

Legislative Assembly of Alberta

Title: **Tuesday, April 16, 2002**

8:00 p.m.

Date: 02/04/16

head: Committee of Supply

[Mr. Tannas in the chair]

THE CHAIR: I'd like to call the Committee of Supply to order.

head: Main Estimates 2002-03

Infrastructure

THE CHAIR: Are there any comments or questions to be offered with respect to this set of estimates? Then we'll call on the hon. Minister of Infrastructure to begin tonight's deliberations.

MR. LUND: Well, thank you, Mr. Chairman. Before I begin, I would like to introduce some of the staff members that are here with us: first, my deputy minister, Eric McGhan; Jeff Paruk, my executive assistant; Winnie Yiu-Yeung, executive director of finance; Tom Hong, executive director, business management and FOIP; and our communications director, David Bray.

Infrastructure's three-year business plan and 2002-2003 estimates indicate how we plan to contribute to Alberta's economy and prosperity by ensuring efficient planning, design, construction, rehabilitation, operation, maintenance, and land management of government-owned infrastructure and by developing innovative partnerships to ensure that support of infrastructure meets the overall needs of Albertans, including health care, learning, community service facilities, and of course the seniors' lodges. Managing central services to all departments includes accommodation requirements, property acquisition and disposal, air transportation, and of course the government fleet operations.

Before going over our budget targets, I would like to outline some of our new and ongoing business plan initiatives. First, we took over the responsibility of operation and maintenance funding for schools on April 1. At the moment we are working with stakeholder groups and Alberta Learning to review the existing formula to ensure that funding is fairly distributed among school boards. Secondly, evaluations and numerous feedback are ongoing from the 2001 Minister's Symposium on Schools. We will be following up with many individuals and groups on new and innovative ways to better build and redevelop our schools. Three, following the September 11 terrorist attacks, we set up a special team to work within Alberta Infrastructure with all the ministries to develop safety plans for government owned and leased buildings. Four, building condition audits of postsecondary institutions will be completed soon. Much work is needed to catch up with the deferred maintenance of all of these facilities.

As well, we will continue to oversee the Swan Hills Treatment Centre. We are proceeding with a proposal call to obtain a long-term contract operator. The centre has been operating very successfully since it was turned back to the province on December 31, 2000. The Swan Hills Treatment Centre is the only facility of its kind in Canada and one of the few in the world and has played a principle role in ridding the province of hazardous materials, toxins, and of course PCBs. Without the plant dangerous material would have to be buried or stored at potential risk to the environment. We will continue to ensure that hazardous waste in the province is managed responsibly.

Now getting to the budget part of it and looking at the \$847 million targeted for the year 2002-2003. In the '01-02 budget our

department was approved for \$3.1 billion. This means more than a \$2.2 billion reduction in capital expenditures in this department this year. In October '01 as part of government's fiscal and economic update we were asked to reduce our budget in response to the global economic slowdown. For '01-02 Infrastructure's budget was reduced by nearly \$824 million. As a result, 34 capital projects were deferred, representing total construction costs of about \$445 million; that is in '01 dollars. The rest of the reductions were related to the energy rebate program and other operating costs.

In '03-04 our target is about \$988 million, and in '04-05 the target drops again, below \$904 million. These budget reductions will certainly have an impact on the state of Alberta's infrastructure.

Now I'd like to discuss how we prioritized and allocated our dollars. We prioritized spending based on what's needed to cover the day-to-day operations of government. As well, we prioritized our capital commitments for schools, postsecondary institutions, health facilities, and seniors' lodges. Some projects are in construction, and others are just being completed. Then we looked at allocating dollars needed to undertake priority maintenance projects to protect the integrity of existing infrastructure and the taxpayers' investment. In light of the current economic outlook faced by the province of Alberta, we had to make tough decisions to ensure that Infrastructure's basic needs are met within the current budget targets. The positive news is that more than 1,100 capital projects have already begun in '01-02. However, changes in the province's revenue projections mean that there is very limited funding available at this time for new capital projects in '02-03. Projects previously deferred in '01-02 will continue to be deferred until replacement funding becomes available.

Now let's look at the allocation of the \$847 million for '02-03. Our budget of \$847 million was allocated in a variety of key areas. About \$324 million, or just over one-third of the budget, will go to school boards for operation and maintenance of school facilities. A further \$228.5 million will be used to pay for the day-to-day operations of government facilities, including the utilities, janitorial service, and of course the leasing costs. We will continue to provide a number of cross-ministry services such as the government aircraft and vehicle fleet as well as property acquisition and disposal. Another \$180 million will be used to continue funding those capital projects that were already approved, many, as I mentioned earlier, under construction. To give you an idea of the capital projects that are planned or are already under way for '02-03, we are looking at \$59.2 million for health facilities, \$58.5 million for school projects, \$16.4 million for postsecondary facilities, \$12.2 million for seniors' lodges, \$18.9 million for capital in accommodation projects, and \$7.3 million to continue with those centennial infrastructure projects that were not deferred. There is some further funding allocated from the access fund administrated by Alberta Learning.

I believe that the budget estimates for the year will allow us to meet our business plan goals and help maintain the government's commitment to fiscal responsibility.

So with those few brief comments I would be only too anxious to hear comments from the hon. members and answer the questions that I can. If we can't answer to the detail that the hon. members require, then certainly we will give them in written form. Thank you, Mr. Chairman.

THE CHAIR: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Chairman. I welcome the opportunity to rise this evening to speak to the estimates for Infrastructure. I want to thank the minister for his opening comments and the very good outline of exactly where the moneys are

allocated for this year's estimates. I'd also like to thank his staff for coming out this evening and answering any of these questions that we might come up with here. As well, the minister did indicate that he would be providing us with some answers now and that perhaps he might need more time and others will be coming later in a written form. That's certainly fine by us.

Now, then, in preparing for the estimates this evening, I went back to last year, and I noticed that last year the gross operating estimates had a 300 percent increase. The gross operating actual was 150 percent. The gross capital investments were an increase of 97 percent. The gross capital investment actual for 2000-2001 was \$26,376,000, and the total budget requested for 2001-2002 was an increase of 296 percent.

8:10

When we start comparing that with what is happening this year, we see that the 2002-2003 operating expense and capital investment for the department of \$847.109 million reflects a \$2.293 billion decrease, a decrease of 73 percent from the 2001-2002 budget. We also see when we look at the forecast that we have a reduction of 26 percent, and operating is decreasing from a budget of \$3.088 billion in 2001-2002 to \$834.099 million in 2002-2003, a 72 percent decrease. As we also see, Mr. Chair, the capital is decreasing from a budget of \$52.03 million in 2001-2002 to \$13.01 million in 2002-2003, which is a 75 percent decrease.

Now, this certainly indicates that the revenues weren't there to support Infrastructure this year as they have in past years. It also indicates that we're still going along with this idea of a roller-coaster budget. It seems that we're either in a feast or a famine mode, and we do not have any stable funding. Particularly when we look at the economic forecast for Alberta, this plays a significant role, because if we lose the workers this year because we don't have the money to put into our Infrastructure budget, if in fact we have to make these cuts that I see here in the neighbourhood of 73 percent or 26 percent or 72 percent or 75 percent, all of these decreases just have a huge impact not only on our infrastructure but on the industry that supports that infrastructure. I think primarily of construction, of maintenance, and if we lose those workers at this particular time, if those companies lose those workers and they get out and they find jobs elsewhere – and I'm not trying to intimate that they are government workers – then certainly in periods of good times when again you want to provide steady work for companies, they are going to have to go through this whole idea of attracting workers back to their companies if in fact they had to lay some off or workers moved elsewhere, because they certainly have a choice at this time in Alberta.

So we think we do require some type of a fund that will smooth out the peaks and valleys. We certainly do need some type of a savings account for when we do hit these periods where revenues do not flow in to the same extent that they have in the past, and so it is that the Official Opposition has called for on many occasions an infrastructure enhancement fund. This would be that when we have periods of great revenue coming in, we would certainly put some of that money aside. We'd put it aside in advance so that when we do have the money in place, then we could certainly accelerate, would certainly be able to enhance the infrastructure projects, and at that time as well we just wouldn't have to wait for these projects until such a time as the onetime funding would allow it. When the need is there, then, Mr. Chairman, we could fulfill this.

Now, as well, I was glad to see that the minister did refer to new and ongoing expenses and that particularly when we were looking at the special infrastructure projects and funding arrangements, which were announced last year, I believe, there were condition

audits that were completed on 1,463 schools in the province. In the annual report from last year it goes on to say that "the audits will provide a strategic tool for the prioritization of school capital projects."

Now, then, the Department of Infrastructure plays an integral role in what happens in our schools, not only in school maintenance but construction of new schools in this province, but probably the best people to make a decision as to where the schools are needed, where new school construction should take place, are the local boards themselves. I certainly was glad to hear that you were in constant contact with the stakeholders in this regard. What is the determining factor as to where new schools are built? Who has the final say? If the school boards indicate that their priority is one particular spot and the government decides or the Department of Infrastructure decides that perhaps this should be somewhere else, then who gets the final say? That was one of my questions in regard to that.

As well, Mr. Chairman, the minister used the term "deferred" a number of times, and when I see that 34 capital costs were deferred for a total of \$445 million, that's quite disturbing, quite disturbing for our communities, for our seniors, for our health care, for our schools. To focus in a little bit on the schools, if I could at this time, if the minister could outline what school facilities have been deferred and also the impact of cutting the budget for school facilities operating expenses from \$555 million to \$23 million. Again, under program 2.1.2, school facilities, we see lottery dollars being reduced from \$150 million to \$35 million. Could the minister outline where this \$150 million in lottery funds is going?

In the minister's business plan there's a goal that only 9 percent of K to 12 schools will be rated in poor condition. Will the minister please table or provide us with a list of schools that are currently in poor condition, that you have done in your review, and as well what was used to classify these schools to come up with this 9 percent figure? Is it only the condition audits that are serving as the foundation for prioritizing school projects?

8:20

Another question I have for the minister: how can the ministry not have a measure for the functional adequacy of school facilities supported by Alberta Infrastructure? Will we see this measure by the end of 2005 or sometime earlier? If that would be introduced, we would like to know.

As well, when we look at seniors' lodges, the program for upgrading seniors' lodges has been extended. Certainly this is a bit disturbing when we look at a number of factors that are occurring in the province right now. One of those is that we constantly have in all projections an increased seniors population. We certainly have seniors living longer, and at stages in their later years they are requiring more types of facilities like lodges. As well, we see some seniors that want to move to lodges simply because they're in a position where they can't afford the rents that they're paying or perhaps they do need the advantages that lodges provide us. Now, then, we feel very strongly that the lodge program is one of those programs that should always remain under public ownership. We've certainly seen the disaster of trying to privatize seniors' lodges, as has occurred in the United States. Certainly they are having just an incredible time trying to monitor what is happening in these privatized seniors' lodges. As well, they find that there certainly is a tremendous lack of accountability with the providers of these seniors' lodges.

In last year's budget 121 lodges were to be completed by 2002-2003. In this year's budget we see that extended to 2004-2005. If the minister could please let us know what conditions seniors are living in because we have not provided enough lodge-living for them at this particular time and if he can see down the road where our

construction of new seniors' lodges will match the increase in the seniors population each year. Again, we do have a problem there that once the bubble goes through, we don't want to be left with a glut of vacant seniors' lodges, but we certainly have to be able to plan so that all seniors can live in the dignified and respectable manner that they deserve after contributing so much to this province for so many years.

Also, will the minister provide us with some information on what is included in the capital and accommodation projects? The operating expenses for this program, 2.1.7, have actually increased. This definitely appears to be a government priority. If you could please give us some information on that.

Now, then, as well on the capital and accommodation projects, how will these projects be affected by the reduction in capital investment from last year's spending spree of \$21 million, when the original budget was only \$13.9 million, to this year's budget of \$4 million?

The budgets for property operations, 2.1.9, and leases, 2.1.10, are both increasing. Property operations are increasing from \$96 million to \$115 million, and leases are going up by \$2 million. The Auditor General has been fairly critical of the government and its desire to lease rather than build facilities. Will the minister please provide an update on what steps have been taken to establish and enforce the requirements for preparing business case analyses?

My final set of comments before the minister does reply. If he could please tell us what progress has been made on capital plans containing the required information. With the cuts to this year's budget it is clear that the government does not have a long-term plan. Do some of the departments have some idea as to where they would like to go with their capital investments?

So if he could provide some answers to those questions now and written answers later, it would be much appreciated. Thank you very much.

THE CHAIR: The hon. Minister of Infrastructure.

MR. LUND: Thanks, Mr. Chairman, and thanks to the hon. Member for Edmonton-Glengarry. I apologize. There were a couple of places there where you lost me, but we'll pick it up from *Hansard*, and we'll give you an answer.

The hon. member started out by describing the reduction and the impact that that was going to have on workers and those types of things. I must remind the Assembly that in fact there is a very large amount of money currently in school boards, in regional health authorities, and in postsecondary institutions that will be spent this year and next year for capital projects. As a matter of fact, there will be somewhere around 1,200 projects on the go by this department during this fiscal year.

AN HON. MEMBER: How many?

MR. LUND: About 1,200. So it's not all doom and gloom, even though the budget does look very difficult and it is difficult to keep within the money that we have.

I think that when you talk about a fund, one of the main purposes of the blue-ribbon panel on fiscal management, that the Minister of Finance is setting up, one of the issues that they're going to deal with is: how do we account for, how do we handle these capital projects, and how do we make sure that we don't have these huge ups and downs? It makes it very difficult for the contractors, and it makes it difficult for us to plan with any certainty when, in fact, there can be these fluctuations in the budget. We were fortunate enough in this department to be able to allocate funds out of last

year, to advance funds for projects that would be constructed this year and next year. So you will see a lot happening out there. It's not going to be all doom and gloom.

Talking about the facility audits, certainly in my opinion this has been a very, very important exercise that the department started two or three years ago. They've now pretty much completed the postsecondary. The schools, of course, have all been done, as the hon. member mentioned, and our own facilities have been audited now, so we have a very good handle on the condition of our facilities, those that we're responsible for. It's going to be a great tool for us as we move forward and allocate dollars where they are needed to keep that infrastructure whole and sound, and it's going to also allow us in the future, within the business plan, to in fact have a goal and to record exactly where our deficit is relative to the infrastructure that we're responsible for.

You asked about the decision-making and where money goes as far as schools are concerned. We work very, very closely with the school boards, and we will continue to do that. As a matter of fact, when you look at what was approved last year, we basically took the recommendations from the school boards and allocated the funds accordingly. Of course, we have to draw between the new and the modernization. Last year in the '01-02 budget there was a \$50 million program of modernization along with the other capital projects. So those of course were different categories. In some cases in a school jurisdiction we may – for example, if they had 10 projects on, part of them would have been in the modernization part in the capital projects. Of course, we'd come down as far as we could on the top capital ones and then on the modernization, so it would maybe look like we weren't following exactly what the school boards had put in, but frankly we were very, very close to what they asked for.

8:30

Now, when you're dealing with priorities, it's not just the audit that dictates where there will be schools built. Utilization plays a very big role in that decision-making, and if, for example, we see that there's a school with a very high score on the audit, well, it would have a high priority as far as eligibility for a modernization and/or a capital project. You could possibly see a school that is in fair condition. Maybe there are two of them, and there's very low utilization because of all of the area that's available in that sector or in that particular community. So you may see that we would do something. Even though the condition of those schools was not that bad, the utilization was very poor.

So it's a combination. Certainly we have to, wherever there's a health and safety issue, address that issue. That's number one. If there's a health and safety issue, then that has to be addressed, so that's how we work through those allocations. As far as having the final say, as I said earlier, we work with the school boards. I guess if we ever got in a case of push comes to shove, we would have to make a decision, but I'm hoping that we don't get to those kinds of conditions.

You asked about the schools that have been deferred, and certainly you asked for the list. That's no problem. We can easily give you that list. I can assure you that as we were making those decisions, what schools were going to be deferred was a very, very difficult decision. I don't like saying no anymore than anybody else does, but the fact is that we simply do not have enough money to allow all of them to continue. When you take \$445 million out of the budget after things have been approved, then it's very, very important that you look at the cash flow and make sure that you don't have a situation where you spend many millions of dollars only to have them sit for a couple of years. You're much better off to complete

some projects and then pick up as soon as you can on the ones that have been deferred.

You asked where the \$115 million disappeared from lotteries. When the lotteries budget is up, you'll have to ask. I don't allocate where those dollars go. We didn't get them. That's all I can tell you. We didn't get them.

The schools that are in poor condition. Yes, we can give you the audits of the schools. That's no problem. I think I got a little ahead of myself when I was talking about the utilization and the audit and how that ties in, and that was your second one.

You made some comments about not having a measure, and I'm sorry that I didn't catch just exactly what your complete questions were in that area, so we'll get that to you in writing once we see Hansard.

The seniors' lodges. Well, the 121 of them in the province have been upgraded. Now, I think you have to take a real look at what the function of lodges are, what the assisted living facilities that are coming onstream do. Of course, as you know, the Minister of Seniors is working with the federal government looking at low-cost housing. We have to look at that whole big picture. What exactly is out there? What can fit the need best? How best can we do this?

Certainly there will always be a role for the lodges. By default the lodges have had to take on loads that should be in assisted living, and you are seeing now many assisted living projects where we partner with the private sector to have those facilities built. I think you'll see the dynamics of this all changing. We don't have any plan to privatize the lodges. That's not in the cards. Certainly the management has changed to what it was a few years ago, but it seems to be working very well where you have lodges and you have some facilities that are low cost but they're publicly owned and those kinds of things that are out there.

You asked about the capital investments, and I'm not sure just exactly what you were looking for there, but certainly as we move forward, we are looking at the needs of all of the facilities. As we look at the age of our universities, for example, I think that is probably the best example of where we have a lot of old structures, and there's going to be a need for a lot of capital upgrading in those postsecondaries. Really Alberta is such an exciting place to be when you look at the universities and what they're doing, particularly the university in Calgary and the one in Edmonton here with all of this new research that's coming onstream. It's just fascinating. Now, that comes with a cost, of course, where you need the facilities. We need the facilities for that research, but they're also busting at the seams with students. So we've got a huge challenge coming up in that whole area.

With those, Mr. Chairman, I'll let somebody else take over.

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

DR. TAFT: Thank you, Mr. Chairman. I'll follow up the comments of the minister and my colleague from Edmonton-Glengarry with a series of reactions and questions of my own on the budget of Infrastructure. I was listening to the minister in his opening comments, and I think he shares the concern, he's certainly aware of the concern that we have and many Albertans have about the wild swings in funding up and down for this department. I'll get to the numbers in a little while, but they're truly dramatic. I mean, budget plans up into the billions of dollars and then reduced by 80 percent or something in some cases in one year and then cranking up again. It very much looks like and I would say is a kind of yo-yo effect for funding.

There are, as the minister undoubtedly knows too well, many drawbacks to that. There are inefficiencies, for example, when plans

begin to be made and then they're put on hold and then they're cranked up again and they're put on hold, when contractors build up their capital equipment base, have their workforce going full steam and are anticipating in one or two or three years a continuing supply of work, whether that's road-building work or construction work or whatever, and then suddenly they're caught having to lay off staff or idle equipment that they've purchased. I'm sure the minister has heard a great deal from the road builders, for example, and other construction industry members. That's a profoundly serious problem I have with the way that this department is being managed and the direction it's being given and the funding it's being given by the government. So that's fundamental to all the other questions that I have here.

8:40

I also noted that in the minister's opening comments he referred to current economic conditions and said something like: in light of the current economic outlook we had to cut our funding. My sense of the current economic outlook is that it's quite rosy. Certainly there were questions in the fall. I fully concede that after the attack at the World Trade Center there were questions over what was going to happen to the economy, but things have rebounded well. There was never really a significant slowdown or hardly a measurable slowdown in Alberta's economy.

I am concerned that what we're looking at in this budget is a huge overreaction. There was time between September 11 and today for us to take a deep breath, pause, collect our thoughts, and then proceed. What I'm seeing instead in this budget is an overreaction and no response to the fact that the economy is rolling along full blast in Alberta. So I'm not convinced that the current economic outlook justifies the steps we are seeing taken in this budget. Maybe the minister has in his hands or his briefcase an economic outlook that is gloomy, and if he does, I'd like to hear about it. Otherwise, I'll express my real concern that we're seeing here an overreaction to the concerns of last fall.

Of course, one way to avoid that kind of overreaction would be to have a proper stability fund in place, which we in the opposition have been advocating for many years. The logic of it is very, very simple. In an economy where there are huge swings, booms and busts, during the boom years you take some of the extra money, you put it in the bank, and during the bust years you draw it out. Through that sort of process you're able to stabilize your funding over the long term, and you can actually, for example, counter the effects of slowdowns when they occur. You can carry on with your construction work, for example, in this ministry, and you're not laying off construction workers in the middle of a slowdown. You're holding onto them. A stability fund for Infrastructure is a policy that we've been advocating for years. I commend it again to the minister here, and I hope he commends it to his cabinet colleagues. In doing so, I hope he gives us full credit for the idea, but we'll share it with him even if he doesn't.

I also want to reflect on the question of the very nature of debt and deficit. There are many ways to measure debt and deficit. One very simple way is just what money you have in the bank and what money you have in your wallet. Or in the case of the provincial government, what money do they have in their various accounts and do they expect to get? I think that's the simplest and, in some ways, most shallow way to measure debt and deficit, and I think we have fallen into that trap in Alberta. We measure our debt and deficit strictly by how much money is in the bank and how much money we owe, period. We do not account for the fact that we can also have an Infrastructure debt or an Infrastructure deficit.

I need to tell you an example from my constituency that I think I

even referred to maybe last week in a debate on estimates. In a school in my constituency that I toured shortly after I was elected and have revisited two or three times, while walking around this school, I approached one of the emergency doors, an emergency exit – this is in an elementary school – and looked at the door frame. One of the teachers pointed it out to me, and the door frame was in such poor condition that I could literally pick the wood apart, splinter the wood with my fingers. It was rotten; there was no other way around it. This was an emergency exit to an elementary school, and the doorframe was so far gone it was rotten. That's just a tiny, tiny illustration of a larger infrastructure deficit. We all encounter that when we drive down the roads and we hit the potholes. We can see that on our campuses, in our universities, as the minister mentioned, in many other public facilities.

Now, I do notice – I'm going to lose track of my documents here – that in one of the department's documents there is a rating, for example, of the condition of different facilities: good, fair, and poor. The number of facilities listed in poor condition is under 10 percent, which is, I guess, fine. Actually, now I've found it. It's in the business plan, and it covers two or three pages, pages 242 and 243 especially. You know, I would be curious to see some examples of fair and of poor. I'm not sure that this school would be in poor condition or would be in fair condition. I certainly hope that it wouldn't be in good condition, but to my eyes at that moment it was in poor condition. So I would say to the minister and encourage him to take to his colleagues that there's more than one way to look at that. We need to look at the bigger picture. There's no point in having our debt paid off in 2005 if we are seeing our public buildings and our hospitals and our schools and our roads deteriorating. I won't go on about that, although I do feel strongly about it.

When I see the drops in funding for infrastructure as dramatic as they are, for example, in the budget – and the minister quite openly alludes to this, and it's here in black and white. Looking at health care facilities, the comparable budget for last year was \$750 million for operating expenses in program 2, line 2.1.1, and this year, if I'm reading this correctly, the comparable figure is \$9.2 million. Then if we include the portion funded by lotteries, it goes up to \$59 million, but the budgeted amount for last year would have been \$870 million. So we're going from a budgeted amount last year of \$870 million to a budgeted amount this year of \$59 million. That's a dramatic, dramatic, dramatic shift. In fact, last year because of midyear adjustments there was a real reduction in plans, and what we're actually likely to see, what's forecast to be spent is about \$440 million instead of the \$870 million, so nearly a drop in half.

Now, I watched with great interest the series of announcements that were made, you know, in the period of 12 to 24 months ago about hospital expansions and road expansions and public buildings getting the kind of funding they deserve, school development, and so on, and I applauded that. I am a fan of good public facilities. I support those. When I see such a dramatic cut, I worry that needed facilities are not being built and that facilities that have been constructed and are declining are not being properly maintained. That raises a very serious question to me. If those facilities are not there, needed facilities, needed hospitals, needed schools – my colleague from Calgary-Shaw, for example, lives in a sprawling constituency, and I think we're all aware that it's the most populous constituency in the province. Are we providing adequate schools there? I'm fortunate to represent a constituency that is filled with neighbourhoods built in the '50s and '60s. Do you know what? There are good schools. Every neighbourhood has at least one school, and many of them have two. I think it's quite unfair to newer neighbourhoods in this province that were built at a time of wonderful prosperity that they may not have any schools.

8:50

AN HON. MEMBER: Or even a hospital.

DR. TAFT: And certainly not a hospital. Sorry. I'll stop there.

So you see my point, and I'm sure you understand it. I'm sure you can feel the logic of that point. So it's very, very serious. I think Albertans are going without proper public services because the facilities are not there, and the corrective measures that were in last year's budget have been eliminated in this year's budget.

Do I have 15 minutes or 20 minutes?

MR. BONNER: Twenty, I believe.

DR. TAFT: Okay.

Now, there is a logical progression to my comments, which may surprise some of you here, but I'm working on it.

AN HON. MEMBER: Building up to it.

DR. TAFT: Building up to it.

So we have needed facilities. They're not getting the funds. The departments are put under the squeeze. So what do the departments do? They look for other ways to solve their problems, and they look to one particular way, public/private partnerships. Public/private partnerships can take lots of forms. We can have them for capital; we can have them in some form or another for operating programs.

MR. BONNER: IGA high.

DR. TAFT: We can have IGA high, as one of my colleagues has pointed out here.

There are many, many lessons to be learned from private/public partnerships, and if you're not already familiar with it, I will direct you to one set of lessons which were written by none other than our Auditor General in his annual report of 2000-2001, his comments, very good comments, I would say, on the Department of Infrastructure, several pages of comments leading to a number of recommendations. I will not read all these pages.

MR. LUND: I've read them.

DR. TAFT: You've read them. Okay. The minister tells me that he's read them, and I applaud him for that.

I do think that in the spirit of debate and learning from our experience and from our Auditor General, it's worth reflecting on some of these comments. One of the themes of his comments is that we can get drawn into deals through public/private partnerships that in the long run cost taxpayers of Alberta more than if we had built to own. Certainly this isn't limited to strictly public/private partnerships of the kind we're looking at here. There are many questions raised on leasing a vehicle for an individual. Is an individual better off leasing a vehicle or buying a vehicle? Many of the same principles apply to that discussion, and increasingly the benefits of leasing a vehicle are being brought into question. In the same way, there's excellent, excellent work done in many countries around the world on public/private partnerships. Do they really pay off or not? There's a tremendous amount of evidence that often they do not.

One of the ways for us to decide whether they're even worth a serious look is to ensure that the public sector has strong baseline data for expenditures if a given initiative were undertaken on a build-and-own basis. The Auditor General reflects on this at some length and recommends carefully that we look at that. I'm looking

here through the Auditor General's comments. I'll read, for example, from the Auditor General's report, page 156:

The Ministry [of Infrastructure] advised us that it entered into [particular] arrangements to do essential work or make necessary purchases but it had limited budgeted amounts available for capital funding. For example, the Ministry entered into a lease agreement for a warehouse. The landlord built the facility on land owned by the Ministry that was leased to the landlord for the period of the lease of the warehouse. At the end of the lease the Ministry must purchase the facility for the purchase price as defined in the agreement.

Very much like leasing a vehicle and then being forced to buy the vehicle at the end of the lease. Those were my comments, not the Auditor General's.

Going back to the Auditor General, he continues: "The Ministry's analysis for this project indicated that the build/own option was more financially favourable. But because of budget constraints it chose the lease option." I am concerned that the budget constraints that we're seeing in the proposed budget this year put constraints on the public sector that will drive us into unfavourable arrangements that will cost us all more in the long run, and I would strongly encourage the minister to develop baseline information so that we know very, very soundly, as the Auditor General recommends, exactly what the full life cycle costs of a project will be if we build and own as opposed to leasing. That is a bare minimum requirement before we should get into any public/private partnerships.

My time is running out, Mr. Chairman, and I just got warmed up, but thank you very much.

THE CHAIR: The hon. Minister of Infrastructure.

MR. LUND: Thanks, Mr. Chairman. Thanks to the Member for Edmonton-Riverview. He made a number of comments about the ups and downs of the budget, and I must once again remind the member that, yeah, I agree. I think it would be better if there were some way that we could stabilize it, but it isn't quite as bad as it appears because of the money that we were able to advance last year. As a matter of fact, I met with the Alberta Construction Association. We mustn't confuse this department with Transportation. The impact on Transportation is more severe. You mentioned things like buying a lot of equipment. Well, the type of contractors that are associated with this department don't have the same need for that very expensive heavy equipment, but it's true that they have the need for engineers, architects, and professional people, and of course, as you indicated, they ramp up because of all the work and then have to lay off. Fortunately in Alberta, like the housing industry, the commercial buildings that are going up, our budget reductions are not having quite the same impact as in Transportation.

Certainly, as I indicated to the hon. Member for Edmonton-Glengarry, one of the prime things that the blue-ribbon panel is going to have to look at is this whole issue about: is there a different way? For example, I still find it strange that we can't amortize capital. When you're buying your house, do you wait till you have all the money, or do you spread it over time? When you look at businesses, very rarely do they pay for the structure up front. It's amortized over time. So those are the kinds of things that have to be looked at. I'm not totally convinced of just having a fund. I think there are maybe some other things that we need to look at. It may very well be that a fund is one of the tools that we can use to spread this out.

You mentioned my comment that we had to make big cuts because of the slowdown in the economy. Let me point out to the hon. member that nobody, absolutely nobody thought that the price of gas would go from around \$11, \$12 a gigajoule down to under \$2

a gigajoule in the space of about six months. Nobody thought that that was going to happen. Then on top of that, not only did the price go to the basement, but exports dropped 35 percent. So you had a huge loss. People tend to target oil. Oil is not the real big one. Gas is the big one. When you look at the fact that every 10 cents spread over a year is worth about \$160 million and you go from \$11 to \$12 down to under \$2, you've got a problem. Like, that's a huge drop. So that is really where we had to find a way of reducing our expenditures.

9:00

You have to also remember that when this budget was being put together, it was two and a half months ago. Yes, the economy is picking up, and that's great to see. Hopefully we'll be able to see our way in next year's budget to maybe increase from what we've currently got in the business plan, but there are a lot of things that can happen between now and then.

You're absolutely right about the Infrastructure deficit. I have been talking about this for over a year. It's something that we have to look at. Now, after the auditing of all of the buildings, we will be able to include that in our financial accounting. That's going to be a very, very important tool for us to be able to identify. What we are going to do is take the replacement cost of a structure and take 1.5 percent, because that's what the industry tells us is about what you should be spending on an annual basis to preserve whatever structure you have. Now, some are going to be a little more; some are going to be a little less. But that'll be sort of a benchmark that will provide a very good guide for us as to what we need to spend in order to preserve.

You mentioned the school with the rotten door casing. Well, we have a program called the BQRP, the building quality restoration program. It's a \$50 million program that we give to school boards. It's based on the area they have, the pupils they have, and it's on a formula basis. We don't direct where it is to be used, only that it's intended to fix the very things that you mentioned. Now, if you want to get the audited score on your school, we can certainly provide you with that to show what the overall condition of the structure is.

When we started on the century schools program at \$1.1 billion and we had the audited scores, the higher the score, the poorer the condition of the building. We were trying to get down to a 900 score under that program. Poor starts at about 800, so we've still got some poor schools out there that aren't going to receive funding immediately. Out of that \$1.1 billion we managed to do close to 500 projects, so we did cover off a fairly handsome number. If you look in our measures, you'll see that in fact schools in good condition went up and schools in poor condition went down, and we hope to accelerate that trend in the future.

The lack of funding for health facilities. Once again I have to remind you that in fact you will see a lot of construction this year. There is a lot of money out there that we were able to advance to the regional health authorities for capital projects that will be into the ground this spring and seeing completion a little later. It's true that we won't be able to cover all the projects. A number of health projects are on the deferral list, so they won't be able to get immediate funding.

A comment about the high school in south Calgary. Yes, we regret that we had to put that one on the deferral list, but we also know that deferral doesn't mean cancel. It will happen, just how soon we can't say, but hopefully it has a very high priority. You also must remember that high school students are more mobile. Certainly more than one of you is in the education system, and you recognize that distance is not really what high school students are that worried about. What they're worried about is the program that they have when they get to the school, and you'll see all around the

cities how they move from one school to another. I think that will be accelerated as you look at school-based budgeting. I know that here in the city of Edmonton, where my brother happened to be a principal for a number of years, with school-based budgeting what developed was that schools picked out a certain niche, if you will. Some were academic, some excelled in sports, and students came from around the city to that particular school because of the program that it offered, not because of the distance. There is a great need. I'm not trying to mislead that. There is a great need, and we certainly will be looking at that one in Calgary-Shaw.

Your comments about the P3. Yes. We applaud the comments that the Auditor General made; they're bang on. We have to develop the criteria that we can measure a proposal by, and we have to look at the whole life cycle of the building. We had the school symposium back in December and got a lot of good input. New Brunswick went through – well, they actually had a crash with P3 projects. They weren't prepared. They went into a whole host of them. So we were able to learn quite a bit from their experience and hopefully will be able to come up with a program that is good for the Alberta taxpayer.

I firmly believe that there are some real examples that could work. For example, in a new subdivision if a developer were to build the school, build a community hall that will serve as the gym at the school – this would be a K to 3 school – and design it so that in 25 years, when the demographics of the area change and you no longer need a K to 3 school, you could convert it into something else like a seniors' lodge. There are a number of other ideas that have been kicked around and came out of the symposium. For example, where you have a K to 3 or K to 4 school and on the same facility you do have a seniors' lodge, it's amazing how you get the interaction between young people and seniors: they complement one another. So I think there's great potential for some of these innovative ways of doing things that we have to look at and we are looking at as we move forward to figure out a different way to do business.

THE CHAIR: The hon. leader of the third party.

DR. PANNU: Thank you, Mr. Chairman. We've now been examining the estimates for about 70 minutes, more or less. Several important questions have been raised and addressed and answered back and forth, so I will try not to repeat many of those pertinent questions, and I could certainly see the minister's attempt to address them. I would like to make some general observations first, Minister, and you made those at the beginning of your address. You certainly acknowledged the very deep nature of cuts in the Infrastructure programs.

I'm looking at some of the key areas here where the Infrastructure costs to the government were quite heavy. The cuts need to be, I think, recorded in terms of percentage. I notice that the health care facilities cuts will amount to about 93.2 percent. The scale of cuts or the magnitude of cuts for postsecondary facilities is the same again, around 93 percent: very, very deep. Out of every \$100 that was budgeted last year, \$93 have been removed. Only \$7 remains to be used for maintenance and for capital projects development. In terms of school facilities again the cut is over 91 percent, 91.7, so close to 92 percent.

9:10

Using these three areas to ask some questions, Mr. Chairman, I would like to go from there to the business plans book. I'm looking here at goals 2 and 3, pages 242 and 243. A measure that is used to assess the physical condition of the facility in the case of health facilities is the condition facility index. There is a bit of information

on how this index is in fact developed. It says that the "facility is in good condition if the facility condition index rating is less than 5 percent." I suppose this means that if the infrastructural assessed costs are less than 5 percent of the total value of the asset, then it's in good condition. [interjection] It's page 242. I'm just trying to get an idea about the FCI index, I think it's called, in the business plan volume.

The table on page 242 under Goal #2 Measures lists the percentage of the facilities that are rated in good condition, the percentage in fair condition, and the percentage in poor condition. The index that is used is in a sense a ratio, I think, of the cost to correct existing deficiencies to the current facility replacement value. Right; that's what it is, yeah. The projections in the table are that the percentage of health facilities rated in good condition is expected to go up year after year after year from 55 to 57 percent, then 60 percent, and 64 percent year after year for the health care facilities.

Now, when I look at that in light of the cuts that I just mentioned, I see a discrepancy between the projections in terms of the numbers that you indicate here that will show that a facility is in good condition. There's a percentage that's going to go up, while the resources needed to upgrade or maintain are being cut back dramatically, as I said, by 93 percent in this current fiscal year. I'd like you to, Minister, perhaps comment on that discrepancy. How do you expect the percentage of health facilities rated in good condition to go up by 2 percent when in fact the cuts that you are proposing will be very deep, to the magnitude of 93 percent?

We move on to the next page, page 243 in the business plan, under Physical Condition of Post-Secondary Facilities. The table there in fact is indicating a decline in the percentage of facilities in good condition from the year 2001 to the year 2005, 47 percent in the year that's gone by. You're suggesting that the percentage will remain the same in this year, and then for the following two years it will slide down to 45 percent. Correspondingly, the percentage of facilities rated in poor condition is of course indicated as moving up, and that makes sense.

One suggestion there. I was looking at the goal 2. I think there is helpful information there at least with respect to the numbers that I used to get the FCI, the index. I wonder if the index used for determining the physical condition of postsecondary facilities is exactly the same. If that is the case, then perhaps it is good to repeat that information in that second one, too, under the Physical Condition of Post-Secondary Facilities, because that facilitates understanding and also shows that the department uses some sort of consistent measure for measuring the physical condition of Infrastructure facilities, be they hospitals or be they university buildings or college buildings. That is just a suggestion that maybe next year one can have that information consistently supplied at the beginning in a footnote saying that this is the index that will be used across these areas.

Going to the numbers in terms of the facilities in good, fair, and poor condition, again I would like you to comment on this in light of the fact that for the postsecondary facilities the cuts will be close to 94 percent, I guess, that you're proposing overall in your budget this year. I don't see how this mix can be maintained given the depth of cuts. Those are two questions related to the two pages I referred to.

Like my colleague from Edmonton-Riverview I had a look at the Auditor General's report for last year, the year 2000-2001. According to the Auditor General's report for last year the total Infrastructure assets that the department either directly owns or helps in maintaining is close to \$42 billion. Is that correct? Does that make sense? Now, if that is the case, if the replacement value of Infrastructure assets exceeds \$42 billion according to the Auditor

General, I wonder if you'd like to at least speculate, if you don't have exact numbers, with respect to the deferred maintenance costs given the deep cuts in the three areas of health care, postsecondary education, and school facilities that I referred to. These are the three areas which do sustain the highest level of cuts. Given that, what are the implications in terms of the deferment of maintenance costs given that hospitals, universities, schools, and such other facilities form perhaps the major chunk of the over \$42 billion in assets?

I think this budget is good from the point of view of the Treasury Board's targets. You're trying to meet, of course, the targeted cuts as determined by the Treasury Board. But from the point of view of taxpayers, ordinary Albertans and even people like me, the MLAs, it's important also to weigh the savings that we make by cutting the budget, by making deep cuts in the budget which are temporary savings, with what the liabilities are that we as Albertans earn down the road from year to year as a result of the temporary savings that are attempted, seriously attempted and honestly attempted, in this year's budget.

I was looking at the Auditor General's report again, and he goes out of his way to talk about these savings as temporary savings. As a matter of fact, on page 157 the Auditor General uses a hypothetical example to draw attention to the fact that these savings are not only temporary, but later on these savings will come back to haunt us. In fact, these temporary savings could result in far more increased costs for us to bring the buildings or the facilities back to a level at which they're in good condition or fair condition and are safe for use both physically and in terms of health.

With these few questions I'll sit down, and hopefully you will comment on some of the questions I've raised.

9:20

THE CHAIR: The hon. Minister of Infrastructure.

MR. LUND: Thanks, Mr. Chairman, and thanks to the hon. Member for Edmonton-Strathcona for his comments. You commented on how could it be, in light of the budget, that the percentage of health care facilities in good condition goes up and poor goes down when in fact the budget doesn't have the money to make that happen. Once again I must go back and remind the hon. member about the fact that there is a lot of money in the health authorities currently that will be spent next year and the year after and will address a lot of the poor conditions that we find in these facilities. Will we be able to meet the target? I'm not sure. It's an ambitious goal and one that we want to achieve, but of course it'll depend on the availability of funds probably in '03-04, '04-05 whether in fact we can meet these targets. But I can assure you that in '02-03 there is a substantial amount of money that will be spent. Of course, some of that will be for new, but there is some of it, quite a lot of it, that is going to be for upgrading and improving.

With postsecondary of course the opposite is shown in the business plan, and it's truly reflected by the budget. One of the difficulties we've got in the postsecondary, though, is that we are not starting from as good a position. The postsecondary institutions, particularly when you look at the University of Alberta, have a very large portion of their buildings that are getting very old. In the health field we are starting from a little better position and will be able to move up. In the postsecondary the large structures tend to be older and tend to take more money, so the budget simply does not have the resources to build the new that we're being asked to do because of all of the great things that are happening in research and medical research and you name it. There's so much going on and they're needing more classroom space, so there has to be quite a bit of addition as well as improvement of the existing buildings.

The FCI that you were referring to. I refer you to page 243, and I think it kind of gives the explanation of what this really is. "The index is a ratio that compares the total cost of deficiencies to the replacement value of the facility." So it's a pretty accurate measure of what we have, and as we've done these audits and got a good handle on what we've got out there, this will become very meaningful.

The \$42 billion that the Auditor General refers to. You've got to remember that's when it was transportation and infrastructure. The total in this department is somewhere around \$23 billion. We'll get you the number. We don't have it completely yet because we're not completed with the postsecondaries, but it's right in that neighbourhood, about \$23 billion. So the \$42 billion included the highways.

Now, you comment about when you don't do the preservation, the graph would start going up. That's true. It's not as severe in the types of structures that are in Infrastructure as in Transportation. Transportation really takes off on you. Not to say that we don't need to really look after our infrastructure as well, but it doesn't deteriorate as rapidly. The cost to repair it doesn't accelerate by the same ratio that it does in Transportation. But we're aware of it, and like I said earlier, we are going to be using a number of about 1.5 percent of the replacement value as a guide for preservation as we move forward in the future.

THE CHAIR: The hon. Member for Calgary-Shaw is the next on the list.

MRS. ADY: Thank you. I've really enjoyed tonight's debate as we've listened to the minister describe his department and the different members that have stood to debate Infrastructure.

For those of you that don't know, I used to be a general contractor for about 10 years, so in the spring whenever I smell sawdust, I always feel like building something. My nose comes up and I'm ready to build. It's always hard when you look at infrastructure projects and you don't have the money to build them yet you have the scent in your nose, so I do feel a little that way this year.

I was looking at the minister's budget for 2001-2002, and we saw the \$3.1 billion rapidly reduced by \$2.2 billion in one year. That's quite a descent, and we know that falling energy prices and the global economic slowdown were part of the reason that that happened, so we have to adjust to realities. That's just the simple truth of the matter. As I looked further through the budget for 2002-2003, we have about \$847 million to operate schools. Well, you've got to have lights on, you've got to have heat, and you have to be able to take care of those buildings. I don't think it's a spoiled thing to expect the lights to be on in a building, so those things have to go forward. We have somewhere over \$200 million going into day-to-day government operations, also necessary, and then about \$180 million for capital projects. Is that about right?

AN HON. MEMBER: It's \$185 million.

MRS. ADY: There's \$185 million for capital projects, so we see that those have descended quite a bit. One of the questions that I wanted to ask our Infrastructure minister is: that's still quite a bit of money that we're putting into capital projects, but can you tell me what we put in the year before? Did it go up from the year before? I mean, we had quite a jump in capital projects that we actually were allowing for this year, and some got deferred, but what happened in the year previous to that? How much money was spent on capital projects in that year?

Now, I know none of you have ever heard of this before, but I have over 82,000 constituents in my constituency. That's new information, but . . .

AN HON. MEMBER: How many?

MRS. ADY: I have over 82,000 constituents in my constituency, and I've often thought, you know, as you look at the high-growth areas of this province, mine being one, that there are others in the province: Fort McMurray, Edmonton, Calgary. I mean, lots of people – even Whitecourt-St. Anne is raising his hand. We have to wonder at that, but we do have growth in this province, and it would be very interesting if we could stop everyone at the border and say: you can't come across the border unless you bring a school, a hospital, and a doctor with you. That's not realistic, that's not going to happen, but it would be a simple solution.

As we look at these areas that grow rapidly – and that's just, I think, a reaffirmation of how wonderful the province is doing and how much people want to live in this province. In fact, when I was door-knocking in the last campaign, every other door was a new Albertan in my constituency, so it speaks well for what the province is doing and how much people want to live here.

But we still have this problem of infrastructure. We know there are some 1,200 projects that have begun, and I think that represents hope in this province. Those are a lot of projects. And as I look at that, I also have to look, though, at the \$445 million on deferral and wonder what those projects are. We do know that construction cycles go up and down and that it causes problems. I've heard a stabilization fund mentioned, and I know the problems it causes beyond just construction. What happens when we all of a sudden have money and can build infrastructure projects is often that school boards or hospitals suddenly get so much money so quickly that they can hardly get it built fast enough. The price of whatever you're building jumps considerably because the demand is so high for people to build, so it actually ends up costing our province more money. So I'd ask the minister if he could comment on that and whether there's a way that we could smooth those kinds of things out so that we were actually getting the best bang for our buck when it comes to when we do build.

When I look at Infrastructure and I look at the fact that you can't afford to build everything when you want and how you want, I look at the city of Calgary, because that's the one that I know best. When we look at the new communities in the outer doughnut area of Calgary, we know it's taking about 15 years before an elementary school comes into those communities. I'm even reminded of a group that I worked with in northern Calgary. When they finally got their first elementary, they were 15 years old. They talked about how everybody always talks about how the school is the heart of the community and how they'd been sending their heart down the road for many years, and they were so happy to have it coming home. It might kind of sound a little schmucky, but I do think it represents how communities feel about schools. So if in fact it's taking about 15 years, I'm very encouraged to hear the minister talk about innovative ways to manage this differently in the future.

9:30

I know that he had a symposium, and there were lots of good ideas that were brought up at that symposium, and I also have had opportunity to work in this area a fair bit. We've seen property disposal opportunities in Calgary that have never been looked at before, a way of reusing properties. He mentioned turning schools into senior care bed facilities. I mean, those are all, I think, very good options on how to manage school property in the future.

The P3. I think of the hon. Member for Spruce Grove-Sturgeon-St. Albert. He comes from a lot of places. He, like me, has had opportunities where developers have approached and said: "Let us build the schools. We can do it cheaper than you," because they

were in construction. "We think we can do it cheaper than you could do it," and "You know, we'd take it on for 25 years, lease it back," whatever. They're really open to however we want to look at this problem. So I'm very encouraged when I hear that we are looking at those options. I think they're good options, and we should be looking at them.

We also know that communities change and that often after 25 years they don't have the demand they used to have. I've heard so many communities in Calgary say: "But we're growing again. We've got kids moving back into our neighbourhoods. You don't need to close our schools." The reality is that I have not seen an example in the city of Calgary that doesn't dip after a certain amount of time and then never really recover that population again. So can we get innovative and start to just build K to 3s that can downsize to communities? All of those things are good approaches to the use of Infrastructure dollars in the future.

The last item I'd like to touch on is the priority list. I do think it's a good idea for individual school boards to come up with priority lists. They live closer to the situation. They know the communities that they live in, and one of the things that I think became a problem this year as we saw the rapid reduction was that there were priority lists there. In fact, I'll just go ahead and say it. The south Calgary high school was number 1 on the priority list. The demand was great and is great for that school, but because it took longer to plan a high school, it wasn't in the ground yet, so when it came time for deferment, you had to start where money still was and projects hadn't begun. So in some ways it kind of changed the deferral list a little bit, and I know that was upsetting to my constituency.

We also talk a little bit about distance in the city. There's no question that in the city of Calgary there is still room in high schools, but those high schools are located far from where I live. I know that my rural colleagues are going to say that's not far, but as I once explained to the hon. Member for Lac La Biche-St. Paul, there is road distance and then there is traffic distance, and you have to measure both in time. I have constituents from the deep south right now that have to get a bus, a train, and a bus to get to their high schools, so it's taking them sometimes up to an hour and a half to travel, as the crow flies, not very far, but through traffic distance that becomes great. So I don't know that you can always view it by saying, "Well, within the city there is space," but it's located a long ways from you trafficwise.

AN HON. MEMBER: Is that one way?

MRS. ADY: That is one way.

So I was happy to hear the minister talk about that, although he did mention that students traveled, but in the city of Calgary we're still very much bound to a boundary, so people don't have necessarily that option. Sometimes they can approach programs, but the majority of our students stay within the boundary that they're given at this point in time.

I also was very impressed with the facility audit that was done by Infrastructure. I think it really gave us a good look at where the buildings were and what condition they were in. Often I might say to you: well, Calgary's buildings are in worse condition than Edmonton's. The facility audit gave us a nice level look across the province at those facilities that needed immediate attention. I know that roads deteriorate really rapidly, but in my house if the tile cracks in my bathroom and I ignore that, then I know I'm going to have a major construction problem. So I think it's good that we are able to kind of get a handle on this infrastructure deficit when it comes to those buildings that do need repair. I've been really happy to see the facility audit, and I want to commend the department for that.

I do think that there is such a thing as an infrastructure deficit, and I hope that as the economy continues to improve – and I hope that it continues to improve – we'll be able to reprioritize this very important area of the province and that we'll be able to see those moneys go back into those hospitals, schools, senior care facilities, and those things that we need as we continue to grow and thrive as a province.

Thank you very much.

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

MR. MacDONALD: Thank you very much, Mr. Chairman. It's a pleasure to participate again this year in budget estimates with the hon. minister, this time of Infrastructure. I was listening to the remarks from the hon. Member for Calgary-Shaw in reflecting across the House to the hon. minister, and certainly he looked like a minister without a fiscal stability fund. It's a Liberal idea, but I would encourage all members across the way to take this policy and run with it, because we're going to have a better province as a result of this.

I'm not going to spend too much time discussing the stability fund. It was discussed earlier, and the hon. Member for Edmonton-Riverview also suggested that it become government policy. One only has to look at Alaska, which is in a similar situation to what this province itself faces. The hon. minister was very accurate when he reminded all members of this Assembly just how important natural gas and natural gas royalties are for the fiscal well-being not only of the government but of its citizens and the fact that conventional oil here is declining. The production of conventional oil is declining significantly, but in Alaska it's the reverse. There is still a large amount of conventional or crude oil produced in Prudhoe Bay, and naturally it's shipped south to California and the Pacific northwest states. However, the Alaskans take money and set it aside in a stability fund, and it helps them out. It helps them out whenever the price of oil goes very high or goes very low. I think that we could avoid a lot of the stop/start measures that we've seen here in this province.

Now, the government's fiscal plan on page 23, Spending on Infrastructure. Certainly from last year to now there is a significant reduction but also for next year and the year after as well. In 2004-2005 there's going to be roughly one-third of what was spent last year, Mr. Chairman, a little better than one-third but a significant reduction. I for one am going through this. We've got the transportation network, health care facilities and equipment, schools, postsecondary institutions, water and water management, infrastructure Canada/Alberta, the Supernet, and others.

Now, what's going to happen leading up to the next election? Are we going to be in the same position as we are on page 22, where we're talking about interprovincial comparison of capital expenditures, and we see this dramatic jump leading up to the election, and then we see this dramatic decline. I don't know how this would work, where we have leading up to 2004-2005 this significant reduction whenever you compare it to the four years before. I certainly hope we're not going to suddenly as the election approaches again get in that cycle, gear it up to the point where there may be one paving machine colliding with another. That, in my view, is certainly not sound government policy.

I'm not going to go through the list in the amount of time that I have, but certainly there are some noteworthy projects that I'm sure the minister would love to see come forward. I think that the best chance of them coming forward, these projects as noted, is if we had the stability fund, Mr. Chairman.

9:40

With that, I have to talk a little bit about some of the seniors' lodges at this time. Now, on page 244 of the Infrastructure business plan the hon. minister spoke earlier about the number of seniors' lodges upgraded, and I believe he said that there were 105.

MR. LUND: I said 122.

MR. MacDONALD: One hundred and twenty-two. Pardon me.

For 2004-2005 the target is also 121. This year there are 115. We look over on the next page, and we see expenses for core businesses, and this is Infrastructure support, as I understand it, for health care, learning, and community service facilities and seniors' lodges. This is expenses of core businesses. However, Mr. Chairman, if we look on the following page, on page 247, in the ministry statement of operations we see seniors' lodges. For instance, last year it indicates here that there was \$17 million spent and \$12 million this year. Is that for the upgrade of the lodges that is mentioned on page 244?

Now, we're going to step forward a couple of more years, and we see \$6.6 million, and then we see for the year 2004-2005 the sum of \$5 million. The minister may be trying to accomplish a lot on that \$5 million, perhaps too much. I would have to ask: how many lodges? If I am correct, is the hon. minister going to be able to fulfill his target on the previous page with that amount of money?

We all hear this argument, Mr. Chairman, that we have an aging population, that we have a population crisis in this province, that we have an aging population which is driving up the health care costs, and we know this simply not to be true. It's not true. No. We have one of the youngest populations, if not the youngest population, in the entire Confederation. Roughly 10 percent of the population of this province is over 65. It's certainly going to go up. In 12 years I believe it is going to be between 14 and 16 percent of the total population. So it would be my view that the upgrade of the lodges and lodge programs should be going in this direction and not, as they say, going south. Now, perhaps the hon. minister can clarify that for me.

Also here in the line item on energy rebates there was a lot of money spent on energy rebates. Of course, for this year we're drawing a blank. The minister referred to the high cost of natural gas last year. May I ask, please: how much, if any, of this money from last year remains unspent? Is there any of this amount of \$208 million here that is unspent?

Now, further on on the same page – and I'm going to get to this in detail – the Swan Hills waste treatment plant. We're going to be spending \$2 million annually, it looks like, for the next couple of years on capital investment. What precisely is that capital investment, Mr. Chairman?

I also have some more questions on Swan Hills. Certainly in the 2000-2001 annual report the government in this case assumed responsibility for the management and potential transition to the private sector of the Swan Hills waste treatment centre, as it's called.

Program 2. This waste treatment plant must be a favourite of the department, Mr. Chairman, because this year Albertans are getting to waste, in my view, another \$26 million on this plant. It is my view and it has been certainly expressed by the hon. Member for Edmonton-Ellerslie that this plant be shut down and that we look at alternatives. There have to be some cheaper alternatives to this.

Now, last May the ministry put out a request, as I understand it, for qualification of submissions on this plant. It was said that a decision would be made by the end of the year. The decision that was made was to hang on to it for another year. If this is such a great facility, why is the private sector not showing more of an interest in this, and why are they not coming after it lock, stock, and

burning barrel? It has been described as perhaps the most expensive burning barrel on the North American continent. The private sector is coming after our hospitals; they can't wait to make more money there. But for some reason nobody wants this plant. Could it be because the technology is old and outdated? Could it be because companies can treat waste where it is to be generated with portable technology? Certainly a contributing factor is this government's decision to let the oil and gas companies keep burying or injecting in deep wells their waste rather than having to treat it.

I think this has gone on long enough, Mr. Chairman. It is time for the government to shut down this plant in an orderly fashion and move on. There are other ways to treat waste, and there are better ways to treat waste. The government refuses to open the books on this deal because they know that Albertans would be completely frustrated with the continuous waste of taxpayers' dollars.

Now, Mr. Chairman, while we've had extensive conversations about this plant in recent days, particularly during question period, I would like still at this time to get some facts on the record. Bovar documents show that for 1999 and 2000, 64 percent of the revenue from treating toxic waste came from treating waste imported from other jurisdictions. This plant is losing money, so Alberta taxpayers – you and I, everyone – are subsidizing this facility. The hon. minister made comments in the Assembly that this waste needs to be treated or it could affect our environment. Toxic waste knows no boundaries, and the hon. minister is correct, but there is no reason for Alberta taxpayers to subsidize waste treatment while the government raises our health care taxes, cuts community programs, increases court user fees, takes money from municipal property taxes, delays transportation projects, and cancels infrastructure projects, which was discussed here earlier, including the remarks, I would remind all hon. members, from the Member for Calgary-Shaw.

The government's refusal to table the documents on this plant leads us to conclude that there's something toxic here. I don't know what it is; I have no idea. But in the end it doesn't matter what is said or done. We need to come clean to all taxpayers regarding this issue.

At this time, Mr. Chairman, I have no other questions but this one, and it is from page 289 of the government and lottery fund estimates, on the centennial projects. We're looking here at spending \$5 million. What projects are we going to be spending this money on at this time?

With those questions, Mr. Chairman, I will conclude my remarks and wait with great anticipation for the answers from the hon. minister. Thank you.

9:50

THE CHAIR: The hon. Member for Edmonton-Meadowlark.

MR. MASKELL: Thank you, Mr. Chairman. I'm going to speak tonight about a matter that concerns me very much. About nine or 10 months ago I was known as plus 63 by many members in this Assembly. Today I'm known as minus 62. What I'm speaking of is the deferment of Victoria School of Performing and Visual Arts.

I was given the challenging assignment in 1985, from a teacher you're going to get a bit of a history lesson this evening, of revitalizing Edmonton's oldest high school. It's been on that site for more than 90 years. As Edmonton grew and expanded and the suburbs sprawled, the school continued to empty. It was a school that was started in 1948. The old, original brick building was torn down, and the 1948 structure held about 1,500 students. You know, in the '60s, as populations continued to increase and so on, here in Alberta and across the United States and Canada school boards got that Texas

mentality that big is better. These schools continued to spread and spread, so Victoria became a school that was three city blocks long, almost half a million square feet, one of the largest school buildings in the country.

The school started to empty in the '70s, and by the '80s it was in danger of being closed, but the bigger problem also was the problems that the building was dealing with in terms of the structure itself. When I arrived at the school, as I said, I was given the assignment of revitalizing the school. In a period of time over 15 years we worked. I had a wonderful staff. I had risk-taking parents and students who came to the school. So from a school that was going to be closed in 1985, 16 years later we had a school that was full to the brim, not any space left in the building. We created great programs. We had great parents and students at the school, all of the things that we needed. To all the members that are here tonight, you need to know that there probably was at least one student from every constituency in this province. The school has become really a provincial school of the arts.

What I'm talking about is that I'm not dealing with a neighbourhood school. This is a school that encompasses students from across the greater Edmonton area, all the bedroom communities beyond, across Alberta, and even from other provinces. The school got a reputation. In fact, Arthur Hiller calls the school the Julliard of the north, and it's considered one of the top five performing arts schools in North America now.

Over a period of 16 years, as the program evolved and was created and got stronger and has been so widely recognized, we realized also that the building was in extreme difficulty. Three or four years ago the province audited schools across this province. In fact, when they arrived at Vic, they covered half a million square feet with me, and I can tell you that this poor old body sure knew that it was quite a task covering that half a million square feet. But when the audit came back, in fact the people who did the audit were in shock because on a scale of 1 to 5, nearly all of the audit was at the 1 level. The school was in desperate shape: you flushed toilets and hot water would come out of them; windows where the wood and everything was so rotted around the frames that a big gust of wind would have blown the windows out and so on; air conditioning. So it was in desperate circumstances. We had everything we needed except the building that the program deserved.

Thankfully, as a result of the audit, we began to work with Infrastructure and with Learning in looking at the potential for a new building. Everyone was quite excited about the prospect of what we were going to create. It was being viewed not as an Edmonton public school, although it was part of the Edmonton public school system, but in fact it was a school that was going to be built to serve those students from anywhere in this province who needed a very strong performing and visual arts program. They were not going to duplicate that kind of a facility in any other part of the province. We began to do our work with staff and parents and students and so on and with the arts community and others. Last June the Minister of Learning and the Minister of Infrastructure came to the site and made the announcement that \$63 million was going to be there to create this new school.

Unfortunately, the deferment happened. We understand why the deferment happened, but the school is in such desperate shape, I'm hoping that as Infrastructure is reviewing its priorities and so on, they will be looking very seriously at having this project removed from the deferment list as soon as possible. The school is in desperate shape. It's not a matter of just being able to continue the way it's operating now. I'm just urging that the deferment be reviewed as soon as possible.

Thank you.

THE CHAIR: The hon. Minister of Infrastructure in the few minutes remaining.

MR. LUND: Thank you, Mr. Chairman. First of all, I want to thank the Member for Calgary-Shaw for her comments. One of the questions she asked was: how much capital was spent last year when you're looking at the \$185 million that we got this year? Well, it was about \$1.7 billion. We can get that exact number for you, but it was in that range, and it's down to \$185 million this year. So, yes, there has been a great decrease.

Your comments about the increased costs when the economy is very strong are very accurate, but it's kind of interesting to see that the economy is still strong. Even though our budget is down, the economy is still strong. I don't think that we're having the same impact on the economy that we have had at other times, but certainly it is a concern we have that in fact we may impact the economy to the extent that our costs go up and you get less for every dollar spent. We are looking at how we can reduce our costs, and the Member for Calgary-Currie chaired an MLA committee that looked at some of the alternatives and what we might do. His work will be very much appreciated.

Let me once again say that it was a very difficult decision for us to defer that school. There is another high school in Calgary that was deferred, on the north side of the city, a separate school, a high school. Those decisions were not taken lightly, but the fact is that we had to look at: at what point was the progress on those schools? They're both expensive. It was over \$40 million combined. We had to then look and see: well, if we spread the \$40 million over a number of projects, what value do we get out of that? So that's where we went. Quite frankly, pretty much the same thing applies to the comments from Edmonton-Meadowlark when he was talking about the school for the performing arts in the city of Edmonton. Yes, we recognize that the condition of that school is one of the poorest in the province. All these projects that I'm referring to now on schools are high priority, and certainly they will get our attention as soon as we can deal with it.

The hon. Member for Edmonton-Gold Bar, of course, went on about the stability fund in Alaska. I want to remind the hon. member that there's a huge difference between Alaska and Alberta. Alaska has a fraction of the population therefore a fraction of the costs that we have to provide the services to our people. We have to put up with a Liberal government in Ottawa, and we're contributing to the rest of the country, who have a deficit. Certainly the federal government in the United States transfers a lot of money to the state of Alaska, so it's totally unfair to compare the two.

10:00

THE CHAIR: I hesitate to interrupt the hon. Minister of Infrastructure, but pursuant to Standing Order 58(4) I must now put the following question. After considering the business plan and proposed estimates for the Department of Infrastructure, are you ready for the vote?

HON. MEMBERS: Agreed

THE CHAIR: Opposed? Okay.

Agreed to:

Operating Expense and Capital Investment	\$847,109,000
--	---------------

THE CHAIR: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIR: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report the estimates of Infrastructure and beg leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

MR. JOHNSON: 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, 2003, for the following department.

Infrastructure: \$847,109,000 for operating expense and capital investment.

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 CHAIR: I'd call the Committee of the Whole to order.

Bill 11

Energy Information Statutes Amendment Act, 2002

THE CHAIR: Are there any comments, questions, or amendments to be offered with respect to this?

The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. It is a pleasure to rise at committee this evening and discuss Bill 11, the Energy Information Statutes Amendment Act. This is certainly being described as housekeeping legislation, but I don't necessarily agree with that. Certainly in a democracy everyone is entitled to their own opinion. When we look at this, on the surface it looks like we're going to just amend six pieces of legislation to give confidentiality sections precedence over the FOIP Act. One has to be concerned. This area that's going to be protected is going to include, of course, royalty information, and there are various periods of confidentiality discussed in this legislation, ranging from one year to 15 years to unidentified periods.

Now, certainly hon. members are going to be correct when they state that this piece of legislation was discussed in the final report of the Select Special Freedom of Information and Protection of Privacy Act Review Committee in March of 1999, but nowhere do I see in recommendation 24 any mention of the deregulation that came about in the electricity generation and distribution system in this province. Certainly we can talk about the Electric Utilities Act, but we're not talking about what has exactly happened since 1999, and this is only one of my concerns. There was information received by this hon. member today that there's going to be a rebate. Fortunately, it's a rebate; it's not a deferral account payment that consumers are going

to have to be making. It comes close to \$8 million, as I understand. ATCO Electric and TransAlta are going to have to make some adjustments and rebate some customers some money. That's just one example, Mr. Chairman.

All this is unfolding very rapidly with electricity deregulation, and to somehow remove this from the FOIP commissioner I don't think is sound public policy. I think we should leave the decision on what information should be provided and what information should not be provided in section 70(1) to the discretion of the Privacy Commissioner.

Now, that's only one industry. Certainly with royalties I believe the same applies. Let the commissioner decide. There was no mention described in the Natural Gas Marketing Act amendments here in section 17. There was no mention, as I said, in this report that was presented to this Legislative Assembly three years ago about what should or should not be done in regard to royalties: how they're being paid, how they're being collected, what royalties might be forgiven, and so on. The argument has been made in this Assembly in debate at second reading that royalty information is top secret, that it's confidential and it is information that should remain in the confidence or in the security of the businesses. However, one only has to look at the web sites, that are available on any computer – and there are certainly a lot of them with their green lights blinking in this Assembly this evening – to see, Mr. Chairman, that there is . . . I'm detecting an echo here. [interjection] No, an echo.

10:10

AN HON. MEMBER: An echo?

MR. MacDONALD: Yes.

Mr. Chairman, one only has to look at the annual reports, that are presented on the Internet for investors to look at, to see that this royalty information is not secret. Now, if we were to look at the annual report for 2000 for Talisman Energy concerning Talisman's oil operations in the Sudan, which are very profitable to both Talisman and the government – and this is just one example. According to their annual report for the year 2000 under its agreement with the government 39 percent of Talisman's revenues from its Sudanese operations went to pay royalties to the government of Sudan. That was an increase from 23 percent royalties paid in 1999. Now, we even go further along here and you can see a comparison of royalties that were paid in this country in 1999, 2000, and 2001. We can see what royalties were paid in the North Sea in 1999, 2000, and 2001; Southeast Asia for the same years. In Sudan for 1999 there was \$30 million in royalties, in 2000 there was \$252 million, and for 2001, \$248 million. I don't know if this is in American or Canadian dollars, but it doesn't really matter, Mr. Chairman. This information is available.

So for hon. members of this Assembly to say that this is all top secret information and it's not the business of Albertans, that it's not the business of the members of this Assembly, I cannot agree with that, and this is yet one example.

Now, there are several kinds of information here at issue, Mr. Chairman, as discussed in a letter that I was grateful to receive on March 4 from the office of the Information and Privacy Commissioner signed by the Acting Information and Privacy Commissioner, Mr. Frank Work. It clarified some of this. The commissioner makes some very valid points. He's discussing geophysical and geological information and removing the possibility of access for other information, for example, again getting back to royalty information. Now, there are provisions already in the FOIP legislation for the commissioner to act, Mr. Chairman. [interjection] There it goes again.

Mr. Chairman, I remind all hon. members of this House, and this is directly from the commissioner: "Royalties are what Albertans receive in exchange for the mining of non-renewable resources." Now, the commissioner states that "Albertans have a right to know what royalties are being paid, how the royalties are being collected, what royalties might be forgiven and so on."

At this time I think we need to realize that there has been no significant study of royalties in this province in 10 years, and a lot has changed. Certainly a lot has changed. It was suggested in an *Edmonton Journal* editorial a couple of weeks ago that perhaps now is the time to have a look at all this royalty structure to see what's working, what's not working, what needs to be improved, to see if the whole system is working and Albertans are getting the maximum benefit. Now, by Albertans not only do I mean the citizens in royalties but also the oil companies. We have to encourage the maximum amount of production from wells, oil wells in particular, that we can absolutely get, because as we discussed earlier, conventional crude oil production in this province is declining. We need to ensure, as I said, that we get maximum return for that, and if we can devise a royalty structure that provides for that and we can improve on the current one, then I think we should.

I have to at this time remind all hon. members in this Assembly of the concerns that were raised by the Auditor General in regard to the mechanism that we use to collect royalties in this province. As far as I know, the EUB is currently conducting a pilot project, if I could call it that. It's called VIPIR, and it is a study to devise a better way of gathering information on how royalties are calculated and how they are collected. Now, Mr. Chairman, the royalty structure here is quite complex. I described some of the structure earlier, but for the benefit of all members I think perhaps it would be advantageous to have another look at our royalty structure. We have, as I said, no major changes in 10 years. The technical details and the financial impact of these changes are reflected in the budget that we debated earlier this evening.

The value of the Crown's share of natural gas or oil. If we pass this legislation, citizens will not have the right, in my view, to check to ensure that we are getting maximum benefit. Royalties are more than an economic rent, because the citizens of this province own the natural resources. All citizens. We can go through and we can talk about old oil and third-tier oil, new gas, old gas, new oil that's heavy. We can talk about synthetic crude production. With all this we also have to talk about the natural gas royalty reductions and who is getting them, the petroleum royalties. We also have to look at the Alberta royalty tax credit and who gets that. You know, we've just dealt with a department that took a significant hit in the last budget, and there's 140, 180 million dollars in the Alberta royalty tax credit. Perhaps it's outlived its usefulness, because certainly outfits – I just have one here, and it certainly has a robust cash flow from its operations here, and that's Talisman.

So perhaps the time is past for the Alberta royalty tax credit. It is looking like that tax credit depends on the amount of royalties. If they're lower, the tax credit is lower. If they're higher, well, then the royalty tax credit goes up. Now, Albertans have every right to know who's getting that, and with this legislation we are overlooking that.

10:20

In conclusion, I would again like to remind members of this House and I would encourage them: this document has been tabled. It's a letter that I referred to earlier. It's from, of course, the office of the Information and Privacy Commissioner. I would ask that each and every member of the Assembly, before you vote on this bill and consider this bill, read this letter, because I think that instead of allowing royalty information or information from the EUB to be

locked away in a filing cabinet somewhere, it should be at the discretion of the office of the Information and Privacy Commissioner. If it is of a confidential nature, then let that person, he or she, the commissioner, decide. Let's put this under FOIP, and let's forget about these recommendations, because I do not think that they're valid anymore with the changes that I discussed earlier. I would encourage all members of this Assembly to think carefully about the implications of this bill before it is passed in this Assembly. Thank you very much, Mr. Chairman.

THE CHAIR: The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Chairman. I rise to speak on Bill 11, the Energy Information Statutes Amendment Act, 2002.

Mr. Chairman, the act, although fairly brief – it runs only the length of five pages – I think is quite sweeping with respect to the impact that it will have on the access to vital information that Albertans should have a right to. The bill amends several existing statutes: the Coal Conservation Act, the Electric Utilities Act, and the Mines and Minerals Act. It amends also the Natural Gas Marketing Act and the Oil and Gas Conservation Act. So it amends five different existing statutes, each one of which is about the energy sector of our economy.

The energy sector in our economy, Mr. Chairman, is exceedingly important to the public interest in the sense that public revenues generated from the activities of economic enterprises involved in this general area produce these revenues, which are really quite significant and large in the overall scheme of provincial revenues. Given the fact, then, that any changes to existing legislation will have an impact on that very vital area of public interest – that is, the annual revenue flows to the public treasury from activities in this economic sector – I think we need to take a very close look at the potential impact of increasing the powers of the Energy and Utilities Board to keep information confidential and to have the powers to deny access to the information that is associated with other activities related to coal conservation or electric utilities or the mines and minerals area, natural gas marketing, or oil and gas conservation. Clearly, the challenge that I guess we are addressing here is striking a balance between public interests and the private interests of companies that operate in this particular sector of the economy.

My read of Bill 11 suggests that if this bill were passed, the balance would tilt quite significantly in favour of private corporate interests at the expense of public interests. Whether it's the question of the information related to the royalty rates, or it has to do with royalty tax credits or royalty tax reduction regimes that the government follows in the province, whether it has to do with the production and sale of electricity or coal or whatever, natural gas, in each case the effect of the proposed amendments will be to make it more difficult for Albertans as individuals and for public interest organizations such as environmental organizations and others to get the information that they need to intervene at EUB hearings.

Why would this Assembly make it easy for companies to enjoy provisions of confidentiality even if that means overriding the Freedom of Information and Protection of Privacy Act? FOIP legislation is exceedingly important. It assures Albertans the right to information that should duly be theirs, that they should have access to, and it provides protection of privacy where it's deemed necessary by the FOIP commissioner. To tie the hands of the EUB in exchange would seem to me to be heading in entirely the wrong direction. The public interest of Albertans in the province is at stake if the powers of paramountcy of the EUB related to FOIP legislation are strengthened by virtue of the passing of this act.

I think Albertans have a right and indeed an invaluable interest in having access to the information that will impact the revenues of the province, the matter which the citizens of this province have a legitimate interest and legitimate right to have information about. Public debate on these issues, on matters of royalty tax credits, royalty rates, royalty tax reductions, is overdue in this province. We have already far too much secrecy surrounding the issue of royalty rates, whether they have to do with natural gas or with oil sands related oil or the more traditional oil resources. If this bill were to pass, I think we would create statutory conditions which would make it impossible for such a debate to develop, to be vigorous, and to be meaningful. The secrecy/confidentiality provisions that are provided in this act, Bill 11, will simply make not available the information that is necessary for a vigorous and open and transparent debate, and therefore meaningful debate, public debate simply cannot happen.

10:30

Therefore, Mr. Chairman, I would certainly not be able to support this bill and will certainly invite my colleagues in the Legislature to give serious thought to doing the same given that this bill, in my view, runs counter to the protection of the public interest, which is related directly to the revenue flows that are generated by the economic sector, which will see its powers to keep vital information of public interest confidential when in fact it shouldn't be.

So thank you, Mr. Chairman, and I will yield the floor to other members.

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

DR. TAFT: Thank you, Mr. Chairman. I'll keep my comments brief. They've been touched on by the two members who spoke before me, the hon. Member for Edmonton-Gold Bar and the hon. Member for Edmonton-Strathcona.

I must say that I share their concerns. This seems to me to be an unnecessary piece of legislation coming from a government that says it doesn't like unnecessary legislation. The effect of the bill, as we've reviewed, will be to remove from public access by law quite a host of information, and various sections of the bill address and amend a number of acts, and in each case the effect is to make it more difficult for the public to get information.

So I would propose a way that I prefer to deal with the issue: to bring the said acts under FOIP, bring the information under FOIP. I should note that under the freedom of information and privacy legislation there are ample safeguards for protecting the interests of the industries involved such as the oil and natural gas industries and other industries. It's worth noting that the freedom of information act says under section 16(1):

The head of a public body must refuse . . .

And I repeat "must" refuse.

. . . to disclose to an applicant information

- (a) that would reveal
 - (i) trade secrets of a third party, or
 - (ii) commercial, financial, labour relations, scientific or technical information of a third party,
- (b) that is supplied . . . in confidence, and
- (c) the disclosure of which could reasonably be expected to harm

the business interests – I'm summarizing this section here now – of the parties.

Beyond that, there are any other number of safeguards under the freedom of information act to more than adequately achieve what Bill 11 will be achieving. I am very uneasy with the idea of removing from public purview information of the sort that we are about to remove from public purview by Bill 11. The Information

Commissioner has made it clear that a crucial aspect of FOIP is that “accessibility and transparency bring about accountability and accountability makes for better government.” That’s a quote from a letter written by the Acting Information and Privacy Commissioner just a month ago on Bill 11. He’s expressing real reservations about this bill. I share those reservations, and I think it’s safe to say our entire caucus does. There are better ways to handle this issue, and I wish we were seeing the issues handled differently.

My points are clear. Our lead critic on this, the Member for Edmonton-Gold Bar, has touched on some of them. Given the late hour, I will draw my comments to an end at that point.

Thank you, Mr. Chairman.

THE CHAIR: Are you ready for the question? We have, then, the question being called. Are you ready for the question?

SOME HON. MEMBERS: Agreed.

THE CHAIR: Opposed?

AN HON. MEMBER: Opposed.

THE CHAIR: Then stand up. All that is is a pro forma. If you are opposed to it going on, then stand up and speak. That’s all it asks for. It’s a warning that we’re going to close this part. So there isn’t any opposed, but because it was objected to before, I threw it in.

[The clauses of Bill 11 agreed to]

[Title and preamble agreed to]

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

HON. MEMBERS: Agreed.

THE CHAIR: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report Bill 11.

[Motion carried]

[The Deputy Speaker in the chair]

MR. JOHNSON: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 11.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? Carried.

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

Bill 23

Municipal Government Amendment Act, 2002

THE DEPUTY SPEAKER: The hon. Member for Whitecourt-Ste. Anne.

MR. VANDERBURG: Thank you, Mr. Speaker. I’m pleased to move second reading of Bill 23. [interjections]

THE DEPUTY SPEAKER: I wonder if we could remember that there are people who are recognized, and right now we only have the one member, the hon. Member for Whitecourt-Ste. Anne.

10:40

MR. VANDERBURG: Okay. Mr. Speaker, I’ll continue. The Municipal Government Act is a very important piece of legislation in Alberta. It authorizes the operations of municipal authorities and therefore affects the vast majority of Albertans. I’ve had the opportunity for close to 15 years serving as past mayor of Whitecourt to use the Municipal Government Act. This government acknowledges the key role of the Municipal Government Act and is firmly committed to ensuring the act’s continued viability and relevance.

As part of the government’s responsiveness to the needs of Alberta’s municipalities and their residents, further amendments have been made after consultation with the stakeholders to address those needs in each of the years from 1995 to 1999. To further improve upon the act, the government has concluded that additional amendments are appropriate. The purpose of Bill 23, the Municipal Government Amendment Act, 2002, is to improve the act by improving the equalized assessment process, in which requisitions for cost-sharing programs are calculated, and providing liability protection for municipal officials and for municipal boxing and wrestling commissions.

Mr. Speaker, let me begin with the proposed amendments that apply to the assessment and taxation. These proposed amendments implement some of the equalized assessment panel recommendations and address some of the Auditor General’s concerns about the equalization process. These proposed changes would eliminate the one-year lag between the preparation of current assessments and equalized assessments, establish a framework to more clearly define standards for quality assurance in the assessment practice, increase the transparency of the equalized assessment system, and require both municipalities and the province to disclose assessment information for the purpose of requisitions.

The primary recommendation of the Equalized Assessment Panel is to move the use of the current year assessments of municipalities for calculating the equalized assessment. Requisitions will be more fairly determined and understood by ratepayers when they are levied on equalized assessments based on the most current assessment information.

The proposed amendments will also improve the transparency of the equalized assessment process and the quality of information required. These changes would also support the use of the assessment shared service environment, also known as ASSET, that is being developed by Municipal Affairs.

Mr. Speaker, the second set of proposed amendments would provide a standard of good faith for protection from liability for municipal officials and for municipal boxing and wrestling commissions. These proposed amendments would protect municipal officials, employees, and volunteers from unreasonable exposure to liability in the conduct of local government business. As currently worded, section 535(3)(b) of the act does not provide municipal officials protection if the cause of action is found to be gross negligence. Gross negligence is a vague legal term that has been applied subjectively by the courts, including instances when gross negligence may not have been reckless or deliberate. To address this issue, it is proposed that section 535(3)(b) be deleted and that section 535(2) be amended to limit liability based on the provision of good faith.

By applying a good-faith provision, an employee or other municipal officials are not exposed to unreasonable risk of liability. This limitation will give greater protection to a municipal official when an action done or omitted to be done was not reckless or deliberate. The application of good faith as a standard for legislation protection from liability is far more prevalent in Canada than is gross negligence. The Alberta Urban Municipalities Association and the Association of Municipal Districts and Counties have expressed support for amending section 535 to provide municipal officials an equitable level of protection from liability.

The proposed liability changes would also include that a new provision be added to section 535 to protect boxing and wrestling commissions from liability on the basis of good faith. These commissions are currently not protected from liability under the act.

In conclusion, Mr. Speaker, with the major areas of change that Bill 23 proposes, the bill is one example of the government's determination to respond to the changing needs of Alberta municipalities. It is important to emphasize that the proposals have been developed through a lengthy process of consultation with Alberta local governments and many other stakeholders. These proposed amendments improve the assessment practice throughout the

province and enhance liability protection for municipal officials and municipal boxing and wrestling commissions. The overall result is that the municipal authorities will be better able to continue providing the high quality of service that Albertans have come to expect from their local governments.

Mr. Speaker, this bill addresses the needs of Albertans and will help maintain the Municipal Government Act as model legislation in Canada. It is presented to the members for their support.

Mr. Speaker, at this time I move to adjourn debate on this item. Thank you.

[Motion to adjourn debate carried]

THE DEPUTY SPEAKER: The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:46 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]