

Legislative Assembly of Alberta

Title: **Thursday, November 21, 2002**

1:30 p.m.

Date: 02/11/21

[The Speaker in the chair]

head: **Prayers**

THE SPEAKER: Good afternoon.

Let us pray. O Lord, grant us a daily awareness of the precious gift of life which You have given us. As Members of this Legislative Assembly we dedicate our lives anew to the service of our province and our country. Amen.

Please be seated.

head: **Introduction of Visitors**

MR. JONSON: Mr. Speaker, I am pleased today to introduce to you and through you to members of the Assembly the consul general of Korea, Mr. Park. He is accompanied today by his wife, Mrs. Park, and the Korean consul in charge of economic affairs, Mr. Han.

Korea is Alberta's fourth largest trading partner, with two-way trade totaling nearly \$1 billion last year. Korea is also home to Alberta's longest standing sister province relationship, dating back to 1974. Our friendship with the province of Kangwon has certainly been fruitful over the years. The consul general's visit is a good opportunity to discuss ways to develop and expand Alberta's relationship with Korea. We very much appreciate the consul general coming to Alberta so soon after his appointment, and we anticipate a productive and mutually beneficial relationship with him over the coming months and years.

I would ask our honoured guests to please rise and receive the traditional warm welcome of the Assembly.

head: **Introduction of Guests**

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

MR. LORD: Thank you, Mr. Speaker. In politics we talk about parties a lot, but today we have some very special guests here who really know what the word "party" is all about. It's my pleasure today to introduce to you and through you to all members of this Assembly nine of the over 60 legendary volunteers of the Calgary Grey Cup Committee who are here in Edmonton this weekend to help kick off the Grey Cup festivities in an appropriate manner for the 54th year in a row. I would ask that they rise and remain standing as I call out their names. They're seated behind me in the public gallery. Then after that, I would also like to introduce to you and to all members of this Assembly the world-famous Stampede queen and princesses, who are also here today and who, I might add, are much easier to look at than some of our Grey Cup boys are. I would ask Chairman John Falck along with my former colleague Alderman Ray Jones with the city of Calgary, Aengus Watson, William J. Lundrigan, Arlene Porter, Mac Hasnany, Marv Jones, David Collins, and his lovely wife, Denise Collins, to all rise and receive the warm traditional welcome of the Assembly.

Mr. Speaker, I would now ask if this year's Calgary Stampede queen, Miss Karen Collins, could also rise along with Stampede princesses June Marie Innes and Natalie Havens and receive the warm traditional welcome of this Assembly.

Thank you.

THE SPEAKER: The hon. Member for Highwood.

MR. TANNAS: Thank you, Mr. Speaker. I am pleased today to introduce to you and through you to members of the Assembly a class of law students from the University of Alberta who are here today as part of their course in legislative process and legislative drafting. Their instructors are Parliamentary Counsel Mr. Rob Reynolds and Legislative Counsel Mr. Peter Pagano. I believe the students are seated in the members' gallery this afternoon. I would ask them now to rise and receive the warm traditional welcome of the Assembly.

THE SPEAKER: The hon. Member for Clover Bar-Fort Saskatchewan.

MR. LOUGHEED: Thank you, Mr. Speaker. I'm pleased to introduce today two classes from James Mowat school in Fort Saskatchewan. They're accompanied by their principal and teacher, Mr. George Sebest, and also Ted Fellows. Some parents are accompanying them as well. I'd ask them to rise – they're in both the members' and public galleries – and receive the traditional warm welcome of the Assembly.

THE SPEAKER: The hon. Member for Spruce Grove-Sturgeon-St. Albert.

MR. HORNER: Thank you, Mr. Speaker. It's my pleasure to rise today to introduce three classes from Muriel Martin school in St. Albert. They are accompanied today by their teachers Mrs. Katie Boyd, Miss Christine Griffiths, Mrs. Brenda Kane as well as parent and teacher helpers Mrs. Alana Kirkhammer, Mrs. Gisela McKerracher, Mrs. Brenda Prychitcko, Mrs. Velvet Baker, Mrs. Wanda Kondruk, Mrs. Debra Fiddler, Mrs. Lynn Carolei, and Mrs. Susan Ormandy. They are seated in both the public and members' galleries, and I'd ask them to rise and receive the traditional warm welcome of this Legislature.

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

MR. CAO: Thank you, Mr. Speaker. I'm very pleased to introduce to you and through you to the members of the Assembly Ken and Yvette Vanberg. Ken and Yvette were part of the Albertan business group that I had the honour to lead to tour the province of Shandong in China in August. They are here to visit the Assembly and also to do something very, very interesting; that is, to recruit in his business a person who is blind, named Lorne, and persons who are both deaf and can't speak, Lori and Ryan. So this is a very, very interesting opportunity for people with disabilities. May I ask Ken and Yvette, who are in the public gallery, to stand up and receive the warm welcome of the Assembly.

THE SPEAKER: The hon. Member for Little Bow.

MR. McFARLAND: Thank you, Mr. Speaker. It's with a great deal of pleasure today that I rise and introduce to you and to members of the Assembly a family from the Nobleford area of Little Bow who have come up as a family to observe the proceedings of the Legislative Assembly. It's with pleasure that I introduce Bert and Caroline Vande Bruinhorst, their children Jonathan, Sarah, and Rhode. Jonathan attends Calvin Christian school, and the other two children are home schooled in the Vande Bruinhorst household. I would ask that they please rise and receive the warm welcome of the Assembly.

head: **Ministerial Statements**

THE SPEAKER: The hon. the Premier.

Federal Kyoto Implementation Plan

MR. KLEIN: Thank you, Mr. Speaker. I rise today to discuss Alberta's response to the reportedly final Kyoto implementation plan from the federal government, which was released today. Let me begin by saying that our government will study the federal plan in detail – and that process has started already – and we will consult with our provincial counterparts to assess its viability. As a matter of fact, I had a preliminary discussion today with Premier Hamm of Nova Scotia.

At first glance the revised federal plan is a little better dressed than its predecessors, but it is still woefully inadequate, and there are deeper concerns. I want to stress Alberta's strong disappointment that the federal government continues to impose a unilateral plan on the provinces and the territories time and time again. Premiers have urged Ottawa, again, time and time again, to sit down with them and work in partnership to develop a truly national, truly Canadian solution to climate change. But time and time again Ottawa has said no. Time and time again Ottawa has said: we'll tell you the way it's going to be.

Some federal ministers have said that there's no point trying to work with the provinces because the provinces are never able to agree on anything. Well, Mr. Speaker, that defeatist attitude says much more about federal arrogance than it does about the provinces, because working together, the provinces and the territories have reached a significant consensus on the climate change issue. They have developed a set of 12 principles, which they all believe should form the foundation of a national plan on climate change. They have all said that until Ottawa commits to those principles and commits to developing a national plan with them, then the Kyoto protocol should not be ratified.

1:40

Today the federal government has released a plan that does not incorporate all 12 principles articulated by the provinces. The plan, while it incorporates a few of our ideas, does not reflect the provinces' priorities. Even more worrisome is the fact that the federal plan gives no indication of what the true costs of the Kyoto pipe dream will be to Canadians.

A national news story out today reports that Industry Canada, an agency of the government, believes that its own political masters are deliberately underestimating the costs to Canada of Kyoto and underestimating them substantially. Now, of course, the feds are backing away from this paper's findings as fast as they can, but I think there's more truth to it than they care to admit. According to the news story, Industry Canada calculates that Kyoto will result in a 33 percent decline in the energy industry with a loss of 14 of every 100 jobs in that sector. That is very significant, Mr. Speaker. The government of Alberta will not let that happen, and other provinces will not let that happen. Despite being aided and abetted every step of the way by the two opposition parties represented in this Legislature, the federal government will not be allowed to hurt this province or any province in order to meet some rigid, illogical goal.

Do provinces want to address climate change? Well, the answer, of course, is yes, without a doubt. The federal government would have Canadians believe that it alone – it alone – holds the monopoly on environmental concern, but the record indicates otherwise. The record indicates that Canada's provinces have been the true leaders in environmental stewardship, and they intend to be just as effective in dealing with climate change.

Here in Alberta the government, of course, has introduced legislation that when implemented will result in significant reductions in greenhouse gas emissions, and I'm talking about real

reductions. The federal government, on the other hand, is talking about sending possibly billions of dollars, hard earned dollars in Canada, out of this country to buy emission credits abroad. The result will be the completely unnecessary transfer of Canadian wealth to other countries with no reduction in emissions that contribute to global warming. That, Mr. Speaker, is not environmental stewardship. That is politics, crass, self-serving, duplicitous, obscenely expensive politics, and Alberta will not be a part of it.

Mr. Speaker, I have spoken with almost every Premier in Canada about the climate change issue, and while we differ on some points regarding climate change, we agree on the important items in the debate. Above all, we agree that climate change is not something to be addressed by a federal organization or a monopoly. As the Premiers of British Columbia and Newfoundland jointly wrote in today's *National Post*:

We can and must meet the challenge of climate change, in a way that works for the benefit of all Canadians . . . We have the opportunity now to harness that innovation and expertise and work together as federal, provincial and territorial partners to develop a "Made in Canada" strategy.

So I join with Premiers Campbell and Grimes, both Liberal Premiers I would remind the hon. leader of the Liberal opposition, and all Canadian Premiers in urging the federal government to sit down with us – sit down with us – and work on a national solution that incorporates the provinces' 12 principles rather than asking us to accept this plan as the only possible solution.

Why is there this incomprehensible rush to ratify the Kyoto protocol? Why? I don't know. Why can't Ottawa take the time to meet with us as equals so that we have a common understanding, rooted in reality, of what it will take to address climate change and how much it will cost? Why must Canadians accept artificial, rushed deadlines imposed by the Prime Minister when the magnitude of the issue demands thought, collaboration, and common understanding? These are questions that go unanswered, and until they are answered, this government will not rest in opposing the Kyoto protocol. It will not rest. It will not rest in protecting the jobs of Albertans and all Canadians, and it will not rest in its work to protect the future economic prosperity of Alberta and the strong communities and array of opportunities that arise from that prosperity. Albertans expect no less, Mr. Speaker, and they will receive no less from each and every government member of this Assembly.

DR. NICOL: Mr. Speaker, the Alberta Liberals support ratification of Kyoto. We believe in the science of climate change and in the decade of work completed by countries and scientists on establishing a first step to reduce CO₂ emissions. We recognize that ratification of the protocol poses a significant challenge for Alberta. We believe the targets set out in the Kyoto protocol are good and achievable. We are, however, disappointed with the first phase of the federal government's implementation plan rolled out today.

Now more than ever we expect positive leadership from our provincial government. We believe the government of Alberta must constructively engage the federal government in its plan to implement Kyoto rather than its current policy of antagonizing and escalating already tense relations. Constitutional challenges, boycotted meetings, and other actions of hostility will not serve the best interests of all Albertans. This government should promote the Alberta advantage, not disadvantage. Failure to do so will negatively impact Alberta and become a self-fulfilling prophecy. This is about what we can do, not about what we can't.

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

MR. MASON: Yes, Mr. Speaker.

THE SPEAKER: I'm sorry, hon. member. Please sit down. There is no provision in our practice for a member other than the spokesman for the Official Opposition to respond to a Ministerial Statement other than with the unanimous consent of the members of the Assembly. Would the member like me to ask if the hon. members would?

MR. MASON: Mr. Speaker, we were called by the government and asked if we would prepare a statement, and we did.

THE SPEAKER: Hon. member, the government does not control the practice of the Legislative Assembly of the province of Alberta. If the hon. member would like the chairman to ask the question, "Is there unanimous consent in the Assembly to allow the hon. member to participate in the ministerial statement process?" the chairman will ask that question. Just nod yes or no.

Is any member of the Legislative Assembly in the province of Alberta opposed to hearing from the hon. Member for Edmonton-Highlands?

[Unanimous consent granted]

THE SPEAKER: The hon. member.

1:50

MR. MASON: Thank you, Mr. Speaker and members of the Assembly. The Alberta Conservative government has never missed an opportunity to miss an opportunity when it comes to taking meaningful action to address climate change. Instead of working co-operatively with the federal government and other provinces to address the important issue of climate change, this government has chosen to be obstructionist.

I remind you that until its resignation in May of this year, the Alberta government actually co-chaired a federal/provincial committee that was studying the economic impacts of the Kyoto protocol. The decision to resign from this federal/provincial process was made well before Prime Minister Chretien decided in September to move forward with Kyoto ratification before the end of this year. The Alberta government has a responsibility to stand up for Alberta's interests. However, the government's destructive approach will leave Albertans isolated and without influence on this most critical issue for the future of the province.

The Alberta government also missed an opportunity to take meaningful action by ignoring a detailed report produced by the energy efficiency office of the Alberta Energy department in 1990. This paper set out detailed policy measures that would have enabled Alberta to reduce greenhouse gases 7 percent below 1988 levels by the year 2005. Instead, this government axed the energy efficiency office, and greenhouse gas emissions have instead risen by 20 percent.

The Alberta New Democrats have consistently urged the government to stand up for Alberta's interests by negotiating an implementation protocol which protects our economy and sets reduction targets based on energy consumption rather than on production. The government has not only failed to take action on climate change issues; they have left Alberta vulnerable to decisions made by others.

head: **Oral Question Period**

Government Contracts

DR. NICOL: Handing out lucrative contracts without going through

an open and transparent tendering process is not just bad business. It's downright abuse of power. For a government that's so big on the benefits of competition, it's ironic that its own policies don't require competitive bids for all government contracts. My question is to the Premier. Since the Ministry of Infrastructure regularly hands out consulting and project management contracts without going to tender, how can Albertans be assured that plum, lucrative contracts aren't being handed out to government friends and supporters at taxpayer expense?

MR. KLEIN: Mr. Speaker, I'm not so sure that that statement is true, but I will have the hon. Minister of Infrastructure respond as to the procedures and the requirements that need to be followed before contracts are let.

MR. LUND: Mr. Speaker, of course, depending on the size of the project and what kind of details we need, we sometimes go through a very long process of, first of all, requesting for interest, and we have a request for qualifications. Then we have a request for proposal, and then of course we deal with the results of all of those processes. On a lesser project we may just simply ask for a call for proposal. In other, even lesser cost types of projects we may outline the project and then ask for bids. So those are the types of procedures that we follow. If the hon. member has an example where this hasn't been followed, which he seems to indicate, I would sure like to know about it.

DR. NICOL: Mr. Speaker, to the Premier: what is stopping this government from giving a company or an individual preferential treatment while excluding other contractors who are just as experienced and maybe even less expensive?

MR. KLEIN: Mr. Speaker, I'll defer to the hon. minister.

MR. LUND: Mr. Speaker, as I said in answer to the first question, if the hon. member knows of a situation where the procedure hasn't been followed, I want to know about it.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you. To the Premier: can you respond to the Auditor General's report, pages 158 and 159, which clearly outlines that in the Department of Infrastructure there are potential serious breaches of contract competition and renewal? Can you explain that?

MR. KLEIN: Mr. Speaker, we take very seriously the recommendations of the Auditor General, and we have given an undertaking to the public that we will respond in detail to the Auditor General's recommendations. I'll ask the hon. minister as to where we are relative to the progress on those recommendations.

MR. LUND: Mr. Speaker, as the hon. Premier has clearly indicated, we do take any allegations very seriously. We're in the process of investigating exactly what the Auditor General was talking about, and we're going to make sure that if there was a mistake, in fact, it doesn't happen again.

Use of Government Credit Cards

DR. NICOL: Unauthorized credit card transactions, no documentation to back up expenses, no control over the way government credit cards are used: that's the way this government operates, and millions

of dollars are at risk because of negligence by this government. The freewheeling use of government credit cards is out of control, and an investigation by the Auditor General is now under way. To the Premier: are some cabinet ministers forcing staff to misuse their credit cards in order to cover over or expand ministry expenses?

MR. KLEIN: Mr. Speaker, no. And if I ever find out about any minister forcing misuse of credit cards by anyone, they won't be a minister. I'll tell you that for sure.

DR. NICOL: To the Premier: then how do you respond to the Auditor General's concerns that imply that those kinds of things are happening?

MR. KLEIN: I'm not so sure he implies those things are happening, Mr. Speaker. There was a case, as the hon. leader of the Liberal opposition knows, of a senior public service employee being charged. That matter is now before the courts, and I believe that there's an ongoing investigation or a review as to how this kind of thing could happen. I can tell you that there is no direction from any minister of the Crown to direct any employee of the government to inappropriately or wrongly use a credit card.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. In reference to the cases that the Premier just talked about, are out-of-court settlements being considered?

MR. KLEIN: Mr. Speaker, I really can't discuss that. As I understand, this is a criminal matter, and it doesn't involve any out-of-court settlement. You know, maybe the Attorney General can shed some light on this matter, but I would be very, very surprised if anything like that was anticipated.

THE SPEAKER: I also want to caution care that this doesn't fall under the sub judice rule, but the hon. Minister of Justice and Attorney General might comment.

MR. HANCOCK: Mr. Speaker, I think your comments are entirely appropriate. There is a civil case as well as the criminal case, and both of them are before the courts.

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

Health Care Spending

DR. TAFT: Thank you. Mr. Speaker, \$67,800 a day 365 days a year: that would hire over 350 registered nurses, provide long-term care for 500 sick elderly Albertans, or eliminate the deficits of almost every rural RHA in Alberta. Sixty-seven thousand, eight hundred dollars a day is \$25 million a year, which is what this government is spending to study the implementation of the Mazankowski report. Of this, over \$5 million is spent on nothing more than the salaries, travel costs, luncheons, and paper shuffling of committees. My questions are to the Minister of Health and Wellness. Given the staggering amount being spent on these committees, including a committee getting \$550,000 to co-ordinate the work of other committees, why has this minister hired a special adviser in his office at a further cost of over a hundred thousand dollars per year? How much advice does this minister need?

MR. MAR: Mr. Speaker, that pales in comparison with what we spend on health care in this province, which now ranges in the magnitude of \$6.8 billion. That is in the magnitude of \$19 million a day. We spend \$1.4 billion on physicians. We spend roughly \$1 billion on nurses. We spend roughly \$3.8 billion on our regional health authorities. We spend in the magnitude of some \$360 million on drugs alone. Ensuring that we have the appropriate system put in place to make sure that we deliver an effective, efficient, publicly paid for, publicly administered, high-quality service in this province is what this is all about. I should point out that the \$25 million is for the implementation of all of this. It is not for committee work, as has been suggested by the hon. member. He should do his homework.

2:00

DR. TAFT: If the numbers are so small, why doesn't he pick up the rural RHA deficits?

Given that one of these implementation teams has a budget of 6 and a half million dollars and another has a budget of \$10.2 million, will the minister provide full details to the House on the tendering and accountability processes for ensuring this money is well spent?

MR. MAR: Mr. Speaker, if the hon. member wishes to see how the government is spending its money and pursuant to what authority, he can certainly look at our business plans. They are the most transparent, open, accountable business plans in this country.

DR. TAFT: Given that these committees are behind schedule and the senior management of the Department of Health and Wellness is in obvious confusion and disarray, why doesn't the minister just admit that his government's attempt to pre-empt the Romanow report is a costly lame duck?

MR. MAR: Mr. Speaker, what a load of poppycock. Look at what the cost of the Romanow commission report is; right? Let's look at the cost of the Romanow report, something in the range of \$15 million to \$20 million, frankly with a set of recommendations that any one of us probably could have drafted on the back of a cocktail napkin.

THE SPEAKER: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Airdrie-Rocky View.

Air Ambulance Services

MR. MASON: Thank you very much, Mr. Speaker. The minister of health recently appointed the MLA for Peace River to the selection committee tasked with the responsibility of awarding an air ambulance contract for the Peace River area. Prior to his appointment this MLA had written a letter in support of Advanced Paramedic, one of the applicants. To no one's real surprise Advanced Paramedic was awarded the contract. To the minister: did the minister know that the MLA for Peace River was backing one candidate for this contract over the others before appointing him to the selection committee, and if not, why not?

MR. MAR: Mr. Speaker, the RFP in 2002 was put out for air ambulance services, and the purpose of this was to meet the increased numbers of patients that need to be transported by this particular service. Peace regional did submit two options, one of which met the criterion under the RFP and the other one did not.

The selection committee consists not only of the hon. Member for Peace River but also the hon. Member for Calgary-Buffalo, who, of course, is well known for his knowledge in the area of ambulance, and also the hon. Member for Little Bow. There was also a

physician from Saskatchewan air services, an expert in the area of air medical transport. There was also an aircraft industry consultant that was brought in as part of the RFP process.

There were 12 tenders in total. Ten were renewed in other parts of the province. One that was not renewed was for the Peace regional, that had been submitted. It would appear that the reason why it was not accepted was because it came in at a higher cost than the successful bidder, and the reason it appears so, Mr. Speaker, is it appears that they were using revenues from the air ambulance service to subsidize their ground ambulance service. I should point out that there was a unanimous decision made by the selection committee in the RFP process for the successful bidder. It was a fair and reasonable and completely transparent set of circumstances.

MR. MASON: Mr. Speaker, does the minister not consider that the fact that a member of the selection committee had written a letter of reference for one of the applicants actually creates a tainted process, and how can he guarantee the people of Peace River that, in fact, this was a fair selection process?

MR. MAR: Mr. Speaker, I resist the temptation of the hon. member to unfairly besmirch another member of this Assembly for activities that they may have done. If he has an issue with respect to how this hon. member, the hon. Member for Peace River, has conducted himself, if he wishes to submit a complaint to the Ethics Commissioner, then he may do so.

THE SPEAKER: The hon. member.

MR. MASON: Thank you, Mr. Speaker. My questions are to the minister. Why did the minister appoint someone to the committee, whether it be an MLA or not, who was obviously an advocate for one of the applicants before the selection process even got under way, and will the minister fix the process and throw out this tainted bid?

MR. MAR: Mr. Speaker, if the hon. member, again, wishes to make his allegations outside of this House or if he wishes to bring it before the Ethics Commissioner, he certainly may.

THE SPEAKER: The hon. Member for Airdrie-Rocky View, followed by the hon. Member for Edmonton-Ellerslie.

Federal Kyoto Implementation Plan

MS HALEY: Thank you, Mr. Speaker. My questions are all to the Premier. In light of the federal government's release today of their final plan on Kyoto could you please, Mr. Premier, tell this House if you or anyone in this government was provided with the ability to have any input into this report or if you, in fact, received an advance copy before it was released today?

MR. KLEIN: Mr. Speaker, the answer is no, and this is really quite consistent with the actions of the federal government to date. No, there were no consultations. I understand that the report was released to the media before it was sent to the provinces. This is the government's idea of consultation, and it's a bad one.

MS HALEY: Mr. Premier, in light of your answer has the Prime Minister responded to a request for the first ministers' meeting, and if not, why not?

MR. KLEIN: No, he hasn't. He has indicated, however – and I'm

getting this secondhand from Premier Hamm, who is chair of the Premiers' conference – that if the Premiers want to discuss Kyoto at the January first ministers' meeting, when it will be convened to discuss health care, they're welcome to do so, but whether the Prime Minister will listen is another matter.

MS HALEY: My final question, then, is: in light of the comments made in here today by the member from the New Democratic Party, his comments that the government is somehow isolated, Mr. Premier, do you know how the other provinces or Premiers are responding in Canada today?

MR. KLEIN: I do, and it appears that all of the provinces are onside with the 12 principles that were drafted by the ministers of environment and the ministers of energy. Clearly, the plan refuses to recognize and discards completely three of those principles, and they are key principles to Alberta and the rest of Canada.

We are not isolated. Mr. Speaker, the Premier of British Columbia, their minister of environment, and their minister of energy are clearly concerned and have expressed publicly their concern. The Premier of Ontario stood up with me in Toronto to express his concern. Premier Grimes of Newfoundland is gravely concerned and so is Premier Hamm of Nova Scotia because they're just in the process now, in the infancy, of oil and gas development in those two provinces, and of course the province of British Columbia is hoping to embark on offshore development.

Mr. Speaker, just today the NDs, the New Democrats, in Saskatchewan issued a press release which is very consistent with the ministerial statement that I issued earlier, and I'm going to read the press release. It's dated today, Regina.

Saskatchewan's industry and resources minister is fuming over Ottawa's latest plan for implementing the Kyoto climate change treaty.

An NDP government.

Eldon Lautermilch says the plan presented today is a unilateral federal action that is being "rammed down the throats" of the provinces and territories.

The provinces and territories have provided the Chretien government with 12 principles they wanted included in an implementation plan.

Lautermilch says the federal government has rejected three of those outright and changed seven.

He says Saskatchewan cannot, and will not, accept Ottawa's latest plan.

So, Mr. Speaker, for the hon. Member of the ND Party to say that Alberta is isolated is an absolute falsehood. An absolute falsehood. He should stand up and apologize to this Assembly, especially in light of his own party, now governing Saskatchewan, being firmly on the side of Alberta on this issue.

2:10

Labour Negotiations

MS CARLSON: Mr. Speaker, first the government intervenes in teacher negotiations. Then the government intervenes with nurses and docs. Now they want to set a standard for intervening in all collective bargaining processes. To the Premier: does this government understand what collective bargaining and arbitration mean?

MR. KLEIN: Yes, we do.

MS CARLSON: To the Premier: then how does the government answer the charge that this new policy they are floating is a socialist policy, not free market based? Mr. Premier, you look like Pierre Elliott Trudeau on wage and price controls.

MR. KLEIN: Mr. Speaker, again the Liberals are conducting their research in the *Edmonton Journal* and the *Calgary Herald*. Clearly, public-sector salaries account for about \$10.8 billion of the government's budget, and each increase in public-sector salaries costs the province about \$108 million, and since government funds the public sector, we have to ensure that salary settlements are sustainable over the long term. We need to do that so we can budget and budget properly. So we do have a group of government members looking at strategies to deal with the impact of public-sector salary increases on the provincial budget, but I can tell the hon. member that no concrete proposals have been brought forward to cabinet or caucus or Treasury Board.

MS CARLSON: Mr. Speaker, my final question is to the Minister of Economic Development. From an economic development perspective do you support an end to free market based negotiation in this province, as led by your boss?

MR. NORRIS: At the outset, Mr. Speaker, I generally tend to support everything my boss says. It's usually the way that the Alberta people feel, and it's the way I feel, certainly.

Once again I think the hon. member opposite is drawing conclusions based on illogical premises, so I don't think I can respond other than to say that we support anything that moves the free market ahead, and the conclusion that you've reached is, while very interesting, totally disagreeable.

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

Security of Registry Offices

MR. McCLELLAND: Thank you, Mr. Speaker. My question is to the Minister of Government Services. On Tuesday night someone broke into an Edmonton registry office and made off with a computer and printer used to create Alberta drivers' licences. Can the minister tell us if these loathsome miscreants now have the ability to create licences and bogus ID cards?

MR. COUTTS: Mr. Speaker, law enforcement agencies will tell you that break-ins are an area of opportunity for criminals and very often they don't know what they're going after. We don't know what the thieves plan to do with this particular equipment that was stolen on Tuesday night, but we shouldn't just assume that they could plan to produce a fake driver's licence.

That being said, the equipment that was stolen on Tuesday night isn't enough just in itself to produce a fake driver's licence. In Alberta today we use a special paper stock, and that paper stock is kept in a locked compartment separate from the equipment. That particular paper stock was not stolen in this case. Encryption or any other security measures also make it very, very difficult for an unauthorized person to obtain any information on the database. Therefore, an individual who steals the equipment would have to be familiar with our processes and our unique applications and how it works.

Detective Joe Pendleton is an utmost authority on national security measures and identity fraud, and he is with the Edmonton economic crime squad. He has said to us that no fake IDs have ever been found in Edmonton that had been produced by equipment stolen from registry agents' offices, so that would tell me that criminals do not have the necessary knowledge to handle that equipment. So it appears to me that the bad guys just don't get it.

THE SPEAKER: The hon. member.

MR. McCLELLAND: Thank you, Mr. Speaker. That would indicate, then, that this was believed to be a random act and that this is not part of a concerted effort by a group to target registry offices.

To the same minister: can the minister tell the House, without breaching security, what measures have been taken to ensure that other registry offices are protected?

THE SPEAKER: The hon. minister.

MR. COUTTS: Thank you, Mr. Speaker. There have been a handful of incidents like this in one or more of our 120 registry agents' offices across this province, and that handful of incidents amounts to about 1 percent. Nevertheless, we are concerned about the possibility of criminal misuse when it comes to our technology that we're presently using. My department recently issued a request for proposals for a new centralized high-security processing facility for a new driver's licence, and that new facility will make it less vulnerable to these sorts of incidents.

Government-issued drivers' licences are one of the only official identification documents that contain a photograph of the cardholder, and that makes it a very acceptable form of identification for law enforcement agencies, for retailers, for financial institutions, and for employers. Given the current desire for increased security, Alberta's current system must be replaced to stay ahead of the technology. So new technology and a new security card facility will ensure that our licences are trustworthy, that they're credible, and that the documentation used will only be used by Albertans whom they serve.

THE SPEAKER: The hon. member.

MR. McCLELLAND: Thank you. To the same minister: with the centralization of all these records, what special steps are being taken to protect the privacy of Albertans?

MR. COUTTS: That is a very good question. The request for proposal is going to require that the vendor perform a privacy impact assessment and a consultation with our Privacy Commissioner to make sure that those rights under the Freedom of Information and Protection of Privacy Act are upheld. We have consulted with various security and law-enforcement agencies as well as with other jurisdictions, and we have decided on using a polycarbonate card so that the personal information can be imbedded on both sides of the paper stock, and a laser engraver will be used for that personal information so that it will be highly secure. Once the information is permanently put onto those cards, it will be extremely tamper resistant. The information can't be mechanically nor chemically taken off the card without making the card a useless piece of identification.

So, Mr. Speaker, it's important to note that the security features will not involve DNA, will not involve fingerprints but may include a facial recognition so that registry agents can see that that person in front of them is also the person that we have on file.

2:20

Heritage Savings Trust Fund

MS BLAKEMAN: Mr. Speaker, against the wishes of Albertans this government has continued to use the heritage fund as a pawn in its game to politicize the budgeting process and continues to plan to turn the heritage fund into a stability fund. My first question is to the Minister of Revenue. Why does this government continue to employ a high-risk investment strategy when Albertans have said to protect the fund?

MR. MELCHIN: Mr. Speaker, if they might remember, there was a

significant review of the heritage fund done in 1995, and the legislation was changed in 1997, which led as a legislative parameter to maximize the long-term returns of the fund. It was from that major review and legislative parameter that we do invest in equities. We know that Albertans say that they value the fund, that it's there for the future. It will be there for the future. It's that opportunity for growth in a diversified portfolio that will ensure it will maximize the benefit and the value not only today but for all Albertans in the future.

MS BLAKEMAN: This question is also to the Minister of Revenue. Why does this government think that the volatile heritage fund, which lost \$1.3 billion in just six months, can serve as a stability fund?

MR. MELCHIN: We're mixing two different issues. I'd first like to say that this is the only fund of its kind in any province in Canada. It's a great fund. This fund has earned over \$25 billion of income over its life. It continues to benefit us. You don't invest with the aspect of taking zero risk. There are ups and downs in the marketplace, but the equities do outperform fixed income in any one year.

With the other aspect of a stabilization fund, there is a survey out right now with all Albertans to let them have both an understanding of the fund and its options for the future and whether or not a sustainability option should be regarded with the heritage fund. We're following up on recommendations of consultation with Albertans. It was the Future Summit delegates' suggestion from all of that input gathered around the province that that form part of it. We allow Albertans to provide us that input, and it's a promise to them that we will supply back and provide them the opportunity to choose.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thank you. My final question is also to the Minister of Revenue. Given that Albertans have already told this government I think five times in the last eight years not to turn the heritage fund into a stability fund, why is this government asking them again? What is it about the word "no" that this government doesn't understand?

MR. MELCHIN: First off, I said yesterday – and we won't even today – that we'll never apologize for consulting with Albertans. This is the only survey that has ever asked the question why we should save. In 1995 it asked: should we make a long-term decision now or wait until the government pays down its debt and balances the budget? That was the question in 1995. We have accomplished much since then. We have reduced the debt from \$23 billion down to \$5 billion. It's in response to that, that our financial house is in order, that we can follow up on a long-term decision about why we're saving.

It is about that purpose, and there are multiple reasons. The heritage fund was created in 1976 with multiple reasons to save. It was never just a one, sole, single purpose oriented fund, and it's for that reason that we're asking Albertans about its long-term mandate.

MRS. NELSON: Mr. Speaker, for clarification, the Financial Management Commission put forward a recommendation that we provide for a sustainability fund for this province. We have responded to the recommendations of the Financial Management Commission and accepted their recommendation but amended that, in fact, a sustainability fund should be established but not using the heritage trust fund. So we are proceeding with a sustainability fund

development. We're putting the implementation plans together now.

In the meantime, there is a process of dialogue that is going on with Albertans with regard to the future of the heritage trust fund, but for the time being and in the future, we are going forward with our sustainability fund without the heritage trust fund. So we are not coupling the two together, unless the people of this province tell us to do otherwise.

THE SPEAKER: The hon. Member for Calgary-Fort, followed by the hon. Member for Edmonton-Mill Woods.

Education Delegation to Asia

MR. CAO: Thank you, Mr. Speaker. Given that the Alberta government puts education and training of citizens as top priorities, with an increasing annual funding now reaching close to \$5 billion, and also given that the minister just recently led an education delegation to several Asian countries, my question to the hon. Minister of Learning is: what is the purpose of such a delegation tour?

THE SPEAKER: The hon. minister.

DR. OBERG: Well, thank you very much, Mr. Speaker. There are a lot of reasons why we go to foreign countries. For example, the Korean consul general, who was just here, is a good illustration of that. I'll just outline two today. First of all, probably the most significant thing we can do in an education system is to allow for the globalization of our students. To give students the ability to go to school shoulder to shoulder with someone from China, Japan, or Vietnam is an invaluable resource.

The second reason that we led this delegation is quite simple, and it's called economics. Our postsecondary institutions are active in an average of 22 different countries around the world. By having a minister with them – in fact, they asked me to go – we were able to get into doors, to open doors that they could never get into before. For example, we were allowed into the ministry of education in China. If you think about it, the ministry of education of China looks after a billion and a half students. The immensity of it is just amazing. Overall it was an extremely successful trip.

THE SPEAKER: The hon. member.

MR. CAO: Thank you, Mr. Speaker. To the same minister: could the minister tell us what was achieved or learned for Alberta from those countries in terms of governance, class sizes, or the education results?

THE SPEAKER: The hon. minister.

DR. OBERG: Thank you very much. Well, Mr. Speaker, on our trip we had scheduled and, indeed, attended 71 meetings in four countries over a period of about 16 days. We talked to a lot of people. There were roughly 15 to 20 MOUs signed by our institutions and, indeed, one signed by myself on the apprenticeship and industry training in China. So we will be helping China do the apprenticeship and industry training.

In direct response to the hon. member's question about what we learned, I will say that there were probably only two or three things that we learned, specifically, that we can benefit from over here. The rest of the reason for this trip was to sell our expertise to these countries, and those countries are hungry for it. As a matter of fact, there was a proposal put forward by the ministry of education in

China to work with them to open up two schools in China, utilizing our teachers, our curriculum, and our diploma. So we are presently doing the due diligence on that and making sure that it is a feasible project.

Again, overall, a lot of things done, a lot of people met, and a huge amount of business. It could quite easily be estimated that we did in the \$25 million to \$30 million range in those two weeks.

THE SPEAKER: The hon. member.

MR. CAO: Thank you, Mr. Speaker. To the same minister: how does the minister see Alberta's education system and institutions in the world education business?

DR. OBERG: Mr. Speaker, I talked about our postsecondary institutions being active in an average of 22 countries, but I will say that we are, really, very much a fledgling on the world scene. Australia, for example, right now does around \$10 billion worth of business overseas when it comes to education. Canada, in general, does between \$4 billion and \$5 billion in foreign countries, with the lead being taken by British Columbia, Ontario, Quebec, and indeed New Brunswick. Interestingly enough, in talking to the people in China, Newfoundland had just been over there about three or four months ago.

So, Mr. Speaker, it is a good way to promote Alberta. It is a good way to allow our students to have the advantage of being close to their counterparts in other countries. It's a good way to proceed with economics for a postsecondary system, but most important, just a good way to learn about other people.

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

2:30

Postsecondary Tuition Fees

DR. MASSEY: Thank you, Mr. Speaker. Contrary to what the Minister of Learning told the House yesterday, high tuition fees are a barrier for students. In a survey by the Learning department 70 percent of respondents cited the overall cost of postsecondary education as a barrier, and 66 percent specifically marked increased tuition as a barrier. My questions are to the Minister of Learning. Why are Alberta tuition fees higher than in any other western Canadian province?

DR. OBERG: Mr. Speaker, I don't have the actual numbers with me right now, but I believe that the University of Saskatchewan is significantly higher than our universities.

DR. MASSEY: To the same minister, Mr. Speaker: with Alberta participation rates of 18 to 24 year olds in postsecondary education almost the lowest in the country why does the government continue to support a high tuition policy?

DR. OBERG: First of all, Mr. Speaker, we do not support a high tuition policy. As I mentioned yesterday, our universities are number 21, number 31, and number 38 in the last *Maclean's* poll on tuition and fees charged.

The reason our participation rate is not as large is a couplefold. First of all, we have a very highly developed technological school industry in the province of Alberta, where a lot of kids go to technology school. Second of all, our Apprenticeship and Industry Training Board is second to none. We currently have 42,000 students that are involved in apprenticeship. Mr. Speaker, the third

reason and probably the most effective reason right now is because we have jobs. There are a lot of jobs out there. Many students are opting to get into the workforce first, before they go to university to finish their education.

THE SPEAKER: The hon. member.

DR. MASSEY: Thank you. Again to the same minister: how can the minister, a beneficiary of low tuition rates, now deny young Albertans the same opportunity?

DR. OBERG: Well, Mr. Speaker, when you actually sit down and do the math, what I paid in tuition when I went to school – and again, that was back in the late 1970s. I don't want to age myself, but I really do believe that I paid anywhere between \$1,500 and \$2,000 tuition. I stand to be corrected on that.

DR. MASSEY: Nine hundred and fifty-three dollars.

DR. OBERG: No. Actually it wasn't, not for medical school. Consequently, when you extrapolate that forward, what you see is that it is very comparable to what it is today. It has risen but, Mr. Speaker, in all fairness, everything has risen. The important thing to remember about tuition is that people sitting in this Assembly, people driving the taxi cabs in Alberta, people driving the dump trucks pay 75 percent of a student's cost for education.

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

Electricity Pricing

MR. MASON: Thank you very much, Mr. Speaker. In an attempt to hide the colossal failure of deregulation to deliver lower power prices, the provincial government has done everything in its power to pin the blame on EPCOR. Yet power bills have increased in every part of the province, including those that are not served by EPCOR. I've recently begun holding public meetings around Alberta, and I've found that even in the rural heartland of the Conservative government people are not buying the government line. My question to the Minister of Energy is this: how does he explain the higher prices, between 40 and 60 percent, paid by consumers in areas outside EPCOR's service area since deregulation?

THE SPEAKER: The hon. minister.

MR. SMITH: Well, Mr. Speaker, thank you for the question from the member. The morning was spent with the Alberta Association of Municipal Districts and Counties. While I did have an opportunity to talk personally with some individuals who had specific issues regarding their bill or wrong meter reads or poor estimates, there were, in fact, no questions raised by that group at the meeting. I know that there are continuing concerns, but there are other issues in rural Alberta, which I think is an important piece.

Now, in the EPCOR/Aquila network there have been numerous, overwhelming, many – you would know yourself from being in that services area, Mr. Speaker – amounts of complaints that are rife with incorrect meter readings and have meter deficiencies. We asked nicely. We asked with vigour. We asked with force. Then we asked with the regulation in place for EPCOR and Aquila to correct these meter readings, and they are in fact taking action. The EUB has set up a call centre that will respond to these calls as the meters come in as of December 2.

The simple answer to the member's question is that if he goes back over his bills – if any rural Albertan would give him one, particularly after their position on the Kyoto accord, which is going to cost rural Albertans many jobs. I don't know if I'd want to be an ND out there in that part of the world talking in Conservative ridings. But if he were to read those, he would see that there are deferral accounts. Deferral accounts are the cost of power bought in 2000, when, as a matter of fact, this government still entertained a regulated model for power, and in 2001 when the power was deregulated. So there's been a combination of factors which has created these deferral accounts to be placed in these accounts that shall end at the end of 2003.

THE SPEAKER: The hon. member.

MR. MASON: Thank you very much, Mr. Speaker. Since the minister has no answer to the question of higher electricity prices for Albertans, why, then, is the government singling out publicly owned EPCOR for regulatory punishment while letting U.S.-owned Aquila, which is actually making the mistakes reading the meters in the EPCOR service area, off the hook?

MR. SMITH: Mr. Speaker, that member has no idea about high electricity prices until he sees the full effects of the Kyoto protocol, which he supports, his party supports being implemented in this province, that's going to cost 14 out of every 100 oil patch workers their jobs. And you support that?

On the issue of electrical deregulation what the member forgets conveniently is that Aquila is operating under a regulated part of the electrical business and is subject to the full regulatory rigours of the Alberta Energy and Utilities Board. If he cared to spend some time, Mr. Speaker, going through that piece, he would see that there are financial penalties in there and there are management penalties in there. So not only is he trying to rip Albertans off on the Kyoto side, which he's trying to support; he's also misinformed about deregulation.

THE SPEAKER: Hon. member, I don't know if you had an opportunity to hear the complete answer. There seemed to be a lot of exchanges going on at the same time. I will not invite the Minister of Energy to repeat his response.

MR. MASON: Well, Mr. Speaker, that would render the Kyoto accord completely useless if he did that.

I'd like to ask the minister, Mr. Speaker, why he is singling out EPCOR and the 650,000 Edmontonians who own it for unfair and discriminatory treatment by his ministry.

MR. SMITH: Mr. Speaker, firstly, he said that if I repeated my former answer, I would render the Kyoto protocol useless. If, in fact, that was all it took in Alberta, I would do that tomorrow. I would do it today. I'd take a bullet to get rid of the Kyoto protocol because that protocol is going to take jobs, prosperity, and development away. EPCOR won't have to worry about profits because the \$9 billion worth of transfer payments and the power that EPCOR generates themselves in a free marketplace will be decimated under the Kyoto protocol.

2:40

Mr. Speaker, to the Member for Edmonton-Highlands. We are asking for commercial solutions in a commercial marketplace. All EPCOR had to do in the 20 months since the start of deregulation in combination with Aquila Networks was fix the meter-reading

deficiencies and billing irregularities in their billing area. We have seen in this deregulated electricity market a company such as ATCO, that pays full taxes, that supports over 110,000 customers in northern Alberta, bring in lower prices than they did under regulation. "How can the private sector do this?" you wonder.

Mr. Speaker, at Enmax in Calgary, also owned by the city, we have seen a lower rate – a lower rate – than what EPCOR offers in their Aquila network and in the Edmonton area. So I would ask the member with his prior experience: how do the 650,000 customers sitting in Edmonton, the 650,000 shareholders that do not have any choice about getting rid of their risk, their exposure after a particular damning report on the exposure of EPCOR, escape the liability?

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

Mandatory Second Language Instruction

MR. SHARIFF: Mr. Speaker, the Minister of Learning indicated at the annual Alberta School Boards Association conference this week that he is looking to implement mandatory second language studies in schools. My question is to the Minister of Learning. Is this a new policy direction for Alberta Learning?

DR. OBERG: Well, Mr. Speaker, it is a new direction, but it is actually a direction on the direction of this Legislative Assembly. As the hon. member remembers, I'm sure, in May of 2001 there was a motion passed by the hon. Member for Wetaskiwin-Camrose urging Alberta Learning to institute mandatory second languages by the year 2006-2007, and indeed we are following through on that. We take what happens in this Legislative Assembly very seriously, and we are following through. Despite that fact, I will also say that it is something that I support and it is something that is the right direction and the right thing to do for the students of Alberta.

THE SPEAKER: The hon. member.

MR. SHARIFF: Thank you, Mr. Speaker. My first supplemental is to the same minister. Can you explain why this policy is being implemented, and what language it will be? Will it be French, Ukrainian, Spanish, Vietnamese, Polish, or what language?

DR. OBERG: First of all, Mr. Speaker, what we see when we look around the world is that our students, our population is increasingly mobile. The days where we could put up the drawbridge around Alberta and say that you're never going to go to another country, you're never going to hear another language spoken, are gone. Quite simply, it's our obligation as Legislatures. It's my obligation as the Minister of Learning to prepare our students to go out into the world, and one of the best ways that I can prepare our students to go out in the world is to ensure that they have a second language.

Mr. Speaker, the other important question and something that I really want to make clear: there is a great deal of evidence that shows that when you learn a second language, the third, fourth, fifth, and sixth languages come that much easier. So in direct answer to your question, from my point of view, I really don't care which second language it is that they learn. It could be French; it could be Spanish; it could be Mandarin. But the propensity for a student to learn more than two languages when they know fluently two languages is so great that any second language will do.

MR. SHARIFF: Mr. Speaker, my final supplementary is also to the same minister. Does mandatory second language instruction mean that every school across the province will need teachers trained in

second languages, and will the money come from the existing budget or will the government provide additional resources?

DR. OBERG: Well, Mr. Speaker, that is, in all fairness, the million dollar question. One of the issues we're looking at is how we can bring the second languages out to the Gem, Alberta, to the Standard, Alberta. How can we do it? One of the very impressive things that is on the horizon is the Supernet. We really feel that through videoconferencing we can have teachers that are expert in languages deliver it over videoconferencing to students in small rural areas. I think it's impractical to assume that we will have that many second language teachers by the year 2006-2007; therefore, we have to look for alternative ways that we can allow these students to learn, and Supernet, in all fairness, is probably looking like the best way.

Again, that's why we said 2006-2007, because these are some of the hurdles that we have to overcome. Another very large hurdle, of course, is curriculum, and we're in the process of developing curriculum in all these different languages so that we can institute it. Just because it's hard doesn't mean we shouldn't do it. It's extremely important.

THE SPEAKER: Hon. members, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

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

THE SPEAKER: The hon. Minister of Learning.

DR. OBERG: Thank you very much, Mr. Speaker. I seem to be speaking a lot today. It is a great pleasure to introduce to you and through you to the Members of the Legislative Assembly a gentleman who has served on the Irrigation Council and who is now presently a councillor for the county of Newell. I would ask Chris Vermeeren to rise and receive the warm welcome of the Legislative Assembly.

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

MR. MASON: Thank you very much, Mr. Speaker. I hope that my guests have been able to stay. I'd like to introduce Anand Sharma, who's the chair of the Council of Alberta University Students, who is concerned with the high cost of tuition, and Scott Winder, the co-ordinator of that organization, who is also concerned with the high cost of tuition. I would ask them to both rise if they're still here and receive the warm welcome of the Assembly.

Mr. Speaker, a couple more: Gail Hogarth and Kris Andreychuk, who are first year social work students at Grant MacEwan College. They're working in the constituency offices of Edmonton-Highlands and Edmonton-Strathcona respectively as part of their practicum requirement. I'd ask them if they're still here to rise and receive the warm welcome of the Assembly.

head: **Members' Statements**

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

Support for Low-income Albertans

DR. TAFT: Thank you, Mr. Speaker. The Government of Canada as well as the provinces and territories agreed during the social union initiative that their first priority should be children in poverty and

persons with disabilities. The prices of utility bills, food, shelter, and other necessities are jumping higher and higher, but the money paid to recipients of supports for independence and assured income for the severely handicapped stays the same. More and more of these people have to decide between heating their homes and buying food for their kids. Take a moment to consider which you'd let your child do without: heat or food.

Forcing a single person to live on \$402 a month is appalling, considering that a very modest apartment costs that much to rent. When asked if he could live on \$402 a month, on Tuesday the Premier admitted that he could not. Why, then, should any other Albertan? The time to help low-income people is now.

Alberta Health estimates that 1 in 8 Alberta children live in poverty. That fact means that innocent children are not getting the same opportunities to develop and grow as other children in this province just because they are poor. Alberta's Human Resources and Employment minister recently announced that parents on SFI could retain their health benefits after finding work and leaving the program. I commend the minister for this. Now, what about the other families trying to put food on the table with the pittance left over after they pay rent? Those people have a right to adequate health care too.

An MLA low-income review committee cost the government more than half a million dollars earlier this year and proved the obvious: Albertans living on SFI and AISH need more money to live. The meagre sum they now receive barely allows them to exist. This government is always talking about giving people a hand up instead of a handout. A good example of this would be to increase the exemptions for people living on SFI and AISH so they are encouraged to work and gain valuable experience by keeping a larger portion of the money they earn. AISH and SFI recipients need a raise, and they need it now.

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

Canadian Unity

MR. LORD: Thank you, Mr. Speaker. It appears to me that the latest intergovernmental dispute that we are having over Kyoto is being used by western separatists to promote their agenda, which is unfortunate because, clearly, Kyoto is not just an Alberta argument; it is a Canada-wide argument. In fact, far from being a reason to separate from Canada, Kyoto may actually be uniting the country, just not uniting it in a manner that our esteemed Prime Minister had originally anticipated.

On the subject of separation I've always wondered why so many citizens across this country have always wanted to jump from the frying pan into the fire, so to speak, so much so that I wonder if Confederation has ever really been given any sort of fair chance. I ask that question, Mr. Speaker, because you don't have to read a lot of western Canadian media headlines from the past century to quickly reach the conclusion that we have always been shortchanged out here. But, then, that's really just one side of the media's story; isn't it? As I always say: every coin not only has two sides; in fact, it actually has at least three.

2:50

Not surprisingly, it turns out, with a little research, that eastern Canadian media coverage over the past century has a distinctly different version of events. For example, eastern media coverage would have you believe that the NEP didn't actually cause the real estate collapse out here at all. They claim that high interest rates did it and that it didn't suck tens of billions of dollars out either, and whatever impact it had, that was money that was going to go south

of the border anyway since the industry was 85 percent American-owned at the time. In fact, some easterners still talk about the first national energy policy, the Diefenbaker plot, in which they apparently had to massively subsidize us. Of course, there was that Avro Arrow project.

So I guess we should ask, Mr. Speaker: if the eastern headlines with such a different version of the facts cannot be believed, why should western headlines be any different? Personally, I think Canadians from coast to coast seem to get along pretty well with each other, at least whenever we aren't discussing the latest newspaper headlines. So let's not be manipulated into breaking up this incredible country.

Thank you, Mr. Speaker.

head: **Presenting Petitions**

THE SPEAKER: The hon. Member for Airdrie-Rocky View.

MS HALEY: Thank you, Mr. Speaker. I rise today to present a petition signed by approximately 389 people from mostly my constituency. The main part of the petition is:

We, the undersigned residents of Alberta, petition the Legislative Assembly to urge the Government to remove abortion from the list of insured services that will be paid for through Alberta Health.

Thank you, Mr. Speaker.

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

MR. MASYK: Thanks, Mr. Speaker. I rise today to present a petition on behalf of the Member for Lesser Slave Lake. It's signed by 48 Albertans requesting that the government "remove abortions from the list of insured services."

Thank you.

THE SPEAKER: The hon. Member for Little Bow.

MR. McFARLAND: Thank you, Mr. Speaker. I rise to table petitions bearing 136 names mostly from the communities of Coaldale, Coalhurst, Diamond City, Enchant, Hays, Iron Springs, Monarch, Nobleford, Picture Butte, Turin, and Vauxhall, areas in our constituency. The petitioners are urging the Legislative Assembly of Alberta to deinsure abortions.

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

MS CARLSON: Thank you, Mr. Speaker. I rise today to present a petition signed by another 166 people from throughout Alberta asking that the government take action to recognize and protect Bighorn country. This brings the total so far of petitions signed to 4,521 people from Alberta who wish to have this protection established.

head: **Notices of Motions**

THE SPEAKER: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Speaker. Normally at this time, as the House would know, I would be rising to move a motion that written questions and motions for returns stand and retain their places, but since there are none on the Order Paper, I thought I would just bring it to the House's attention that that is the case.

head: **Introduction of Bills**

THE SPEAKER: The hon. Minister of Learning.

Bill 35

Teachers' Pension Plans Amendment Act, 2002

DR. OBERG: Thank you very much, Mr. Speaker. I request leave to introduce Bill 35, the Teachers' Pension Plans Amendment Act, 2002.

Mr. Speaker, this allows for \$60 million to be paid to the teachers of Alberta, or a little over \$1,800 per teacher, as was concluded in the good faith agreement that was signed in the spring of this year.

[Motion carried; Bill 35 read a first time]

head: **Tabling Returns and Reports**

THE CLERK: Mr. Speaker, pursuant to Standing Order 37.1(2) I wish to advise the House that the following documents were deposited with the office of the Clerk by the hon. Minister of Finance: pursuant to the Alberta Municipal Financing Corporation Act, section 30, the Alberta Municipal Financing Corporation 2001 annual report and the Credit Union Deposit Guarantee Corporation 2001 annual report.

THE SPEAKER: The hon. Minister of Economic Development.

MR. NORRIS: Thank you, Mr. Speaker. I rise today to table the appropriate number of copies of a report from the Canadian Plastics Industry Association which calls for a made-in-Canada solution to the Kyoto climate change.

THE SPEAKER: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I rise to table the appropriate number of copies of a letter of congratulations to CKUA Radio, who today are celebrating their 75th anniversary. This is an important cultural icon in our province, a unique model. Today I was very pleased to be there with the hon. Member for Edmonton-Centre, and I think the hon. Member for Edmonton-Glenora may have dropped by or will be later. I know this House supports what they do because it's launched the careers of many a broadcaster, many an artist, and the volunteer network is incredible. So I'll table this on their behalf and congratulate them now.

Thank you.

MRS. McCLELLAN: Mr. Speaker, I wish to table today the annual report of Livestock Identification Services Ltd., which incorporates the Brand Act, the Livestock Identification and Brand Inspection Act, the Livestock and Livestock Products Act, and the Stray Animals Act, and their associated audited financial statements for the year ended March 31, 2002.

Additionally, Mr. Speaker, I would like to file a copy of the news release issued today announcing that the Alberta farm water program deadline for the completion of projects to help secure long-term water supplies has been extended to March 31, 2003, from November 30, 2002.

Also being filed, Mr. Speaker, is the Farmers' Advocate of Alberta annual report for 2001.

Mr. Speaker, copies of these reports are available through my office if members wish.

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

MR. MASON: Thank you, Mr. Speaker. I'm tabling the requisite number of copies of a letter which I've received from Michael Chandler. Michael is a resident of the Protegra group home, and he

is very concerned with funding cuts by the Edmonton PDD community board which will impact the frontline staff who assist him with his daily living chores.

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

MS BLAKEMAN: Thanks very much, Mr. Speaker. I'd like to table five copies of a letter from a constituent, Brian Blair, who is reacting to a discussion some time ago about the possibilities of denying health coverage to those who were not wearing seat belts or engaging in other high-risk behaviors.

Thank you.

THE SPEAKER: The hon. Minister of Government Services.

MR. COUTTS: Thank you, Mr. Speaker. I'm pleased to table today the appropriate number of copies of the 2000 vital statistics annual review. This review summarizes all births, marriages, deaths, and stillbirths which occurred in Alberta during the year 2000.

THE SPEAKER: The hon. Member for Highwood.

MR. TANNAS: Thank you, Mr. Speaker. I'm pleased to table five copies on behalf of my colleague the hon. Member for Livingstone-Macleod. These are copies of letters signed by 407 constituents who requested that the Headwaters health authority boundaries remain as they are at the current time.

THE SPEAKER: Hon. members, before I call on the Opposition House Leader to raise a question, might we revert in the Routine to the section known as Presenting Reports by Standing and Special Committees?

[Unanimous consent granted]

head: **Presenting Reports by Standing and Special Committees**

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

MR. HUTTON: Thank you, Mr. Speaker. As chair of the Standing Committee on the Alberta Heritage Savings Trust Fund I would firstly like to thank Karen Sawchuk, the committee clerk, for the fine work she does on behalf of our committee.

Today I am tabling the report of the Standing Committee on the Alberta Heritage Savings Trust Fund for the 2001-2002 fiscal year.

Thank you, Mr. Speaker.

head: **Projected Government Business**

THE SPEAKER: The hon. Opposition House Leader.

MS BLAKEMAN: Thank you, Mr. Speaker. I would now ask if the government could share with us the projected business for next week.

THE SPEAKER: The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. Yes, indeed, we'd be happy to share that. On Monday afternoon under Introduction of Bills we'll be introducing Bill 37, the Occupational Health and Safety Amendment Act, 2002, and then we'll be proceeding with Private Members' Business, Written Questions, and the usual Routine. At 8 that same evening we'll deal with Motions Other than

Government Motions, and under Government Bills and Orders we'll do second reading, we hope, of Bill 36, the Appropriation (Supplementary Supply) Act, 2002 (No. 2); Bill 35, the Teachers' Pension Plans Amendment Act, 2002; Bill 33, the North Red Deer Water Authorization Act; and Bill 34, the Seniors Advisory Council for Alberta Amendment Act, 2002.

3:00

On Tuesday the afternoon Routine will include second reading of Bill 32, the Climate Change and Emissions Management Act. The evening session will include Bill 32, Climate Change and Emissions Management Act. After second reading of that, we'll go to Committee of the Whole, which will include Bill 36, Appropriation (Supplementary Supply) Act, 2002 (No. 2), and Bill 31, Security Management Statutes Amendment Act, 2002.

On Wednesday the Routine for the afternoon will include second reading of Bill 32, Climate Change and Emissions Management Act and, we hope, third reading of Bill 36, Appropriation (Supplementary Supply) Act, 2002 (No. 2). Anything remaining at second and third readings will be taken upon further consultation with the opposition members. On Wednesday evening we will continue with second reading of the Climate Change and Emissions Management Act, then going on to Committee of the Whole, Bill 30-2, Adult Interdependent Relationships Act; Bill 31, Security Management Statutes Amendment Act; Bill 35, Teachers' Pension Plans Amendment Act, 2002; Bill 33, North Red Deer Water Authorization Act; and Bill 34, Seniors Advisory Council for Alberta Amendment Act; and, as per the consultation with the opposition, perhaps others.

On Thursday, Mr. Speaker, we will have second reading of Bill 37, Occupational Health and Safety Amendment Act, 2002, and anything remaining at second and third readings will be subject to consultation with the opposition, as per normal.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Shariff in the chair]

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

The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you. Mr. Chairman, after communication on this important aspect of today's business with the Official Opposition and the third party representatives I seek the unanimous consent of the Assembly to waive Standing Order 58(4) to allow this afternoon's consideration of the supplementary estimates to go beyond two hours, with the vote on these estimates to take place no later than 5:15 this afternoon, as per Standing Order 58(5), or sooner if there are no additional speakers.

[Unanimous consent granted]

head: **Supplementary Estimates 2002-03 General Revenue Fund**

MRS. McCLELLAN: Mr. Chairman, this afternoon we're going to deal with a number of supplementary estimates, and in the interests of moving that forward, I will be of course doing the overview on Agriculture, Food and Rural Development, as well as the Department of Learning for my colleague. Ministers who wish will make comments, obviously, before each one of their estimates, and it would be considered that we might do them as ordered in the book unless the opposition members have a particular order they'd like us to change around.

Agriculture, Food and Rural Development

MRS. McCLELLAN: This supplementary estimate in Agriculture, Mr. Chairman, is fairly straightforward. When we look at agriculture in the year 2002, there are a number of words that come to mind: challenging, a disastrous year, record dry conditions not seen for more than 130 years. More alarming, most recent soil moisture reports tell us that 90 percent of our agricultural area still has insufficient moisture for cropping next spring, so obviously we certainly need above normal spring and winter precipitation to reduce this risk for next year.

In view of this, Mr. Chairman, this government moved fairly quickly to try and answer some of those challenges that our agricultural community was facing. We declared a disaster in the agricultural community on August 20, 2002. The supplementary estimate in total that we're requesting, \$405,118,000, was approved by Treasury Board on July 16 and 24 based on the ministry's first-quarter forecast updates. For the members, \$349.3 million is for the farm income assistance program; \$324 million of that was in acreage payments; \$15 million was to deliver the Alberta farm water program, the deadline of which was to be November 30, which today we extended to March 31 due to pressures and need. The application deadline is extended to May 31, 2003.

It's a bit confusing if you are not familiar with this program to understand why your project completion would be March 31 and your application deadline would be May 31. However, in the interests of responding to a critical need for farm water projects, understanding that the people who would use this program are quite capable of looking at program guidelines and understanding whether their project would qualify or not, rather than having producers go through a cumbersome application process and approvals and hence delaying their project getting off and running, we've done it in a bit of a different way. I must say that it was very, very gratefully received by the agricultural community, and I want to express our department's thanks to the other departments who have co-operated in making sure we could try and respond.

There was \$10.3 million there to deliver to the grasshopper control assistance program.

The additional dollars: \$55,818,000 to make grant payments to Ag Financial Services for crop insurance and the farm income disaster program, \$25,917,000 for the provincial share of crop insurance premiums and \$29,901,000 – you can tell I'm a farmer; it's hard for me to even say thousand – for additional provincial costs for FIDP, based on the first-quarter estimated indemnities of \$121,000,000 compared to the budget of \$90 million.

Mr. Chairman, these are fairly straightforward. I don't think anybody will question the need for those dollars. There may always be some debate over whether they've all been expended in the way that one might think is right; however, I can tell you that the majority of the money is in the farmers' hands, and certainly that was our government's first concern.

In having visited with a great number of producers over the last months and recently with 1,000 representatives of Alberta Municipal Districts and Counties who were in town this week, just concluding their meetings today, I felt very good about the response from the producers. I might say that Alberta Municipal Districts and Counties were greatly involved in the development of the programs and have made a commitment to continue to work with us on our drought management plan so that in the future we'll be better prepared to respond if indeed we have to face a year like this again. I think we all pray most fervently that we don't.

I look forward to questions, if I can, for clarification indeed, or if members just have comments, we can cover those at this time. Thank you.

Sorry, Mr. Chairman. I think I am to move that estimate. I would

move that the Assembly approve this spending of \$405,118,000 as the supplementary estimate for the fiscal year ending March 31, 2003.

3:10

THE DEPUTY CHAIR: The hon. Leader of Her Majesty's Official Opposition.

DR. NICOL: Thank you, Mr. Chairman. Just a couple of comments on the programs. You know, I think the real issue is clarification, because a lot of the questions that came through my office, both as the agriculture critic and also as an MLA in a rural area – a lot of people in Lethbridge farm outside town even though they live in my constituency – had to deal with the proper transfer of definitions. There were some concerns about: if this were truly a drought disaster program, why is it that, you know, the program was being paid out in the way it was, not related to any kind of a definition of drought? For this, I'm speaking mostly here about the farm income assistance program, or the acreage payment program, as a lot of farmers refer to it. It went beyond acres. It also paid out on the basis of hives for honey producers. It paid out on the basis of square footage for greenhouse operators. That payout is the one that I'd like to ask a question about.

A lot of individuals came to my office and said: well, if it's a drought payment, what's that got to do with greenhouses? This is a very controlled environment. How do we justify to them if it's drought in a controlled environment situation how come we're making payments? So I put that to the minister so that I can judge her response now to the response that I gave when people would ask about it.

The other question that comes up in the context of the whole way we made the payouts. There was a lot of concern about the acreage payment program. There was a lot of discussion about why it was provided on a blanket basis across the whole province. I attended a number of meetings over the summer where farmers were asking questions about this, you know, trying to get clarification on what it was. How was it designed? I guess the issue that comes up is: when we're responding to questions from farmers, are we giving them clear answers?

I was disappointed, I guess is a way to put it, in a response that was given by one of the departmental officials when asked in a meeting just outside Edmonton here, south and east of here, about the acreage payment program and why it wasn't earmarked and why it was paid equally to all acres. The individual got up and made a comment. Well, they showed north, central, and southern Alberta and said that the average carrying capacity and the average productivity in those areas were basically the same. Mr. Chairman, that may be true if you do it on a north, central, and south basis, but if you actually look at it on an east, central, and west basis, that's where you see the productivity differentials in this province because that's where soil classifications run. They run north and south so that, in effect, it's that way that the product differentials show up if you deal with land base in this province.

You know, it was kind of interesting. Everybody in this House knows that I farm in southern Alberta, and my farm happens to be irrigated. Now, I'll start by saying that because I haven't applied before for public support programs, I didn't get the little form in the mail that would allow me to check the box and send it back, but in the context of eligibility, I could have for the land on my farm.

It's quite interesting because this is an irrigated farm which has a whole bunch of public money already in that infrastructure that provides, in effect, drought-proofing for me. The way it worked – and I know there are some other irrigated farms where a higher yield

was not experienced this year because of cooler temperatures and crop varieties, but on my particular farm I had my best yields in five years. I also had probably the best prices in 20 years. Not only that; I didn't have to irrigate as much this year because in our particular area we did get rain this year. So instead of irrigating my normal three times for the crop mix that I had, I only irrigated once. From all of that combination what you saw was public subsidy for the infrastructure, high yields, high prices, lower costs, and I still could have – and I emphasize “could have” – received the acreage payment. You know, this is what's wrong when we put together programs that, in effect, are blanket programs.

Now, I truly respect the minister's wish to get these dollars out quickly, and, yes, this is one of the ways that it can be done, although in the end there were a number of farmers still calling late in the summer saying, “Where are the dollars?” And you would say, “Well, did you send in your form?” So there was a timing issue there as well. In effect, the acreage payment based on last year's acreage registrations was a good approach if you wanted to pay it to everybody and everybody was going to be given the same response. We used the acreage payment, Mr. Chairman, last year on the basis of some drought, but an awful lot of the issue last year was the high cost of inputs caused by energy price increases, the very high cost of fertilizers because of natural gas prices spiking during the winter and spring of last year. So you could get to the idea that, yes, a blanket acreage payment issue probably was the easiest way to do it a year ago, but if the payment was made this year solely on the basis of drought, that being the disaster, then we had to deal with it in a different way this year.

[Mr. Tannas in the chair]

We look at it also in the sense that, yes, there were other factors besides the drought. We had an unbelievable year for grasshoppers this year, but we also had the grasshopper program, which, in effect, provided support to farmers who were in that area and offset some of the costs – and I emphasize “some of the costs” – associated with having to undertake more intensive pesticide application to deal with those grasshoppers. But it wasn't broad-based enough to justify an acreage payment to everybody. It should be targeted.

Mr. Chairman, I would like to submit to the House here that the more effective way for us to have handled that program this summer would have been to allow for an early application for a farm income disaster payment. That's the program that's been in place. It has been there for farmers, and it would have targeted the dollars to individual farmers who actually were experiencing income reductions.

3:20

If we look at it from the point of view of the crisis that was there from the drought, the way to overcome that and to in effect make this program more useful than what the previous FIDP would have been was to have said: “Okay. Normally we pay out on a FIDP based on a positive margin. If you get down to a zero margin, you don't get a payment.” Well, in a crisis/disaster situation like we were facing this year, it would have been very reasonable to say that a negative payment, say, 25 percent or 30 percent of our negative margin, would have been eligible. That way we would have extended the public support beyond the level that was provided through the normal FIDP program, but we would also have targeted the public money to the individuals who truly needed it. That would have in effect helped us.

In order to deal with this on a rapid basis – I've talked to a number of people, and almost everybody that I've been able to chat with on

how they deal with this has their farm business plans on record with some financial institution. Even the financial institution that I deal with says that it would have been very reasonable for them to sit down and review the financial plan of their customers and make an estimate of where they stood financially for this year. We could have then paid out on a proportionate basis for the potential loss they would have had under a FIDP program. We wouldn't have had to go to the acreage payment that gave it to everybody instead of to the people who actually experienced a farm income loss. If we would have done that, you know, the banks could have then, in effect, almost by turning around and turning on their computer, issued a credit to the farmer's bank account, subsequently issued a debit to the government's bank account, and just have been a pass through for that money.

Now, to make sure that it was accurate – you know, if a farmer went in with false records and the bank manager or the bank loans officer was making a decision on the basis of the records provided, we could do two things: pay as a percentage of what was owed, just like we did under the early FIDP program that was available and just like we did for the acreage payment. We paid a percentage until it was verified. That way, what we could do is pay the percentage of the claim through the bank, and if there was an error made or on final application in the spring, after tax time, we could have then said: okay; if we overpaid you, you have to pay it back on the basis of a refund, but if we owed more . . .

MRS. McCLELLAN: If you've ever written that letter, boy, it doesn't come easy.

DR. NICOL: The minister says that it doesn't come easy to do that, but I think most farmers out there would recognize the fact that it would be responsible for them to do it. That way, if we only pay out a percentage – and I emphasize this. If we only pay out a percentage, we would not have very many farmers asking for dollars back. We have an obligation for the program to be put in place in a way that we are being responsible for those public taxpayer dollars. The minister is over there laughing at this idea, but really it's a commitment to the public that we are spending their dollars wisely rather than what we're doing, which is just giving away money to people who truly don't need it in a crisis situation. So I point that out, Mr. Chairman, as a way that this could have been done that would have been much more effective and much more efficient in the context of making sure that we were wise managers of the public dollar.

The other areas that we paid out in terms of the ministry of agriculture under the programs for crop insurance – this is just basically a reflection again of, you know, the exceptional disaster year that we had this year, and I think we have to be expecting that. I guess I would ask the minister how the reinsurance component of it actually fits together with that, whether or not it was covering some of that, how much we saved by doing a reinsurance.

The other one that you look at there is, in effect, how we deal with explaining again the payments, as I said earlier, to the greenhouse, but that's the area that we have to look at in terms of what the true purpose of these payments was. If we're going to make the payments more broad based than the publicly perceived disaster – and last year, from the perspective of the public, they saw drought as the disaster, not the issue of high costs or other aspects. So if it was in response to high costs, we need to make sure that that is part of the news release, the explanation, the public information package that's put out there, because it came back to my office on a number of occasions about why it was that a number of these groups were getting the dollars.

With that, Mr. Chairman, I think I'll stop on this particular

ministry, and we'll deal with it from the perspective of where we're at. I think we can be much more proactive in the future if we properly design our support programs so that they do reflect the true aspect. I have proposed on a number of occasions that we should be looking at an insurance program rather than a public handout program, one that's participatory. I've explained this on a number of occasions, including to a couple of the minister's staff, and we need to make sure that we look at this as an alternative, look at it as an option for really sharing risk management with both the public and the producers. If we do that, then we're making sure that the risk management component is truly part of the decision-making of producers rather than just kind of waiting, if disaster strikes, then expecting a public handout. If we do this as a partnership, do it in a way that producers get access to this kind of signal that they have to be active in participating in their risk management, I think our programs will be much better.

Just for this House's information I spoke with an individual who had to go outside Canada, actually, but has managed to put together an insurance program very much like the one that I've talked about and has at this point seemed very satisfied with the way it's worked for them in terms of guaranteeing their costs of production through an insurance program which is totally funded by that producer as opposed to even any kind of public support, public sharing of the premiums that had to be paid, like we used to do under crop insurance.

In conclusion, that would be the only other comment that I would raise for the minister. A number of people asked why we stopped this year the premium-sharing for crop insurance, and I was just basically giving back to them the explanation that the minister gave at budget time last spring of why that was not going to be carried forward. I think that, you know, in that context, public decisions, political decisions, budget decisions get made and people accept that, but in effect to me that's a much more effective way to make sure that we involve producers in risk management by expanding the insurance programs and cutting back significantly on the direct handout programs.

Thank you, Mr. Chairman.

MRS. McCLELLAN: I just want to try and deal with a few questions. We've been down this road before, so I'm not going to take a whole bunch of the House's time. It's always easy to design a program in theory but much more difficult to respond when you've got 75 percent of your agricultural acreage in the province, including grass and forage – and your cattle are going out to the markets, 25 to 50 percent of the herds could be demolished, losing your breeding stock. You know, you can do it. You could do a production-based model, and we would be like the federal government, who have studied how they're going to put their \$600 million of assistance out to producers and ensure that the people who needed it the most got it. Well, the feds studied it for four or five months, and what did they do? They put it through NISA. Well, if you're in northeastern Alberta and you haven't had a crop for four out of five years, I can say, "Boy, have you ever got a good net cash sales record." If you've been in southern Alberta in nonirrigated areas and you've had four out of five years of devastation, boy, have you got a good record in NISA and are you ever going to get a dandy bit of help from that program when the cheques start to come. Now, the first moneys are deposited into NISA accounts, and I'm grateful for that. Isn't that wonderful? But it's very questionable as to whether the producers can even trigger it, because the triggering mechanism in that program hasn't worked for the life of the program and still doesn't.

3:30

That's why Alberta went out of this program in 1996, and it's why we will not go back in it until the federal government listens and improves that program to respond to Alberta farmers: beginning farmers, developing farmers. I mean, I am all for putting money away. You know, I think farmers deserve to have some type of retirement to look forward to. NISA was intended as a net income stabilization program. It is not, and that money should not have been delivered that way, and that is why Alberta did not take their cost sharing and put it into that program.

What we did do was deliver some help to producers, and the first cheques did go out within 10 days, and the administration of costs of that program is under 1 percent. The last federal program that they designed, where they went through all of the rigmarole, cost them 20 percent to administer, they tell me. Well, would I prefer the money to be in producers' hands or in an administrative nightmare? I prefer this way.

I've talked to some farmers that didn't approve of the program and the way it was done. I've talked to a few that said that there are a few that got some money that shouldn't have. Well, maybe they didn't have crop for the two, three years before that. When it's 75 percent plus of the acreage and the fact is that a lot of those so-called wonderful crops are still not off, I think Mother Nature had a great way of leveling it.

We addressed the issue of productivity on pasture. You know, I had a lot of help from some of my colleagues in this room that talked about native forage or pasture being different than tame. We looked at all of the records. The records are that it has about a 2 and a half percentage production increase on stocking rates, and that's exactly what we paid out: \$10 on seeded or tame and \$4 on native. That's two and a half times, so I think that leveled out, and the producers that I talked to agreed with that.

Why did we include greenhouses? Well, I had calls from a lot of greenhouse operators that said: "Thank you very much. Very few people recognize that because we're in a controlled environment, we had additional costs with the heat and the drought. We have to have water, of course, for our plants. But not only that, we had the problem of cooling." So their costs were up a great deal because of the weather this year. With market gardens, the same. And hives: I don't have to explain that one.

You know, the ultimate answer is this: you improve your safety net programs. Had we been able to have safety net program improvements in place for this year, we would not have been dealing with this drought, acreage, or whatever. However, the federal government had launched a review of safety nets. They had just simply put their foot down and said: until we conclude that review, until we sign off on the ag policy framework which moves us forward on these new things, we're not going to participate in changes to crop insurance.

So we did it that way, and over the past several months I probably have talked to more farmers than most in this area. There are a number of my colleagues here, though, that I know have talked to about as many. Unquestionably, whether they agreed with every aspect of it, they said: "Thank you. Thank you for responding. Thank you for showing that you care and for trying to get it out as quickly as you can." I believe we made a difference. We did not lose the breeding stock that we had feared we would. So we did it. If you could've done it through a FIDP program – well, first of all, it's a Canada/Alberta program, so there you are. You've got to go and negotiate with the feds. This deals with an income tax year, and that's not till next year, and I don't think producers could've waited. So it's really never easy to do these things.

The best thing is to put the best safety net program in. Well, we

do have those plans. We have taken them through our system here. We've worked extensively with producers. We're negotiating with the federal government, and it's sure our hope that we're going to sell those contracts next spring. But I have no doubt that when we come to debate that, there will be, "You should've done it this way," and "You should've done it that way," and I'll listen. I'll be polite, and I'll say: okay; that's good. But the majority of the producers in this province – from north, central, south, east, and west – have agreed with what we're going to propose in that program. It is the right way to go: have good safety nets.

I can also tell producers and every member in this Assembly that when we introduce the changes to these programs, when we have an insurance program that we believe will provide the risk management tools that producers need, they are going to have an opportunity to buy in or manage their risk on their own, and this minister will not be dealing with ad hoc payments in the future on these issues. Hon. Leader of the Opposition, there is absolutely no question that we will recapture all of our insurance money this year. That's an absolute. There is no question.

So, as I say, yes, there are a few farms that probably got \$7.35 an acre. Peanuts. I would suggest to you that if we had tried to do the production modeling and had attempted to pay this out, draw lines, I would still be getting phone calls, letters that the lines were in the wrong place, that I used the wrong model, that the moisture wasn't there, that the production wasn't there, and we would not have over 80 percent of the farmers with their cheques. I get the same calls and letters you do – probably more of them – that say: you told us this money would be out, and I haven't got mine." As soon as I checked, I found out that there was an error on the application. In fact, the odd time he hadn't applied or even sent it back. But even better than that, some farmers are very aggressive, and they applied more than once. They had a chance to e-mail it back, so they did. They weren't sure if that worked, so they faxed it, and in case that fax didn't go through, they thought they'd send it through the mail. Just in case Canada Post didn't mail it, maybe we should check again and make sure it did. I think the record is seven applications on the same, but I don't blame them. They're aggressive, they need the money, and they wanted to make sure their applications were getting in.

Generally, it's gone very, very well. Very few errors on land, but we can't pay for the same land twice, so when there is an error, we do have to deal with it. Quite often these are where there's more than one person involved in the farm. The land is in individuals' names and they farm together, and it makes it a little bit more difficult to sort it out.

So it's gone very well, but let's just remember the bottom line. Let's work hard together to get out of it, because it doesn't matter how many ways you dance around on this one: you are not going to get the perfect solution in an ad hoc payment. Somebody will always be on the wrong side of the line. Somebody will always get something, or at least the perception will be that somebody got something they didn't need or couldn't use.

Generally, I have attended Farmfair, Agri-Trade, AAMD and C, and as I toured the barns in Agrifair, where you'd have thought we'd get more criticism in the north because of this, it was consistent: "Thank you. Thank you for responding quickly. Thank you for making it simple." Farmers don't like complicated forms, which FIDP is. "Thank you for recognizing that there's a problem out there, and most of all, thank you for continuing to try to put safety net programs in place so we don't have to deal with this again." Most of all, for all of us, let's just pray for better conditions for next year.

3:40

THE CHAIR: We have several people who have indicated, hon. minister, that they would like to speak. Edmonton-Mill Woods had earlier indicated he might wish to speak. The Leader of Her Majesty's Loyal Opposition and the Minister of Municipal Affairs would like to speak.

DR. NICOL: For a short time, Mr. Chairman. I just wanted to reiterate to the minister on her concerns about the NISA program and the federal application of the support through the NISA program: a terrible way to do it. I agree with everything she said, that that is not the way to do it. It's not getting the dollars in the hands of individuals when they need it, how they need it, and in response to the needs, so I'm fully in support of what the minister is saying. The federal government application through NISA should never have been supported. I've never said that it was a good way to do it, and I wanted that on the record, because it was implied that just because it was the federal government doing it, I supported it. I've never supported that idea. I do support the idea that the minister is talking about in terms of making sure that in the future we have those programs in place and that we make sure that in the future they are farm participatory. That is absolutely essential, and I'll do what I can to help the minister make that work.

THE CHAIR: Okay. I do have a list for speaking next if we're not on agriculture. [interjection] You can come back to agriculture later. Anyway, I've got several people who wish to speak on agriculture still.

The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Chairman. My questions are for the Minister of Agriculture, Food and Rural Development. Thinking both of the supplementary estimates and the very substantial amount that's required for the farming income assistance program, my concern is that next year these kinds of things may come up routinely in supplementary estimates. Is she looking ahead at all to a long-term trend in expenditures of this nature and folding those into the budget so that we don't need to return to supplementary estimates with such dramatic numbers year after year? Is there a long-term trend in which we may be concerned about increasing disastrous agricultural conditions, and if so, are those being built into the budget so we don't need the supplementary estimates year after year?

MRS. McCLELLAN: I quite understand if the hon. member doesn't understand all of the jargon in this business. Farm programs are quite complex – there's no question – and unless you take it upon yourself to really study them, some of the jargon does kind of fall away.

When I talked about risk management, when I talked about the insurance programs that we are negotiating now with the federal government, you heard me say that had we been able to conclude those negotiations last year and implement changes to our insurance program this year, we would not have been looking at the \$324 million program in acreage. We definitely still would have been dealing with water; we would've been dealing probably with grasshoppers, because those issues would be there.

Under our crop insurance program we insure about 40 different crops. So it's very inclusive, but until we can fix the inadequacies in that program so that it is a genuine insurance program, we will be faced with this. It is not our intention to deal with ad hoc programs next year. It is our intention to successfully conclude negotiations with the federal government to improve our safety net programs so that the risk management tools that producers have will be there.

They can buy in, or they can say: I can do it on my own. The exception would be for disasters that occur in noninsurable areas. Of course, we have that through my hon. colleague the Minister of Municipal Affairs where he deals with matters that are uninsurable.

There is also a contemplation by the federal government and under discussion with the producers that the new NISA program – they call it super NISA – would have a disaster component to it. Discussions aren't far enough along in that area to know, but the short answer is: I do not anticipate having to do this in future years, pending the success of negotiations of having a safety net program that truly responds to producers.

If you consider that it's insurance, one of the best ways to describe it to a person who is not familiar with using the program is that if you insure your house for \$150,000 and it burns down, you have replacement insurance at a certain level, and you expect to get that. With that same house – you built it, and it's a \$150,000 house – you insure it for \$150,000 and, unfortunately, it burns down again the next year, you would expect to get your insurance if all things were proper: it was something that happened; it wasn't set or anything. And you could go to the third year in the same context. However, in agriculture and crop insurance the difficulty we've had is in the indexing. So if your production goes down and, as happened to us in the past two or three or four years, the price of the commodity also goes down, in fact, you are not insuring the cost of your production or the value of your product, truly. So we have to deal with those things. When we deal with that in these negotiations, we can say to producers everywhere in this province: "Here's your insurance program. This is your risk management tool. You buy in. You pay your share of the premium, and you're on your own." Remember that the two levels of government pay 60 percent of the premium, and they pay 40 percent. So we will be able to do that.

I apologize if some of our jargon makes it a little bit more complex, but when we talk risk management, that is the safety net programs. If those safety net programs respond to the needs of the producer and provide an insurance that is appropriate for what they do and what they produce, we will not have to go to these types of programs in the future.

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

DR. TAFT: No. That's fine. Thank you. I appreciate that.

Aboriginal Affairs and Northern Development

THE CHAIR: Okay. The hon. Minister of Aboriginal Affairs and Northern Development.

MS CALAHASEN: Thank you very much, Mr. Chairman. I'm here today to request a supplementary estimate of \$32,150,000 to provide funding to the Peigan, otherwise known as the Piikani First Nation, pursuant to an agreement among the Piikani First Nation, the government of Canada, and the government of Alberta.

Since 1986 Alberta had been in litigation with the Peigan Nation, otherwise known as the Piikani, regarding the ownership of the beds, shores, and water of the Oldman River and the legality of the construction of the Oldman River dam. The First Nation had filed nine specific claims against Canada regarding related matters, several of which had an impact on Alberta as a third party. This settlement arose out of negotiations that followed a protocol agreement signed by the Premier, the former minister of intergovernmental and aboriginal affairs, and the Peigan chief and council in October of 1998. Mr. Chairman, the Piikani Nation has voted to accept the settlement agreement regarding the Lethbridge northern

headworks system, the Oldman River dam, and related issues. The voting occurred, and 522 said no and 722 said yes, so I'm asking the Assembly to accept \$32,150,000 for the fiscal year 2002-03.

THE CHAIR: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I had a couple of questions for the minister. I'm sorry; I didn't hear all of the minister's remarks as well as I should have. How many more settlements are in the works now, or are there other settlements that the department is involved with? Are there some projections of the future costs of settlements, and is there any way that the settlement costs can be handled in the business plans of the department? I guess the last question I'd have is: what is the federal government's role in these settlements? Are they contributors? What arrangements are in place?

3:50

MS CALAHASEN: Mr. Chairman, first of all, his first question: how many more settlements in the works? There are a few that are still in the works. However, there are different settlements that we have. We have land claim settlements, and then we have legal settlements. So many of them are in the works. We've got land claim settlements that are still outstanding. Just as an example, the Bigstone Cree, the Fort McMurray, and the Fort MacKay, as well as the Lubicon and a number of other land claims are still unsettled.

DR. MASSEY: How many?

MS CALAHASEN: I don't have that number, but I certainly can get it for you, and I can pass it on to you.

Offhand, as I was just indicating, there have been the five that I outlined, and there are a number of others that are still coming through the system. Those are settlements that we get called on only after the federal government says that these are settlements that should go ahead from a land claim perspective. So we don't control that. The feds basically identify it as a land claim, and then we get called on as a third party.

In terms of any projection of future costs of settlements: no. These are negotiated; we try to make sure that we negotiate instead of litigate. So what we're trying to make sure is that we do these settlements as they come. We don't know what the future costs of these settlements could be.

In terms of whether or not it could be handled within the department business plan – because these are negotiations that take place, you don't let anybody know that you may want to settle at \$32 million or otherwise. What we do is try to make sure that we go through the negotiation process. We determine from the negotiation what we come to and where we land.

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

DR. TAFT: Thanks, Mr. Chairman. The minister whistled through her notes with such enthusiasm that I missed a few of the points. I know there was a reference to the Oldman River dam. Could you go through that slowly for me and help me along on that, please? Thank you, Madam Minister.

MS CALAHASEN: Okay. Thank you. I forgot to answer a question. There was a question asked about the federal department involvement. The federal department has to be involved in these three parties of settlements. The government of Canada is also part of this whole negotiation, anything to do with that as well as land

claims. So they are part and parcel of any negotiation that would take place within this whole category.

In terms of what you were saying, actually it was a settlement agreement, and that was to deal with the Lethbridge northern headworks system and the Oldman River dam and other related issues surrounding the Oldman River dam.

DR. TAFT: This is a very large piece of money relative to your total department. Could you elaborate a little bit? Were there liabilities? Was this to compensate for the loss of land? What's this for?

MS CALAHASEN: Mr. Chairman, as I indicated, we have been in litigation with the Peigan Nation regarding the ownership of the bed, the shores, and the water of the Oldman River and the legality of the construction of the Oldman River dam.

THE CHAIR: Edmonton-Riverview.

DR. TAFT: Thank you. Just so I understand correctly, this is to compensate the Peigan band for the loss of their ownership of the bed and the shoreline of the Oldman River that resulted from the construction of the Oldman River dam. Is that correct?

MS CALAHASEN: Yes, it is, most of it in terms of looking at the ownership.

DR. TAFT: How much did the federal government pay in this same settlement?

MS CALAHASEN: They pay the same amount as we do, equal amounts.

THE CHAIR: Hon. Minister of Municipal Affairs, you've been jumping up and down. Do you wish to speak?

MR. BOUTILIER: I'm just casually rising at this moment. I would like to speak on any issue, if I could.

THE CHAIR: You're on.

Municipal Affairs

MR. BOUTILIER: Thank you. My purpose today as minister of Municipal Affairs is to ask for, actually, \$17,685,000 to cover the unbudgeted costs of dealing with three provincial disasters this year. The disasters were the flooding in the Lethbridge area, where I know the Leader of the Official Opposition was impacted as well as many other MLAs, also the flooding in the Edson area, and the forest fires in north-central Alberta.

Now, the purpose of this province's well-regarded disaster recovery program is to assist Albertans with uninsured – and it's important to recognize and note “uninsured” – damages resulting from extraordinary events. We are not here to replace the role of an insurance company but to deal with those industries, those institutions and organizations, and citizens who cannot get insurance and, ultimately, to reimburse municipalities for the emergency operation costs that they incurred in responding to these events.

Now, since 1995 the provincial government has paid over \$115 million in disaster recovery assistance. It's important to note that it is not possible to budget for events triggered by Mother Nature. Municipalities rely on us to finance the immediate response they mount when disaster strikes. I want to also say that if we do anything less, we really are not living up to our promise and helping

Albertans, especially when they do need some help during these unfortunate events.

I want to also say that Treasury Board has agreed in principle with the funding for the disasters. I thank the Minister of Finance for her understanding and sensitivity toward this issue. Albertans and municipalities expect and need us to be there to help and address the costs of recovering from disasters.

If I could take a moment, though, I'd like to give you just a brief bit of detail of the municipalities and regions that were impacted, starting first with the 2002 southern Alberta disaster recovery program. The flood: in fact, costs amounted to over \$15.6 million, which has been approved pursuant to section 4 of the disaster recovery regulation. The program will compensate residents, municipalities, farmers, small businesses, and others for losses resulting from flooding that occurred in southern Alberta this past June. Municipalities are also compensated for the emergency operation costs associated with the flooding and infrastructure damage. We will, of course, recover about \$8.7 million from a cost-sharing agreement with our federal counterparts in the areas that have been affected.

I would like to recognize and appreciate the help of MLAs as their particular regions were impacted, especially also the municipalities and other government public bodies and organizations. The occurrence of floods in certain areas located within the geographic boundaries of the county of Lethbridge, Cardston county, the county of Forty Mile No. 8, the county of Warner No. 5, Cypress county, the municipal district of Pincher Creek No. 9, the municipal district of Taber, the municipal district of Willow Creek No. 26, and the municipality of Crowsnest Pass during the spring of 2002 caused extraordinary losses and damages to residences, farmers, businesses, and others that I've mentioned in those areas. I want to say that I sincerely thank the MLAs in those regions, who have been very supportive of the program we have been advocating and helping Albertans who, of course, face these disastrous events.

The second disaster was in north-central Alberta and is regarding the north-central Alberta disaster recovery program for fires. That was over a million dollars approved pursuant to the disaster recovery regulation. I will say that the fires that took place in areas including the regional municipality of Wood Buffalo, the municipal district of Opportunity No. 17, Lakeland county, Smoky Lake county, Sturgeon county, the Elizabeth Metis settlement, and Fishing Lake Metis settlement during the spring and summer of 2000 resulted in emergency response costs for municipalities of over a million dollars.

4:00

The third and final disaster in this past year was that of the flood that took place in the Edson area, over a million dollars for the west-central Alberta disaster recovery program. On August 29 the municipality and others experienced significant loss, and of course this program is intended to compensate, again, uninsurable losses, where Albertans couldn't get insurance. The government is not intended to be a substitute for insurance companies, but we're there with a hand up for residents and others during a time when they could not receive the insurance necessary. That is the intent of the program. We're executing it, I think, very well.

I want to say that I appreciate the MLAs' support in the respective areas that I've listed here today for the affected areas that experienced some real disaster, and of course what I'm proposing today is really direct action on behalf of my ministry and government to react to the needs of Albertans.

Thank you, Mr. Chairman.

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

DR. TAFT: Thank you, Mr. Chairman. I'm concerned about the amount of money that taxpayers are on the hook for for disasters resulting from extreme weather events. I know that the topic of Kyoto is a very hot and sensitive one in here, and we'll just set the Kyoto accord aside for the moment but address the issue of climate change.

I think there are at least some members of the government who acknowledge that regardless of Kyoto climate change is occurring, and one of the warnings that comes with climate change is an increase in the number of extreme weather events. Most people studying the field will acknowledge that.

In fact, one of the biggest commentators on raising concerns over our climate change and an increase in extreme weather events is the reinsurance industry, the industry that insures the insurers, Lloyd's of London and so on. They, in fact, were one of the first industries to begin raising alarms over climate change, and they are one of the most outspoken, as I'm sure the minister knows. The concern for me here is that as the reinsurance industry pulls out of insuring private property for extreme weather events, our liabilities as taxpayers potentially increase because suddenly we're looking at uninsurable damages.

So when I look at millions of dollars here for fires and floods and then hundreds of millions of dollars in the agriculture business for drought, I have to ask this government, in particular the Minister of Municipal Affairs: what planning is your government undertaking to address the reinsurance industry's concerns over the increase in extreme weather events as a result of climate change?

THE CHAIR: The hon. minister.

MR. BOUTILIER: Thank you, Mr. Chairman. I want to first of all say that I am quite convinced, contrary to comments made by federal ministers relative to the issue of the connection between drought and Kyoto, and I believe quite clearly that there is no connection. What I am speaking about today is something that we have experienced over the past, literally, hundreds of years, and as we've become organized in our society in dealing with those who need a hand up, that's exactly what we're doing. I also want to say that this government has been recognized across Canada in terms of our sensitivity in responding to Alberta's needs in dealing with these programs.

We do not intend ever to be a substitute for insurance. In fact, if I could for a moment, there have been some situations where fires have occurred and, actually, citizens have chosen to be underinsured. You know, it can really tug on your heart when an Albertan is coming forth saying: well, you know, I need the government's help. But the answer to that particular individual, a resident, after they've lost their home is that they chose in a free-market economy to underinsure their property, and that is something that has no role for the government. I want to assure the hon. member that the government will not be a substitute for what is the responsibility of citizens.

In this particular example this is uninsurable. It's a decision being made by industry on what they will insure.

I might also add that I'm quite convinced that tornadoes are not in any way connected to the issue of Kyoto, yet there are many insurance companies that will not cover tornadoes because of the fact of the high risk of it. What happens is that insurance companies go forward and do an analysis in terms of what is happening and the frequency. Like it or not, insurance companies are businesses too. They are looking for a return on what it is that they are doing, and they, obviously, don't apologize for wanting to make money, so they're saying no to certain areas quite simply because they think it's not in their business interest.

Now, that is their decision under a free market economy, but at the same time for those that are pulling back on the uninsurable examples that the hon. member has raised, I think that in the long term every government is going to have to look at it, but I do not in any way, shape, or form see that in any way connected to Kyoto.

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

DR. TAFT: Thank you, Mr. Chairman. I was trying to set the Kyoto accord aside. Let's just forget the Kyoto accord for now. The climate change can be separated from Kyoto. I just need the minister, if he can look to the chair, to be on record that he's saying that he sees no connection between climate change and extreme weather events. Did I understand that correctly?

MR. BOUTILIER: Let me be very clear, Mr. Chairman. What I said: there are federal cabinet ministers – and the hon. member across the way is suggesting that potentially there could be a connection. First of all, I will ask that question back through the chair. You are suggesting that there could be a connection between the weather phenomena we're experiencing today and the issue of Kyoto, if I understand the assertion of what you're saying. Through the chair to the hon. member: are you, in fact, saying that?

DR. TAFT: I'm trying to set the Kyoto accord aside as a treaty. Just forget the Kyoto accord. Climate change separately from any international treaty, just as an event in itself. Well, maybe he doesn't even accept climate change; fine. I'm just wanting to be on the record because it does affect this debate. I suppose, then, that there are two questions. Does the minister believe there is any climate change, and if he does, does he see any connection between climate change and an increase in extreme weather events?

I never mentioned federal cabinet ministers. I did mention the reinsurance industry.

MR. BOUTILIER: Thank you. First of all, relative to your comment on climate change – do I accept climate change? – I think it is quite clear historically, over the many thousands of years, that they have scientific proof that indicates that there have been changes in the weather phenomenon. I am not a scientist; I know that the hon. member is not a scientist. So relative to scientific fact we only can give our opinion, and my opinion is quite simply this: over time the issue of climate changing, the issue of global warming, which is another term that is used when dealing with Kyoto, federal ministers have taken the time to suggest that that's the reason why we have a drought in Alberta. It's because of Kyoto. I believe that that is simply not true. In fact, scientists have suggested that as well.

DR. TAFT: Okay. That's fine. We're struggling to communicate here, with moments of success.

So if we now address the reinsurance industry. I don't know where these federal cabinet ministers came from, but I'm sure we'd all happily forget them. The reinsurance industry, which is the industry that underwrites the insurers, consistently for years has raised concerns about increasing numbers of extreme weather events causing more and more massive damage and more and more cost to the industry, and as a result they are pulling out of some areas and some kinds of insurance, which increases the number of things that are uninsurable. So my question to the minister is: so we don't have supplementary estimates so often and so large to cover disasters, is there any long-term planning occurring in his department to address an increase in the number of extreme weather events and an increase in taxpayer liabilities to cover uninsurable expenses?

4:10

MR. BOUTILIER: Mr. Chairman, I appreciate the hon. member's comment relative to uninsurable, because there are some who would suggest that the government should in fact be covering the citizens who have the option of insuring but choose not to, and we will not cover that.

Regarding your original comment, that we are struggling with communication, I don't believe that is the case, and let me be very articulate in this way. You've mentioned federal cabinet ministers this afternoon as well, and when we talk about federal cabinet ministers, it's important to recognize that they have linked Kyoto and climate change and the drought that we are having in Alberta with the fact that – there's a connection. When we talk about struggling with communication, I totally agree with the hon. member relative to what some of the federal cabinet ministers have been saying, but what I will say is this: insurance companies today, since September 11, as you know, have not only just pulled back on exposure relative to the issue of weather phenomena; they've pulled back on the issue of terrorist threat. Their exposure is greater and higher today, so they have to readjust their industry. So it is more than just, as the hon. member mentions, that of weather phenomena. It deals with the whole aspect of the exposure that insurance companies have today.

Now, your question has been this: is the government looking at long-term planning? This government is certainly always looking at long-term planning, but let me be very specific. I believe that the supplemental estimate process that we've been employing for many, many years, recognized by your counterparts in other provinces across Canada who say that we have one of the best disaster recovery programs in this entire country – so, ultimately, I think we're doing it right the way we are doing it as we speak.

DR. TAFT: I surrender.

Thank you.

THE CHAIR: Okay. The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks. I'm hoping that we could move next to Infrastructure. Is that possible?

THE CHAIR: Yes, it's entirely possible. You'd like to speak on Infrastructure?

MS BLAKEMAN: Oh, the minister has to go. All right. So Learning, followed by Infrastructure.

Thank you.

MRS. McCLELLAN: I would like to raise the supplementary estimates on Learning, and we have agreement to proceed.

Learning

MRS. McCLELLAN: The supplementary estimates for Learning are related to the teachers' pension funding. This increases Learning's authorized spending in the 2002-03 fiscal year by \$35 million, and this increase is needed, I think all members are aware, to implement part of the April 2002 agreement between the government, the ATA, and the Alberta School Boards Association. The agreement states that the government will, for a one-year period only, pay the teachers' share of the unfunded liability costs of the teachers' pension plan. This \$35 million increase relates to the September 2002 to March 2003 period. Teachers had their payroll deductions for the unfunded liability suspended effective September 1, 2002, to

August 31, 2003. So this supplementary estimate is to cover this commitment. I don't think it's news to anybody in this Legislature that this agreement was made.

So on behalf of the Minister of Learning I would be happy to entertain any questions. However, I think this is about as straightforward as you can get it. If there are comments on the agreement or the reasoning for it, I'd be delighted to keep track of those for the minister.

Thanks.

THE CHAIR: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman, and I thank the government for the handling of the issue. They've been good enough to accommodate us in bringing this ahead as a separate bill and not as part of the miscellaneous statutes amendments, as was previously considered. So we very much appreciate that it's brought forward in estimates and then again today, when Bill 35 was introduced. It handles it.

I think it's a good move, Mr. Chairman. I think the wisdom that prevailed and allowed the agreement to be reached between the ASBA, the ATA, and the government to bring an end to the kind of conflict that had characterized education in the province in the last couple of years was a good move. I think it was unfortunate that it got to the point that it did before it was recognized, particularly by the minister, that there was only one way to go forward, and that was for everyone to sit down and try to agree on some collective action to make things better.

I think that there have been a number of lessons learned from what happened. I think we all agree that the strikes were unnecessary, unfortunate and that the path to strike was one that many of us saw and tried to warn against. However, that's past history, Mr. Chairman. The arbitration awards have been made. I think that there's a feeling in the province that this is a time for a new beginning, and the parties are determined to make sure that that actually happens. I'm delighted that this is here. I think it's good. I guess it raises questions about what happens when this agreement is finished. Then where do they go in terms of the unfunded liability and the teachers' pension plan? That'll be a topic, I suspect, for the budget this coming spring.

With those comments, Mr. Chairman, I'll conclude.

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

MS BLAKEMAN: Thanks very much, Mr. Chair. Learning and education are such important issues and, in fact, components of the household I grew up in, and they continue to be important to me personally and important to my constituents, so I just wanted to speak very briefly about the symbolic importance of what we see before us today. I do see this as a gesture of goodwill that came forward from the government as part of a very unhappy process that we went through in the spring, and I'm glad to see that it was offered. I know that it's appreciated by the teachers, and I'm glad that the government was able to find a way to make some kind of peace offering, as it were, to those teachers during this negotiation.

You know, I spoke often during the strike, during Bill 12, before and after it, about appreciation for teachers and for education and what an important component it is if we want to be a smart Alberta, if we want skilled workers, if we want to lead, especially in the information technology world that's coming upon us. We have to have education to move us forward there. I was really unhappy that the government did what I felt was interfering in the collective bargaining process by putting that figure out in a separate line item

in the budget to begin with, which I still see as the beginning of all of this. I guess I see what's coming forward in this supplementary estimate as the end to that particular chapter, and I hope we never have to go there again. There was certainly antagonism and hostility from both sides, and I hope we all learned a lesson from that.

4:20

I appreciate that the government was wise enough to come forward with this offer. I am not, as you know, in favour of supplementary estimates, or supplementary supply, with some exceptions, and I'm certainly willing to support this exception. I think we needed to see it, and I think it's important that the government followed through on its promise. Here it is in front of us, and I do support it. Thanks for the opportunity to speak to that.

THE CHAIR: The hon. Minister of Infrastructure.

Infrastructure

MR. LUND: Thank you, Mr. Chairman. Today we're coming forward and asking for a supplementary estimate of some \$15 million. You can see that by reallocating \$20 million from health facilities into school facilities, we're able to then remove the 10 schools that were deferred back in the fall of 2001, in order to get them moving. Also, we were able to then put toward the capital accommodation projects of \$1.6 million and toward the centennial projects of \$5.4 million.

THE CHAIR: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I appreciate the opportunity to ask some questions about the Infrastructure budget. In particular, I would like to ask, if I could, about the innovative funding projects that the department is involved in and the effect on Infrastructure and the building programs given the current market conditions in terms of construction costs.

I had a call from a local school that had gained \$2.2 million in innovative funding for the construction of a Telus learning centre, and when the project went out for bids, the prices came in and they were \$500,000 higher than what had been allocated for the project. As a result, now the project is at a stall, and nothing is happening. The concern is that as the days go by, the costs are going to get even more out of reach. In terms of not just that particular innovative project but all the building projects at the current time, is that the experience? Are things coming in over top of estimates, and how does the department handle it when that happens?

MR. LUND: Mr. Chairman, I'll make a few comments on those questions. They're good, timely questions. What happens in some of these cases – and the one that you cited is a good example. When a project comes in over the estimated approved budget, we then go back and start to look, and in some cases we work directly with the lowest bidder to see how you can pare down those costs. Sometimes it requires some redesign of a project in order to get it down to the number. Now, I can get you more information about where this one is at specifically. I don't have it right before me. But that's generally what we do.

Now, your concern about the costs going up. As a matter of fact, we've got two schools right now where the boards simply rejected the tender bid that came in and will be retendering in January because we believe that the costs are going to go down again. It varies around the province. There are some places where the market is hot. Where there are a lot of housing starts, for example, and a lot of commercial buildings, then the tradespeople are in short supply,

so your costs go up. It's interesting as we look at some of the components of a bid and how some of them – I saw some the other day where some of the work was a hundred percent above what we estimated it would be. Well, that's simply a function of supply of workers. So we're constantly monitoring it. Because of our small budget, we are trying to make sure that projects come in very close to budget, but we do recognize that in some locations where the market is hot, we are going to have to find more money for a project. We recognize that.

DR. MASSEY: Thank you. I appreciate that explanation.

Following up on that. To the minister: is there a fund set aside to cover those kinds of problems when they arise? Or are they dealt with on sort of a case-by-case basis?

MR. LUND: We don't have a fund set aside specifically for this. That's why we're trying to move them back to the original numbers, because those are the budgeted numbers. Actually, when we started out the fiscal year, we put in about 1 percent. That's what we had. So in some locations, like I said, we simply have to find more money or else the project can't go. I have really appreciated the co-operation of regional health authorities. We didn't ask these two school boards to completely stop and re-tender, but they made that decision themselves because it's so difficult for us to find extra funds. But we did have that small portion to start the year with that was unallocated, and it wouldn't take very long and that would disappear if we allowed every project that comes in to go even though it was over budget.

THE CHAIR: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. Just to follow that. I guess one of the difficulties with the J. Percy Page project – and that's the Telus project – is that they have another partner. They have private industry involved in helping fund it, so it makes it even more complicated for them to try to work out some resolution.

I had one other question. In the write-up it says that \$20 million is being allocated from other areas, and I wondered what those other areas were.

MR. LUND: The \$20 million all came out of the health area into the schools, and we were able to do that because last year we had done the very opposite. So what worked one way last year we brought back this year.

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

MS BLAKEMAN: Thank you. I'm wondering if the minister has with him and can either read into the record or could provide perhaps as a tabling a list of those projects that are now back on. This is a fairly loose list that just says that you're putting a bunch back in, but we don't know which ones you're talking about. So if he could either read into the record which projects are now back on or perhaps provide a tabling Monday or respond in some way to give us a list of what, in fact, is being covered.

The other thing I'm interested in is: does the minister have any sense of whether these projects will now be completed? We had money at the beginning of the year; money was pulled; money is being put back in again. We've still got four months to the end of the fiscal year. The way this government goes, the money could be pulled out again. So what kinds of assurances does the minister have that now that this money is reinvested or available to him again, the projects, in fact, will be completed? Or maybe the Treasurer wants to supplement that.

So that's my second question. The first is the list; the second is the guaranteed completion. I'll let you answer those questions, and then I'll make a further comment.

Thank you.

MR. LUND: The 10 schools that we had put on the deferral list last fall that we allowed to move with this money that we got were the two high schools in Calgary, the new Devon K to 9 catholic school, in Fort McMurray the Dr. Karl A. Clark elementary school, Leduc composite high school, the new west Lethbridge middle school, in Ponoka the St. Augustine school, in Red Deer the Lindsay Thurber comprehensive high school, in Sherwood Park the K to 9 multi-campus learning facility, and then in Spirit River the Central Peace high school. So those schools had been put on deferral last fall, and we allowed them to go.

4:30

Now, one of the things you ask about: are these solid? Like, \$35 million certainly doesn't build those schools, but we made sure that we have the money in the next three years to complete those projects. I just won't accept that we start a project and stop it. So once these have started, they're going to be completed, and we have the assurance of the Treasurer that there won't be money pulled back this year.

Now, the other projects, those projects were like in the centennial. We have the archives. In order to complete that project, we needed some more money. To complete the Lougheed house in Calgary, we needed some more money. The Tyrrell museum needed a bit more. So that's where those dollars will complete those projects.

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

MS BLAKEMAN: Thanks. Nice to get that clarified and get that reassurance that this whole process wouldn't be yo-yoed again, and I appreciate hearing from the minister.

I think one of the things that I noticed the most and I find the most frustrating with capital project budgeting from this government is that yo-yo effect. The money is there; the money is not there. And I appreciate the minister saying: once we've decided we're actually going to go ahead with it, we've guaranteed the moneys in place to complete those projects. But there were other projects, you have to agree, that were originally on the list and got halted and have not been restarted. I hope that the minister is considering the concept that was put forward by the Leader of the Official Opposition on an infrastructure enhancement fund which would allow funding to be set aside in a sort of steady, consistent pace, which allows a more consistent, thorough fund to pull from in order to proceed with building capital projects out of the Infrastructure ministry.

I can't begin to imagine how difficult it is as an individual out there, whether you're with a school board or a hospital or a regional hospital or a children's authority, trying to plan for capital budgeting when who knows what's going to happen. You could get it approved, and then it could be stopped three months later. I mean, it's immensely frustrating to try and figure out: how do you mix in your partners? How do you encourage your commercial partners to get onboard for a specific period of time? At this rate you could have a capital project that's stretched out over years and years, and eventually you start to lose those commercial partners, those corporate partners that came in with you.

So I strongly encourage the government to look at something like an infrastructure enhancement fund where money could be put in over a period of time to build it up, and then draw from that so that once there is a need established and it's been approved, it's going to

happen rather than this back and forth, up and down sort of thing.

Those are my comments on this particular area, and if there are no others, maybe we could go to Community Development. Thank you.

MR. LUND: Well, I must comment on the hon. member's last comment. We are doing that, trying to have a fund, but we're going beyond that. We're looking at other innovative ways to fund infrastructure buildings, like P3 projects. We're working closely with some developers to move down that road because that's a win/win for everybody when we can get there. It was very difficult for us when we lost the funding, but the fact was: who knew that there was going to be a September 11? Who knew that there was going to be such a huge crash in the market and that we were going to lose \$1.7 billion? Those kinds of things are very, very hard to foresee. So, yes, we did run into a difficulty where we thought that we had a solid budget for 2001-2002, but with those events, of course, we simply didn't have it. We are working toward a different, more solid way of funding these capital projects.

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

MS BLAKEMAN: Thanks. I just got sort of inspired to react to something there, and I'm just going to contest a bit the minister's proposal that these P3 projects, private/public partnerships, are a great idea. I don't know that they are all the time, and I'm going to give you one example to think about. The government is responsible at this point for a new courthouse space in Calgary, and part of what's being looked at is: would that be in an existing building? Would there be a new building? Well, it's downtown Calgary or probably has to be, so it's probably going to be an office tower.

When you take a step back and go, "Wait a second; we're talking about a courthouse here," what are the buildings when you drive into a town that are the ones that catch your attention and say, you know, these buildings give a town or a city stature? They're going to be your town hall followed immediately by your courthouse and then whatever other kinds of civic buildings or arenas you would have there that make you proud. In this instance when you're talking about a P3 partnership, for example, with the courthouse, what edifice, what symbol of justice are we going to have in a high-rise building in downtown Calgary?

So I'm just arguing with you that I think there may be a place for P3 partnerships. I don't know where that would be yet, but I certainly don't see it as the panacea, and I don't see it as the solution to everything. I think that government is responsible for building certain things and maintaining certain kinds of buildings, and I guess I'm arguing with you right now that things like courthouses are one of those sets of buildings that should be stand-alone. They should have a particular place. There's a much larger argument about, you know, schools, because we're talking about combining schools with shopping centres and things like that. I think we have to be really careful when we move into that area where the government is the only decision-maker about a building and about who's funding it and about how long it takes and how much it costs. Every partner you bring on is another partner that you compromise with.

I just wanted make those comments in response to the minister.

MR. LUND: Well, I can't let those go by either without comment, because I'm not interested in symbols. If we can get a true P3 in the courthouse in Calgary and save \$300 million, I'm going to take it. That builds a pile of schools. That builds a pile of health facilities. That builds a whole bunch of things that we can do over at the universities to get more research in. It does a whole host of things. So as far as symbols are concerned, forget it.

THE CHAIR: On that note, the Minister of Community Development.

Community Development

MR. ZWOZDESKY: Thank you, Mr. Chairman. I am pleased to be here today to speak about the supplementary supply requisition, if you will, for the Department of Community Development, specifically as it relates to the Western Heritage Centre. I should say that the town of Cochrane and the Department of Alberta Community Development have been working very diligently and very thoroughly toward finalizing an agreement that would see the transfer of the former Western Heritage Centre and the Cochrane Ranche site – in other words, the land and the buildings associated with the same – over to the town of Cochrane for what is called a nominal sum.

It's always been the intention of my objectives – and I believe it was also my predecessor's intentions as well – to try and give the community a first opportunity to come up with what I have often referred to as a community-based solution to the possible continuation of that Western Heritage Centre to the degree that it could resemble in the future what it was set up to do in the past, and that first opportunity was given to them quite some time ago following the financial collapse of the Western Heritage Centre Society, who basically ceased operating in January of 2001. Around about December 31 of 2000 basically they handed over the keys to Community Development and said that they as a community-based organization society in that area could no longer keep the doors open and the lights lit and so on and turned over the keys. In recognition, however, of the fact that this centre has the contributions of many different individuals and businesses and organizations – quite a number of them have been involved in it – we wanted them to have the first opportunity to see what they could come up with that would see the centre continued somehow into the future.

4:40

In the end, the town of Cochrane came up with a plan and said that they would like to take it over, so we reviewed that plan. It fits the requirements of a community-based solution and so on; however, there has been some opposition to that by a few members of the community. I don't know to what extent exactly, and in fact they have requested the town to hold a plebiscite, so that will be done in the next week or so. We're simply in a waiting pattern. But what this particular supplementary estimate does is it makes good on what we said we would do as stewards of that property and building, and that is simply to say that we would get an evaluation done, which is in accordance with policy and procedures here, and we've done that. It's come out to \$3.7 million, and that's the amount being requested.

I should note in concluding, Mr. Chairman, that this would be recorded, if you like, as a grant in kind which represents fair market value for the land and buildings. When we talk about nominal sum, we're probably talking about something in the two-figure range or perhaps single-figure range. Nominal sums typically are very, very low amounts. In any event, it will be a surplus neutral transaction and will not have any direct effect on the net operating results of the government.

The approval of this supplementary estimate will allow the ministry to complete the final transfer of the land and buildings, and it is in keeping with Alberta Community Development's intention of seeking the community-based proposal, which is a best-use proposal that I referenced earlier. The town's proposal does include redeveloping the building into a combined municipal office, an arts centre, a seniors centre, a museum complex, and so on and will maintain, I hope, virtually all of the artifacts, in so far as possible at least, that they've accumulated, artwork, whatever else they might have there

that reflects the rich and important heritage of that part of our beautiful province.

So that's basically it in a nutshell. I'd like to answer any questions should members opposite have any. Thank you.

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

MS BLAKEMAN: Thanks very much. Well, I think we could call this the Frank Bruseker memorial supplementary estimate because I'm aware that my previous colleague had an awful lot to say about this project, I think beginning and ending with the words "white elephant."

The government must be very pleased to be moving this particular property and entity off of its books. I mean, I remember visiting this site about 10 years ago, before the facility itself was built, and it was a great museum. It was not big; it was quite small. It was in a little log cabin perched up on top of a hill, and I really enjoyed it. I learned a lot. It was great. I learned all about ranching in southern Alberta in the early years and the pioneers and all that good stuff, and there was a bit of land and a trail you could sort of wander around on but no big thing, and maybe for reasons we'll never know now, much grander plans were seen and a lot of money was sought and was secured to put towards a much larger facility far beyond a simple little museum and a couple of trails. That project grew and it grew. That little elephant just kept getting bigger and bigger until it ate the whole thing.

Certainly, while I've been elected, I've gone back and forth with various members of the society and people from the town, folks on all sides of this debate, about whether the government should continue to prop it up and put more money in by way of grants or pay off debts, and as the minister said, finally in December of 2000 or January of 2001 the government received back the keys from the society, who had thrown their hands up and gone: we just cannot operate this.

In fact, if you look back, it doesn't take long to find out that their projections of expected visitors and concurrent revenue that was expected to come into that facility were never realized, and the projections were wildly off to begin with. They were essentially setting themselves up as though they were Head-Smashed-In Buffalo Jump, and that's a UNESCO world site. I mean, this museum was just not going to draw the same kind of people, and it didn't, but it was a very grand scheme.

Now we had the problem of a huge facility, a lot of commitments to people, including the collection of western art, sculpture that is housed in the building, plus an extensive collection of western pioneer memorabilia and artifacts, none of which we want to lose, and some of them are in this facility because it is climate controlled and all of that, things that require that kind of technology and humidity and climate control. It would be a shame for Albertans to lose those artifacts and pieces of art, to have them taken out of the building, and I'm pleased to hear that the town is willing to continue to run the facility and to house the various things that were there before.

So we had a situation where I think the government got conned into or was willing to look the other way. It was willing to help their friends build a memorial, lots of different stories I hear about it, to create this facility in the first place, and it just didn't work. There was not enough of a draw to it; nonetheless, the building had been built. The artifacts, the artwork, the memorabilia were now in it. It was an obligation to continue to run it, and it wasn't possible.

I'm aware that the minister tried hard to have a consultation with the community, that there was a fairly long time line to allow proposals to come forward and that in fact there were extensions on

that time line to allow a couple of the proposals, I think, to solidify what they wanted to do. I think that this is probably the best outcome that we could have expected: to have the town take it over, be willing to subcontract out the management of the convention facilities, because it does house a fair number of people for large groups. I think it's like 500 – isn't it? – for a sit-down meal. Yeah. It's a big facility. So the town is going to subcontract out the management of that and I believe put some of their own offices into the building plus the seniors' centre and the museum and art gallery, et cetera.

I will put on record that I far prefer that idea to one I had seen floating about, which included having a casino built, which I just felt was going backwards very fast. If we couldn't attract people to that area because it was a very good museum with all kinds of interesting things in it, we were certainly not going to attract people to that area for a casino with some sort of sideshow of this western ranchers museum. I was actually quite offended by that. So I'm pleased to see that the town did come forward with its idea and was able to get its ducks in a row, so to speak, and be able to make this proposal through to the government and that it seems to have been accepted.

4:50

As I understand it, then, the money as it's appearing in this supplementary estimate is, in fact, a disposing of assets off the books. It is showing the disposal of this asset, taking it off the books from Community Development. That's the value of the property at \$3.7 million. If I can just get a bit more information about how that valuation was handled. Was it tendered? Was there a sufficient number of people that applied for the ability to get the tender to do the valuation on it? I just want to make sure that this one is tied up with a bow, because it's been struggling along, dangling its shoe laces for an awfully long time in this province. So I just want to make sure that it's all going to be done and off the books and never coming back on again.

The other question that I have: is there an outstanding debt associated with this facility? If there is, is there any possibility that that debt will have to be assumed by the province, or has it ever assumed debts since December of 2000? I know that at one point there was a construction debt that was associated with it, and there may well have been an operating debt in operating it. I want to make sure that the government is not on the hook now or in the future for any kind of deficit or debt that's left over from this facility. So I'd like to get the minister on record with that, and I will give him an opportunity to respond to that, and then I can make my closing remarks.

Thank you.

THE CHAIR: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Chairman. I just wanted to let the hon. member know that I, too, have visited it, and I certainly concur with her assessment of the beauty of the building and the value of the artifacts and the importance of it to our western heritage. In fact, I've been there a number of times with our colleague from Banff-Cochrane. I just wanted to support her description of the site from that point of view.

It's a very important building, as we all know, not only for the wonderful artifacts it houses but also for the fact that the community uses it a great deal for graduation ceremonies and for wedding ceremonies and convention/conference type stuff. I believe it can accommodate somewhere in the order of 300 to 350 people at a sitting. It depends on how you evaluate the outdoor patio space, you know, but you're not far off with the 500 mark either, hon. member.

I'll just emphasize again, Mr. Chairman, that we're in a waiting and seeing mode right now for the town to give us their final decision on whether we're going to enter into this final agreement, but we're fully prepared to do that, and I want to give the member security in knowing that information.

With respect to the extensions that she commented on, I simply wanted to say that we did specifically meet with them on that issue. I was down many times, and the extensions were granted simply to allow them to do their feasibility study. The town put about a hundred grand into that feasibility study. In my view, they did a very, very good job, and they've come forward with a very sensible proposal that, from my point of view at least, makes a lot of sense.

Now, the question about the evaluation. This was, as is required, an independent evaluation. I'll have to find out for you exactly what the administrative procedures were behind that, but it was done totally by an outside source. I don't even know what their name is right now, but someone who's able to do those evaluations and assessments did a very thorough job. In particular, they evaluated the centre itself, in other words the building, for its value. They appraised the land on which the building sits, obviously, and the surrounding area; for example, there is a parking lot and there's that beautiful piece that banks up against the mountain. They went farther west and evaluated the Cochrane Rancho historic site as well. Then there were some on-site improvements, as I recall, that were also part of that. So it's very thorough and very independently done from government.

Your other question about outstanding debt. I believe that the previous minister, my predecessor, did address that, and I think that was all cleared off the books from whatever point of view, at least, we could. I also know that they did have some meetings with their banker, and I guess there are sort of two parts to this question. One is any debt with respect to the construction or the improvements to the facility itself. The second part would have been any operating debts of the society itself.

I can't comment, quite frankly, member, with respect to the society. It happened just before I took over, but all I know is that they became insolvent and had financial difficulties, and I think they have and/or did conclude some arrangement with the bank. I think, also, that the town in which this whole community, obviously, is involved is aware of any kind of lingering debt, if you will, that might exist, and if that's the case, I'm sure that they will be addressing it with whomever the creditors might be, but I don't think it's a huge amount compared to the evaluation adjustment that we're looking for here.

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

MS BLAKEMAN: Thanks. Yeah, I just wanted to make sure that the government wasn't on the hook now or in the future for any kind of debt associated with this centre even when it's off their books.

Lastly, I'm wondering now: is the minister expecting that some component of the centre would be coming back to his department looking for operating grants? For example, would the museum section be eligible to apply through Museums Alberta acting as the PASO for a grant to operate the museum: (a) is it possible and (b) is it anticipated? If I can just get a comment on that, and then I guess we want to move on to another area.

Thank you.

THE CHAIR: The hon. minister.

MR. ZWOZDESKY: Thank you, Mr. Chairman. In response to the first question – will the government of Alberta be on the hook or

have any continuing obligations? – the answer is no. It will be transferred lock, stock, and barrel to – well, I guess it'll be to the town, assuming that all is in accordance with their wishes. We have every reason to believe it is.

Secondly, is there a component in it that might see it coming back to us? There is no component built into the arrangement at this time at all. Is that what you're asking? Oh, will any component be coming back? I'm sorry. I misunderstood, perhaps.

MS BLAKEMAN: There still is a museum section to it. Can that museum section apply for a grant through the PASO?

MR. ZWOZDESKY: I'm sorry. I had that as a third question. I thought you had something about: would they be coming back? But maybe that was part of the first question.

Anyway, let me just go to the museums issue. As you are well aware, we do give a grant to the Alberta Museums Association, and they in turn receive applications from their member bodies, and then they pass out the grants. So if there is a legitimately organized museum within there as a stand-alone society or however they choose to do it, then I'm sure that they would be considered just like everyone else is for possible financial assistance, but that would be under the normal rules of eligibility, criteria being met, and so on. So I don't see any reason why that wouldn't be possible.

THE CHAIR: Okay. Are we ready for the next department? We next are going to sustainable development.

Edmonton-Riverview, do you wish to speak?

DR. TAFT: I'm just requesting that it be the Minister of Sustainable Resource Development. Thank you.

THE CHAIR: The hon. Minister of Sustainable Resource Development.

Sustainable Resource Development

MR. CARDINAL: Thank you very much, Mr. Chairman. As Minister of Sustainable Resource Development I'm here to discuss the supplementary estimates to my ministry's budget. The 2002 fire season was one of the most severe on record and is still continuing at this time. In order to deal with the increased costs of fire fighting this year, we request a supplementary estimate of \$229.2 million.

The fire program is essential to save communities, and protecting our forests is more important and more challenging than ever. Communities have expanded in forested areas, and industrial and recreational activities have also increased considerably, especially over the last few years.

5:00

There are more than 320 communities in the forest protection area, and many are at risk from wildfires. This year about 2,000 Albertans were evacuated or put on evacuation alert because of the risk of fires in about seven communities in northern Alberta. The House River fire alone was the largest wildfire since 1981, burning more than 247,000 hectares of forested area. Although the drought conditions had a huge impact on this year's fire season, we are able to limit the impact of fire on Albertans themselves.

The supplementary estimate is a result of a very dry and challenging fire season. That is why I make a motion that the supplementary estimates of \$229.2 million be approved by the Assembly.

Thank you.

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

DR. TAFT: Thank you, Mr. Chairman. It's going to be very important for us to discuss this particular supplemental estimate because of its scale. Two hundred and twenty-nine million dollars is an enormous amount of money, and it seems to me that last year we also had a very large supplementary estimate from this department.

I'm not disputing that we need to fight forest fires. My concern is that in the future we're going to have to fight more and more of them and that year after year we're going to be coming back with bigger and bigger and bigger supplementary estimates. Indeed, as I've gone through the debate today, I see between this department and the department of agriculture and the Department of Municipal Affairs over \$650 million in supplementary estimates related directly to drought and the consequences of drought, including fires.

I know that recently our caucus met with the Alberta Forest Products Association. They are deeply, deeply concerned about drought and fire in Alberta's forests, and as you mentioned, Mr. Minister, there are a large number of communities in northern Alberta potentially at risk, some of whom have had very dramatic experience with forest fires.

So my first line of questioning is: given the evidence or the concern and the arguments from many in the scientific community that climate change actually is occurring and that climate change is leading to chronic risks and much higher risks for forest fires and drought, what long-term planning is this department undertaking, if any, to ensure that next year and the year after we do not have massive supplementary estimates like this?

MR. CARDINAL: That's a very good question. In fact, the Auditor General previous to this year, the past five years previously, had identified that our average expenditure was about \$158 million per year and suggested that we consider increasing our base budget from what we have now to that targeted area. We are working with Agenda and Priorities, Treasury, and also our colleagues to look at an increased budget as we move forward to accommodate the needs for the base budget. So definitely, yes, we are planning, when dollars become available, to try and increase the base budget closer to what the five-year average had recommended. So that's an area we're definitely looking at.

The other thing we're doing, of course, is – there are approximately 16 to 18 municipalities that are adjacent to the protected area of Alberta, and we do have fire agreements between the municipalities and our department, but we feel that they don't work as well as they could. Lots of times a fire may start in a municipality, and because the municipality is really not as equipped as we are in relation to forest fire fighting and because there may be a cost related to the fire, the municipality will not call us until it's too late and so much money has been spent. By the time we go in there, the fire is out of control. What this new agreement will do – and I'm going to be the lead minister to take it through our approval process: the standing policy committee, cabinet, and caucus – is try and put in a program that will be very proactive in relation to the working agreements, the billing process between the municipalities and our department and also Municipal Affairs. So we're definitely working on that.

The other thing we're doing with the communities that are within that protected area, the 300 or so communities, is looking at various ways of making the communities fire smart. For an example, Wabasca, one of the communities in my constituency – and we are looking at a number of others – wants to expand their hamlet boundaries. One of the conditions I put in in transferring public land to them is to develop an area where there will be a fire guard put in, and I've agreed to deduct the cost of that fire guard as part of the

transfer of the public land to them. So we are being very proactive.

The other one we have is, of course, the FireSmart program we have in place, where we are working with the fire departments and also municipal councils to ensure that the communities and facilities in the communities are protected as much as possible.

DR. TAFT: This planning is enormously important. It's important from a budgetary aspect. It's important from a human safety aspect, from an environmental aspect, from an economic aspect. Are there climate scientists involved in this planning process?

MR. CARDINAL: Of course, Mr. Chairman, we will have to work along with people who specialize in this area and people with scientific knowledge, no doubt, in order to develop a long-range plan. If the weather decides to stay the way it is, we will have to develop long-range plans to deal with an issue like that.

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

DR. TAFT: Thank you. Now, given the many communities that the minister mentioned that are at risk in these heavily forested areas, is the minister concerned that these communities may end up becoming uninsurable properties by the private insurance industry?

MR. CARDINAL: I don't believe, Mr. Chairman, that there is a problem in relation to fire insurance at this time. Now, I can't predict what the future will be like, but in the past history has shown that we've had dry trends in northern Alberta in the protected area and we've had wildfires burning. But, at the same time, then we've had years with lots of rain and cold temperatures. So at this time it's really something we have to monitor very closely and determine if there is a need for further action.

Definitely our first priority in the department is to protect the lives of Albertans, and then of course the second priority, while we're doing that, is the residences of Albertans in those areas. At this time there's really no indication to say that the communities are in danger on a long-term basis. We've had a number of dry years now, but that could change next year.

5:10

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

DR. TAFT: Thank you, Mr. Chairman. Just to be clear and so that the minister is on the record for all time, he is arguing that the climate change projections of climate scientists which argue that Alberta is drying out and that northern forest are in increasing long-term risk are not valid. Is that correct?

MR. CARDINAL: No, I'm not saying that they're not valid. I'm just saying that we will continue monitoring the situation and determine as we move forward. Like I said earlier, one of the plans we're doing is to look at increasing the base budget to around the five-year average of \$160 million per year, again depending on the dollars that are available.

The other way to handle it, I guess, is what we are doing today, which is to have a base budget at what we have it now, and then each time there is a fire, we come back for a supplementary budget. That's been done for a long period of time, but I believe, you know, that the way to handle this at this time – it's not, like, out of control. We have a good handle on the issue of forest fires within the protected area. Although the fire was quite large in northeast Alberta, approximately 60 percent of the fire was in muskeg areas, which in a lot of ways is something that's needed to happen, so it's

not all negative. The merchantable timber that burned in that area is part of a quota and part of a FMA of another company. What they do is they alter, then, their logging operation plans for this winter and harvest that wood in that particular area rather than the original plans as they were laid out.

So I think we have a good handle on the issue. The forest industry is a very, very important industry to Alberta. Over 50 communities depend on it as the major source of revenue, major source of job creation, and also the tax base. There are over 54,000 people working in that industry. So it is good, and even with a bit of the negative side on the softwood tariffs and negotiations, our industry is still in a reasonably solid state.

THE CHAIR: Edmonton-Riverview.

DR. TAFT: Thank you. Given that the taxpayer is on the hook for some \$230 million more than we budgeted for forest fire fighting, is industry contributing any more to forest fire fighting than was expected from them?

MR. CARDINAL: Yeah. We have an ongoing review, of course, of our, you know, stumpage rates and other fees that we charge to FMA holders and quota holders. Although there was quite an expenditure this year in Alberta, it's a major industry as far as revenue for the province. It's about an \$8 billion to \$9 billion industry; it's not small.

Although our stumpage rates are market driven, we have an ongoing process to monitor the stumpage rates we have in place. Not to say that we're going to increase them or decrease them, but we continue to monitor them very closely to ensure that, number one, we don't create hardship for the industry and, number two, to make sure that when we have salvage wood from fires, it is economically viable for the industry to be able to harvest that wood rather than the wood falling and rotting. So we try and monitor it and keep a balance in the whole process.

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

MS BLAKEMAN: Hi. I'm hoping we can move on to Transportation, I think is the one that's left.

THE CHAIR: In the one minute remaining, sure.

MS BLAKEMAN: In the one minute remaining? Well, then I'll make a point that one day is not enough time to do supplementary supply, but I'd like to hear what I can. Are we really less than a minute? Well, we're not going to be able to get through all of them then. Thank you.

THE CHAIR: Okay. Does someone want to speak. The hon. acting minister.

Transportation

MR. LUND: Yes. As Acting Minister of Transportation I'm bringing forward a supplementary estimate for \$85 million. This would partially reinstate the projects that we deferred in 2001-2002 for highway rehabilitation, highway construction, and water management infrastructure and other road infrastructure.

Vote on Supplementary Estimates General Revenue Fund

THE CHAIR: I hesitate to interrupt whoever might wish to speak

again, but pursuant to Standing Order 59(2) and Government Motion 30, agreed to November 20, 2002, I must now put the following question. Those members in favour of each of the resolutions not yet voted upon relating to the 2002-2003 supplementary supply estimates, please say aye.

HON. MEMBERS: Aye.

THE CHAIR: Those opposed, please say no. Carried.
Shall the vote be reported?

HON. MEMBERS: Agreed.

THE CHAIR: Opposed? Carried.

MR. ZWOZDESKY: I would move, then, that the committee rise and report.

[Motion carried]

[The Deputy Speaker in the chair]

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

All resolutions relating to the 2002-2003 supplementary supply estimates have been approved.

Aboriginal Affairs and Northern Development: operating expense, \$32,150,000.

Agriculture, Food and Rural Development: operating expense and capital investment, \$405,118,000.

Community Development: operating expense and capital investment, \$3,700,000.

Infrastructure: operating expense and capital investment, \$15,000,000.

Learning: operating expense and capital investment, \$35,000,000.

Municipal Affairs: operating expense and capital investment, \$17,685,000.

Sustainable Resource Development: operating expense and capital investment, \$229,200,000.

Transportation: operating expense and capital investment, \$85,000,000.

Amount of operating expense and capital investment to be voted under section 1: \$822,853,000.

Mr. Speaker, I wish to table a list of those resolutions voted upon by the Committee of Supply pursuant to Standing Orders.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.
The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I would seek unanimous consent of the Assembly to revert briefly to Introduction of Bills, and I'd also take this opportunity to remind everyone to clear off their desks so that the Alberta Debate and Speech Association, who is holding their mock parliament tomorrow, can have free and clear access to their chairs.

Thank you.

[Unanimous consent granted]

5:20

head: **Introduction of Bills**

(*reversion*)

THE DEPUTY SPEAKER: The hon. Minister of Finance.

Bill 36

Appropriation (Supplementary Supply) Act, 2002 (No. 2)

MRS. NELSON: Thank you, Mr. Speaker. I request leave to introduce Bill 36, the Appropriation (Supplementary Supply) Act, 2002 (No. 2). This being a money bill, Her Honour the Honourable the Lieutenant Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

[Motion carried; Bill 36 read a first time]

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

MR. ZWOZDESKY: Thank you. Mr. Speaker, it's a pleasure to be back in the Assembly with all of our colleagues. We've had a very good week, so I would move that we now call it 5:30 and adjourn until 1:30 p.m. on Monday.

[Motion carried; at 5:22 p.m. the Assembly adjourned to Monday at 1:30 p.m.]