

Legislative Assembly of Alberta

Title: **Wednesday, May 1, 2002**

1:30 p.m.

Date: 02/05/01

[The Speaker in the chair]

head: **Prayers**

THE SPEAKER: Good afternoon and welcome.

Let us pray. O Lord, guide us all in our deliberations and debate that we may determine courses of action which will be to the enduring benefit of our province of Alberta. Amen.

Please be seated.

head: **Introduction of Visitors**

THE SPEAKER: Hon. members, in the Speaker's gallery today is a gentleman who has made quite a remarkable series of accomplishments in the province of Alberta. Fifty years ago, in 1952, our guest today, Mr. Art Dixon, was elected into this constituent Assembly representing the constituency of Calgary. He was re-elected in 1955 representing the constituency of Calgary. In 1959 he was elected to represent the constituency of Calgary-Southeast. In 1963 he was re-elected in the constituency of Calgary-South, and he was re-elected in 1967 also in the constituency of Calgary-South. In 1971 he was successfully re-elected in the constituency of Calgary-Millican, and he was an unsuccessful candidate in the election of 1975. Mr. Dixon served in this Assembly as a Speaker of the Legislative Assembly of Alberta from 1963 to 1972. He's a member of the Order of Canada and has attained quite a reputation in the province of Alberta in the community of Calgary for a great deal of good works over this last half century. Mr. Dixon, would you please rise and receive the warm welcome of this House.

head: **Introduction of Guests**

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

MS BLAKEMAN: Thank you very much, Mr. Speaker. I'd like to introduce to you and through you to all members of the Assembly a very special constituent. Mrs. Mary Semko is a resident of Rosedale Manor in the constituency of Edmonton-Centre. She grew up in Hilliard, Alberta, and came to Edmonton as a young woman in 1930 to attend St. Mary's high school and later the Alberta College. She's been very active in the community, particularly the Ukrainian Catholic church. She was on the executive board of the Ukrainian Catholic Women's League for many years, serving four times as president. Mrs. Semko has also been on the board of directors for St. Jostaphat's seniors' residence in Edmonton for 13 years. I would ask her to now please rise and accept the warm and traditional welcome of the Assembly.

MRS. McCLELLAN: Mr. Speaker, on behalf of the Premier it's my pleasure to introduce to you and through you to members of the Assembly another group of guests from the Public Affairs Bureau. This is the third group, and as the others they are here to find out more about the business of the Legislature. I would ask the following guests to rise as I call their names: Trent Bancarz, Gail Hansen, Susan Huberdeau, Sherene Khaw, Michael Martell, Heather McLachlan, Robin Pavelich, Wilson Smith, Josepha Vanderstoop, and Jocelyn Young. Would all members accord them the usual warm welcome.

THE SPEAKER: The hon. Member for Olds-Didsbury-Three Hills.

MR. MARZ: Thank you, Mr. Speaker. It's not often I get guests up from my constituency, but today I'm honoured with two. I would like to introduce to you and through you first a friend of mine who is also the president of the constituency association, and he keeps you running on the straight and narrow in a number of ways. He's also a chiropractor, and his practice is in Three Hills. So I would ask Mark Dyrholm to rise and receive the traditional warm welcome of the Assembly.

I also have a group of very enthusiastic grade 10 students from the Trochu Valley high school in Trochu, Alberta. They are accompanied today by teachers Bill Cunningham and Brian Vokins, and I would ask them to stand as well and receive the warm welcome of the Assembly.

THE SPEAKER: The hon. Member for Lacombe-Stettler.

MRS. GORDON: Thank you, Mr. Speaker. I would like to introduce to you and through you a number of visitors from my constituency. I have 46 bright and enthusiastic students from Lacombe Christian school, and along with them are 19 parent helpers and teachers Charlene Van de Kraats and Tim VanDoesburg. Also in the members' gallery is a former MLA from the Lacombe constituency, Jack Cookson, who served this Assembly and his constituency well from 1971 to '82, and from 1979 to 1982 he was the Minister of Environment. His granddaughter is here today with the school. So I would ask them all to rise and receive the warm traditional welcome of this Assembly.

THE SPEAKER: The hon. Member for Edmonton-Castle Downs.

MR. LUKASZUK: Thank you, Mr. Speaker. It's my pleasure to introduce to you a resident of Castle Downs. Ms Vicki Lindsay is a tireless supporter of many very important groups and societies in Castle Downs, one of them being the Castle Downs PC Association. Also, the Minister of Health and Wellness will be glad to know that Ms Vicki Lindsay is a retired nurse who has practised in Ontario, California, and Alberta and tells me that our health care system is next to none. I would like Ms Lindsay to rise and receive the warm welcome of this Assembly.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Glegarry.

MR. BONNER: Thank you very much, Mr. Speaker. I'd like to introduce to you and through you and to all Members of the Legislative Assembly Mr. Robert Johnson. Robert is a young entrepreneur involved in home construction, and he's down to view our proceedings in the Legislature this afternoon. With your permission I would ask that he now rise and receive the warm traditional welcome of the Assembly.

Thank you.

THE SPEAKER: The hon. Minister of Learning.

DR. OBERG: Thank you very much, Mr. Speaker. I rise today to introduce 23 visitors from Rosemary school. They're accompanied by four parents – Tracy Henderson, Charlene Walde, Elma Plett, and Tammy Cage – along with principal, David Blumell. I would ask that they rise and receive the very warm welcome of the Legislative Assembly for their long journey.

head: **Ministerial Statements**

THE SPEAKER: The hon. Minister of Economic Development.

International Business Roundtable

MR. NORRIS: Thank you very much, Mr. Speaker. Today I rise to talk about the opportunity I had recently to co-chair, along with the MLA for Calgary-Fort, an international business roundtable in Calgary. The roundtable took place on the afternoon of Friday, April 26, following government-sponsored briefings. Consular corps representatives were invited to bring along with them guests from within Alberta's business community who do business in the respective country the consular represents. I'm pleased to report that over a hundred guests took part in this opportunity.

It was an opportunity to brief the consuls and their guests about what Economic Development does, the roles of the Alberta international offices, and to outline the province's international marketing strategy. We discussed activities such as Alberta's international strategy, which sets out to expand our province's economy by taking advantage of our global opportunities that are presented to us, but more importantly it was an invaluable way for us to hear firsthand thoughts on how the Alberta government can utilize the natural links that exist within our business community to all points throughout the globe.

International trade ties are vital to this province, Mr. Speaker. More than 2,000 Alberta businesses export goods and services to over 150 countries, creating over half a million jobs and \$61 billion in economic activity. Our total exports grew by 2 and a half percent and are expected to grow by 4 percent this year. The growth goes to show you how strong and prosperous this province is.

Alberta is founded on a rich heritage of people from diverse cultures and countries. The same diversity is reflected in our business community, and many of our businesspeople have strong ties to international markets. It was an opportunity for us to listen and to sustain the Alberta advantage that the government and the business community have worked so hard to attain.

1:40

This forum was truly valuable, because we were able to talk firsthand on how to extend trade activities with all our neighbours around the world. I look forward to participating in more events like this in the future, and I wish to offer a very special thanks to the Member for Calgary-Fort, who through his hard work facilitated a phenomenal meeting.

Thank you.

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

MS CARLSON: Thank you, Mr. Speaker. I am pleased to rise on behalf of the Official Opposition and respond to the Minister of Economic Development. Alberta's economic success has long been the envy of other provinces and indeed other countries. While this success can be measured in terms of imports and exports, it is important to understand what supports those numbers.

Adequate funding for public education is essential. Picking up the pieces after a rocky start is not a sound investment strategy. Accessible college, university, and technical training opportunities are necessary to ensure that our workforce has the skills for today and the future. Economic growth will be hindered without a public health care system that focuses on prevention and treatment regardless of a person's ability to pay. Environmental standards must be considered in the long-term cumulative impacts on the ecosystem and not just corporate profits.

Alberta's economic strength and prosperity are built on a foundation of community support. It is encouraging to hear that the minister is open to a broad range of ideas and perspectives.

Discussions about real economic development must extend beyond the business community and recognize the importance of social investment in education, health, and the environment.

head: Oral Question Period

THE SPEAKER: First Official Opposition main question. The hon. Leader of the Official Opposition.

Foster Care Delivery

DR. NICOL: Thank you, Mr. Speaker. In 1983 the Board of Review looked into the child welfare system and wrote: "Foster parents should be interviewed, studied and investigated so that their capabilities may be known." The fatality inquiry into Korvette Crier's death, released last month, stated: "The Minister should set strict criteria for the screening of prospective foster parents." My questions are to the Minister of Children's Services. Why is it that under the minister's watch recommendations made almost 20 years ago have not yet been followed and had to be repeated in a recent report?

MS EVANS: Mr. Speaker, many of those recommendations have been followed, and in parts of this province the foster care delivery system is working extremely well. Where we have been looking in the recent past at a pilot project on monitoring what actual case practice is in terms of either home assessments, foster care training, and so on, we've been working with the foster care association, we've been working with the authorities, and we are discovering some need to continually shore up the supports for foster care.

It's not a static thing, Mr. Speaker. At different times socially there are fewer foster parents available from one region to the next, but it's a matter of making continuous improvement. In the very unfortunate death recently some additional information about one particular authority has focused on foster care, and we're looking into that. I'd like to be very definitive after that review and come and at least provide the House with the courtesy of a well-documented information schedule of what is working well and where we need to make improvements. It is work that's continuous.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Again to the minister: are foster parents who are screened and rejected by children's authorities still eligible to take care of children who are placed by private foster care agencies?

MS EVANS: Mr. Speaker, the provincial standard is that children – all children – should be in foster care where the agencies are accredited and where the foster families therein have been duly licensed and, furthermore, trained to look after the children with the magnitude of needs that they possess when they come in. Anything less is inappropriate and is faulted in terms of the standard.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Again to the minister: but aren't foster parents who are rejected by the children's authority still eligible, still able to go to an agency and become a foster parent caregiver?

MS EVANS: Well, clearly, Mr. Speaker, they should not be. In my view, they are not eligible if they have been found wanting. They should not be eligible, and if they are delivering service through

another agency, it should be appropriately discovered and followed through with. Let me explain to the House one of the things that's been problematic for me in this review, and that is that through the accreditation process for foster agencies sometimes foster agencies are not fully accredited. They are accredited for many of the services, perhaps not for all of the services. In the Korvette Crier case this was clearly a place where the worker assignment to an unaccredited foster placement was in error and done without full communication and knowledge.

In this most recent situation that we find ourselves in, my understanding is that there was a movement of the foster parent from one agency which was not accredited to yet another agency that was accredited. There may have been children placed in that home before the accreditation was actually sanctioned, but thus far, Mr. Speaker, why that was done, under what circumstances, and whether or not it was deemed that the foster parents were able to take care of that situation isn't clear.

Mr. Speaker, it was only last Friday that we took over the delegation of authority and on Monday went in with our professional staff to do a thorough review of all of the cases therein and the management thereof, and when I have that available, I'll be very pleased to share it with the hon. member.

THE SPEAKER: Second Official Opposition main question. The hon. Leader of the Official Opposition.

Kasohkowew Child Wellness Society

DR. NICOL: Thank you, Mr. Speaker. The minister has kind of led into where I was going on the next question. Seven children have died while under the care of the Kasohkowew society. To the minister: will you be looking into the special case reviews that have been conducted and determine whether or not the results of those deaths were properly determined and whether or not the results have been made public?

MS EVANS: Mr. Speaker, there are three things that happen when a child dies while in care. First of all, there's a critical investigation done by the authority itself. There's a special case review process, and there's also a fatality inquiry. Some of the results of those fatality inquiries have already been made public as well as some of the results from the special case reviews. We are looking at that, not only at the reviews of those particular tragedies and how they have related to the standards of care, but we're looking further at how the documentation, the supervision, the management of the administration, and the files have been managed. We're looking at whether or not there are conformities to standards of practice for safety, whether or not appropriate foster training is in place.

Mr. Speaker, at your pleasure, I would be very pleased to go through the list of standards that we have, but I gather that perhaps at this time I'll conclude.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Why did the minister take away Kasohkowew's responsibilities instead of giving the society the resources it needed to properly manage its responsibilities?

MS EVANS: Mr. Speaker, that is a good question, and it relates directly to the fact that in the last three years we have provided as many as four and five additional staff members. We have been working very hard with our native liaison unit, with the authority itself. In February we initiated and followed through with a

documentation review. We're currently reviewing the standards of practice for foster care throughout the province, both on aboriginal/First Nations properties and Metis settlements and in terms of all of the other populations throughout Alberta. I determined that there were significant enough indicators, at least on the face of it, that we should explore thoroughly so that the bottom line of keeping every child safe and assuring that the delivery practices were being supported and were as safe as possible, all of those things, took place.

Mr. Speaker, there's one more reason. For me, I think it's important for the people of Alberta that they know that children taken into care are safe and that the province is doing its due diligence. I want to be sure as well that we're doing our due diligence, and I will be speaking to the chief about that this evening.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Why did the minister blame the federal government yesterday for not funding intervention services on the reserve when the same minister has cut dozens of intervention programs without public consultation?

1:50

MS EVANS: Mr. Speaker, last fall in our cost containments the authorities, through their directors, looked at those programs that could be adjusted to help us save money on critical issues. We have had for several years now early intervention funding to the tune of \$1.7 million supporting all of the early intervention projects for children age zero to six on reserves. That has been funded by the province because the federal government has refused to provide even one dollar up until recently. So there is a huge need, as we move to the Alberta response model and try and identify community-based supports, for us to have early intervention programs in place, and this is something that we have been talking to the federal government about. I'm pleased that they're beginning to make moves in that direction, but for the last few years and certainly for the last several months we've been struggling to make sure that we continue to provide those early intervention programs on reserves. Where we can now help ease some of those program applicants to the federal funding formulas and supports, we are doing that one by one on the First Nations reserves.

THE SPEAKER: Third Official Opposition main question. The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Speaker. Aboriginal groups are upset with the action of the Minister of Children's Services in revoking the delegated authority of the Kasohkowew society. My questions are to the Minister of Children's Services. Isn't the practice of using nonnative solutions for reserve problems the real root of the Kasohkowew troubles?

MS EVANS: Mr. Speaker, we do not target the use of nonnative supports. We first of all go to the supports that are available on the reserves and try and make sure that we manage in that capacity. Where they have not been available or where they need support, then off-reserve placements are made, often by the delegated authorities, of which we have at least 17 plus one, which is a delegated authority through the transference of a letter. So really through 18 groups we try and do our very best to make sure we support those on native reserve resources. In all cases that is by provincial standard and policy our first choice, but where not available, then obviously we have to go to other supports available.

THE SPEAKER: The hon. member.

DR. MASSEY: Thank you. To the same minister: has the minister reviewed the work of the Red Deer agency used by the Kasohkowew authority?

MS EVANS: Mr. Speaker, there are a couple of agencies that that particular authority has used: Heritage, for example, and more recently Parkland. There has been extensive review done both during the special case review of the practices and delivery of service by Heritage, and I would suggest that by the time we come through with our report, we'll have a fairly thorough understanding, at least at the provincial level, of what all of the agencies are doing in that particular region in support of children's services.

THE SPEAKER: The hon. member.

DR. MASSEY: Thank you. To the same minister, Mr. Speaker: given that the minister blamed insufficient resources as part of the Kasohkowew problem, what has the minister done to secure appropriate funding?

MS EVANS: Mr. Speaker, we continue to speak with our counterparts at the federal government level. That is an ongoing dialogue not only from Alberta but from other provinces who are in discussion with federal authorities. We continue to try and work within Alberta through the neighbouring child and family services authorities to provide additional support, sometimes through the communities and sometimes through work that's done through our native liaison units. Where we identify a gap in service, we try to provide additional supports.

Mr. Speaker, I have clearly indicated that our responsibility now is to fix the problem and not to attach blame, and I cite only the fact that these supports for prevention have been mentioned to me by chiefs – for example, that legal services for children age 12 have not been funded by the federal government – as some of the support circumstances that haven't been available federally. If they are provided either through the suggestion of the advocate's office or through our own delivery system, we do so, but it certainly clearly is in the mandate many times of the federal government.

THE SPEAKER: The hon. Member for Edmonton-Strathcona, followed by the hon. Member for Calgary-West.

Safety of Children in Care

DR. PANNU: Thank you, Mr. Speaker. For the last several days in this House members have witnessed a sad and pathetic display of finger-pointing by the Minister of Children's Services regarding the deaths of foster children in Alberta. Feeling bad and blaming others after the fact does little to prevent repeat tragedies from occurring. Today we learned that Children's Services officials admit that they just assume that child welfare agencies are doing their job. My first question is to the Minister of Children's Services. Given that we are talking about repeated deaths of children, shouldn't our government be properly monitoring agencies so that tragedies are prevented, and why does the minister act only after a tragedy has occurred?

MS EVANS: You know, Mr. Speaker, the death of a child in care is something that every Albertan grieves for, and the implication of that question is that we have been slipping out from under our mantle of accountability and trying to deny any responsibility. Quite frankly, I would not have asked for and by letter indicated a desire

to take over that delegation if I hadn't been determined to be fully accountable to the people of Alberta for the delivery of services.

THE SPEAKER: The hon. leader.

DR. PANNU: Thank you, Mr. Speaker. Given the admission by her own officials, will the minister commit to introducing better oversight, better training, and better resources and thus prevent child deaths rather than simply act after the fact?

MS EVANS: I think that first of all, particularly in the sad surroundings of the situation in Kasohkowew, we have to know what happened and what is happening in all circumstances. Clearly, when I review the some 41 deaths that have occurred in the province over the last three years – actually almost four years but in the time of this ministry – the greater majority of deaths have occurred from acute chronic illness or from some other absolute medical situation. In fact, in terms of the number of deaths on First Nations reserves, six have occurred – six, Mr. Speaker – and I think a real tragedy. Where these have occurred in Kasohkowew, we're going to explore and find out what it is. I should say that six have occurred which have been under the concerns of the director and of this department for the way that children are being managed, six under those kinds of situations where we go in and do special case reviews. Of this recent death obviously we will be doing a special case review.

Mr. Speaker, let me put this also in context. In the last few years the deaths of children in care averaged 12. In 1998-99 there were 11; in '99-2000, 12; in 2000-2001, 13; and in 2001-2002, 10. When you consider that during that same period of time we've moved from about 12,000 children in care to 15,000 children in care, we are not increasing the circumstances of tragic deaths that happen within the department. Let me not belittle any death that occurs. We are feeling very responsible and accountable and supportive where families have had that type of suffering. But let's not try and blame this government for the deaths of children in care – we're doing our level best – and I hear that coming from across the other side.

THE SPEAKER: The hon. leader.

DR. PANNU: Thank you, Mr. Speaker. My next question is to the hon. Premier. Doesn't the Premier agree that children in government care deserve safe homes, a secure emotional environment, proper supervision, and a minister who can actually deliver on these things?

2:00

MR. KLEIN: First of all, Mr. Speaker, we have a minister who can deliver on these things and indeed is delivering in spades.

Secondly, we do have programs in place that address the needs of children, especially children in care. There are sufficient programs. Sometimes these programs don't work out exactly the way that the minister would like them to, and unfortunately in society tragedies occur. When they do occur, the minister is quick off the mark to launch an investigation to determine why there was a tragedy, to take corrective measures, to do what she can do, whatever is possible, whatever is in her power to do to correct the situation so that it doesn't happen again.

I think it was very important for the minister to point out that over the years, while the number of children in care has increased and increased significantly, the number of tragic cases has not increased at all. That demonstrates to me that the department is indeed doing a good job. Mr. Speaker, it is not and never will be an absolutely perfect society unfortunately, and when things go wrong, we do our level best to try and find the cause and to correct the situation to hopefully prevent tragedies in the future.

THE SPEAKER: The hon. Member for Calgary-West, followed by the hon. Member for Edmonton-Glengarry.

Seniors' Benefits

MS KRYCZKA: Thank you, Mr. Speaker. Most older Albertans today have planned for their retirement years and have made the necessary adjustments in their lifestyle and spending to cope with less income, and the majority do live comfortably. However, lately I've heard from some seniors upset mostly about the cumulative effect of recent changes to essential government programs: the increase in long-term care rates, the increase in Alberta health care premiums, the cancellation of the extended health benefit and the resulting increase in paying for dentures and glasses. Also, with the cancellation of the community lottery board funding, many seniors' centres have lost an important source of funding for programs. My main question is to the Minister of Seniors: what is this government doing to assist the low-income seniors to cope with these changes?

THE SPEAKER: The hon. minister.

MR. WOLOSHYN: Thank you, Mr. Speaker. I believe it's important to provide a bit of background. Prior to 1994 the provincial government offered universal programs for seniors including a rebate of up to a thousand dollars on property taxes to cover the educational tax portion, and seniors were not required to pay health care premiums. In 1994 the government at the time determined that seniors who could afford to pay should pay for services. As a result, most programs, with the exception of limited Blue Cross coverage and the extended health benefits, were eliminated, and the Alberta seniors' benefits program was established.

The Alberta seniors' benefits program is an income-based program that provides cash benefits and a full health insurance premium subsidy to low-income seniors and full or partial premium subsidies to moderate-income seniors. The cash support is intended to assist seniors with their living expenses. With the recent elimination of the extended health benefits program, seniors who are on the Alberta seniors' benefits are eligible to apply for special-needs assistance with optical and dental expenses.

The Alberta seniors' benefits program along with the special-needs program ensures that Alberta's programs for low-income seniors remain the best in the country.

THE SPEAKER: The hon. member.

MS KRYCZKA: Thank you. My first supplemental is to the same minister. What can we tell those seniors who are just above the threshold for government assistance, as they will be paying for the cost of the changes?

MR. WOLOSHYN: Mr. Speaker, fiscal reality has forced the government along with the Department of Seniors to make some very difficult choices. Our income thresholds, however, I think are very reasonable. I think it's only fair to point out that single seniors with an income of \$18,440 or less receive cash benefits and they receive full insurance premium exemptions. A single senior earning below \$26,700 will receive a full or partial subsidy for health care premiums. With respect to senior couples with a combined income of \$27,925 or less, they receive a cash benefit and full premium subsidy. Senior couples with combined incomes of \$44,400 or less receive a full or partial premium subsidy. It's important to note that limited assistance through Alberta Blue Cross is still the universal program for all seniors.

THE SPEAKER: The hon. member.

MS KRYCZKA: Thank you. My second supplemental is to the same minister. What is the government doing today to better prepare future seniors, when there are proportionately so many more, to cope with increasing costs of programs that are basic to their quality of life?

MR. WOLOSHYN: Mr. Speaker, we have had various studies to ensure that we are planning for the future. That's certainly under way. There is something that we have to pay special attention to, and that's the income for seniors and the source of the income. All indications are that seniors' income is increasing. As a matter of fact, in actual dollars the increase between 1994 or '95 and current is about 11 or 12 percent. The important thing to note with this is that the proportion of government support is decreasing in the total income package. That leads us to believe that the newer seniors are becoming more and more self-sufficient. We would hope that this trend continues to the point where there'll be fewer low-income seniors.

However, having said that, we still have to keep a constant watch on our thresholds because our income thresholds are the key to support. As long as we can set those thresholds at the proper level, then seniors will have the ability to pay their way. We'll certainly be doing that, and seniors who need assistance will continue to get the assistance from this government.

THE SPEAKER: The hon. Member for Edmonton-Glengarry, followed by the hon. Member for Edmonton-Rutherford.

Engineered Teleposts

MR. BONNER: Thank you, Mr. Speaker. Recently the Minister of Municipal Affairs was made aware of concerns that teleposts being used in the Alberta housing market may not be providing sufficient support to meet safety code standards. Teleposts are the metal poles in the basements of houses, and their function is to keep the house structurally sound. Clearly, if these are not installed correctly, there could be some very serious consequences. To the Minister of Municipal Affairs: given that an investigation by APEGGA has found that some manufacturers of engineered teleposts may be supplying insufficient information about the load capacity of their products, what is the minister doing to protect Albertans?

THE SPEAKER: The hon. minister.

MR. BOUTILIER: Thank you, Mr. Speaker. What this government is doing – one, we're not afraid to think outside of the box. More importantly, on the point that the hon. member has brought to our attention, the concern and safety of Albertans are uppermost. Our Safety Codes Council, which in fact I'm meeting with again next week, is working in partnership with APEGGA as well, the professional engineering group, to address this exact issue that the hon. member has brought to the Legislature.

THE SPEAKER: The hon. member.

MR. BONNER: Thank you, Mr. Speaker. To the same minister: what steps has the minister taken to make this investigation public so that Albertans can ensure that their homes are properly designed to the National Building Code standards?

THE SPEAKER: The hon. minister.

MR. BOUTILIER: Again, Mr. Speaker, the hon. member raises an important point, because we want the public to know in terms of the safety and concern of all Albertans. What we are dealing with, though, right now with our professional engineering group are the facts relative to what's working and what's not working. When I meet with the Safety Codes Council next week, I'll certainly relate to them as well the important points that the hon. member has brought up, that certainly we are addressing at this time. I thank him for the comment.

THE SPEAKER: The hon. member.

MR. BONNER: Yes. To the same minister, Mr. Speaker: will the minister issue an immediate advisory so that Albertans are fully aware of this serious safety flaw?

THE SPEAKER: The hon. minister.

MR. BOUTILIER: Thank you, Mr. Speaker. That's one of the options we're considering. We haven't issued that at this point because of the fact that we're reviewing the situation that the hon. member has brought to the Assembly.

THE SPEAKER: The hon. Member for Edmonton-Rutherford, followed by the hon. Member for Edmonton-Gold Bar.

Aboriginal Services

MR. McCLELLAND: Thank you, Mr. Speaker. Alberta's cities are under increasing pressure to deliver support programs to urban aboriginals. Most of the required services on reserves are the responsibility of the federal government. However, when aboriginal Canadians leave the reserve to pursue economic or other activities elsewhere, the necessary support programs then available are no longer available, generally when the support is most needed. My question is to the Minister of Children's Services. What is the government doing to cause the federal government to live up to its constitutional and moral obligations in this area?

2:10

MS EVANS: Well, thank you, Mr. Speaker. Frankly, I should first acknowledge the hon. Member for Edmonton-Rutherford, who took the opportunity this weekend to speak to some of the federal MPs, specifically the secretary of state responsible for funding for natives, and spoke very strongly and positively about improving the funding, and I want to thank him. He's not expecting this, but he did that on our behalf, so I'm very grateful.

We do point out one anomaly to the federal government on almost every occasion, and let me put it this way. If we apprehend and protect a child on reserve, then the federal government pays the support costs. If the child moves off the reserve, those support costs are picked up by the province in their entirety immediately, but if we apprehend a child in the city of Edmonton, for example, and the child moves to a reserve, then we in Edmonton still pick up those support costs. That's a real anomaly and one that we draw to their attention at every given opportunity.

We have this year, in order to not wait for the federal government to respond to our questions about some of these anomalies, instituted more funding through family and community support services so that cities and communities can cope with the populations in urban centres and do a better job perhaps with the early intervention and prevention programs. I have spoken to the hon. Minister of International and Intergovernmental Relations. He is going to

provide assistance to myself in terms of making an impact. Hopefully, for the first ministers' conference later this year we'll have a presentation available for our Premier to present at his pleasure in terms of some of our concerns about funding formulas.

THE SPEAKER: The hon. member.

MR. McCLELLAND: Thank you. My supplemental question is directed to the Minister of Aboriginal Affairs and Northern Development. Are aboriginal Albertans overrepresented as a percentage of Albertans living in poverty, incarcerated, or otherwise disadvantaged, and if so, what is the government's plan to remedy the situation?

MS CALAHASEN: Well, Mr. Speaker, the hon. member is correct. We are overrepresented in all those areas. This, to me, shows a need for all levels of government to focus on addressing the challenges that aboriginal people face. I mean, we have to look at unemployment; we've got to get it down. Some communities are as high as 80 percent. We have to be able to look at ways for us to be able to deal with that. We must look at creating education programs that tap the resources, especially for the fastest growing population that we have. So when we're looking at those kinds of things, Alberta Learning has started aboriginal apprenticeship projects. Alberta Learning in fact has also put in over \$5 million for native education programs. We've got programs such as the Gift Lake apprenticeship program, the training program that's happening there.

We're dealing with it from an educational perspective, but we also have to look at it from an economic perspective, which means that we have to be able to deal with it in that manner. In fact, there have been a number of areas that have been working on economic development initiatives, and I just want to name a few. Weyerhaeuser Canada has three contracts for approximately \$50,000 annually with mechanized harvesting contractors with Bigstone Forestry Inc., with Slave Lake, and a number of other communities to see how they can address the economic side. Those are areas that we have to look at in order for us to be able to start looking at those issues and dealing with them.

On the social side we see the Minister of Children's Services . . .

THE SPEAKER: You will have a supplementary.

The hon. member.

MR. McCLELLAND: Thank you, Mr. Speaker. To the same minister: given that fetal alcohol syndrome and effect are the reasons that so many Albertans and particularly aboriginal Albertans face such a very difficult life, why has the government not made its number one priority the elimination of fetal alcohol syndrome and fetal alcohol effect?

MS CALAHASEN: Mr. Speaker, I happen to disagree with the fact that it's been said that it's not a number one priority. It has been a number one priority for a number of years. First of all, the previous minister of social services made sure that he did a number of things that were required to see it become identified as a number one priority. As associate minister I certainly saw it as one of our programs with the children's initiative. In fact, the present Minister of Children's Services along with my department has been working on educational programs. As we know, education is the key if we are going to address the issue of FAS and FAE, because we can address the concerns in that respect. It is those kinds of things that we have to be able to work on in making sure that we educate people

to successfully combat in my view this social problem that affects so many of our children before birth.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Calgary-Buffalo.

Electricity Billing

MR. MacDONALD: Thank you, Mr. Speaker. On three previous occasions the Premier said that electricity deferral accounts were hypothetical and speculative. Time has proven him wrong, and now Albertans are paying more on their monthly bills for the deferred costs of expensive electricity that were not allowed to be charged to the customers during the election year. It seems that just as Enron, a vocal promoter of deferral accounts and deregulation, was a spectacular corporate failure, so too was this government's electricity deregulation scheme. My questions are to the Premier, who brought us all this expensive right-wing experiment. Since the Balancing Pool's current annual report states that there is another deferral account of \$345 million that must be paid by Albertans, how long will it be before Albertans see this deferral account added to their already expensive monthly electricity bills?

MR. KLEIN: First of all, Mr. Speaker, I don't abide by the notion that it's overly expensive in this province, comparatively speaking. I don't know what the price of power is today, but I know that last week when the hon. minister got up to speak, it was a little over 5 cents a kilowatt-hour. There was a spike at the beginning of the previous week due to a number of factors, one of which was that a number of plants were shut down for maintenance and there was a higher than usual demand on electricity and a lower than usual capacity of generation to deliver that electricity.

The simple fact is that relative to electricity deregulation we see a number of things now happening that didn't happen under a regulated environment. We see a number of cogeneration plants coming on stream. We see applications now for small in-river waterpower projects. We see applications for wind power. We see very significant applications for coal generation using state-of-the-art clean coal technology, Mr. Speaker. It stands to reason – and even the Liberals should be able to understand, at least those who have an ounce of entrepreneurial spirit – that the more you have to sell, the more the prices come down. It's a matter of supply and demand. A deregulated market has created the opportunity to increase the supply, and with an increase in supply of course the demand is less, and the prices should start to come down.

THE SPEAKER: Hon. members, I'm going to recognize the hon. Member for Edmonton-Gold Bar, but let's try and listen to the answers, too, if we're going to listen to the question.

The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Speaker. The Alberta Liberals, like Alberta consumers, understand that electricity deregulation has increased their monthly power bills. Now, can the Premier please tell us: how much more will Albertans' bills go up each month in order to pay off this \$345 million account?

MR. KLEIN: Mr. Speaker, that was pre-deregulation, as I understand it, and it was all part of the program to deregulate, which has been in place, by the way, or in the works since 1995.

Mr. Speaker, let's get down to some of the philosophical questions surrounding deregulation and the difference between their party and

our party, aside from the fact that we have 74 members and they have seven. I think that we reflect much better the attitudes and the desires on the part of Albertans, who want to see an entrepreneurial spirit. They want to see government get out of the business of being in business. The Liberal philosophy would be to have a monopolistic, totally controlled environment so that if electricity rates went up, they would simply pick the taxpayers' pockets and subsidize it throughout, adding to the deficit, creating more debt. And their attitude would be: well, we're not going to be around that much longer anyway; we'll let someone else worry about it.

2:20

THE SPEAKER: The hon. member.

MR. MacDONALD: Thank you, Mr. Speaker. The Liberal policy is for cheap, reliable electricity for Albertans. Now, can the Premier tell us how many additional charges there are now on Albertans' bills since deregulation and how many additional charges are lurking, waiting for them in the future?

MR. KLEIN: Well, Mr. Speaker, I'll answer the question with a question. Are the Liberals proposing to bring about this so-called cheap and reliable electricity by a totally socialized, monopolistic kind of system where the only way you can possibly ensure that electricity rates stay at the same rate at all times for all people for all reasons is to subsidize it through taxpayers' dollars? Is that what they're saying? Because I haven't figured out any other way.

THE SPEAKER: The hon. Member for Calgary-Buffalo, followed by the hon. Member for Edmonton-Centre.

St. Mary's Catholic School

MR. CENAIKO: Mr. Speaker, St. Mary's Catholic school is the first and hence oldest Catholic school in the city of Calgary and exists in the fine constituency of Calgary-Buffalo. It has a long and proud tradition in this city and is well remembered by many of the people who attended classes there and their descendants. Its fate has been the subject of much public discussion recently because the Calgary Catholic school board has indicated that it wishes to demolish the facility in order to provide a new facility for urgently needed education programs for special-needs students. My question is to the Minister of Community Development. Can the minister tell us what the status is of this historically significant school building?

THE SPEAKER: The hon. minister.

MR. ZWOZDESKY: Well, thank you, Mr. Speaker. As I understand it, the old St. Mary's school in Calgary was recently the subject of discussion at Calgary city council, and they voted a couple of days ago, I believe, to issue a notice of intention to the Calgary Catholic school board to designate that site as potentially being a municipal heritage site. Since the Calgary Catholic school board essentially owns that property, they are certainly well within their right to consider that particular determination. I understand that the Calgary council is working with them and that a decision may be reached as early as May 27 with regard to the fate of that school. We don't own it. The Calgary Catholic board does, so they're working it out.

THE SPEAKER: The hon. member.

MR. CENAIKO: Thank you, Mr. Speaker. My first supplemental question to the same minister: can the minister clarify the government of Alberta's involvement in this process?

MR. ZWOZDESKY: Well, Mr. Speaker, St. Mary's school has been the subject of considerable discussion and review by Alberta Community Development for the past three or four years because there is some historical significance attached to this school. So we've been through the process. We served intention of notice to designate. However, the bottom line was that without the approval and agreement of the Calgary Catholic board, we were not inclined after our review to designate that particular site as a provincial historic resource, because of course there were motions on the books of the Calgary Catholic board to not do so, to in fact replace it with a replica. So our involvement in the process has been one of support where we could. I've met with the Catholic board and I've also met with representatives of the community, so we've been involved in that fashion through the process.

I think I'll just conclude this part, Mr. Speaker, by saying that section 26 of the Alberta Historical Resources Act specifically does enable a municipality to consider sites within its jurisdiction for possible designation, and that's what I believe is occurring now.

THE SPEAKER: The hon. member.

MR. CENAIKO: Thank you, Mr. Speaker. My second supplemental question to the same minister: is the province prepared to provide any financial assistance toward the preservation of St. Mary's school as a result of this recent municipal decision?

MR. ZWOZDESKY: Well, Mr. Speaker, I think the finances of such an undertaking will likely reside between and among members of the Catholic board and the city of Calgary council. But should the situation occur that the St. Mary's school gets designated as a municipal historic resource, then some limited funding for the ongoing preservation would be available through our Alberta Historical Resources Foundation, and I believe it's in the order of \$5,000 over consecutive 5-year periods.

THE SPEAKER: The hon. Member for Edmonton-Centre, followed by the hon. Member for Edmonton-Highlands.

Community Lottery Boards

MS BLAKEMAN: Thank you, Mr. Speaker. Yesterday the Minister of Gaming said that about half the applications to the community lottery boards received funding. The minister now sees these applications being shifted to programs like the community facility enhancement program, or CFEP, and the Wild Rose Foundation. My questions are to the Minister of Gaming. If the minister is now trying to accommodate these groups through CFEP or Wild Rose, where will this extra money come from? Where is it in the budget?

THE SPEAKER: The hon. minister.

MR. STEVENS: Thank you, Mr. Speaker. If you take a look at the budget for the year 2002-2003, there in fact is scheduled an increase in funding both in the Ministry of Gaming for the community facility enhancement program and in the Community Development ministry budget for the various foundations that are funded there, including the Wild Rose program. So if you go out one year, there is additional funding that is anticipated at this time.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thank you very much, Mr. Speaker. Given that the total amount of money in the lottery fund was \$50 million and the extra being added into CFEP is \$2.5 million – and I don't hear

any additional money being put into the existing grant programs – how is the minister going to decide which groups currently getting grants will get cut to make way for the dispossessed lottery board applicants?

MR. STEVENS: Mr. Speaker, the community facility enhancement program has been one of the very successful programs of this government. It has been in place since the late '80s and in fact over that 12-, 13-, or 14-year period has expended something in the order of \$250 million or more. I have never heard anyone complain about the community facility enhancement program. Indeed, I've had many people write letters to me thanking me for the good work that is being done there. I anticipate that this program, which has very clear rules and which is very fairly administered, will continue to do good work as it goes forward.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thank you very much. Given that the Hillhurst-Sunnyside Community Centre applied for community lottery board money for a healthy eating program, therefore it wouldn't be eligible under either CFEP or Wild Rose, where will the minister now direct them to apply for funding for this program?

MR. STEVENS: There are a couple of things that I think are important to recognize. The first thing is that in Alberta we have a charitable model of gaming, which puts into the not-for-profit sector annually some \$300 million; \$300 million is a great deal of money. I would suggest that there's no other province in this country that puts that type of money into the not-for-profit sector.

The second thing that I think is important for this hon. member to understand is that, as I indicated the other day, I've been asked to review the existing programs to take a look at how we may be able to accommodate through modification or some other means those applications which have previously been funded by the community lottery program and that otherwise will fall between the cracks. I have undertaken to do that. I will be doing that. It will be something that I will be bringing forward to my colleagues in the not-too-distant future.

THE SPEAKER: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Red Deer-North.

Municipal Taxation

MR. MASON: Thank you, Mr. Speaker. Yesterday the Premier was musing again, this time about allowing municipalities to levy new taxes. However, the Premier overlooked a straightforward solution, which has been advocated for years by Alberta municipalities themselves; namely, the full responsibility for property taxes in Alberta. For years Alberta municipalities have had to share property tax revenue with the provincial government and as a result have had to beg a variety of grants, taxes, and program funding to bridge the resulting revenue gap. My question is to the Premier. Instead of adding to the undergrowth of the tax jungle by adding various new kinds of taxes, why doesn't the government develop a plan to withdraw over time from the property tax and leave that field as the exclusive preserve of Alberta's municipalities?

2:30

MR. KLEIN: Mr. Speaker, the province is involved in property tax only as it relates to education. The musings that the hon. member alludes to are musings that go back to 1980, you know, long before

this member was a municipal councillor or was involved in any way, shape, or form in municipal policymaking. Perhaps he was driving a bus at that particular time. I don't know.

MR. MASON: You bet I was.

MR. KLEIN: And that's a good profession. It's a great profession.

I was working for the city. I was the mayor. I was working for the city also, for another city, mind you. I mused at that particular time, as a matter of fact made representation to a provincial task force on municipal financing, that perhaps municipalities should be given the authority to explore ways to raise additional revenues. Well, I was shot down at that particular time, but now that I'm here and have the opportunity and now that the issue is resurfacing, I'm saying that it's time to have a good look at it. I don't see anything fundamentally wrong with it. I'm sure that had the hon. member still been a member of Edmonton city council, he would have jumped at the opportunity to have the legislation amended, either the Municipal Government Act or the municipal taxation act, to allow, to enable – that's not to force but to enable – municipalities to raise additional revenues if they so wanted and if they wanted to take the political risk.

THE SPEAKER: The hon. member.

MR. MASON: Thank you very much, Mr. Speaker. Given that in the 2000-2001 provincial budget a first step in this direction was taken when the government cut its portion of the property tax by 10 percent, why has this direction been reversed in the latest budget, which includes an increase in the provincial portion of the property tax?

MR. KLEIN: Mr. Speaker, the only taxation relative to school board taxation has been to accommodate growth. I believe it's the hon. Minister of Municipal Affairs. I'll have him respond and add to my answer.

THE SPEAKER: The hon. minister.

MR. BOUTILIER: Thank you, Mr. Speaker. It's important to note that in actual fact in this budget year the mill rate is going down, because we're able, then, to capture the growth that actually is taking place in Alberta. As you know, last year municipalities received about \$135 million in tax room, which I know is welcome. This year we're attempting to capture the growth because of people moving to Alberta, where there are lots of jobs.

THE SPEAKER: The hon. member.

MR. MASON: Thank you very much, Mr. Speaker. Is the Premier just musing, or will he commit to a new deal for municipalities which is comprehensive, sustainable, beyond the reach of nervous finance ministers, and which solves once and for all the financial needs of Alberta's cities, towns, and rural municipalities?

MR. KLEIN: Mr. Speaker, this whole situation is under review right now by I think it's the roles and responsibilities resource committee. If municipalities want to make representation relative to my musings, that's entirely up to them. We aren't forcing municipalities to do anything, but if they want it, if they want the enabling legislation – you have to understand, and I'm sure that the hon. member understands, having been a former member of council, that municipalities are indeed creatures of the province. They operate

under various pieces of government legislation; i.e., the Municipal Government Act, the municipal taxation act, and so on. All this government does is simply enable municipalities to do certain things. If those things that we enable them to do prove to be unpopular with the voters of a particular municipality, guess what happens? The municipal legislators get fired. That's what democracy is all about.

THE SPEAKER: Hon. members, before calling on the first of seven members to participate in Recognitions today, might we revert briefly to Introduction of Visitors?

[Unanimous consent granted]

head: **Introduction of Visitors** (*reversion*)

THE SPEAKER: The hon. Member for Bonnyville-Cold Lake.

MR. DUCHARME: Thank you. It gives me great pleasure to introduce to you and through you to all members of the Assembly Mr. Ernie Isley. Mr. Isley is a former MLA for the constituency of Bonnyville, that he represented from 1979 to 1993. He is presently the chair of the Lakeland regional health authority. Mr. Isley is seated in your gallery, Mr. Speaker, and I'd ask him to rise and receive the traditional warm welcome of this Assembly.

head: **Recognitions**

THE SPEAKER: The hon. Member for Edmonton-Norwood.

Mabel Julia Wade

MR. MASYK: Thank you, Mr. Speaker. Today it gives me great pleasure to rise and recognize an upcoming birthday of an Edmonton-Norwood constituent. Mabel Julia Wade was born in South Dakota in the year 1902, and shortly after her birth Mabel's family moved to Canada and settled near Camrose. One of five siblings, she attended school in Parkdale district near Bawlf, Alberta, and she received her teaching degree at Camrose normal school before going on to teach at various country schools. Mabel was married in 1929 and with her new husband resided in the Mellowdale area and farmed in the Elk Point area during very difficult times. The Wade family moved to Round Hill, and then they made their final stop in Edmonton in 1950. Two years after arriving in Edmonton, in 1952, the Wades purchased a home in the Norwood area. Fifty years later Mabel Julia Wade, now 99 years old, still resides in the same Norwood home.

Please join me in congratulating Mabel Julia Wade, who will turn a hundred years old on Thursday, May 16. Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Banff-Cochrane.

Public Library Awards

MRS. TARCHUK: Thank you, Mr. Speaker. I rise today to recognize this year's recipients of the annual public library awards, which were presented at the annual library conference in Jasper last weekend. The Banff public library was presented with the creative public library service award for offering free service to local residents. This project has been very successful in achieving its goal from the moment the free service was introduced. Enrollment has increased by 40 percent, with circulation materials increasing by 17 percent over its 1999 level.

In addition, the collaborative innovation in library service award

was awarded to the Marigold, Northern Lights, and Yellowhead library systems in recognition of their partnership and innovation. They combined their entire databases, that now offer over 1.7 million items to library users. The new system creates a library without walls, based on 21st century technology, while offering a faster and wider service to its customers.

Please join me in congratulating these outstanding library organizations.

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

George Chatschaturian

MR. MacDONALD: Thank you, Mr. Speaker. I stand to recognize George Chatschaturian of Edmonton, Alberta, who unexpectedly passed away on April 18 at the age of 55 years. He was born in Miltenberg, Germany. George is survived by his wife of 35 years, Wilma, three daughters – Toby, Tara, and Debbie – and their spouses, and eight grandchildren, who brought so much joy to his life. Mr. Chatschaturian was a proud member of the International Brotherhood of Electrical Workers local 424 for the past 33 years. He served the local with distinction for the past 22 years as a dispatcher and assistant business manager. He always in the discharge of his duties put the interests of the workers first. He also found time to ably represent the interests of workers on the board of directors of the Workers' Compensation Board.

The standing-room-only crowd at his memorial service were people from all walks of life joined to express their respect for the man and all that he accomplished. His contributions to his community and to our province and country do not go unnoticed. His family's loss is shared by all of us.

Thank you.

THE SPEAKER: The hon. Member for Calgary-West.

Canadian National Junior Boxing Championship

MS KRYCZKA: Thank you, Mr. Speaker. I'm very pleased to speak today on behalf of the hon. Minister of Aboriginal Affairs and Northern Development regarding 12 boxers from Alberta who recently competed at the 2002 Canadian national championships in St. John's, Newfoundland, and who I was pleased to meet Monday on their return Toronto to Edmonton flight. These young athletes achieved incredible results for Team Alberta, winning five gold and six bronze medals. Skylar Sloan, a member of the Slave Lake Boxing Club, is from Kinuso, in the Lesser Slave Lake region, and remains the only undefeated boxer on the Canadian national junior team, with 14 wins and no losses.

2:40

Lee Tanghe, also from Slave Lake, was the team's coach in St. John's and has coached boxing since 1990, achieving incredible results over the years. Lee has been selected to represent Alberta as head coach at the 2002 North American Indigenous Games in Winnipeg this summer and has been preselected as Alberta's coach for the 2003 Canada Games in New Brunswick.

Congratulations, coach and team, on your dedication to sport excellence and your achievements at the Canadian championships.

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

Portage College Sports and Education Dinners

MR. DANYLUK: Thank you, Mr. Speaker. It is an honour for me

to recognize the Portage College sports and education dinners, which were held in St. Paul and Lac La Biche on April 26 and 27. The college's mandate is to stretch out into the community and meet the educational and training needs within the region. They accomplish this with their main campus in Lac La Biche and 12 community campuses, reaching 1,400 students. President Bill Persley, board chairman Tom Lett, governors, and staff are to be commended for their roles in ensuring the success of this event.

The purpose of the dinners was to raise awareness of the educational opportunities for students and to enhance support for scholarships for students enrolled at Portage College who demonstrate a financial need. Mr. Speaker, both evenings raised approximately \$65,000, and I would like to congratulate all those involved in the second annual event. The successful efforts and the commitment shown by these constituents of Lac La Biche-St. Paul who attended will be appreciated by many future students. A great effort, a great cause, and a great job.

Thank you.

Excellence in Teaching Awards

MR. MASKELL: Mr. Speaker, thanks to the creation of the excellence in teaching awards by this government in 1989, students, parents, teacher colleagues, and community members have been given the opportunity to recognize outstanding teachers. Anyone who has ever been nominated for an award knows how appreciated and valued one feels. Last evening I attended the Edmonton public schools celebration for the district finalists, excellence in teaching awards 2002, along with the hon. members for Edmonton-Rutherford and Edmonton-Norwood. I'm proud to advise members that 26 teachers – and I say again: 26 teachers – from Edmonton public schools are provincial finalists. This is an impressive number when one considers that the total is 131 provincewide.

I would like to congratulate finalists Lynda Antoniuk, Tracey Arbuthnott, Trina Blake Sharun, Jennifer Brayer, Russell Campbell, Sandy Cross, Rhonda Day, Tana Donald, Jacinthe Farand, Shelley Filan, Nina Fotty, Stacy Fysh, Donna Irwin, Joann Limoges, Karen Linden, Kim Marcinek, Joan Martz-Krewusik, Wesley Myck, Donald Myers, Marsha Nelson, Hazel Quigg, Patricia Radcliffe, Jen Riske, Ray Cimolini, Lynne Jones, and Powell Jones.

Congratulations to Edmonton public schools on these outstanding teachers. By the way, four of these finalists are teachers at schools in Edmonton-Meadowlark.

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

National Summer Safety Week

MR. BONNER: Thank you, Mr. Speaker. I rise today to recognize the Canadian Safety Council National Summer Safety Week. After a long winter and a spring that is in no hurry to arrive, it is important for Albertans to remind themselves about the dangers they may encounter while enjoying the warm weather. In the rush to get to the lake, we must take time to make sure that our vehicles are in good working condition and that watercraft are safe for another season. Rules about wearing life jackets, using sunscreen, and always swimming with a buddy are taught to children, but adults are well served to heed their own advice. Cycling and in-line skating are great exercise and wonderful ways to enjoy the outdoors, but excessive speed, a disregard for others, and a lack of safety equipment are quick ways to go from having summer fun to watching from the sidelines. The rules of the road are there to protect everyone: pedestrians, cyclists, and drivers. While speed limits and

right-of-way rules may seem like a bother to some people, they'll take much less time out of a person's day than a trip to the hospital.

The mission of the Canadian Safety Council is to lead in the national effort to reduce preventable deaths, injuries, and economic loss in public and private places throughout Canada. I encourage all Albertans to take a moment, assess the risks, and make every summer activity a safe one.

Thank you.

THE SPEAKER: Hon. members, as a result of recognitions and members' statements oftentimes my office receives calls from members of the public who say: how is it that one week or one day or one month is recognized but another is not? So to bring to all members' attention, May is Cystic Fibrosis Month, Multiple Sclerosis Awareness Month, MedicAlert Month, Better Speech and Hearing Month, Motorcycle and Bicycle Safety Awareness Month, Asian Pacific Heritage Month, Red Shield Appeal Month, Child Find's Green Ribbon of Hope campaign, Light the Way Home campaign. February 21 to May 18 is the Easter Seal mail campaign. April 26 to May 4 is Education Week. May 3 is World Press Freedom Day. May 3 to May 12 is Information Technology Week. May 5 to May 11 is North American Occupational Safety and Health Week. May 6 to May 12 is Emergency Preparedness Week. May 8 to June 21 is SummerActive. May 12 to May 18 is National Police Week. May 15 is International Day of Families. May 17 is World Telecommunication Day. May 18 to May 24 is Safe Boating Week. Of course, May 20 is Victoria Day. May 21 to May 24 is Aboriginal Awareness Week. May 22 is International Day for Biological Diversity. May 25 is National Missing Children's Day.

The hon. Member for Edmonton-Highlands.

MR. MASON: Mr. Speaker, I just wanted to point out that May 1 is International Workers' Day.

THE SPEAKER: Well, yes, of course. Absolutely. Thank you.

head: **Presenting Petitions**

THE SPEAKER: The hon. Member for Olds-Didsbury-Three Hills.

MR. MARZ: Thank you, Mr. Speaker. I'd like to present a petition concerning the independence of the Children's Advocate of Alberta.

THE SPEAKER: Hon. Member for Edmonton-Highlands, did you have a petition to present?

MR. MASON: Yes, I did, Mr. Speaker. I'm presenting a petition signed by 71 Albertans petitioning the Legislative Assembly to urge the government "to not delist services, raise health care premiums, introduce user fees or further privatize health care.

THE SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Mr. Speaker, it's a privilege today to present a petition from 200 individuals from southern Alberta concerning equal support for public and separate education and the rights that that implies for all students in the province.

Thank you.

head: **Tabling Returns and Reports**

THE SPEAKER: The hon. Minister of Justice and Attorney General.

MR. HANCOCK: Thank you, Mr. Speaker. Today I am pleased to

table with the Assembly the 2001 report of the Law Society of Alberta. Lest members not take the time to read the full report, I would direct their attention to page 10, where it points out the strong relationship between the Department of Justice and the Law Society of Alberta that has been occasioned over the past few years.

THE SPEAKER: The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. I stand today to table copies of what was intended to have been a petition but didn't turn out to be. It's more like a letter signed by a number of individuals in southern Alberta asking that the Alberta motor vehicle operators' list be made available for those who support and administer the War Amps program.

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

MR. MacDONALD: Thank you, Mr. Speaker. I, too, have a petition, from Mary Brown on 86th Avenue in the constituency of Edmonton-Gold Bar, urging the hon. Premier of Alberta to provide access to the Alberta motor vehicle operators' list for the War Amps program. The Drivesafe program is only one valuable service that's provided by that organization.

My second tabling today is the official program – and this is quite appropriate on May 1, which is recognized around the world as a day of recognition for workers' rights – for the candlelight ceremony from Sunday, April 28, 2002, to recognize the number of workers killed around the world on job sites. This program was sponsored this year by the Alberta Federation of Labour, the Alberta and Northwest Territories Building Trades Council, and the Edmonton and District Labour Council.

Thank you very much.

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

2:50

DR. PANNU: Thank you, Mr. Speaker. I rise to table appropriate copies of two different letters that I received over the last few days. The first one is a letter that's dated April 29 from the president of the Alberta Rowing Association. First she outlines how important lottery board grants have been and how they've been utilized by this association in financially supporting "emerging athletes, five of which were members of Canada's Olympic Rowing Team in Sydney, Australia." Then, of course, the president urges the provincial government to "reconsider this most inappropriate decision and to reinstate the funding for Community Lottery Board grants. In eliminating Community Lottery Board funding a major disservice has been done," and she asks that we act promptly in reversing the provincial government's decision.

The second letter, Mr. Speaker, is from the Canadian Mental Health Association, Alberta southeast region, with its office in Medicine Hat, urging the government to give higher priority to mental health in its health care programs.

Thank you, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Highlands.

MR. MASON: Thanks very much, Mr. Speaker. I have one tabling today. It is a letter to the hon. Premier from Alex Grimaldi, who on behalf of the 30,000 members of the Edmonton and District Labour Council voices great displeasure in the government's decision to eliminate the community lottery boards.

THE SPEAKER: The hon. Member for Edmonton-Glenarry.

MR. BONNER: Thank you very much, Mr. Speaker. With your permission I'd like to table the appropriate number of copies of a letter sent from Alberta Municipal Affairs to TEC Engineered Support Services, Wesure Weld Support Systems, Stemco Inc., and Ironman & Company. This letter is dated January 8, 2002, and in here Alberta Municipal Affairs

has worked in conjunction with APEGGA to determine if there was any action needed to deal with the concerns identified with the engineered teleposts. An investigation by APEGGA has found that the tables and other information currently available from some manufacturers may not be sufficient to provide adequate guidance in the selection of the proper components to make up the telepost.

Thank you.

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

MS BLAKEMAN: Thank you very much, Mr. Speaker. A couple of tablings today. The first is a letter from the Hillhurst-Sunnyside Community Centre to their MLA, the Member for Calgary-Mountain View, asking that the government reinstate the community lottery boards and including a bill for \$600 for their time to prepare the grant applications for the now nonexistent boards.

The second tabling is from Janice McTighe, executive director for Renfrew Educational Services. The letter is to me, noting that the Calgary community lottery board funded very worthwhile projects and worrying that some of these organizations may have to close their doors, asking the government to reconsider their decision.

The next is a letter signed by the board of the Alberta Craft Council. The letter is directed to Premier Klein, noting that since the days of Premier Lougheed, there has been an agreement amongst large numbers of Albertans that, if there is going to be government organized gambling, government has a responsibility to put [gaming] profits back into communities and community-based services.

Another letter, from Candice Noakes directed toward her member, the MLA for Calgary-Currie, expressing her outrage about the decision to cancel the community lottery boards, noting that it will devastate hundreds of non-profit organizations and asking her member to represent the citizens of the province and show support for the lottery boards.

Finally, a letter from Richard Reid, bingo chairperson of Victoria Co-ed Cheerleaders Parents' Committee, noting that they're writing to express their approval for the paid floor staff at the bingo association and feeling that each bingo association must make their own decisions, but they are certainly in favour of this view brought forward by Alberta Gaming and Liquor Commission.

Thank you, Mr. Speaker.

head: **Orders of the Day**

head: **Government Bills and Orders**

MR. HANCOCK: Mr. Speaker, I'd ask for the usual unanimous consent under section 58 of our Standing Orders to allow us to proceed till 5:15 before a vote.

[Unanimous consent granted]

head: **Committee of Supply**

[Mr. Shariff in the chair]

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

head: **Main Estimates 2002-03**

Finance

THE DEPUTY CHAIR: As per our Standing Orders the first hour will be allocated between the hon. minister and members of the opposition, following which any other hon. member may participate.

The hon. Minister of Finance.

MRS. NELSON: Thank you very much, Mr. Chairman. It's a pleasure to be here today to present the Ministry of Finance's estimates for 2002-2003. I'm also going to spend a little bit of time giving an overview of what Finance does and the key points of our business plan.

Before I begin, Mr. Chairman, I'd like to introduce some of the staff who have been involved in putting together our business plan and our budget. With us today in the members' gallery are Bonnie Lovelace, our senior financial officer; Peter Kruselnicki, our Deputy Minister of Finance; Richard Shelast, our senior manager of budgets, who puts Finance's budget together; Colleen Kroening, who is our manager of strategic planning; and my executive assistant, Tim Wade. Welcome.

Mr. Chairman, as Minister of Finance I am proud to say that Albertans enjoy the lowest tax regime anywhere in Canada. This includes no sales tax, no payroll tax, no capital tax, a single-rate personal income tax of 10 percent, and the highest basic personal exemption compared to all other provinces. We have a competitive tax regime. It's critical to Alberta's economic advantage, and our goal is to provide lower and more competitive taxes that are sustainable over the long term.

Families are also benefiting from these lower taxes. The typical one-income family with two children in Alberta pays the lowest provincial tax and health care insurance premiums in Canada. For an income of \$30,000 those taxes in Alberta are 81 percent lower than the average in any other province. For a two-income family with income of \$60,000 the Alberta advantage is still 30 percent lower than the average in other provinces.

I am also proud, Mr. Chairman, to report that we have reduced debt servicing costs from \$749 million to \$506 million in the past year. That is a big step forward, reducing the burden on future generations of Albertans and freeing up money for programs and services in the future.

Now, before I get into the other highlights from our budget and estimates, I want to tell you about the key roles of the ministry. All of you here know that one of Finance's core businesses is establishing the fiscal framework and facilitating sound fiscal planning and decision-making. This is our overarching responsibility for coordinating tax, fiscal, and economic policy for Albertans. It includes looking at the overall revenues and expenditures. In our mandated supporting role to Treasury Board we seek to strike the right balance, working with other ministries to find the right levels of revenue that government should raise for government operations and what mix of revenue is right along with the balance between debt payment, low taxes, and priority spending.

3:00

All the results of that work ends in the budget and carries on throughout the year in our quarterly reviews of the budget. It's usually what people think of when they think of Finance, and while at times the budget is a time-consuming task, it is just one of the vital responsibilities we undertake in this ministry, but there are many others also. We lead in business planning, performance measurement, financial and reporting standards, accounting, investment and debt accounting, liability management, banking and

cash forecasting, pensions, insurance, Alberta Treasury Branches, and Credit Union Deposit Guarantee Corporation, just to name a few. We represent Alberta in the federal/provincial discussions on economics, taxation, and fiscal issues. We prepare consolidated financial statements for the government, provide analysis of investment and debt returns, safeguard pension entitlements, regulate insurance companies, and so on.

So as everyone here can appreciate, Alberta Finance does much more than just the budget itself. The bottom line is that Alberta Finance is responsible for the financial plans, policies, and regulations that ensure that the government runs smoothly and that this province continues to be in a strong fiscal position. The focus of all this work is found in our vision, mission, and six goals that are outlined in the business plan.

Vision, Mission, and Goals. Alberta Finance's vision is "working together to provide renowned and innovative financial leadership." Our mission reflects our core businesses and encompasses the following:

- Establish the fiscal framework and facilitate sound fiscal planning and decision-making.
- Foster an effective accountability framework.
- Manage financial assets and liabilities prudently.
- Foster access to comprehensive and competitive financial . . . services and pension plans.
- Administer the regulatory framework to reduce the risk of financial loss to pension plan members, depositors and policyholders.

Alberta Finance has six goals to accomplish the mission for 2002-2005. They are: goal 1, "A strong sustainable financial position." As you know, some of the key performance measures for this goal are to meet our legislated pay-down plan on the accumulated debt and for Alberta to have the best credit rating among the provinces. You also know that we're years ahead of schedule on the debt pay-down, and indeed we do have the best ratings. In fact, last summer we received the triple crown when the Dominion Bond Rating Service joined Moody's and Standard and Poor's in giving Alberta a triple A credit rating for domestic debt. I might add, Mr. Chairman, that we are the only jurisdiction and the only government in all of Canada who has attained the triple crown from the rating agencies. Goal 2, to be "financially open and accountable government." I think, Mr. Chairman, that every day we demonstrate that openness and accountability within this House. Goal 3 is to have "a fair and competitive provincial tax system." Goal 4, "Effective management of the province's financial assets and liabilities." Goal 5, "Foster confidence in, and encourage the availability of comprehensive, reliable, and competitive financial products and services." Goal 6, "Foster confidence in Alberta-registered pension plans."

Each goal has several strategies that are outlined in the business plan. I'll mention just a few of the key ones. We'll be looking at the public-sector pension governance. As Finance minister I am the trustee of six public-sector pension plans. My responsibilities include benefit changes as well as the administration of contributions and benefit payments and the investments of assets. Today we use the investment group that is housed under Alberta Revenue. The existing government's framework for these plans has been in place for a number of years. Accordingly, I have started a review and intend to consult with all stakeholders to look at governance. I plan to have a formal report and recommendations delivered to me in the fall.

Another initiative to note involves looking at the effective management of the province's financial assets and liabilities. Alberta Finance is developing an enterprise risk management strategy. The aim will be to raise awareness of risks on a governmentwide basis to things like weather, capital markets, and

energy prices. When this is done on a cross-ministry and governmentwide level, it will ensure that risks are effectively evaluated and managed.

Another strategy is to monitor debt portfolio and future financing requirements to anticipate and manage risks. We need to look at risks not just program by program or ministry by ministry but on an overall basis. A negative risk in one area might be offset by a plus in another. I won't go into detail on any more of our strategies, but I am pleased to answer any questions you might have about them.

A key announcement in the budget was the establishment of the Financial Management Commission to review the province's fiscal framework, and the commission will be seeking input from Albertans in the near future. I look forward to receiving their recommendations.

That's a quick look at what we do and where we're headed in 2002-2003, and now I want to give you a few highlights from our budget and our estimates. Even though we're here for the purpose of approving my estimates – and I'll give some specifics on those – I'm going to provide a few details on other aspects of the ministry's budget as well.

Net income. You'll see in our budget documents that Alberta Finance is projecting a surplus of nearly \$71 million in 2002-2003. This represents an improvement of \$366 million from 2001-2002 forecasts and \$467 million from 2001-2002 budget. Most of the change in the ministry's bottom line is attributed to shrinking the debt load, a transfer from the lottery fund for the economic cushion, and a onetime transfer of restricted equity from the Alberta Municipal Financing Corporation.

The ministry revenue is projected at \$1.1 billion, an increase of \$92 million, or 9.3 percent, over the third-quarter forecast for 2001-2002. We don't have the final numbers on that as yet, but we'll have them soon. As I alluded to earlier, this increase results from a \$99 million increase in transfers from the lottery fund and a \$100 million transfer from the restricted equity on the AMFC. These increases are partially offset by a \$42 million decrease in the department investment income because of lower surpluses in the GRF earmarked for debt retirement as a result of lower average balances and interest rates projected for 2002-2003, a \$27 million reduction in AMFC investment income, and a \$39 million decline in the net income of Alberta Treasury Branches due mainly to the lower interest spreads, a return to a normalized loan, loss provision, and increased expenses.

On the program expense side, in terms of program spending, we're budgeting about \$442 million, or a 2.1 percent or \$9.2 million increase over 2001-2002 for the ministry. This includes a \$4.1 million increase for Alberta Pensions Administration, \$2.4 million for the department itself, and \$400,000 for the Alberta Insurance Council. The remaining \$2.3 million is a net increase in valuation adjustments for the Credit Union Deposit Guarantee Corporation, which I'll mention again in a second, and this is offset by a decrease in interest expense from the Alberta Municipal Financing Corporation. The increase in Alberta Pensions Administration spending is entirely offset by revenue from service charge-backs to the pension fund by their administration. The \$29.3 million change in valuation adjustment spending stems from the renegotiation of the credit union deficit financing agreement. Last year that saved the province \$29 million.

I'll highlight a few areas from our estimates that I think are of interest, Mr. Chairman. The department's voted program expense has increased by \$2.1 million over 2001-2002's forecast. The increases are largely due to reduced vacancy rates, salary adjustments, reallocation of governmentwide financial and human resource systems costs to reflect a new cost distribution formula adopted across the government, and fee increases for banking services and investment management services.

There is always interest in the minister's office and what we're spending. This budget is increasing by \$10,000 from our forecast and a bit more than that over last year's budget. This is mainly to cover salary adjustments within the office. The deputy's office usually comes under scrutiny as well. It's increasing about \$6,000 from forecast, again mostly salary adjustments for the staff within the office.

3:10

You won't find these next few numbers in your estimates, but questions come up on them. In the department we'll spend about \$13 million on manpower costs, including permanent wage and contract staff and all their benefits. We'll also spend about \$7.6 million on total supplies and services – that is, everything that isn't manpower costs – including \$340,000 for travel and \$43,000 for freight and postage. That was asked last year. That's for the department itself.

Capital investments. The ministry capital investment has decreased by \$940,000, or 22.5 percent, down from \$4.1 million from our forecast for last year. This is largely due to the completion last year of a new pension information system in the department and the completion this year of the new pension administration system in the Alberta Pensions Administration Corporation.

Also, something we're interested in, overall the ministry has increased its staffing by 20 full-time equivalents to 351, around 6 percent. The increases are only in the Alberta Pensions Administration Corporation and the Alberta Insurance Council. The department's staffing level will be 172 full-time equivalents, no overall change from last year.

In the Alberta pension administration group there are 19 additional full-time equivalents, including 15 to handle the growing volume of retirees, the training of new employees, and changes in the public service pension plan and the local authorities pension administration systems. A further four full-time equivalents are required to support the new pension administration system. The costs for these people are borne by the pension plans. The Alberta Insurance Council has also added two full-time equivalents for auditing mandatory requirements under the new Insurance Act.

So, in conclusion, Mr. Chairman, this is really a quick overview of Alberta Finance's business plan and budget estimates for 2002-2003. I look forward to hearing the comments from the members opposite, and I'm committed again to answering all questions that come my way. If I don't have all the answers at my fingertips, I will undertake to have written responses sent back to all questions presented by all members in the Assembly.

Thank you very much. I welcome your comments and your questions.

THE DEPUTY CHAIR: The hon. Leader of Her Majesty's Official Opposition and MLA for Lethbridge-East.

DR. NICOL: Thank you, Mr. Chairman. I want to thank the minister for her overview, and I want to join the minister in thanking the staff that have come out today to help in the responses today and also in the preparation of the business plan and the budget. It's a real challenge, and it really takes a lot of personal effort from them, so thank you very much. I guess the questions that I want to start with link more to kind of the relationship between the budget and the policy issues that come up, so I'll be focusing at the start a lot on some questions that come out of the business plan and then will be dealing more with some of the line items probably in my second 20-minute period.

In the initial part I wanted to just thank the minister for the

overview that she gave in terms of some of the goals and objectives, and they sound like the kind of things, you know, that Albertans would agree to and would say are appropriate for our province. When we start looking at some of the detail that's there and some of the issues of managing those goals, some of the issues of trying to deal with operationalizing and making I guess the management of the province's budget fit with them, we end up kind of needing some clarification or having some questions raised. If we go through the business plan and start with your goals, I guess the measure of what constitutes an outcome of being well managed leaves a lot of questions when you look over at your performance measures and basically see there good credit ratings as the major component of all the performance indicators. It's page 159, Madam Minister.

The main issue there that I think comes up is that credit ratings are kind of expressions of expectations in the long run as opposed to the day-to-day expectation. I would ask if there are any efforts right now, other than what you're talking about through your Financial Management Commission, to look at some of these performance indicators that may reflect the shorter vision than just the credit rating type of approach that comes from, you know, bond market raters, because they, as I said, are very long-run type ratings.

There I'm thinking a little about some of the issues that come with trying to get a performance indicator in terms of stability or predictability. You know, how much do you follow the business plans from one year to the next? This in effect allows especially the contract agencies that we're using now like regional health authorities, like school boards, like children's authorities, all of these kind of arm's-length groups, who have to do their business plans – and they're doing their business plans in advance in many ways because they have to plan long run as well. So one of the measures that we should be looking at in terms of trying to measure our financial position and our financial management is the ability to carry through on those three-year business plans that we put out in conjunction with the budget each year, because that gives them a little bit of certainty.

I would suggest, Madam Minister, you know, that we would want to see a closer delivery of a business plan next year as opposed to the third year, because each year that you get farther away, more and more issues come up where you would want to make changes that would affect those business plans. But on a year-to-year basis there should be a degree of certainty. So I guess what I'm saying is: are you looking at those kinds of shorter term financial management indicators, or would this be something that the Financial Management Commission would be looking at much more than having it come through your process of policy development and policy strategy?

Farther down under the outcomes on that first goal you talk about: "The government fiscal plan is integrated with the business plans." How would that be measured in the context of where we would look at the actual delivery of those business plans and the financial plan? We're getting into an issue here where a lot of the business plans deal with issues that are social indicators, whereas your ministry as kind of the bank of the government is responsible for the bottom line more than the social well-being. This has always been something that's been very difficult to deal with. When we start dealing with that, are we going to be looking at the idea of a social debt, infrastructure debt, or deficits? You know, last fall we had the Minister of Infrastructure mention that on the business plan basis we were somewhere in the neighbourhood of \$700 million to \$800 million in deficit in upgrading and maintaining our infrastructure. Yet when we look at the financial position of the province, that, quote, deficit doesn't show in any of our balance sheet type presentations because – this is what I'm saying, you know. Your responsibility is the dollar value bottom line, whereas as a government we also have the

responsibility through our business plans to look at this societal, social, infrastructure bottom line. I would be very interested in any thoughts you have about how you would link those business plans to your financial bottom line, because this is great stuff if we can ever work that out. This could start a whole new concept of social accounting for measuring and valuing how societies progress. So I wish you luck. It's something we really do need to pursue.

3:20

The next issue, "Develop Alberta's position on federal-provincial fiscal arrangements." That's again on page 159, Madam Minister. You're talking there about the Canada health and social transfer and how this is still our base funding arrangement with the feds, but in reading what you present here in your business plan, I get the sense that you'd like to see some changes in the way that program works with the freedom that we as a province have to allocate those dollars, to deal with the dollars. I would like to have some idea of what you're thinking about there, because this is one of these issues of revenue versus responsibility for delivery of a service. This in effect could set some good precedents or some good examples for how some of your ministries would deal with envelope or block funding for some of these arm's-length agencies so that they in effect could be looking at the same level of flexibility that we're trying to seek as we deal with the feds under that health and social transfer program.

The next issue you address in the business plan is the Canada pension plan, that you wish to make sure there is a sustainability component with it. I guess the question that comes up would be: do you have information that is not consistent with what the federal government is talking about in terms of their perception of the sustainability of that pension plan? I know there have been a couple of independent studies that have questioned whether or not the information coming from the federal government is appropriate. You obviously must have been thinking about something to make a statement like that in your business plan, that we have to be working with the federal government to guarantee the sustainability.

I notice nowhere in here that there are references made anymore to the idea of this Alberta pension plan alternative. Is that still being considered? Is it still being looked at? Or are we now saying: let's make that federal plan as operational and as representative of what Albertans need as we can? These are both good strategies. We have to look at them, but it's one of the things that we have to make a commitment to, one road or the other, and put our efforts to rather than trying to be looking at both all the time.

The next section I think deals with the public sector pensions. What is the direction that the department is taking in the context of: do you see the future being more in the defined contribution plan giving an outcome at the end versus the contribution with a defined benefit at the end? You know, the defined benefit plans lead to the possibility of deficit pension liabilities, whereas the contribution plans basically lead to an uncertain, unpredictable, retirement fund because it's a matter of the earnings that come from that defined contribution over the life of the contribution giving you your pension. You know, as a person who likes to see the markets work, the contribution concept is much more equitable, even though the risk at the end is much greater. I would like to know if the department has a statement of preference in terms of one way or the other. As they go about reviewing these pension plans, are there steps being taken to focus more onto one or the other in the context of how they work?

The next goal that you talk about is financial openness and accountability. That was a fairly straightforward section. You talk about the government's tax policy, and you have an outcome of "a tax system that promotes economic growth and the well-being of

Albertans." Yet when you look at the performance measures, there's some issue there that you're measuring these solely in terms of their absolute relative position in the context of where we are in Canada. There's no real measure there in the context of internal, in-province tax fairness in the context of benefits received versus tax paid or the idea of any relationship between, you know, the idea that we're getting a tax on our full income as opposed to our reported income, because we're using that federal government measure of taxable income when we apply our single-rate tax. Is that number at the federal level the appropriate number that we should be using to apply our single-rate tax?

I guess I ask that in the context of what constitutes a fair tax system also implies a fair contribution to the public revenue. If individuals have a certain aspect of how they can account for their income that alters their tax, is that being properly accounted for in the context of a fair tax system? It's easy to say that everybody is paying a single-rate tax based on their, quote, reported income. But is reported income a fair concept?

In the next section you talk about "a tax system that encourages Albertans to work and that supports families." Then you use as a performance measure the employment rate. What I would suggest there is that a more appropriate performance measure might be something to look at in the context of what you talk about a little bit in one of the other sections, and you made reference to it in your introductory remarks. To me a tax system that would encourage employment would be one that, you know, has a high level of personal exemption, that has an ease of reporting and a perceived ease of compliance, because these are the kinds of things that make people say: okay, the taxes are not a burden; let's get out there. We've got to make sure that in effect that incentive to work is there, that there's not a disincentive, I guess is a better way of putting it, in our tax system.

Also, I like the part that you talk about that here is a family-supportive concept to that tax structure. In the performance measures again I don't see any reference to the relative exemptions that, say, would come for children. You know, we have the personal exemption. But then what about spousal and children tax credits or tax exemptions? How do they compare to other provinces? That's in effect what would give us a sense of people's willingness and ability to work here in Alberta.

3:30

Again on the corporate measures, again on page 161, you're using a performance measure that looks at the "percent annual growth in business registrations." So this is new business that's coming into the province. Yes, this is great, yet what you're trying to do is use that as a performance measure to look at "a competitive corporate tax regime." I would suggest that if we're trying to deal with competitive tax regimes, we should be looking at that growth in business registrations relative to other provinces, not just did ours go up 10 percent. Well, we're not really doing very well if the other provinces all went up 12 percent. So a relative registration in Alberta versus a registration in the other provinces would be more reflective of that concept of competitive. If you're dealing with an absolute, then the measure that you have there would be really quite good. I encourage you to deal with the new tax collection agreement that you talk about as well. That would be great.

Some of the other things that we're dealing with in goal 4 on page 162. You're talking there about that they "prudently manage the investments of the General Revenue Fund set aside to retire debt." When you talk about performance measures, you're talking about the "return on the investment is greater than the cost of the debt on the day the investment is made." This is something where you're

basically saying that you can invest your money with a return that is higher than what we have to pay to borrow money. Is that an appropriate interpretation of that statement? In effect, if it is, then we should be borrowing money and letting you invest it so that we can finance the province from that perspective. So really what I'm looking for is clarification on what that statement means, because if it really works, we've got something going here. If that's the way it would work, it really leaves – I need some clarification on it I guess is what I'm trying to say, Madam Minister.

The focus there, I think, is that we should make sure that in effect our dollars are being competitively invested given the short-term nature of them, because they are dollars set aside to be used as our bonds mature so that we can pay off our debt. Some of them can be short, monthly or multimonth, but very few of them would be multiyear, long-term investments where you should be able to get the highest rate of return. [Dr. Nicol's speaking time expired] I will return as well.

THE DEPUTY CHAIR: Hon. minister, would you wish to respond?

MRS. NELSON: Did you want to take another person in this hour?

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

MR. MacDONALD: Thank you very much, Mr. Chairman. It's again a pleasure to participate in the debates on the estimates for the Ministry of Finance this afternoon. I recognize that subsequent to the 2001 election Treasury was divided into two separate ministries, the Ministry of Finance and the Ministry of Revenue. Sometimes when I listen to the government on the financial crisis that we're in, I think that perhaps the cabinet should again be shrunk, perhaps down to 16 ministries, because I'm quite sure that the current minister could ably handle both Revenue and Finance. Perhaps if we are sincere in our argument about prudent use of tax dollars, we could shrink the size of government. Certainly we have been talking about eliminating – well, it's not talk; it's reality. We have eliminated community lottery boards. We have certainly closed agricultural offices.

I know firsthand how people in Coronation – I heard on the main street of Coronation – felt about that. Certainly there is concern and there have been questions raised by the hon. Member for Edmonton-Riverview and the hon. Member for Lethbridge-East about rural hospital closures, bed closures. There are any number of issues relating to this budget that cause concern for Albertans, but in all this public debate there has been no mention of perhaps saving a few dollars by shrinking the number of cabinet positions. You know, there is a certain elasticity, I should say, to this budget. It has been expanded and contracted and expanded again, and I don't know if we could say that it has snapped, but certainly there has been a turn of direction. Earlier in my time in the Assembly there have been hon. members bring forward motions to have an Alberta song, and then we had another motion to have an Alberta dance. I think, after I look at this budget, there should be an Alberta shoe, and it would be the flip-flop, because there have been a lot of flip-flops with this budget.

Now, there are many issues that I have in the short time that we're going to have, Mr. Chairman, but certainly the Minister of Finance has essentially taken over all areas dealing with financial management and planning from the former Ministry of Treasury. While the Ministry of Revenue is responsible for investing financial assets, administering the tax and revenue programs, managing risk associated with the loss of public assets, and regulating Alberta's capital

market, we must recognize that the Department of Finance sets out its core businesses as to manage financial assets and liabilities prudently, facilitate sound fiscal planning and decision-making, foster an effective accountability framework, foster access to comprehensive and competitive financial products and services and pension plans, and administer the regulatory framework to reduce the risk of financial loss to pension plan members, depositors, and policyholders.

In the course of the entire budget debate, I've noticed this spring a certain contempt for regulation by certain ministers of the Crown. I would only have to caution them with one word, and that would be Enron. There is a place for regulations, and I would encourage the hon. minister to certainly continue to administer the regulatory framework that is at the disposal of the department to reduce the risk of any financial loss.

Certainly we need a strong, sustainable financial position. Everyone recognizes that. At the same time, we need open and accountable government and a fair and competitive provincial tax system. The jury is still out on this notion of the flat tax. I received feedback at the Safeway store from constituents regarding this flat tax after they did their taxes this year, and they're not happy. They didn't see these substantial savings.

Now, certainly another goal is to minimize borrowing and financing costs subject to acceptable risk, Mr. Chairman; to foster confidence in and encourage the availability of comprehensive, reliable, and competitive financial products and services; and certainly to foster confidence in Alberta-registered pension plans.

In a note I would like to at this time recognize some of the individuals who I believe are doing a very, very good job of administering Alberta's registered pension plans. It is within the last calendar year, if my memory is serving me correctly, that individuals within that specific office of the government worked hard to try to resolve a serious issue in regard to an Alberta-registered pension plan, and their efforts certainly do not go unnoticed by this member, Mr. Chairman.

3:40

Now, I have a lot of questions, and if they cannot be answered today, then if I could expect perhaps before the first day of summer to have correspondence from the minister's office with answers to my questions, that would be in my view quite acceptable.

Can the minister explain why capital investment last year was 72 percent, or \$809,000, below budget? Certainly if we look at the full-time – I don't like using "equivalents." I like to use "full-time employees" in these estimates of FTEs. There are 363, as I see this, in the department. Am I to understand that there are no transfers to the Alberta Corporate Service Centre this year? I am pleased to see that there has been an increase – and I think this is very important – in the Alberta Pensions Administration Corporation. There are now 140 employees in there guarding the pensions of Albertans to ensure that they're there whenever they're needed. Oh, that's an important job, yes.

The Insurance Council. I see a slight increase in the number of full-time equivalents there from 17 to 18, and I'm sure that the Member for Edmonton-Riverview, in light of the extraordinary effort by this government to privatize health care, is going to be anxious to see if at any time in the future the Insurance Council will have to increase their budget and subsequently the number of people who are working there.

Mr. Chairman, in order to emphasize the government's commitment to three-year fiscal planning, I believe it would be advisable to present comparative three-year projections to the Ministry of Finance in the main estimates book and the three-year ministry

income statement found under the business plan. Now, the only information on expense projections for 2002-03 and 2003-04 is presented in the ministry consolidated income statement. However, there is no comparability beyond 2001-02 between the program and subprogram votes as found on pages 175 through 178 of the Finance estimates with the ministry's statement of operations on page 161 of the Finance business plan.

I had the pleasure, the real pleasure, of phoning government officials in Alaska. I don't know whether the government of Alaska has banned voice mail or if it's just a policy of the government that people pick up the phone, but to my delight and surprise a senior government official picked up the phone and was explaining to me how they have 10-year projections. Ten years, not one-year, not two-year, not three-year projections. I was quite impressed with their analysis, and I would like to see, certainly with revenue projections for the price of natural gas and conventional crude oil, this done in this province as well. I was amazed to see the 10-year projections, as described earlier.

There are no projections for the change in the number of full-time employees within the ministry for 2002-03 and 2003-04, and one would have to recall that these issues had been raised with the Provincial Treasurer in the three previous years with Alberta Treasury estimates. Will the minister please explain why the Finance business plan still does not provide a three-year expense profile by program and subprogram as last appeared in the 1995-96 through 1997-98 Alberta Treasury business plan?

Will the minister please assist readers of the business plans and estimates books to compare gross operating expenses by program and subprogram vote within the ministry over a three-year time frame, 2001-02 through 2003-04, by providing a three-year spending profile, operating expenses, and capital investment of the department by program areas for the years 2002-03 and 2003-04?

Also, Mr. Chairman, will the minister please provide information on the plans for the full-time employees in the Ministry of Finance, the Alberta Pensions Administration Corporation, and the Alberta Insurance Council, again for the years 2002-03, 2003-04?

Will the minister provide a breakdown of departmental expenses by object for 2001-02, 2002-03, and 2003-04 for the following: salaries in the permanent positions, salaries nonpermanent positions, contract positions, the salaries there, travel expenses, advertising, communications, and hosting expenses?

Also, if the minister could provide a breakdown of premiums, fees, and licences. For 2001-02 there was a little bit over \$18 million here. In 2002-03 there was over \$21.3 million, and for 2003-04 there is anticipated \$24.2 million. If this could be done by type of premium fee and licence, I would be very grateful for the minister's information. This is on page 161 of the Finance business plan.

Also on page 161 of the Finance business plan, will the minister provide a breakdown of other revenue for 2001-02? Here again there's \$23.4 million. For the year 2002-03 there is \$23.6 million, and for the year 2003-04 the figure mentioned is \$23.4 million. Again, will the minister please explain why internal government transfers are increasing by 720 percent – this is again on page 161 – from \$44 million in 2001-02 to \$361 million in 2002-03.

Again on page 161, will the minister explain why financing to local authorities is decreasing by 14.8 percent, from \$358 million in 2001-02 to \$305 million in 2003-04? It is worth noting, Mr. Chairman, that this is a 30 percent decrease, from \$437 million in 1999-2000 to \$305 million in 2003-04.

[Mr. Griffiths in the chair]

Now, Mr. Chairman, will the minister please explain why

financial assistance to farmers and small businesses is decreasing by 50 percent, from \$1.6 million in 2001-02 to \$800,000 in 2003-04. This is about an 80 percent decrease, from \$3.9 million in 1999-2000 again to \$800,000 in fiscal year 2003-04. Now, this is also on page 161 of the Finance business plan.

At that time it was entirely up to the minister, but I will cede the floor to my hon. colleague from Lethbridge-East. Thank you.

3:50

THE ACTING CHAIR: The hon. Minister of Finance.

MRS. NELSON: Thank you. You look mighty fine in that chair, Mr. Chairman.

Mr. Chairman, I wanted to give some initial response back to the Leader of the Opposition and will get into more detail in our written response. He talked about where we tend to focus on bond rating agencies' review of our plans, and those are very, very important reviews that do occur, because they establish the credibility of the province not only within Alberta but worldwide and make Alberta a very attractive place to come and invest dollars and to develop industry and to raise a family. It's a global phenomena when a province the size of 3 million people receives the triple crown or the triple A ratings from three major bond rating services that are recognized worldwide. So it's a phenomenal achievement for this province, and Albertans should be very, very proud of what they have done in very short order and be very proud that they are the only jurisdiction in all of Canada to have received those accolades and that support and that strength of conviction from the bond rating agencies.

I wanted to give the hon. Leader of the Opposition some additional material that he can use also to help promote Alberta when he's out and about. I think that again Albertans can be very, very proud of what other worldwide recognized organizations have said about Alberta and the situation, in particular to Budget 2002.

I'm looking at, as an example, the Investment Dealers Association of Canada. They came out and said:

It is encouraging in this context to see that the government, referring to Alberta,

has incorporated prudent projections for economic growth next year and is contemplating further discretionary spending reductions to avoid a deficit and to continue on track with debt reduction. These commitments . . .

And this is very important.

. . . provide assurance of continued wealth creation, employment and sustainable economic growth in the province.

This is from the Investment Dealers Association of Canada in response to Budget 2002. I think it's very important for Albertans to realize that someone who is being supportive of directing capital investment or individual investments to jurisdictions worldwide would say that about a province of 3 million, that it has the assurance of wealth creation and development within our province.

I was very pleased with what their CEO and president, Joe Oliver, had to say. He said:

We are encouraged by Alberta's commitment to sound fiscal management in spite of the difficult economic conditions of last year. The prudent planning assumptions of this Budget, combined with an enviable record of tax reduction and spending control, are setting the stage for continued strong economic performance in Alberta.

Again Albertans can be very proud of the accolades that are coming from these world-recognized organizations, recommending Alberta as a place to be and a place to put investment.

I think also what was very interesting is the Toronto-Dominion Economics review of the budget. They said: "The amount of restraint in store for Albertans over the near term is far from

draconian and most likely a one-off development – a testament to the rock solid fiscal position of this Wild Rose Province.” I think it’s a tremendous testament to Albertans and their commitment to strong fiscal responsibility. They also said, “Today’s plan,” referring to Budget 2002, “will do little,” will do little, “to erode the Alberta Advantage – the provincial government’s catch-phrase for its strong fiscal and economic position.”

The Scotiabank Fiscal Pulse commented on our budget as well. They said, “Alberta is perceived as the leader in fiscal repair among the provinces.”

So, Mr. Chairman, while we may focus inwardly on what this all means and what these business plans mean, I think what it does quite frankly is it sends out a signal of stability and responsibility and accountability from a government to not only the people of this province but beyond the province. It sends out a signal that we are open for business, we are accountable, and we are responsible. I think that with the position that our Premier put in place with the three-year business planning process and the quarterly review, it becomes abundantly obvious that we are the only government in Canada that gets up and gives a fiscal update every quarter to their stakeholder groups or the taxpayers of their jurisdiction, like we do in Alberta. That to me is dealing with reality.

Things change, as we saw last year, a dramatic shift in what the forecasts and the projections were with the economy. When we started off last year, there were the usual criticisms: you’re too high; you’re too low on your revenue; you’re in between; you’re all over the map. Nobody anticipated the impact of the global economic downturn. Nobody could forecast that. When it hit, where was Alberta? We were in the best shape of any jurisdiction in Canada and, I daresay, likely North America to be able to deal with the tough calls, the reality check that came in place. That didn’t come because we were lucky. That came out of the reasoning of having the economic cushion, the fiscal planning, and the solid plan to be able to pull back if necessary. A lot of jurisdictions were not able to do that.

While we may be able to find improvement – and I think we can – I think you don’t just sit on one set of rules for a long time and don’t continually review them. In this government we have a process called standing policy committees, and they do a thorough review, and they criticize where criticism is necessary. They come forward with constructive criticism as to what comes forward in plans. Some plans come back more than once, sometimes more than twice for review by the standing policy committees. They go over these plans before they come forward to form what’s called the government business plan. So while we may have a number of ministries, they all feed into the overall government business plan, and that’s what goes out to represent Albertans in the world, but it also goes back to Albertans so that they can see how the government is managing their money, their affairs, giving forward the responsibilities of course of the core programs of the government.

Now, I wanted to just make a comment, Mr. Chairman. Last week I was in Corner Brook, Newfoundland, attending the finance ministers’ meetings with the federal government, the territories, and the provinces. A number of topics were discussed at the sessions. One of them was the fiscal imbalance within the country. Naturally, the Kyoto accord was there plus the CHST funding framework and naturally the tax collection agreement, which we’re in the process of negotiating right now.

What I found interesting after some of the criticism we may have received from our own jurisdiction was that while we may have had to tighten our belts somewhat this last year, we have been able to proceed on with a competitive system that no other jurisdiction in Canada can have, and we’ve done that because of the framework

we’ve put in place. The whole structure is conducive to attracting investment, to attracting people, and to attracting migration to this province at unprecedented rates. We do that by having the tax structure that we have that is not only competitive across Canada at all levels but our other marketplace that we have to compete with is south of the border. We have to compete with a jurisdiction south. We can’t afford to have our young people moving south. We can’t afford to have the investment going south. We need to have a model – and we do – in Alberta that attracts people to this jurisdiction. As you know, we are continually reviewing our processes, our regulations, our rules because we know that cost of compliance is a huge issue for decision-making models. We know that taxation models are a huge issue. We know that availability of transportation structures is a huge issue. We know that we have to have the best that we can offer in education. We have to have a health system that delivers programs. Those are issues that are all part of the full package that comes forward.

4:00

Sitting at that meeting in Corner Brook, Newfoundland, with colleagues from coast to coast, I listened to a federal Finance minister say: there’s no fiscal imbalance in this country. I thought: how could someone possibly say that? In the community I was sitting in, the minister from Newfoundland had just been talking about the economic update of Newfoundland and Labrador when she informed us that they had a negative birthrate in their province. They have no industry. We traveled with young people returning home for the weekend who had had to leave the province and go elsewhere because there was nothing for them to do. I felt really very sad as a Canadian that we would have that kind of differentiation and have a federal Finance minister say that there’s no fiscal imbalance within this country, that all provinces have the ability through taxation models to raise dollars. I thought: how can you say that? If you don’t have people who are working and you don’t have industries, where are you going to in fact be able to raise those dollars? That led us to the transfer programs and equalization.

If you have a province like Newfoundland and Labrador, you still have to provide roads and hospitals. They have to be funded somehow. I looked at us in Alberta and thought: aren’t we fortunate? Well, we’ve had to tighten our belt somewhat. We were able to turn to our young people and say: “The sky is the limit. You can be anything you want. There isn’t any goal you can’t reach if you’re prepared to work hard, stay with the program, and learn. There isn’t any goal you can’t reach.” In other parts of this country that’s not the case, and it got down to me that here we are in Alberta with all of the benefits, all of the benefits anybody could ever want, and we want more. I go to other jurisdictions. The sad part is that they don’t even seem to have any hope that it’s going to get better. Nothing is going there. It’s very, very sad. I was really upset to think that here we complain about this or that or the other thing in this province when I sat in a province that didn’t have really anything to look forward to. I thought: what a sad state in a country as wonderful as this.

In trying to explain that to the federal Finance minister, I said: how can you do that? We’ve had an issue with CHST. We’ve all heard about the commitment for health funding. Every province raised the issue. Health care is going to be the number one issue for funding in this country. We’re very fortunate in Alberta that we’re dealing with this today. We have a commitment from our Premier, from our health minister, from our caucus to move forward. Other jurisdictions don’t have that ability, but down the road it has to be there. Some of the provinces reported to us that they were in fact spending over 50 percent of their budget on health and sinking fast.

We put forward a proposal through our premiers' conferences to take the ceiling off the CHST. That has been debated now for I don't know how many years – my colleagues who've been to those meetings more than I have would probably know – but you can't expect to have all of the programs offered if there isn't support from the federal government, and I didn't find that coming. I found that very discouraging, and I don't know how other provinces who aren't in the situation we're in are dealing with it. We will manage, and we will have the best programs but not without some belt-tightening. We have a program that we're going to move forward with, and I think it's important that we do that.

The other thing that I thought was interesting that you asked me about was: where are we on the Canada pension plan? Well, from the latest reports we have, the plan is far more secure than it was when the issue was first raised. We had a report that came out last year on it that said that the plan was stable, so we haven't done any further work on looking at an Alberta pension plan alternative at this point.

You asked also a question on: what constitutes a fair tax system? Well, I suppose that if you're sitting at home listing what constitutes a fair tax system, no tax system would seem to be fair if you've just filed tax returns. I just finished completing a number of tax returns for family and friends this last couple of weeks, and every one of them probably at the end thought that this wasn't fair at all. But what do your taxes provide? Well, they provide for a number of issues that we expect and want, issues that we share: our roads, our schools, our hospitals, our universities or colleges. All of these are provided for through our tax system. So as long as we provide effective, good programs that deliver and meet the needs of Albertans, without getting into an intrusionary area, and deal with the core responsibilities of government, then I don't think a government has a problem collecting a tax from people to in fact deliver those programs. It's when they get beyond – beyond – the responsibility of the government or overspend or don't have checks and balances in place that show that they are collecting too much in comparison to the cost of a good program. That's when the system becomes unfair, I think.

We also have a system in Alberta, quite frankly, that I think, in doing this last go-round of tax returns, clearly – and I did tax returns for very young and for seniors and for people in between.

MRS. McCLELLAN: I thought Very Young was somebody's name.

MRS. NELSON: Very Young has somebody's name, but I'm not going to tell you what that very young name is.

They all had complexities attached to the various returns, but in each case the process on the new Alberta return was quite straightforward. In fact, it was probably less cumbersome than before. Clearly, you could see where the exemption on the flat rate was beneficial – some larger than others, granted – and clearly you could see that it was an easier return to complete. I've done tax returns for, well, I guess probably 30 years now, and these were not difficult to fill out, so I don't think there was any difficulty.

The tax collection agreement. We got into a debate on that, and we're still there. One of the things that's outstanding on that issue is the disputes resolution process between the federal government and ourselves, and that became obvious when we had the difficulty with the overpayment of the mutual trust revenues being transferred from the federal government to four provinces. All of a sudden 10 years later you get a phone call, after this problem had existed for 10 years: "Surprise, surprise. You owe us a bunch of money, and we're going to claw it back right now." You go: what kind of a partnership is that? You know, how can you have a partnership that says that

we'll go merrily along for 10 years and then you get a phone call one afternoon saying: "We have a surprise for you. You owe us \$4.4 million, and we're just going to plan on taking it back from you today"? Well, for the province of Ontario that was well over \$3 billion. For the province of Manitoba that was I believe about 10 percent of their personal income tax revenues for one year. So this starts putting provinces into a bankruptcy situation on a plan that had errors in it for 10 years.

So there has to be a resolution process and a process of fairness put in place to resolve these issues. It can't be that just all of a sudden you get the afternoon phone call at 4 o'clock and tah-dah, tah-dah, tah-dah, too bad for you, and here's the arrangement of the partnership. Those were issues that were raised at this finance ministers' meeting, I can tell you that right now, because there are provinces – Alberta will be able to manage – out there that are going to be in serious financial difficulty unless there is some sort of a fair process to resolve this issue, and that has to do with the total, overarching tax collection agreement.

4:10

THE ACTING CHAIR: The hon. Member for Edmonton-Rutherford.

MR. McCLELLAND: Thank you very much, Chairman. I have just a couple of comments that have to do with the budget and budget process. I'm wondering if the Finance minister would comment on the notion of anticipating funding that is available from other orders of government as a line item in the budget, funding that's available and does become available from other orders of government, primarily the federal government, for matching grants that would have to do with research. It's far more difficult to define because we don't know. We can only anticipate what may become available. But we have to have it if we're going to get it from the other orders of government. So I'm wondering if the Minister of Finance could comment on that sometime during this debate.

MRS. NELSON: Well, Mr. Chairman, if I might, on the budget process. You can't build a budget around an anticipated, maybe, program from another government. You just can't do that, because you've got to build it on the best information and the most reliable information that you have that day. It's like having three weeks of price swings in oil or gas. You don't build a 365-day budget on a two- or three-week price swing. You have to build it on the best forecast you have at the time. That's the benefit of the quarterly update.

[Mr. Shariff in the chair]

With regard to matching programs, that quite often happen – and I don't know whether the question was asked of the minister of Transportation or Infrastructure, which are usually the two programs where the matching comes in – there are usually strings attached. It's not just: "Here's your pro rata share of dollars that can go to Alberta. Do with it as you see are the priorities within your jurisdiction." There's usually, "Match it this way or that way," and there are angles. So there is not always a pure matching concept where you're able to deal with the priorities that exist within this province but more at the federal level. You can't really build that into your budget. We always say that the devil is in the detail, and you have to see what's involved in the package before we can jump in there. Sometimes it ends up that we're not in a position to be able to go along with the program because of the strings that get attached to it. They don't meet any of the criteria or needs within the province of

Alberta, and we'd have to take away from other core programs to accomplish something that really isn't in a core program area for this province. So there are some difficulties with that. We don't necessarily build that in as a result of that.

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

DR. NICOL: Thank you, Mr. Chairman. I rise to continue on some of the issues on the Ministry of Finance. Madam Minister, I enjoyed your conversation about the differences that we have in our provinces, and you went on to talk about how people in Alberta can set their sight on any goal and they can go out and get it. I think the part that you should add on the end of your sentence is, "and do it in Alberta," because in a lot of the other provinces they can still do it, but to do it, they have to leave home.

Just a couple of final comments on the business plan, goal 5 there. You talked a little bit about the availability of capital, I guess, and the growth factors that are important for our province in terms of financing. I was interested in your comments on how you see our venture capital markets developing. Are they working the way they should? The reason I ask this is that a few years ago we were basically a province without our own venture capital initiatives, and I know that's improving now. I just was interested in what you see as our current status, whether or not we're reaching the level of some of the other provinces where venture capital is readily available for our upstart businesses, you know, the new businesses that are getting started, because a few years ago that was a real issue. A lot of them had to go outside, and there's a lot of work that shows that the venture capital groups don't really give money beyond their spectre of close control. Venture capital isn't given halfway around the world like corporate investment capital might be because the venture capitalists like to be able to have a hands-on relationship with the people they're giving that money to. So it's important that we do have a process in place to really encourage a growth in that venture capital industry here in our province.

I guess the other thing – and I'm just looking down here. You talk a little bit again about the Alberta Treasury Branches under goal 5 on page 164. It's interesting, as I read through both the outcomes and the performance measures there, that the implication is that this gets credited to the government. Yet we keep talking about under the new structure that the ATB is arm's length, that it's not part of the government anymore. Why are we still including it, then, in our business plans as though it was something that we could influence? Technically now – at least we're telling Albertans – this is arm's length. There are no decisions made in this House that deal with the day-to-day operation of the Treasury Branches. The long-term philosophy or legal role of the Treasury Branches, yes, is legislated by this House, but supposedly we're out of the day-to-day operation of it. So why should we be dealing with performance measures on confidence and acceptance and buy-in in terms of their programs as part of our business plan here? That should be their annual report, their responsibility to basically their depositors and their loan holders.

That basically, in terms of the goal discussions, covers what I wanted to raise, but on page 167 you're talking specifically about your performance indicators. It was really quite interesting, the perception that's presented by the graph on the accumulated debt, in the sense that you have the legislated schedule as a line out to 2025, but you have the actual debt and the forecast – the implication there is that our debt will be paid off in 2005, because after 2005 there are no bars on the graph. So does this mean that there's something that Albertans should know about in our centennial? You know the implication on that graph is that we are debt free in 2005. So I

would just ask that that be continued out until we monitor off at probably around 2010 or 2012, something like that, because that would give us a better piece of information that we can present to Albertans as to where we are relative to where we started in – what was it? – 1997, Madam Minister, when we passed the debt elimination act and had the 2025 time line. So, you know, that would give us a much better piece of information.

I guess I'll have to admit that I can't read my writing on that note, so I'll have to go on to some of the other ones, some of the specific questions on the rest of the budget, Madam Minister, just a couple that I can put on the record. You can handle them now or later, as you want.

The total voted spending is down – these are the questions that we're presenting to you – owing to the decline in the debt servicing costs. The total voted program budget is rising by more than 10 percent in the ministry support services and Treasury management. What are those increases for? Secondly, what is the investment income revenue line in the ministry's statement of operations? Thirdly, does this investment income include the government investment account then?

4:20

The next question on some of these line items. There's an increase of about \$580,000 on a base of \$1.3 million in the liability management area of program 4. What's that for? What are you going to be doing with that additional money? Is it additional risk management, or what? The banking and cash forecasting area is also rising about \$200,000 on a base of \$1.2 million. What's that for? Is this a dedicated revenue?

Question 5. The voted debt servicing costs show an amount of grants for school construction interest payment. Are they down? What is that?

These are some of the issues that come up when we look at the specific issues of the budget. I guess as we go through the line items, you know, there's a lot of interest there in terms of why some of the line items come up. The question that I would ask in terms of looking at the whole budget debate – and this is kind of what your overview responsibilities encompass – was implied by one of the questions before when they were talking about the subcategories and the line items. The new Financial Administration Act basically gives the minister the freedom to move items in those subcategory areas without authorization by the Legislature. Has that program worked? Has it given us good accountability in terms of the budget debate and program delivery? But also tie that accountability back to the flexibility that it gives to a minister to respond on a quarterly basis, when we have to do the updates that are mandated by that law. So I would like, you know, your opinion or your reflections on whether or not that works. Or have you even looked at whether or not it's working? Have you asked ministers: has it created a benefit, or has it created some hardships?

One of the reasons I ask this is that when we had the ministerial reorganization, when we had the new ministers created after the last election and some responsibilities of programs were transferred from one minister to the other, the programs were transferred, as I understand it, with the dollars based on the budget, not based on the operational expenditure pattern. So if there was a cross-subsidy going on within the ministry, then when the program was shifted to a new ministry, the line item dollars went, not the actual expenditure dollars. So, you know, in effect it was creating a hardship on the, quote, receiving ministry. So I would like to know if the ministry has done anything to look at: has that created any kind of operational difficulty when we're dealing with programs moving through ministries? Are you looking at ways to fix that?

Mr. Chairman, that's kind of run through the list of the questions that I had on the budget. Maybe if things come up as we go through the rest of it, I'll jump up again. But on this basis right now, that's kind of where I'm at. So I'll give the minister a chance to respond again.

Thank you.

THE DEPUTY CHAIR: The hon. Minister of Finance.

MRS. NELSON: Thank you very much, Mr. Chairman. I want to just finish a couple of comments. The Member for Edmonton-Gold Bar said that he had difficulty with voice mail. I do too. I don't like it at all. I find it quite rude, actually. I feel very strongly that if you take the time to phone, someone should pick up the phone. In fact, this morning I ended up in my office when people were off doing other things, and three phone calls came in. I picked up the phone and said: good morning, Pat Nelson speaking. There was dead silence at the other end. Then someone said: you answered the phone. Well, I've been doing it since I was three, you know. I've been answering the phone since I was three years old, so I'm qualified to do that. They didn't get a voice mail. They didn't get an answering machine because I don't like them.

The other interesting part was on new technology. There was a report somewhere today that Newfoundland was going to ban cell phones. I can tell you that with my old, old cell phone—I don't have the new modern one—when we got down to Corner Brook, mine was the only cell phone from all the ministries all over Canada that actually worked. Everybody else's new digital, whatever—nothing worked except my little old analog cell phone, that's as old as the hills. It picked up, and I actually was able to phone directly back to Calgary from there. So people were saying: your cell phone works when nobody else's does.

I think that when you phone, you should have someone pick up the phone. I fully agree with that. In fact, in some ministries I had before, not this one, I have actually put out: if I phone over and somebody has a message machine on through business hours, you're not there the next day. If people take the time to phone, then you should pick up the phone or call forward it to someone else who will pick it up. Of course, mind you, when I was moved from the ministry, 30 seconds later the old voice mail went right back on again. So I'm not under any illusion there. I don't care for them. I find them not helpful.

The comments you made about FTEs, I did deal with that. We have put additional staff, Member for Edmonton-Gold Bar, into the pension administration. We believe that with the new system it's important to make sure that we have people that can operate those systems. They're very important, and as the trustee of the public pension plans for the province I'm taking that role very seriously to make sure that it is in fact serviced properly. You're quite right. There are some very, very qualified and good people in that operation.

You also mentioned that our capital investment was below budget. Well, that's because we've completed the new system, so that's come down now in cost. The system is a result as to why some of the new full-time equivalents were necessary to run that system. Again, on the insurance side of things we needed to have additional people go into that area to deal with the new requirements of the new Insurance Act to make sure that we could fulfill the obligations.

I was quite pleased with the hon. Leader of the Opposition looking at the chart on accumulated debt. I never picked up on what you were talking about, but I guess we looked at the graph that was on page 167, the same as you did, and it shows the accumulated debt legislated to retire in 2025. Then we have the chart with the best-

known information as to where our debt will go down. From what we have today, it would be highly unlikely—highly unlikely—that our debt would be retired by 2005 or even shortly thereafter, unless there was some unforeseen banner year that came in that no one could forecast, like we had when we had \$9 and \$10 an mcf gas, et cetera. I don't believe that to be possible. I would think that we're probably looking, as the hon. leader said, more likely at 2011 or '12 or even up to '16, depending on where revenues go and where the framework looks. So I don't see that as being possible. I'm disappointed to have to say that, but those are some of the realities in the balancing that you have to do when you're delivering core programs. We do recognize that very clearly.

There was one comment from the Member for Edmonton-Gold Bar that I wanted particularly to make a comment on. He talked about a flip-flop in this budget. There has been no change in this budget whatsoever, zero change in this budget that we presented here in March. What you saw on additional dollars going before March 31 to Transportation and Infrastructure was a commitment from last fall, last October, when we had to pull back \$1.26 billion, \$783 million from Infrastructure and Transportation. We said at the time that if in the fourth quarter the dollars became available, we would replace those things that had been deferred. We had to do that by March 31 because of the year-end. It had no bearing on this fiscal year whatsoever. There has been no change in this budget that has been presented. Zero change, not one cent. So let's be abundantly clear on that. We followed through on that commitment that we made last fall, recognizing that some of the projects had to go forward.

4:30

I think the hon. Leader of the Opposition alluded to building infrastructure deficits. If you have a province that is growing at the pace that this province is, there are difficulties with growth. Growth has to be accommodated, or you have a deterrent for people to come here, and we can't afford to do that. We need to have this province moving forward, and that means building and enhancing roadways and schools and hospitals, et cetera. Those things have to come. Those are realities of life, hard fact realities. So we must keep apace with that and abreast of that, and if that means putting dollars into those programs like we did, then that's the commitment this government has. So we followed through on that.

I just wanted to make that abundantly clear, Mr. Chairman. There has been zero change in this year's budget. Zero change.

With that, I'll take my place and see if others want to comment.

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

DR. PANNU: Thank you, Mr. Chairman. I rise to make some general observations first on the estimates for the Department of Finance and then ask some questions of the minister. I understand that I have 20 minutes. I don't know how much time I'll use, but it's good to know that I have some time to speak to this budget.

First, some general observations. This is the Minister of Finance's second budget. I think it reflects the general sort of thinking that the minister has brought to her portfolio, but it's a budget which also in many ways very faithfully reflects the priorities of this government with respect to the distribution of tax loads, both with respect to personal income taxes and taxes that the government collects from the business sector.

So I think my first general observation is that the strategy of shifting the relative personal income tax load onto the shoulders of the middle-income earners is continued in this budget. That's

reflected in the unswerving sort of commitment of the minister to stick to the flat tax model. The result of that has been of course shifting the relative burden of personal income tax onto the middle-income earners of this province.

Secondly, it's clear in this budget – it was a little less clear but nevertheless clear in the previous budget that the minister presented – that the indirect taxes, user-fee type of taxes, are preferred rather than a more progressive way of raising needed revenues to provide for important social programs and services that Albertans expect their governments to provide. The examples of the continuing shift in the sort of framework of raising taxes to the individual user of services, to wage and salary income earners is clear. The major increase, one significant increase, is in the health care premiums, a 30 percent increase, and the government has of course argued that this is justified not only by the need for more revenues to be collected from taxes in the province but also – and in particular the Premier has stated it again and again, and the minister has also given the same message – that the individual responsibility principle requires that Albertans pay a larger share of what it costs for them to receive health care services.

This principle of taking responsibility for the services received is very quickly forgotten when it comes to the business world, particularly the corporate world. Certainly if the freeloader principle is to be in a sense discouraged at the level of individual income earners, I don't know why it's the very one that's espoused by this government when it comes to big corporations expecting lower taxes year after year and the government obliging them while telling families and individual Albertans that that's simply not the right way to go.

So this very glaring sort of oversight on the part of this government is quite interesting, that it is not only tolerant but in fact happily espouses a regime of declining taxes for businesses, particularly large corporations, yet when it comes to individual Albertans, it sends the message that they must pay more taxes, albeit in the form of specific taxes such as health care taxes or licence fees or premium fees or others. Over 70 or so different licence fees and other fees have been increased, and as a result we see quite a large increase in the revenues that will be drawn from premiums, fees, and licences. About a 21 percent increase is forecast in this budget from last year.

There's something else here that I may – I think it's more of a question that I'll ask the minister to address. She may have addressed it, and if she has addressed it, then I'll be happy to read it in *Hansard*. Under Revenue in the budget estimates on page 191, other revenue has increased quite dramatically, forecast to increase fivefold more or less, a 480 percent increase. This is the very last item under Revenue on page 191 of the estimates. According to my calculations the increased revenue from that source, other revenues, is 480.83 percent to be precise.

Some other general observations, Chairman, for the minister to perhaps comment on. Reading through the fiscal plan, I came across a statement here that for me to fully understand I will need the minister's help. This is on page 9 of the fiscal plan. At the top of the page there's a line there that says, "We have learned the hard way that caution, not optimism, is needed in planning a budget." Good. Fine. I have no disagreement with that. "Temporary setbacks can last longer than expected." Yeah. Sure. But then the next line: "Ignoring realities can lead to greater pain in the future." Now, I presume you mean all realities. The budget should be based on a clear and sound grasp of realities, positive as well as negative.

4:40

Now, two realities that I find the minister having not paid

attention to have to do with – first, we know that natural resources revenue is volatile because the market is volatile in that, you know, gas and oil. Ignoring this reality, the government has decided to continue with its corporate tax cut policy – this ignores the reality of volatility – and the personal income tax cuts, particularly for the top 5 percent of the income earners, which are the highest income earners in the province. So in the face of a clear recognition that the natural resource revenues, which form a substantial part of government revenues, are volatile – the government is ignoring that when continuing to insist that it must implement the corporate tax cuts, albeit at a slower rate, and to continue with the flat income tax policy, which, as I said, transfers the relative burden of personal income tax quite dramatically onto the shoulders of middle-income Albertans.

The second reality that is ignored by the minister in the budget is the record of the last nine years, from '93-94 to 2000-2001. The government has consistently, without exception, lowballed the revenues by quite a magnitude every year so that over the number of these years from '93-94 to 2000-2001, the government has created a new reality, and that is that its forecast estimated revenues have every year been less by anywhere from a billion dollars to \$6.5 billion in the year 2000-2001. As a result of these lowballed estimates, in reality the total difference over these years between the estimates and the actual adds up to more than \$21 billion.

In reality it's a consistent pattern without exception over all these years. It's not just a matter of being cautious. It seems that there is a systematic bias to radically underestimate those revenues. Again the minister in my view has not grasped the fact that this is a reality and that it's something that she should take into consideration when developing the next year's estimate, as is the case in the budget that we are considering, the last year's.

So these are two sort of general observations. Now, some other questions. Clearly, the minister is very concerned about containing expenditures according to her estimates. In her fiscal plan there are three assumptions that are stated very clearly. Two of them have to do with oil and gas revenues and the market rate. The third one had to do with the dramatic economic slowdown that was feared in the wake of September 11. Now, it's eight months since the September 11 tragedy and the feared impact that it was likely to have on the markets. At least from what I've been reading in the *Globe and Mail* and through listening to the radio and television news, that fear of a dramatic slowdown in the economy and damage to the economy were clearly exaggerated quite dramatically across North America. The American economy is booming. The Canadian economic forecasts all seem to be indicating that the economy will be strong, the growth rates will be strong, and the economy will be robust. Given that, is the minister willing or able to revisit these assumptions? These assumptions are critical to taking the rest of the budget seriously, and if those assumptions themselves are such that we can't rely on those as a dependable basis for revenue forecasts and revenue growth, then the rest of the budget raises questions and is thrown into question.

I know that this government and the minister have been quite busy since the last provincial election in sort of cooling down or dampening the expectations of Albertans. The government's new Assembly, the one we are in now, was less than a few weeks old when the minister read her new budget and already was beginning to dampen expectations, although the whole matter of economic slowdown and the precipitous fall in energy prices for gas and oil were not quite big news yet.

It's clear that there is a political decision to take a certain direction, to increase the cost to Albertans for getting their health care, their driving licences, and such other things as court costs. The

government has said no to people on AISH, has downloaded costs onto seniors, the middle-income ones, those who are just above the very low income levels at which they would either partially or fully qualify for a remission of fees. It has taken away some benefits with respect to eye care, podiatry, and other costs that were previously picked up by the province for seniors. So there is a whole lot of transferring of costs back to ordinary Albertans, many of them on fixed incomes, many of them seniors who have paid their dues throughout their lives, and they're not seeing the benefits of their hard work and sacrifices they made over the years.

I want to express my support for the small business tax reduction, and the minister I hope is listening. I'm pleased that the small business threshold will rise from where it is now to \$350,000 and that the government will maintain that commitment. But I simply can't see why, while the rest of us are paying increased taxes in various forms, the large corporate income tax reduction has continued. These large businesses will enjoy a half percent decrease, while health care premiums will increase by 30 percent.

So these are some of the comments that the minister might want to respond to, and I know that she'll be quite forthright and perhaps quite aggressive in her answers to my questions. Thank you.

4:50

MRS. NELSON: Well, Mr. Chairman, I think the hon. leader of the third party made some valid comments on budget processing. One of the difficulties always is doing the forecasting on revenue. I know how difficult it is and appreciate the difficulty the Department of Energy goes through. I was Energy minister for almost five years, and you do struggle with the forecasts before you present your numbers. There is really no forecaster we've ever found that actually ever hit it right.

That's the beauty of the quarterly update, that we in Alberta are able to look at the reality that sets into the fiscal year recognizing that core programs such as health and education and social programs are dependent upon revenues flowing through to them. I would argue that being overzealous on the forecast or being quite bullish at the time of budget would, if you weren't sure, be imprudent, would not be prudent forecasting, and could in fact put in jeopardy some of those very core programs that we have a responsibility to deliver. I can't think of anything worse than being very bullish on a revenue forecast and then having to partway through the year say: I'm sorry; we're not able to fulfill our obligation in those very key areas. I would much rather we deal with the reality of being somewhat cautious but also looking at taking advantage of the ability to go back to Albertans and say that the trend looks like it's shifting, like we did last year.

I can remember the first quarter update last summer. I went out and said that I had to give a very, very strong statement of caution, and I was accused of being a naysayer, but the economy was taking a downward trend far more than we had anticipated in the budget on all fronts. Now, there was no magic. You could just see the U.S. trend moving forward quicker in the summertime than they had forecasted or the Conference Board or all the experts had forecasted. As we got closer to September, you could see that trend accelerating, and then everybody got hit with September 11. A lot of people blamed all of the economic woes on September 11, but clearly they had begun to become obvious prior to that. We were fortunate that we were able to not only start recognizing them early but make the adjustment.

Now, when that occurred, the world was in an economic turmoil globally. All the markets had crashed down. Chaos was beginning. The commodity prices were just diving all over the place. The projection at that point was that this was long term. Well, fortu-

nately it hasn't turned out to be that way. The recovery has been quicker than anticipated, particularly Stateside, which has had a positive effect on Canada. If the trend moves forward – six months ago I said to you in the statement I brought forward that I would expect it would be 18 to 24 months for recovery to occur. Now I would say to you that probably today my best guess is that we would be looking at 12 to 18 months. But keep in mind that the revenue we have today in our budget is simply returning us to more normal levels of forecasts for our two major commodities of oil and gas.

Beyond that, I don't know where you would go. The beauty again of what we have in this province is quarterly updates. Now, some would say: oh, you shouldn't use that. Well, then you're not dealing with reality, and I'd say that you're not dealing with a full deck. Reality tells you that you should do that. In any corporation you look at where you're going and you do updates. Why would governments be any different when you're dealing with the same economic factors that have impacted delivery of programs that you have to have on your table? You wouldn't be any different from a corporate entity, so why would you pretend that you should set a budget in February for the next 15 months? That's not dealing with reality.

So I think that the process we have of quarterly updates, possibly erring on the caution side, has boded well for Alberta, far better than to get to the other end and say, "We've got a major problem," and pull some difficulty on core programs that are critical – critical – in this province. That to me would be tragic, and I would have some grave difficulty doing that.

I think our process has proven to be successful. It's been applauded worldwide. It's still the best performance that you'll find in all this country, and I think we as legislators need to be supportive of this process so it continues on. Can it get better? Absolutely. Can we do a better job of forecasting as new things become apparent? Yes. Are we looking for recommendations? Yes. That's why we have the Financial Management Commission, to say: are there new ideas we could incorporate in this process to help us move forward? It doesn't hurt to ask people who are doing this daily if there are things we're missing or things we can shift with. At least we're doing that. We're not dug into the rut of never moving beyond. You heard our Minister of Municipal Affairs today say that we are thinking outside of the box. You have to in this day and age. You have to move, because the market moves very quickly today and you can't be left behind. That's the plan we have.

So, Mr. Chairman, with those words I'll take my place.

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

MR. MacDONALD: Thank you very much, Mr. Chairman. I welcome this opportunity again to participate in the debate this afternoon. Now, in the hon. minister's response I heard the explanation given that the budget was reviewed through the standing policy committees before it was tabled in the Assembly, and my first question would be in regard to the budget. Was the decision to terminate the community lottery boards reviewed by the standing policy committees before this budget was tabled in the Assembly? We're talking about tax cuts here, and I would like an update on the tradespersons' tool tax cut that was passed and is now awaiting authorization. I would like to know when that's going to happen.

At this time I have four questions regarding the Credit Union Deposit Guarantee Corporation on page 193 of the government estimates. Again, I can certainly wait and receive written response. The four questions. What were the results of the last rate review undertaken by the Credit Union Deposit Guarantee Corporation examining the equity level of the deposit guarantee fund and the

estimated growth in total credit union assets? Two, why are the total assessments in interest collected by the Credit Union Deposit Guarantee Corporation increasing by over \$1 million, or 7 percent, over the last year's preliminary actual in 2001-02? Three, what goal and plans are being developed by the Credit Union Deposit Guarantee Corporation relating to the requirements for all credit unions to meet legislated capital adequacy requirements? And, four, will the minister indicate whether any reviews have been undertaken by the Ministry of Finance, recognizing that this was formerly Alberta Treasury, in the past year to increase the equity and capital base of the credit unions?

On the previous page of government estimates, page 192, of course there are questions that I have in regard to the ATB, or Alberta Treasury Branches. Now, I have a number of questions here, Mr. Chairman, and again a response in writing before the first day of summer I would be very grateful for. Can the minister explain, please, why the provision for credit losses for the ATB is 26 percent, or \$6.5 million, higher than last year's preliminary actual of \$24 million? Again, will the minister provide a breakdown of the \$30.8 million in provision for credit losses for the ATB in 2001-02? And can the minister explain why administrative expenses are 9.2 percent, or \$22.9 million, higher than last year's preliminary actual of \$250 million?

5:00

Now, has the minister considered having the president and CEO of the Treasury Branches appear with her and her staff before the Standing Committee on Public Accounts to account for the ATB operations on an annual basis in order to improve accountability? That would give all members of the Public Accounts Committee a chance to discuss the ATB operations. I would encourage that. It would certainly improve the accountability and the transparency of this government. Certainly the hon. Minister of Energy seems concerned about the accountability and transparency of the government, so this would be a good initiative, to have the ATB officials appear before the Public Accounts Committee.

DR. TAFT: And I'd be there to question them.

MR. MacDONALD: Yes, and the hon. Member for Edmonton-Riverview would certainly be diligent in his questioning of those said officials.

Now, what steps have been taken by the ATB to respond to the following recommendations of the Auditor General: firstly, consider the net present value of future cash flows when selecting the optimum method for recovery of delinquent loans; two, improve its procedures for identifying loans that should be accounted for as nonaccrual; three, improve its profitability measurement systems by allocating all noninterest expenses and fees to products?

Again on the Treasury branches. What steps has the Treasury Branch taken to ensure that borrowers provide comprehensive and reliable information about their business operations and plans and the security they provide before funds are advanced? What improvements has the ATB made with respect to the process of due diligence on the information provided by borrowers? You know, there's been quite a significant beaten path to the courts, particularly in respect to the matter related to existing condos in the north end that have had values placed on them that were high above market values. Well, as a result of some of these activities, we've had a by-election in Wainwright.

Another question I would have in regard to the government estimates here is: what steps has ATB taken to automate the generation and recording of loan fee revenue? What steps, again,

has the Treasury Branch taken to automate and make more reliable and comprehensive the reporting of information on connected accounts, classified advances, letters of guarantee, and letters of credit? Will the minister please explain what guidelines the Treasury Branch has now adopted with respect to granting letters of credit and guarantee? What steps has the ATB taken to address concerns about deficiencies in the process of credit analysis and secured evaluation undertaken by ATB lending officers in evaluating credit applications? What steps have been taken by the ATB to ensure that it complies with the policy of reviewing loans within six months of a corporate borrower's year-end and that the loans experiencing difficulties be monitored through more frequent reporting and reviewing requirements? Will the minister explain the type of information that is provided in the ATB president and CEO's quarterly reports to the minister? Will the hon. minister please make these quarterly reports public given that Albertans are the shareholders of the ATB? That, too, would increase the accountability and the transparency of the Alberta Treasury Branches to the public.

Now, in relation to the hon. minister's office, I have a number of questions here, Mr. Chairman.

DR. TAFT: Have you ever been invited to her office?

MR. MacDONALD: I have never been in the hon. minister's office, and I'd doubt if I ever will.

Can the minister explain why the minister's office budget is increasing by 66 percent this year over last year's budget estimates? Will the minister explain, please, what quality indicators and performance benchmarks have been established within the office to measure outcomes? For example, the New Zealand treasury business plans include performance measures of correspondence received from the public, the numbers satisfied and unsatisfied. I know how the hon. minister feels about voice mail, but what's the turnaround time on correspondence received from the public? What benchmarks have been established for the number of replies to Legislative Assembly questions, ministerial correspondence, motions for returns, written questions, reports to cabinet and Treasury Board? What time frame or due date benchmarks have been established for ministerial, MLA, and public correspondence? It should be noted that the New Zealand treasury provides this information in their business plans. It would be something that I think would be suitable here, and I would encourage the minister to certainly do that. You know, the revolution that was supposedly started in 1994 initiated with some public policy in New Zealand.

Now, going down the hall here to the deputy minister's office or walking across, I would think, a rather nice, soft, comfortable, plush carpet, can the minister explain why the deputy minister's office was over budget by close to 17 percent last year? Again can the minister please explain why this year's budget is 88 percent higher than last year's preliminary actual? What are the outputs and outcomes used to evaluate performance within the deputy minister's department?

Now, I have a few questions here on the corporate services. Will the minister please describe the activities planned by corporate services to justify the 6.5 percent increase over last year's preliminary actual? What outcomes, outputs, efficiency measures, and quality indicators have been established for corporate services in 2001-02? Will the minister provide further information, please, on the reasons for the \$125,000 increase in capital investment planned under corporate services?

Communications. Now, this is always interesting. Regardless of which department you're discussing in estimates, communications is always noteworthy. Always noteworthy. Again in communications from line 1.0.4: what justification does the minister give for the

increase of close to 16 percent over last year's budget estimates? This is especially considering that last year's preliminary actual is 20 percent less than this year's budget estimates. I can't understand why this wouldn't be under the Public Affairs Bureau.

DR. TAFT: It's remarkable.

MR. MacDONALD: Yes, it is quite remarkable.

Now, will the minister provide, please, a breakdown of the \$237,000 in operating costs for 2001-02 for the following: salaries, permanent positions, nonpermanent positions and salaries, contract positions – maybe that's where the Public Affairs Bureau comes in; as I understand it, many of the employees there are just contract employees, and at some point I'm curious as to who pays their WCB, but that's another issue and that's another department – travel expenses, and health care premiums? The rise in health care premiums is going to, I'm sure, tip the balance, because those premiums are certainly significant. No new taxes. What new taxes? Health care premiums. Oh, I better not go there. What outputs, outcomes, efficiency measures, quality indicators, and benchmarks have been established within the area of communications to measure performance? What are the projected expenses again that will be incurred in 2001-02 with respect to advertising this provincial budget?

5:10

Now, will the minister indicate how much of the communications budget is devoted to public relations, consulting services, and graphic design and print production? I thought all that was handled over in the Public Affairs Bureau, but I could be wrong, and I'll certainly stand corrected.

The hon. minister was discussing earlier the standing policy committee on economic development and finance in giving an overview of the budget. What explanation does the minister have for keeping the budget the same as last year's budget estimate even though the preliminary actual from last year was 10 percent less than last year's budget estimate? If we didn't need it last year, why do we need it this year?

What role does the standing policy committee on economic development and finance play in reviewing and approving three-year plans? What role does the standing policy committee on economic development and finance play in the evaluation of the quarterly budget updates? What performance indicators, outputs and outcomes, and benchmarks have been established to measure the success of the standing policy committee in fulfilling its goals and objectives of consulting with Albertans on public policy?

Certainly there was no consultation with Albertans that I know of in regards to canceling the community lottery boards. His Worship the mayor of St. Albert, Mr. Plain, from what I can understand, certainly was not consulted. The mayor of Edmonton was certainly not consulted. The mayor of Calgary certainly was not consulted. I don't believe they were consulted on the transportation and infrastructure issues either, but I could stand corrected on that.

Now, I have a few more questions for the minister in the time that I have left, Mr. Chairman. What standards and guidelines have been established to allow the office of the Controller and the office of budget and management to ensure that individual departments follow consistent internal audit, financial, and reporting procedures? What benchmarks have been established by the office of budget and management for the following performance indicators: accuracy of recording departments' financial information, timeliness of reporting departmental financial information, adherence to legislative compliance, and departmental budgets not exceeded?

Will the minister please explain whether any consulting projects have been undertaken by the budget and management team and in what areas? What review criteria and guidelines have been established by the Ministry of Finance in consultation with the Auditor General which will permit a formal audit of ministry performance measures in annual reports, and what are the time lines for implementation?

Again to the minister: what steps is budget and management taking to comply with the Auditor General's recommendation to provide financial results for each of the four quarters of the fiscal year within the consolidated budget in order to allow for comparison of actual financial performance against the benchmarks of the quarterly reports? What is the time frame for including planned quarterly reports in the annual budget?

Will the minister provide again further information on the plans being prepared by budget and management to ensure that outputs are being fully costed and allocated? What is the time frame for fully complying with the Auditor General's recommendations for costing outputs and related results to cost based on outputs? Will the minister provide a copy of the 2001-02 business plans and budget finalization instructions which guided ministries in the preparation of the three-year business plans for 2001-02 through to 2003-04?

Will the minister please provide an update on recommendations made by the Senior Financial Officer Council, co-chaired by the Controller, with respect to improvements to financial and performance measure reporting? What steps are being taken by the Minister of Finance to comply with the recommendations made by the SFO Council? Will the minister indicate what issues still remain to be resolved which have prevented Alberta from . . .

THE DEPUTY CHAIR: I hesitate to interrupt the hon. member, but the time allocated has now run out. I have to call the vote.

After considering the business plan and proposed estimates for the Department of Finance, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:

Operating Expense and Capital Investment	\$90,140,000
Nonbudgetary Disbursements	\$167,754,000

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

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Opposed? Carried.

The hon. Government House Leader.

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

[Motion carried]

[Mr. Shariff in the chair]

THE ACTING SPEAKER: The hon. Member for Wainwright.

MR. GRIFFITHS: 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.

Finance: operating expense and capital investment, \$90,140,000; nonbudgetary disbursements, \$167,754,000.

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

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I move that we adjourn until 8 p.m., at which time we return in Committee of Supply.

[Motion carried; the Assembly adjourned at 5:18 p.m.]