

Legislative Assembly of Alberta

Title: **Tuesday, March 19, 2002**

8:00 p.m.

Date: 02/03/19

[Mr. Shariff in the chair]

THE ACTING SPEAKER: Please be seated. Before I recognize the hon. Leader of Her Majesty's Official Opposition, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

THE ACTING SPEAKER: The hon. Member for St. Albert.

MRS. O'NEILL: Yes. Mr. Speaker, it's my honour this evening to introduce to you and through you to members of this Assembly guests who are in the members' gallery here this evening. They are, first of all, Cub Master Lorna Stacey, the assistant Jason Stacey, and a further assistant Hussein Bhanji. There is a vice-chair as well, Terry Sokoluk; Dana Wannamaker, who is the chairperson; further assistant Salim Charania; Ken Seal; and Ron Boisvert. They are also accompanied by parents Gwen and Mark O'Henly and Dana and Carol Boychuk.

I would like also to introduce the members of the club: Josh Sokoluk, Jarrod Sokoluk, Kyle Wannamaker, Brent O'Henly, Andrew Seal, Dana Boychuk, Andrew Boisvert, Raheem Suleman, Nathan Sharp, and Caitlyn Wannamaker.

They are seated in the members' gallery, and I would ask them to please rise and receive a warm welcome.

head: **Government Motions**

Provincial Fiscal Policies

22. Mrs. Nelson moved:

Be it resolved that the Assembly approve in general the business plans and fiscal policies of the government.

[Adjourned debate March 19: Ms Carlson]

THE ACTING SPEAKER: The hon. Leader of Her Majesty's Loyal Opposition.

DR. NICOL: Thank you, Mr. Speaker. I'd like to start by welcoming all the young guests to the Legislature, as the Member for St. Albert did. It's great that young people get a chance in the evenings to come out and see their government in action, I guess is the best way to put it. So thank you for taking the evening to come.

The opportunity that I get this evening to respond to the motion on the budget this afternoon gives me a chance to speak kind of in a broad way about the issues and the vision that this budget portrays for Alberta. As I listened to the Provincial Treasurer present the Budget Address this afternoon and in the little bit of time that I've had in the meantime to actually look through some of the departmental budgets and through some of the business plans, I guess the question that I keep asking myself is: what's the message that I would take out of this budget if I were an Albertan trying to get a sense of what was important for the government, what was the direction that the government was going to go? When I look at it, in trying to put together that message, it's done in the context of trying to determine if the kinds of messages that were delivered in the budgets in the last three or four years carry through into this budget, whether or not there's any kind of approach that is there.

Mr. Speaker, I guess if there's anything that comes up in it in terms of an action, the only action that seems to be consistent is the idea that the debt and the debt elimination is extremely important. A lot of the structure of the budget is designed to, in essence, again target a really high probability of increased budget surplus by the end of the year. The idea of having that budget surplus in it locks 75 percent of that into debt payment rather than into program delivery.

As we go through it, the other thing that comes up and that's important is that there's an inconsistency in this budget compared to what I was beginning to appreciate in some of the decisions that were being made in the budget the last couple of years, and that is the commitment to the people of this province, the commitment to the communities of this province. One of the things that really came out strongly for me in this budget, Mr. Speaker, was the fact that in the changes we look at in the budget, the real impact both positive and negative, and very small on the positive side, is really going to affect individuals in what I call the low- to middle-income range in Alberta. We talk about the importance of individuals having a chance to improve themselves, a chance to move ahead in Alberta, yet this budget in itself is really going to create some disadvantages or take away from a lot of those individuals some of the supports that were in place or were building in previous budgets.

We look at that in the context of the cuts to the support for housing, both through the seniors housing programs and the low-income housing programs. We look at it from the perspective of even a homeowner now at the low-income level. The government has increased the limit on taxation at the property level in support of education when they've been promising for years now that, if anything, they were going to try to phase out, maybe not completely but more and more, that reliance on property tax in support of education. This is what the school boards have been asking for. This is what the Alberta Association of Municipal Districts and Counties and the Alberta Urban Municipalities Association have been asking for, because local property tax is their only significant means to raise revenues. What we end up with now is that the provincial government has stepped back in and said: we're going to take more of that into the provincial budget. In effect, we're downloading to individuals who are property owners what should have been a revenue developed through the revenue generation capacity of the province.

If we look at that from the perspective of what it means to these individuals, we basically see a situation where some of them now are going to have to make choices again about owning property. Do they pay their property tax? Can they afford to give up a rental property and try and purchase a home of their own? Even if they are renters, the rent that they're going to have to pay is probably going to have to be adjusted by the landlord. This, in effect, really compounds on them because they've already been hit by the health care premiums, and they don't have the options to divert those, in many cases, through employment, having their employer pay for it. So, you know, they are the ones who are really feeling the burden of the increased revenues that the government is going to try and raise through this budget.

The impact especially of the tobacco and alcohol tax increases for the upper-income levels is much less significant not only because of the demographics; you know, a lot fewer smoke at the upper-income levels. That's a statistical fact, so in that sense there are fewer of them that will be paying the extra tax. But will it really change their habits at all? Only experience will show that, and we hope that some of the statistics that are out there will show a reduction in consumption. It will be important.

While I'm on the issue of these additional taxes, Mr. Speaker, I guess I really need to question where consultation fits in with action

in the sense that in the Mazankowski report there were very significant and very strong recommendations that the government increase the tax on cigarettes and use that revenue for new programs. I underline "new" because that was the strong emphasis of the Mazankowski report, that these revenues were supposed to be used for new programs to support tobacco reduction, to support healthy-living styles, to support the prevention programs in health care. If you look at the budget, the budget in those areas under the ministry of health didn't go up by an amount equivalent to the revenue that they report under the Ministry of Revenue in connection with those taxes. So, in effect, these taxes are not in response to the Mazankowski report. The Mazankowski report is an excuse or a reason or, in effect, gives the government permission to raise revenue to put into general revenue to spend anywhere they want, because the money didn't go where the Mazankowski report said that is should.

8:10

I hope the member over there is laughing at his computer screen instead of laughing at my relationship in terms of how the Mazankowski report has not been followed in that case, because it's very definite. If he looks at the numbers, he'll see that there is not an increase in those prevention programs equivalent to the amount of increase in revenue generated by those new taxes that are going to affect Albertans.

If we look at the health care premium tax as well, Mr. Speaker, what we have to look at – you know, there was a lot of discussion and we went through I don't know how many hours of debate in this very House about three years ago when we were talking about building up to and passing the legislation which came into effect a year ago that would put Alberta on a single-rate income tax system. How many members in this House stood up and talked about the fact that we have to have a taxation system that's fair, that we have to have a taxation system that is equal in burden on all Albertans? I can go back through the *Hansard* and pull out I don't know how many responses that we got from the Premier, from the minister saying that the mandate of this government was to make sure that taxes were fair for all Albertans.

Well, I have to ask: is a \$120 increase per year in health care premiums fair? Is that equitable? Does that create a sense of equality for someone who's earning \$25,000 compared to somebody who's earning \$250,000? They both have to come up with \$120. The burden falls on the lower income Albertan disproportionately to the philosophy that we heard this government talk about time and time again in the sense of how they had to have a tax system that equalized the burden for Albertans. What I'm seeing in terms of the actions is that fairness in the taxation system in Alberta means: "Let's reduce the taxes on individuals. Let's reduce the burden on individuals who have a high income, but let's not worry about it for individuals at the lower income level. Let's allow the burden, because we're using flat taxes down there. We're using head taxes. You know, each person pays a certain amount."

Mr. Speaker, I find that objectionable in the context of what the vision is that I think Albertans see for this province and the sense that Albertans have about their relationship to each other. The idea that people will pay in proportion to their ability is really critical, I think, for most Albertans, yet the health care premium deliberately is a regressive tax. It places a much greater burden on individuals with lower incomes.

Now, in the same vein, Mr. Speaker, or building on that, it's very, very kind of the government that they raised the level of exemption for some Albertans so that they no longer have to pay any health care premium, worked through the phase-in part of it. You know,

that in effect is helping out the people at the margin level, but for the low- to middle-income Albertan this health care tax is really an unfair burden, because they are paying, relative to their ability, a much higher part of that tax or of that revenue. We think we should be looking at it from the perspective of: is that the kind of message we want to send to Albertans? Is that the kind of message we want to relate to in the context of how we deal with each other in this province? What's fair? How do they fit in with everybody else? I don't think it's the right message to send, and I think the government should recognize that was a mistake, that they should be reviewing how it's applied.

There have been a number of cases that I've taken the opportunity in this House to talk about. What kinds of messages are sent through pricing mechanisms? The government keeps talking about – they want to make sure that Albertans understand that health care costs are going up. They want Albertans to understand that there is a cost to them of using the health care system.

Well, you know, once again, Mr. Speaker, what we have to do is emphasize the fact that no consumer economic textbook will tell you that a flat fee affects a consumer decision. It doesn't happen. In fact, if you read sociology textbooks or some of the socioeconomic research that's been done, you'll find that a flat fee, in effect, creates a sense of entitlement. In other words, these individuals, because they've had to pay the fee, feel that they get a right to use it. So they don't think about it. Should I do it? Is it right to do it? Do I really need it? They just say: well, I paid, so I've got a right to it.

Now, you know, that attitude also carries over to when you pay for it through your taxes. It's a hidden cost, but the impact of a hidden cost is less entitlement-creating than a direct you have to pay type of a situation. I think we're kind of fooling ourselves, Mr. Speaker, if we really believe that we're going to send any kind of a message to Albertans other than we're not fair in making our decisions here – we're willing to penalize individuals with lower incomes, make them pay a heavier burden of our health care program than individuals at a higher level – because that isn't consistent with the kind of message that the government put out in the budget or in the debate on legislation over the last two or three years.

I guess the other thing that really bothers me when I look at this budget is the focus on the community. We keep hearing individuals across Alberta say that the one thing they want is to have a sense of community, to have a sense that the government respects their community just like it respects them as an individual, yet when we deal with this, we see that the government really has moved in to affect the community again and affect the community in a negative way. What they've done, Mr. Speaker, is they've removed the community lottery board's funding from the community so that we, in effect, don't get community participation in deciding where those dollars go to support their community. What we've done is we've rolled all the money back into the CFEP program, where some process in Edmonton, some process totally detached from the community once again becomes the deciding body in determining what community activities, what community facilities, what community reward or feedback they get out of the lottery dollars that come into the lottery fund.

8:20

Mr. Speaker, I find that really inconsistent with the kind of message that I hear as I go across Alberta, where people are saying: we want a say; we want to build our community. This action to me really creates a sense that we're stripping from those communities a sense of individuality, that they can make the choice on their own. We've, in effect, taken away an empowerment that we gave them through that community lottery board.

When I look at what impact this budget is going to have on the communities, I kind of say: gee, where's it going to go? We're also reducing the infrastructure grants to the communities through the municipal funding. This, in effect, puts a greater burden on the communities to handle it, but in the budget and in the Speech from the Throne there is no discussion about how we are going to provide those local communities with alternate ways to fund, different ways to fund, increased funding powers, whatever little phrase you want to put to it. You know, it would have been nice to have seen some reference to: we've got to provide more flexibility for these governments if we're going to take away the support that we give to them as a community through funding programs at the provincial level.

Mr. Speaker, the main focus that comes up, I guess, is that if we as a provincial government are going to make decisions that affect the individuals in this province, that affect the vision that the people of the province have for their community and the relationship that community has to the province, then as a governing body we should be dealing with it more in the context of consultation, in terms of making sure that they feel part of the result and that they are being treated in a way that's in some way really quite equitable towards other communities.

If we look at the real issue that comes up in terms of a lot of the public programs, I have to question the government's motives a little bit in terms of accessibility for those programs, in terms of the concept of universality that we have for our public programs. We're seeing a lot of pressure being put on our public health care system and our public education system, and how is that going to in a sense create a strong commitment to those public institutions? In this budget again I see that health care is rising by about 7 percent. When you go through again and adjust it for demographics and costs, it really is just going to sustain our health care system. If we look at the education commitment, another one of our essential public services, we're going to be in a position where the commitments being made this year are going to be very difficult to carry through with next year.

There's little freedom in that budget to start dealing with some of the issues that have been legislated out of discussion for this year's contract. When you look at it in the context of a 4 percent increase, next year in the education budget it doesn't really provide for much flexibility when you look at salary negotiations and grid movements, supplementary staff, salary commitments. There's little, if any, freedom for the school boards to make any kind of commitment to classroom size, the support technologies or the support infrastructure that has been part of the controversy and part of the strike action by teachers and part of the requests from the school boards. They, in effect, want to have the flexibility, and this budget doesn't provide them with any kind of flexibility to address that. It's still a top-down driven budget.

We see that the government has actually reduced the budget in a number of the Children's Services authorities. If we're trying to create a sense of community, if we're trying to respect the mandate that was given by the citizens of each of these communities who created the business plans for those children's authorities when they were asked to create actions around the four pillars, we had to make sure that, in effect, they had a sense that they could drive their programs to meet their communities.

If there was really a process here that was saying that the community funding model that was being used at the provincial level to allocate the big budget down into the children's authorities, what we should have been doing was looking at saying, "Okay; we're going to change the formula," and the outcome would be a change in dollars. But if that's really the process the government went through, Mr. Speaker, I would have expected that as part of the

rationale for why some of those budgets at the children's authority level were being cut, there would have been an explanation that the formula was being changed. It doesn't show. So, in other words, this was just a claw-back by the minister to bring more of the dollars into the control of the provincial level process.

You know, even if we look at it from the point of view of consistency of programs, access to programs, if we're trying to give the communities a sense of determination, we shouldn't be doing it, taking it away, giving it back, taking it away, doing it again. That kind of budget doesn't create a sense of stability, a sense of opportunity where we can plan.

Mr. Speaker, if we look again at the messages that I started to talk about in the context of what I saw in the budget, I started off by talking about people in the province, what the budget would mean to people, and I found inconsistencies there. I found inconsistencies in the actions of the last three or four years and what this budget says about communities, but I also see some inconsistencies in the way we even deal with our own decision-making processes, because we don't deal with any kind of commitment to anything other than we have to pay down the debt and we have to make sure that we have a balanced budget.

But, Mr. Speaker, there are different definitions and different perceptions when you deal with how these processes should work and can work. What this budget tells us is it's just another budget that doesn't have any kind of predictability in it, that doesn't have any kind of sustainability built into it. Even in our discussions this afternoon we were told that, you know, we're almost at the end of the fiscal year but if we look like we're going to have much of a surplus built because we're now experiencing a little bit of an upswing in our oil and gas prices, if there's a little bit of a surplus before the end of the year, we'll spend it. I'm sorry, Mr. Speaker. What we should be trying to do here is put in place budgets that deal with critical decision-making. To say that if between the 19th of March and the 31st of March we end up with extra revenue, we'll spend it – what kind of plan is that?

8:30

It commits to my mind that the government doesn't have a plan, because if you can't put in place programs over the year that you've got the commitment to fund, then those programs, in what is in effect a 12-day window, in my mind and if I were Premier, wouldn't have priority to be funded in that short of a period of time. You can't justify that kind of spot decision-making in any kind of rational model of public finance. It just doesn't work, Mr. Speaker. We've got to make sure that if we go into budget processing, we do it in a way that in effect gives predictability, stability, and a rational reason for why we're spending those dollars. It just doesn't follow that we would be told this afternoon: well, you know, if any more money comes in between now and the end of the year, we'll spend it. That's what we were trying to get rid of from when many of us started in this Legislature in 1993. It was the idea that we had an obligation to spend money just because we had it.

I guess if there was anything said in all of the process that we went through today in learning about this budget, in getting information on the budget, that was almost as much of a surprise to me, Mr. Speaker, as some of the little line item changes that were in it. The line item changes don't really show or reflect the same kind of commitment to programs that I would have expected based on what we've heard either from the ministers in previous discussions in this session of the Legislature or in reports of their comments at meetings or speeches that they've given that we've read on their web sites. You know, there are so many of those little inconsistencies, but I'm not going to deal with a lot of those right now because those are, I

guess, the bread and butter of Committee of Supply. That's where we go to deal with the line item issues that come up. Tonight's the night to talk about the issues that are important to deal with: how we perceive the budget, how we want to make sure that the budget fits with a vision for Alberta.

This budget, Mr. Speaker, I think appropriately gives more money to health care. Whether it's enough we'll only see based on the day-to-day decisions that we see in terms of how those dollars are allocated. Is that 7 percent going to actually make it so that individuals can get better access to emergency rooms? Is it going make it so that individuals waiting for surgery can have their waiting list reduced? These are the things that we've heard the government talk about for the last four years when we began to re-evaluate the health care system, that they wanted to make sure those things were happening. They haven't been able to do it up to this point. When we look at the money that we spend as a province and we look at the money that's spent in a lot of other provinces and compare the base public services – health care, education, support for individuals and seniors – we're not spending a lot more than other provinces in those areas. Yes, we're at the top end of most of those expenditure areas, but we're not spending any significant amount more than other provinces, yet we spend more per capita as a total of the budget.

So what we're in essence not doing that other provinces are doing is making those critical decisions, making the critical decisions about: how do we support people, and how do we support communities at a time like this? If that's what we have to start looking for, if that's how we have to start making our decisions in this province because we don't have the revenues to basically meet the needs and the essential services, I have to question, Mr. Speaker, what that reflects in the context of the management strategy and the delivery strategy that we've built as a government. I can tell you that a lot of questions are coming up about why it is that we have to spend the amount of dollars that we do and what kind of commitment we have to the communities.

I guess the other area that I skipped over when I was going down my page here – and I'm going to go back to it right now – is the issue when I was talking about communities. Mr. Speaker, I spend a lot of time in and I really value our rural communities. You have to look at kind of the different message that this budget conveys to rural Alberta compared to the message that has been there for the last couple of years, you know, at a time when the minister has talked about the possibility of a significant infestation of grasshoppers in a much-expanded part of Alberta, infestations in the same areas as last year again. We're hearing more and more about possibilities of another drought. Never mind the snow we've had the last couple of weeks; that's not enough to replenish much of the subsurface moisture for a lot of Alberta. If you get out into east-central, east-southern Alberta, the snow isn't even there to give them much promise of a crop. So what we've got to do is kind of question why the government is cutting back so much in support for the agriculture programs that are there. How is this going to affect the rural communities?

It was interesting when this came up in the briefing provided this afternoon. One of the responses was: well, don't worry about it; if a crisis develops, we'll just do a supplementary appropriation. Again, Mr. Speaker, is that good planning? Is that wise decision-making? I would say no, because what happens, then, is the debate at the time becomes contingent upon the ability to fund rather than the need for the program. We've got to make sure that when we go into these kinds of programs, especially when we're making a commitment to businesspeople in this province, if we're going to put in place a program that has public involvement, we have to have predictability to it so that they can make their decisions and either:

yes, we can count on it, or no, we can't. The idea that it's ad hoc, that it's contingent upon both revenue and need – all that does is create a real environment where squeaky wheels get support.

You know, if that's what we're trying to develop across Alberta rather than a rational approach to program development and program access, I think we better really evaluate what we're doing, because to me that is not good decision-making on behalf of the province. We should have programs that are in place – tight programs, strict programs, participatory programs – but programs that are there when they're needed no matter what, because if we don't do that and we go ahead and have the kind of ad hoc programs that we saw last year – and Mr. Speaker, they were needed last year, they were welcomed last year, but they were needed last year only because we didn't have programs last year that covered the broad base of potential options that we had to cover in our programs.

8:40

What we've got now is a situation where this year we're going into it again and we're going to get halfway through the year and if we've got a drought, if we've got a grasshopper infestation, if we've got any kind of problem that doesn't meet the minimal part that's defined here, we're going to find ourselves once again back here trying to deal with onetime funding in support programs. That's not good planning. It's not good support for the rural communities, and I think that we need to really look at whether or not we can make that commitment. Again, Mr. Speaker, I'll elaborate more on that as we get into the Agriculture, Food and Rural Development budget in Committee of Supply, and if I don't get the message out, we'll do it when we start debating the bills on appropriation after Committee of Supply, because, you know, this is something that we've got to start taking seriously as budget planners and program planners for this province.

We've got to be able to deal with stability, predictability, and the idea that what we do at this level has to and does impact the decisions of a lot of other Albertans, and they need to know in advance so that they can make the right decisions. They need to know so that they can build it into their planning cycles: either yes, they're going to have support, or no, they're not. But when we're telling them that if the need arises, we'll consider supplementary supply, that sends the wrong signal. If that wasn't the intention of the government, those shouldn't have been the comments made this afternoon.

I guess, you know, one of the main things that I find really troubling about this budget, Mr. Speaker, is the fact that it does appear to be really kind of patched together. There isn't a flow through the whole budget that says: this is what we want to stand for as Albertans; this is who we are as Albertans. I think that if we look at it from the perspective of where we want to go on it, that's kind of the theme that I will be trying to get out as we go through the debate in committee and in the appropriation bill. That's kind of the theme that I'm going to try and raise as we question this budget. What does this budget say about who we are? What does this budget say about who we want to be? What does this budget say about where we want to be 10 or 15 or 20 years from now? And you know what? I can't find an answer that's acceptable to me to any one of those questions in this budget or in the words that the minister gave this afternoon when she presented her budget address.

So with those few words, Mr. Speaker, I will take my seat and allow us to move to further debate on this, and we'll deal with some of the specifics when we get to Committee of Supply. I thank you for your indulgence.

THE ACTING SPEAKER: Hon. members, under Standing Order 29

we have five minutes for questions and comments for the Leader of the Official Opposition. There being none, the hon. leader of the New Democrats.

DR. PANNU: Thank you, Mr. Speaker. I'm pleased to rise and use the 15 minutes that are available to me to make some preliminary and very tentative comments on this very important document, the year 2002-2003 budget. The annual budget reveals the choices that the government makes, the priorities that the government has. So in my comments I will try to draw attention to the nature of those priorities and why it is that we find those priorities extremely questionable and to draw attention to the lack of foresight, the lack of appropriate kinds of commitments that the government seems to manifest or express in this annual budget.

Mr. Speaker, the 2002 budget contains no fewer than 70 hikes in taxes and user fees, and in doing so, it really imposes a terrible burden on seniors and average Alberta families. This budget is not about keeping taxes under control, preventing them from going up, or reducing taxes. It is primarily a document which is about shifting the burden of taxes onto the backs of middle-income Albertans primarily, including seniors and, of course, hardworking families, many of which have both adults or parents working in order to make ends meet and to generate the incomes that they have. So it is this group that will bear the brunt of the shift in the burden of taxes that is built into this budget and its priorities.

Mr. Speaker, in my view, Budget 2002 is a train wreck. It is by far the worst budget that has been presented to Albertans during my five years in the Legislature. This budget is dishonest. It has twisted priorities, and it will hurt middle-income average Alberta families and Alberta seniors in particular. Budget 2002 is dishonest because it breaks every commitment that this government made during last year's election campaign. At that time, the Premier and the Finance minister promised that the only way taxes in this province were going was down, yet Budget 2002 contains no fewer than 70 hikes in taxes, premiums, and user fees.

The worst tax hike in the budget has to be the 30 percent hike in health care premiums. Make no mistake, Mr. Speaker: health care premiums are a tax. It is a particularly unfair and regressive lump-sum tax, a tax that proportionately falls on lower and middle-income earners, but it's a tax nevertheless. Let there be no doubt about it.

Government fiscal policy is about making choices, Mr. Speaker. The Conservative government is choosing to shift the tax load from profitable corporations and wealthy individuals onto middle-income average Alberta families and small businesses. To make matters worse, in addition to the steep hikes to health care premiums, the budget eliminates seniors' dental and eye care benefits. The ink on the Mazankowski report is barely dry, the so-called expert panel on delisting hasn't even been appointed, and the government snatches away seniors' dental and eye care benefits.

8:50

The question must be asked: why is the government targeting middle-income seniors with a combination of health care premium hikes and delisting of dental and eye care? These are seniors who have worked all their lives. They've paid their taxes. They've contributed to society, put some money aside in a modest pension, and hope to enjoy their retirement years. Now they are being hit, on the one hand, with service cutbacks and, on the other hand, with tax hikes. To add insult to injury, the government is using the \$23.7 million it will save by cutting seniors' health benefits, throwing another \$1.3 million into this sum, and using the \$25 million in total to start implementing the Mazankowski report. The Mazankowski report's core recommendations of delisting, user-pay schemes, and

further privatization are definitely not in the best interests of seniors or anyone else for that matter, yet cuts in their services are being used to pay for it.

This budget is about priorities. It's obvious that this government has the wrong priorities. Its priorities are twisted. The wrong priorities, Mr. Speaker. How else does one explain the doubling of the public subsidy to the horse racing industry in this province? In the year that will come to an end in less than two weeks, the public subsidy is \$15.9 million, just under \$16 million. In next year's budget the government is providing a public subsidy of \$33 million for horse racing. It's shameful.

Staying with Gaming for a moment, the government is eliminating the community lottery board grants. This program is likely the single largest source of funding for community-based organizations. These grants support many important core services for families and children. Decision-making was at the community level. That's likely one of the reasons that the community lottery grants were killed. In contrast, funding for the community facility enhancement, which is directly controlled by government MLAs, was increased. What a surprise.

This budget is bad news for low-income and severely disabled Albertans as well, Mr. Speaker. One year ago the government announced its low-income program review. This review, chaired by the Member for Edmonton-Castle Downs, consulted widely and heard a very clear message: low-income Albertans are falling further and further behind. Rents are going up, utilities are going up thanks partly to deregulation of power and the gas industry, and food is going up, yet monthly benefit levels for social assistance and AISH recipients have not kept pace. The low-income program review was supposed to report last October. The release of the report was continually delayed, and now we know why. It is because after raising their hopes, this Conservative government was once again preparing to crush the hopes of many of Alberta's most vulnerable citizens. Not only are there no increases in monthly benefit levels for social assistance and AISH recipients and no increases to widows' pensions, there are actually reductions in the skills training programs that low-income Albertans need to get jobs.

I really am disappointed, Mr. Speaker. Modest increases to enable low-income Albertans to live with some level of dignity are so overdue. AISH recipients have had only two increases in the past 12 years. Social assistance recipients, the vast majority of whom cannot work, had their benefits slashed in 1993 and for the most part haven't had an increase since. As legislators whose salaries are adjusted annually for inflation, we really ought to be embarrassed.

I want to talk briefly about children's services, Mr. Speaker, and remind members that children are poor because their parents are poor. I'm concerned about the reduction of almost 200 staff positions in the Children's Services ministry budget. I don't for a moment believe that all of these service reductions are in administration. Many frontline positions for those involved in child protection are being left unfilled. How many more Alberta children is this government prepared to put at risk through this reckless cost cutting?

Halfway through the past year the Conservative government imposed \$38 million in mindless cuts, mostly to early intervention programs. These deep cuts hurt children, despite the claims of the Minister of Children's Services. In Budget 2002 the funds for early intervention are being partly restored. This roller coaster of up-and-down funding must stop. Programs and services benefiting Alberta's children need stable and predictable funding.

I will turn next, Mr. Speaker, to the budget of the Ministry of Learning. It's going to be an extremely difficult year, especially in K to 12 education, where the government has gotten itself into a completely unnecessary war that it has declared on the province's

teachers. While the government claims that it has put the 50 million plus dollars it saved this year because of the teachers' strike into next year's school budget, how does it address the real problem of underfunding? The basic student funding for schools is going up by 3 percent next year, exactly the same amount as announced as the increase for next year in Budget 2002. What's missing, however, is the extra 2 percent for the teachers' salaries. It's mentioned there, but the whole issue of unsettled contracts is before us. How are the school boards going to cope with that mess that the government has created? Budget 2002 seems to have cut in education by 2 percent the funding promised last year in Budget 2001. This kind of fiscal slight of hand is definitely not the way to rebuild trust with teachers, with students, with parents, and with the school boards.

I want to conclude by touching briefly on the government's decision to significantly slow down the reduction in corporate taxes. I want to remind members that the New Democrat opposition has been calling for months for these corporate tax cuts to be canceled. We simply couldn't afford tax cuts of this magnitude at this time. It would have been irresponsible to have proceeded with these corporate tax cuts while hiking health care premiums and increasing a host of user fees for average Albertans. Can you imagine how much worse the tax hikes and service cuts would have been had the government not slowed down these tax cuts? Even here, however, the corporate tax reduction could have been done better had the government retained the small business tax cuts and not reduced the general corporate tax rate. They would have only given up \$43 million in revenue rather than the \$81 million in revenues that was given up in Budget 2002. The resulting savings of \$38 million would have meant that the government would not have needed to eliminate seniors' health and dental benefits.

There are so many other disappointments in the budget. There are actual reductions in support of seniors' housing, and there's no additional money for affordable housing. Budgets are about choices. This government has clearly made some terrible choices. I certainly will look forward to the opportunity in the coming weeks to make some more detailed comments on the budget.

Thank you.

THE ACTING SPEAKER: Under Standing Order 29 five minutes for questions and comments. Okay? We'll resume debate.

The hon. Deputy Government House Leader.

MR. STEVENS: Yes. Mr. Speaker, I wish to move adjournment of debate on this motion at this time.

[Motion to adjourn debate carried]

9:00

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

Bill 17 **Appropriation (Interim Supply) Act, 2002**

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

MR. STEVENS: Thank you, Mr. Speaker. It's my pleasure on behalf of the hon. Minister of Finance to move third reading of this bill.

THE ACTING SPEAKER: The hon. Leader of Her Majesty's Official Opposition.

DR. NICOL: Mr. Speaker, I promise: no more than a couple

minutes. I just wanted to talk a little bit about the process of this supplementary appropriation in the sense that it goes back to what I was speaking about a few minutes ago in the context of: how do we deal with making sure that our budgets have a business plan that encompasses the entire year? I recognize that a lot of what we're dealing with here was kind of act-of-nature-type increases in our budget, but if we're trying to deal with proper expenditure planning, we should have in place the appropriate types of cost estimates for those programs so that they are actuarially sound and deal with them from that perspective. Then if we ever have to come back and deal with these kinds of onetime expenditures or additional top-up expenditures, as a supplementary appropriation is, it's easier to justify to Albertans in the sense that we in essence are experiencing a program that's totally out of bounds.

I think that in many cases last year in both of our supplementary appropriations we had dollars for fire fighting because it was such an unpredictable year, that probably fell outside of any estimate for an actuarial funding model. But if we had those kinds of models in place when we're dealing with this, we would probably be able to eliminate the need for this and then create more certainty in our budgeting practices.

So I'm not questioning the appropriations here and the fact that these dollars are necessary to sustain our province. I just wanted those comments on the record saying that there's a better way to do this and we should be looking at utilizing these tools so that, again, stability and sustainability can be part of the message we give to Albertans.

Thank you, Mr. Speaker.

THE ACTING SPEAKER: The hon. Deputy Government House Leader on behalf of the Minister of Finance to close debate.

MR. STEVENS: Question.

[Motion carried; Bill 17 read a third time]

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

[Mr. Shariff in the chair]

THE DEPUTY CHAIR: We'll call the committee to order.

Bill 3 **Irrigation Districts Amendment Act, 2002**

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

DR. NICOL: Thank you, Mr. Chairman. I want to just begin by making a couple of comments. During second reading on the Irrigation Districts Amendment Act, 2002, I'd raised an issue about the wording of the bill and its relationship to timing of a process that was described, and I mentioned this in the context of that debate. I want to go on record as saying that the Member for Little Bow, who was sponsoring the bill, contacted me. We talked about this at length, and through his expertise on this bill and knowing the workings of it, they worked through this amendment, sent it over, and said: will this amendment fit with what you had in mind when you talked in second reading? Yes, Mr. Chairman, it does. It gets appropriate scheduling in the process.

I think that it's a good sign that when there's a real issue that's raised, the members are willing to address it, and I would just like to

recognize the Member for Little Bow and his willingness to work with us to make this a much better bill. Also, Mr. Ring from the Irrigation Council reviewed it and made sure that it was consistent with the objectives of the Irrigation Council, and this is basically, I think, going to make the act better, because the public consultation occurs before a decision is started by the minister so that the minister has the information that will allow her or him at the time to make a much better decision. So, Mr. Chairman, I think this is the kind of thing that good legislative process is about.

Just in conclusion, the ability of the Member for Little Bow to help on this, to work with us, is greatly appreciated, and I hope now that everybody knows that we're all onside on this, we'll move ahead and vote for it because it makes the bill better.

Thank you.

THE DEPUTY CHAIR: Hon. members, for the record of the Assembly we shall refer to this amendment as amendment A1.

The hon. Member for Little Bow.

MR. McFARLAND: I would like to call the question. To repeat what the hon. Leader of the Opposition has said, this amendment that the hon. leader is proposing simply puts the public meeting before the plebiscite. He and ourselves agree that this makes it a better bill. As he indicated, we worked together on it, and I'm pleased to ask that the question be called on this amendment.

[The clauses of Bill 3 as amended agreed to]

[Title and preamble agreed to]

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

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Opposed? Carried.

The hon. Deputy Government House Leader.

9:10

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

[Motion carried]

[Mr. Shariff in the chair]

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

MR. LORD: Thank you, Mr. Speaker. The Committee of the Whole has had under consideration and reports with some amendments Bill 3. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

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

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? So ordered.

head: **Government Bills and Orders**
Third Reading
(continued)

Bill 3
Irrigation Districts Amendment Act, 2002

MR. McFARLAND: Call the question.

[Motion carried; Bill 3 read a third time]

MR. STEVENS: Mr. Speaker, having made good progress tonight, I would like to move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 9:12 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]

