bills in one form or another that are currently statutes of this province that deal with natural gas, the transfer of it in pipelines, the development of it in gas fields. Of course, there's the Natural Gas Rebates Act. There's the Gas Utilities Act. Part 1 of that act, as I understand, has legislation to enforce price mechanisms. This is totally unnecessary, this bill.

We need to just look at the Natural Gas Rebates Act, and I believe

that would have been enough. In fact, when I look at that bill, it is much better than this. One of our ace researchers, Mr. Kaplan, used to talk about having price cushions. In that legislation it would be very easy to have a fund. Money could be set aside to deal with these real sharp spikes in natural gas prices. So I cannot understand why we just didn't leave this alone, why we need this legislation.

Now, the national residential gas reference price. In my remarks earlier in committee I was questioning how this is going to be established. Are we going to use NEB figures? Are we going to use market figures? Are we going to use figures from as far away as Louisiana? Who knows? There are issues in here of remedies. If this act is to be violated, what are the penalties? The definition of a vendor. Why no definition of a vendor? What happens – and this is a perfect time, Mr. Chairman, when we're discussing rebates to vendors – for instance, if the vendor is generating electricity?

Now, we're going to have to live with this bill. We look at the massive majority after the last election, and reality tells me that this bill is going to become law, and with that fact staring me in the face, the only thing we can do is try to improve it. It's our job.

When you look at a vendor and the possibility in this legislation that a vendor could be someone who is supplying gas for electricity generation, natural gas fired generating stations, is this in the best interests of all Albertans? This could become a vast money pit, and we have to distinguish between natural gas that would be used for, say, a 275-megawatt generating station and the gas that would be used – and possibly something that we're going to have to look at in the future is solution gas that's flared at various sites across this province, whether it be a compressor station, a battery, any sort of that waste gas.

10:40

It's odd that years ago in this province – and I've talked to lots of people who grew up in the southern half of the province – when the oil and gas industry was first being developed in this province, possibly in the constituency of Highwood, natural gas at one time would have been all flared off. It was just considered a nuisance, and fortunately now it's a very, very valuable product not only for heating but also as a value-added product for the petrochemical industry or as a feedstock for fertilizer plants. I could go on and on. It's gone from a nuisance to a very valuable commodity in a period of 70 years.

Now, Mr. Chairman, if we look at the difference between solution gas – and perhaps instead of flaring it, at some time in the future there will be incentives to make small-scale turbine generators that would supply power for the industrial facility where it is located and perhaps a few residences or farms or ranches that are in the immediate area. Depending upon the volume of the gas, it would be useful to supply a small portion to the provincewide grid. This would be a sound use of a product that at this time is being flared. It could be used as a source in conjunction with a turbine to produce electricity. That's solution gas, and that's a little different than natural gas. One has to be very careful here.

I think we need to know more about who precisely a vendor is going to be in this bill, and I'm sure other members are going to have questions also on exactly who will be a vendor. I don't think we should leave that up to regulations, particularly when we consider that a vendor possibly could be someone who is going to be involved in subsidizing electricity generation.

I was at a TransAlta function this evening, and I don't know how that corporation would feel if someone else was receiving the fuel subsidy. Of course, the majority of their power comes from coal-fired generators. I don't think that's fair.

Also, Mr. Chairman, we need to discuss further this whole idea of

price protection. That legislation, as I said earlier, also exists in current statutes. The Minister of Energy has all this information readily available.

We need to think of an auditing system as well. We have \$125 million set aside for further natural gas rebates already. Who's to say what sort of auditing process there is to ensure that that money gets to its intended destination? Earlier, in health care estimates, I noted the \$40 million in energy rebates that went to the health authorities. I was shocked and appalled to hear: can't find out; don't know.

This is why an auditing process is so vital in this bill, and I don't see any such initiative anywhere, Mr. Chairman. We talk about being accountable. How are we to know when the rebates are going to kick in exactly where the money is going? Not only have we spent that \$40 million amount on energy rebates in the health budget, but we've spent billions already on natural gas rebates. Now, what sort of control or auditing function should we have? I think that would be an interesting discussion for all members of this Assembly to have. When you consider that in this bill we are going to be sheltering consumers from the escalating price of natural gas, we have to realize that we have to have mechanisms in place to ensure that if this has to happen, the taxpayers are getting their value – it's \$125 million to start – because this is probably going to continue in one form or another.

I don't think we will see natural gas prices retreat to their former levels, not anytime soon. I would remind all hon. members of the pipelines that are being engineered to the north. If there was enough gas here, we wouldn't have to be developing resources farther away from the markets in the south. That's why there's going to be a long-term price that is far greater than what existed two years ago. So legislation like this is going to be used; there's no doubt about that. But this bill, Mr. Chairman? I really don't think that this bill is necessary.

The Alberta price: in this act, "Alberta price" means the price of marketable gas determined in accordance with the regulations." Eligible consumer: the definition will also be subject to the regulations. Now, marketable gas is defined as in the Oil and Gas Conservation Act. This definition also exists interestingly enough in the Gas Resources Preservation Act.

That's another statute that I unfortunately forgot to mention, the Gas Resources Preservation Act. Almost sounds like the heritage savings trust fund in some sort of way. Of course, the previous governments were planning on making the heritage savings trust fund larger by prudent management of our gas resources. There is another bill already in the statutes cupboard that could be used. But it is interesting that marketable gas is already defined in a couple of pieces of legislation, and further along in this debate, Mr. Chairman, when I get access to the cupboards – I was doing research here the other day – I'm going to further elaborate on the legislation that already exists.

10:50

Now, I talked about price protection and what role the federal government, the NEB, will play, in the opinion of the Minister of Energy. It's unfortunate that at this time I don't have the exact wording of the latest NEB report, but I note with interest that they are concerned about a Canadian price. There's also talk of having a continental price. It was a direct contradiction of the debate that's occurring in the American Senate. The Senators in America are very concerned about the supply and cost of their natural gas. The Senators are in the process of developing legislation, as I understand it, that is going to have conservation measures. This is another issue that I don't see in this, measures relating to conservation.

My earlier remarks about the use of solution gas as possibly a source of fuel for further generation is one that I would encourage all

hon. members to think about. The Americans are looking at a plan of conservation. They're looking at opening up more of their own lands for drilling and further exploration. They're certainly looking at opening up more land in Alaska, and they're also concerned about the strategic storage of natural gas. They're looking at a series of underground caverns. Now, in Fort Saskatchewan we have developed some rather large underground caverns. This is a noteworthy item because if we had large volumes of gas stored, that is a form of price protection, Mr. Chairman. We could draw off that supply as the price went up.

Now, there are some people who think that we could perhaps influence prices that way, by drawing off. In Fort Saskatchewan and even if we went farther, towards Bruderheim, I'm sure there are lots of places where we could develop high-pressure underground storage facilities. If the price went high for natural gas, then the Minister of Energy could demand that this gas be removed slowly and sold into the market. We could perhaps protect consumers that way. We could certainly help out.

This gas could be bought and injected into those underground storage facilities as a form of price protection whenever we're in between the heating and air-conditioning seasons, like we're almost in right now, with the heating system in the northern climates and the air-conditioning in the southern climates, when gas is usually cheaper. Buy low; sell into the market high. Market forces. I'm learning more and more about market forces all the time. I have no problem with market forces, none whatsoever, and I'm confident in their ability to have a price that is real.

Now, Mr. Chairman, we forget sometimes about former acts in this Assembly.

Oh, goodness. My time is up for the moment. Thank you, Mr. Chairman.

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

MS CARLSON: Thank you, Mr. Chairman. Happy to have my first opportunity, actually, to speak on this particular bill. An interesting bill it is that we have before us. It's a flagship bill of the government, and it's a bill with essentially no substance, no detail either, and consequently no accountability for the government in this bill. What we see is a bill where literally half of the substance of the bill is designated to be made up afterwards by regulations, so away from the scrutiny of the Legislature, and that's a bit of a problem for us, no two ways about it.

We see a bill that's a blank cheque for the government to write the rules and write the cheques for the people of the province, to be determined at some future date how and when and the criteria for how that will be determined. We have a little problem with that, not only that that kind of information should come to the floor of the Legislature so that it can be scrutinized by all legislators but have the opportunity and the time to take it out to all stakeholder groups and have them scrutinize the regulations and then be brought back in. That would be the democratic way to go through this process and to actually be able to determine what it is the people want for this legislation and how it should be processed.

A particular concern to me in terms of letting this government write a blank cheque for these regulations and the process is that they haven't been able to successfully manage the rebate process so far. The plan was announced back in September. The first set of cheques came out in January, the second set of cheques were mailed this week, and there are a few problems with that process, Mr. Chairman.

First of all, we haven't heard a good explanation yet for their rationale in having the cheques delivered by the federal government. We weren't told and neither were Albertans told that people who had

outstanding debts with the federal government, no relationship with the provincial government but with the federal government, would have dollars withheld from their rebate cheques until those other balances were cleared up.

Well, if people were actually looking to use that money to offset the cost of their gas bills, then they're out of luck, Mr. Chairman. I know of families who had projected that rebate into their budgets and were counting on getting the money, so they got a double whammy in essence. You know, people who have outstanding balances with Revenue Canada aren't all deadbeat parents or people who deliberately don't pay their taxes. Often they're people who are caught in circumstances unawares or through no fault of their own, through things that have happened in their lives, and are just trying to get caught up. People in that particular kind of instance need this rebate, and they are particularly the people who are not getting it.

The provincial government decided to do this through a process which they didn't ask people about, a process where they may not be getting their money, and we're starting to get those complaints in the constituency offices now. Then there's that whole group of people who hadn't filed on time either for . . .

Chairman's Ruling Decorum

THE CHAIRMAN: Hon. members, the conversation has not yet reached a crescendo, but we wanted to preclude that by asking you to soften your voices or, if you want to enter into a lively discussion, to go and get a coffee or juice and go outside. It was reaching such a pitch that we could no longer hear the hon. member. So, hon. members, the courtesy of the House is to allow the person that has been recognized to speak without being drowned out by extraneous conversation.

Hon. member.

11:00

MS CARLSON: Thank you, Mr. Chairman. Thank you for that courtesy. It's pretty clear from the feedback we received that not all members, I'm sure, were concerned that they couldn't hear me. I'm sure that after the number of times I've been on my feet this evening, many hon. members are sick and tired of the sound of my voice. But you know, it's not me who sets the agenda for the evening. It's the government. So take it up with your own House leader if you don't like it.

Debate Continued

MS CARLSON: I was on the topic of the rebates and talking about the people who for whatever reason hadn't filed their taxes by the time the rebates were announced last fall, Mr. Chairman. There are a number of those people who subsequently filed, which is what the government told them to do. They were told then that they would get their rebate cheques together, a \$300 cheque, or they would get the first rebate soon and the next rebate at the appropriate time, which is this week. That hasn't happened for some of these folks. Some of the people who have filed have yet to receive the first rebate cheque and of course haven't received the second. So my question to the appropriate ministers, and I believe in this case it would be the Energy minister and the Finance minister, is: what happened in this process? Why haven't those people got their cheques? Who should they be calling, Mr. Chairman?

Now, there was a question in question period today dealing with this particular issue. I fully expected the minister to explain the circumstances for those people and to subsequently tell us what the process would be for those people who haven't received their first cheque yet. So I look forward to receiving that answer, and so does my son, Mr. Chairman, because he is one of those people who

haven't received their cheque yet. He feels quite let down by this government. No surprise to me, but it was a bit of a surprise to him. So if we could get the answer to that question, that would be very beneficial.

We also think that this bill is unreasonable from another perspective, Mr. Chairman. We think it's inappropriate for the Legislative Assembly to pass a bill that will allow for unknown transfers of dollars. That's the blank cheque part of this bill. We don't know yet at what level the government's going to set the rebate kick-in rate. We don't know how that may change over time. We don't know how many dollars that will cost. We don't know any part of the process in terms of how the government's going to assign the rebate allocation.

Are they going to say that when it hits a certain point in terms of cost, 100 percent of that amount is going to be rebated back to Albertans? If it's a true rebate, a true sharing of the revenues of surplus funds, that's what the government would do. They would kick all the money back into the pockets of the people. Or are they going to kick back some percentage of the rebate amount, Mr. Chairman? We don't know that.

The government is going to decide at their leisure sometime in the future, and that's a problem, because we are in the mess right now. People need to budget. They need to forecast. They need to be able to anticipate what kind of money they're going to be receiving in the next year. Maybe to this government, Mr. Chairman, \$300 isn't a lot of money, but there are a lot of people in this province for whom \$300 is a great deal of money. It's substantive in nature, and they need to know when it's coming, how it's coming so they can appropriately plan their lives.

We think that's a problem. It just can't be proper parliamentary process to allow a government to go off and write blank cheques in this kind of manner. Why bring in a bill at all, Mr. Chairman, is my question. If that's the intention of the government – and we have seen the government do things like this in the past – then why bring a bill to the floor of the Legislature at all? It's really an affront to the parliamentary system when we see something like this come in that really doesn't have any substance in it. It's regulations to be determined elsewhere.

We know what happens with regulations in this province. They get written up and decided upon behind closed doors. We have a Law and Regulations Committee, Mr. Chairman, that doesn't meet. We know it doesn't meet, so they are never going to be scrutinized by anything other than cabinet. I don't know what kind of input backbenchers have into that process, but I'm assuming it's little or none. I'm wondering even if they will have any backbenchers assigned to a committee that will determine regulations. I doubt it. I'm sure this is going to be an inner-circle decision and that people are just going to have to swallow the outcome, whether they like it or not, regardless of which side of the House they're on and regardless of what their constituents are saying. So for sure that's a real problem for us.

There is no mechanism here that's concrete for providing the rebates: how they kick in, when they kick in, and what time they kick in. You know, there was a problem, I think, with the way the rebates came now. We got them in January, and we got them in April. People need help on a monthly basis. It's hard, when you live on a limited income, to manage from paycheque to paycheque. Having a lump sum come once every quarter is helpful at the moment it comes, but it doesn't get you through those months in between. So we would like to have seen in this bill some sort of concrete mechanisms that would have told us how the rebates would be allocated and a consistent manner in which they would come. It's

more costly for the government to administer on a monthly basis, but if the true intent of the dollars is to offset the cost of gas, then that's what they should be doing.

We see that the triggers for providing the rebates are unknown. An issue for us. They need to be laid out not just for us in terms of legislative scrutiny but for people to plan.

The definitions in this bill, this flimsy little bill that we have before us, are very unclear, once again an indication that this government likely doesn't quite know what it's doing in this instance. Once again, an issue that we brought up years ago. I remember standing in this Legislature in 1995 talking about what would happen with deregulation, and until closure was brought in, we talked about how important it was for the government to set out the rules early in the game for everybody in order to keep the transition from regulation to deregulation as easy as possible for producers and subsequently for users of the system.

What we ended up with after all this time, Mr. Chairman, is not really a deregulated system. What we have is a reregulated system. It isn't deregulation by any stretch of the imagination. It isn't a free-market system. We've got only a couple of major producers, who are raking in absolutely obscene profits at this point in time on the backs of taxpayers. The government is trying to mollify taxpayers to some degree by bringing in these rebates, but in fact it was a poorly thought out plan, even though lots of stakeholders told the government what the issues were going to be.

It wasn't just the Official Opposition who talked about the need for the rules to be put in place early, about how important they were. Industry was telling government the same thing. Industry was also telling them that they were not going to move forward on building plants for additional capacity until they knew what the rules were going to be. In fact, their hands were tied. It's tough to get financing for building these megaplants from financial institutions or from shareholders when they don't in fact know what the rules of the game are going to be. So their hands were tied on their side.

Why would they take that kind of leap of faith that this government knows what it's doing? Those were the times when we were just rolling out of some of the greatest boondoggles in the history of this province. I think about MagCan and NovAtel and Bovar, billions of dollars absolutely squandered because the government had no clue what they were doing when they interfered in business, and here they are right back interfering again through forms of reregulation. So industry was smart to hold their fire and not look for financing or start to build excess capacity until they absolutely had to, Mr. Chairman. They were forced to do that prior to their even knowing what the rules were.

We remember the kerfuffle that was occurring in the province prior to Christmas of this year. I think industry was a little shaken by what was going on, and they needed some certainty in the marketplace so that they could provide services. When there's no certainty, there's no stability, and when there's no stability in the marketplace, prices skyrocket. That's exactly what happened here. We don't have to look any further than this front bench, that is supposed to be making decisions, to see where the blame actually lies. So those are certainly some problems.

11:10

With this bill we're talking about stability, sustainability, and affordability of the rebates and the whole processing system. In this bill too many items are left to the discretion of the minister, and that's a real problem. Mr. Chairman, more needs to be explained in terms of how this bill is going to unfold, and it has to be laid out before the Legislature before we can be expected to give the minister the okay to go forward with this.

Do we need some relief for citizens in the province? Yes. Is the process by which they have decided who gets the rebates fair and reasonable? I doubt it. When my 17-year-old son, who has no expectation of participating in paying the bills of the house, is getting rebates, you have to wonder how the decisions were made. When we see people in some condo associations and some apartments not seeing those rebates actually reflected in their costs, we have to wonder about the process. We'd like to see tabled here the criteria the government used to determine what those rebates should be. Certainly I would like to see that, and I'm sure that's something that many other people in the Assembly would like to see.

We need to know why the government thinks the current legislation isn't adequate or can't be amended to meet the needs. Why this particular bill? That hasn't been explained by the minister and is an issue for us, I think. There is already existing legislation that provides for rebates, and what we see here I think with this bill is a bit of showboating, Mr. Chairman. Was it really necessary, or was it just a flag to raise up on the pole and show that this government had something to say in this session? In essence, the rest of the legislation we've seen here is basically housekeeping, very minor in nature, not substantive, doesn't show any leadership, doesn't show any long-term strategy in terms of where this government is going or where they think Albertans should be going. So I think those are all issues of concern for us.

Certainly I'm looking forward to some prolonged debate on all the amendments that we're going to be seeing coming forward both from ourselves and the other opposition party in the Legislature. That will give us some time to get some feedback from Albertans on what they think about these sections. We have quite a number of stakeholders who have been consulted in this process. We haven't got information back from many of them. However, some, like the Alberta Chamber of Resources, we have heard quite a bit from, not just directly to us but through the media. This is an organization that I would think traditionally is quite supportive of the government and its actions, but they certainly had a lot to say about this particular bill. I can't think of anything they've had to say that was positive, other than their spokesperson having said that it has a heartwarming title. But it's a mixture of failings.

A good point, I think. It sounds nice, but it isn't very substantive, Mr. Chairman, and that sums up a lot of what this government does. They trot out nice sounding ideas and bills and legislation, but when you scratch below the surface, you see that there are any number of failings and that quite often they lack substance. So I think that's a good point. This particular chamber had some questions that I don't think have been answered yet on this issue. They want to know what measure of protection the bill will provide for people. They want some stability. They want to know where this is going, and that hasn't happened yet.

I haven't even begun to talk, Mr. Chairman, about the environmental costs of these rebates. You know, what they're doing here is essentially market interference. How can we expect to be looking towards alternative energy sources in this province either from a producer's perspective, a marketer's perspective, or a consumer's perspective when the government is artificially subsidizing prices in the province? Of course, they artificially created the price increases, so maybe in the short term there is a good reason for doing that, but in the long term we have to take a look at what this kind of market interference does to the economy and to the future of Albertans in terms of research and development opportunities.

You know, if we're the only place on the globe that is subsidizing these prices, then there is very little incentive for producers to look

for alternative energy sources or to spend research and development dollars on sourcing those sources out. So what happens is that they get left out in the competitive race for new ideas and new forms of energy. They'll be a step behind other players in the marketplace, Mr. Chairman, and when you're talking about a global marketplace, that can be substantially, I think, a real problem. When we look at it from the consumer side, there are also issues outstanding.

MRS. McCLELLAN: Mr. Chairman, I'd like to take this opportunity to make a few comments on this bill during committee stage and certainly to urge support for a bill that will put into law a commitment that we made to the people of this province to protect the people of this province in the time of unexpected spikes in natural gas prices.

I wanted to just also make a couple of comments about the importance of this industry to our province. Certainly, Mr. Chairman, this is an industry that has benefited us greatly. It's a commodity that, fortunately for us in this province, trades in the continental market, trades east and west, north and south, and provides great benefits to the people of this province. Bill 1 will ensure that while we reap those benefits, the people who own the resource will also receive protection from unexpected spikes. So certainly I would support this bill.

I've listened rather carefully to some of the comments that have been made tonight. I tried to associate them with what was in the bill, which is really an enabling piece of legislation which talks about ascertaining a price of the commodity and putting a protection price in place. I find little correlation to some of the comments I've heard tonight to the bill, but perhaps it's just because it's late and I'm not hearing well.

Mr. Chairman, I have more comments that I want to make on this bill, but at this time I'd like to adjourn debate.

[Motion to adjourn debate carried]

THE CHAIRMAN: The hon. Deputy Government House Leader.

11:20

MR. ZWOZDESKY: Thank you, Mr. Chairman. I move that the committee now rise and report.

[Motion carried]

[The Deputy Speaker in the chair]

MR. LOUGHEED: Mr. Speaker, the Committee of the Whole has had under consideration and reports progress on Bill 1.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. It's been a very interesting day indeed, and I would move that the Assembly now stand adjourned until 1:30 p.m. tomorrow.

[At 11:21 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]