

Legislative Assembly of Alberta

Title: **Monday, November 25, 2002**

1:30 p.m.

Date: 02/11/25

[The Deputy Speaker in the chair]

head: **Prayers**

THE DEPUTY SPEAKER: Let us pray. At the beginning of this week we ask You, Father, to renew and strengthen in us the awareness of our duty and privilege as members of this Legislature. We ask You also in Your divine providence to bless and protect those assembled here today and their loved ones and bless the province we are elected to serve. Amen.

Hon. members, please remain standing for the national anthem.

HON. MEMBERS:

O Canada, our home and native land!
True patriot love in all thy sons command.
With glowing hearts we see thee rise,
The True North strong and free!
From far and wide, O Canada,
We stand on guard for thee.
God keep our land glorious and free!
O Canada, we stand on guard for thee.
O Canada, we stand on guard for thee.

THE DEPUTY SPEAKER: Please be seated.

head: **Introduction of Visitors**

THE DEPUTY SPEAKER: The hon. Minister of Community Development.

MR. ZWOZDESKY: Thank you, Mr. Speaker. It's indeed a great pleasure for me to rise today on behalf of the government of Alberta and all colleagues in the Legislature today to introduce some very special guests that we have with us. It's my pleasure to introduce to you and through you these members who are visiting here today.

AN HON. MEMBER: In Ukrainian?

MR. ZWOZDESKY: I could do it in Ukrainian, yes, but I'll start with English.

I would like to introduce the leaders of the delegation. Mr. Serhiy Shevchuk is a Member of Parliament and member of the European Integration Committee and a member of the Committee for Protection of Health, Motherhood, and Childhood in Ukraine. He is joined by His Excellency Yuri Scherbak, ambassador of Ukraine to Canada, who has been in our province several times, and he's joining this delegation on this very special visit. Included with this, I should say that Ambassador Scherbak is a very welcomed guest not only here but also in our Premier's office, and I know that they've had many good discussions on things pertaining to Alberta and Ukraine over the past couple of years, and we're grateful for his attention to this matter.

Mr. Speaker, this particular delegation from Ukraine is here to study our public health system as part of the ongoing Canada/Ukraine Legislative and Intergovernmental Project, also known as CULIP. CULIP, a program funded by the Canadian International Development Agency, or CIDA as we refer to it, is administered by the Canadian Institute of Ukrainian Studies at the U of A, and it focuses on sharing efficient and effective public-sector expertise. Alberta's participation in CULIP really goes back to the project's inception in 1996. This particular health and wellness module marks

the fifth of six modules under CULIP, and Alberta Health and Wellness and International and Intergovernmental Relations will be working together to assist Ukraine and the delegation here today in completing this module.

Let me close, Mr. Speaker, simply by saying that Albertans of Ukrainian ancestry have played a major role in helping to build our province and supporting the independent drive and the drive for economic freedoms in Ukraine. As such, I was delighted to accompany our own Premier on the first historic mission ever by an Alberta Premier to Ukraine earlier this year with our colleague from Redwater, and it's in that regard that we wish CULIP and all of our delegates who are here today all the very, very best in their visit to our province and to our capital city. May I ask that Mr. Shevchuk, His Excellency Scherbak, and all the guests who are with them please rise and receive the welcome. [remarks in Ukrainian]

head: **Introduction of Guests**

MR. SHARIFF: Mr. Speaker, on behalf of yourself, the Member for Highwood, I would like to introduce to you and through you to members of this Assembly a group of 17 home schooled young Albertans from Okotoks, from St. Paul's Academy, and the Argyll home based education centre. They are accompanied by Mrs. Gisele L'Abbee, Mrs. Colette Stasiewich, Mrs. Marilyn Schulz, Mrs. Cheryl Schulz, and Mrs. Colleen Korzan. They're all seated in the public gallery, and I would request that they all rise and receive the traditional warm welcome of this Assembly.

THE DEPUTY SPEAKER: The hon. Minister of Human Resources and Employment.

MR. DUNFORD: Well, thank you very much, Mr. Speaker. Later today Bill 37, the Occupational Health and Safety Amendment Act, 2002, will be introduced, and I want to introduce to you and through you to the Legislative Assembly many men and women that were instrumental in this Workplace Safety 2.0 initiative, that we're currently embarking on. I would ask, as I read their names, that they stand and remain standing so that the members of the Legislature can see who each individual is.

I begin with Brad Anderson, the executive director of the Construction Owners Association of Alberta; Joe Melnychuk from Ledcor Industrial; Bill Bacon from Imperial Oil Resources; Brian Bickley from Syncrude Canada; John Brogly from Dow Chemical; Ron Czura from Shell Canada; Andy Felczak from Bird Construction; Gary Gylander from ATCO Electric; Sam Kemble from the Construction Labour Relations association; Hal Middlemiss from PCL Industrial Constructors; Mike Morton from Halliburton KBR; Kevin Nabholz from Suncor Energy; Stirling Rideout from Colt Companies; Doug Rowan from Shell Canada Limited; Harry Tostowaryk of the Ironworkers Local 720; Jackson Wong from Sherritt International; Peter Dunfield from Syncrude Canada; then Patty Whiting, who is the chair of the Occupational Health and Safety Council; and Julie Hamilton, the mother of a fatally injured worker that we had here in the province of Alberta. With that, I would ask for a warm welcome from all of the members of the Legislature.

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

MR. HORNER: Thank you, Mr. Speaker. It's my pleasure to rise and introduce to you and through you to all members of the House 58 visitors from St. Albert. These students attend Bertha Kennedy Catholic community school and are two of the grade 6 classes. The

students and staff there live up well to the heritage and standards of the school's namesake. They are accompanied by teachers Mrs. Kaplar, Miss McManus, Mrs. Clarke, and parent helpers Mr. Culvier, Mrs. Drinkwater, Mrs. Funtasz, Mrs. Neuls. They are seated in the public gallery, and I would ask that they rise and receive the traditional warm welcome of this House.

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

MR. MacDONALD: Thank you very much, Mr. Speaker. It's a pleasure to rise and introduce to you and through you to all hon. members of this Assembly a delegation from Suzuki charter school in the constituency of Edmonton-Gold Bar. The delegation is led by Mr. Ian Gray and accompanied by parent volunteer Mrs. Sandra Scolah, and there are also 15 bright, able, and polite students in the delegation. I believe they're in the members' gallery, and if they could now rise and receive the traditional warm welcome of this Assembly, I would be very grateful.

1:40

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

MR. HUTTON: Thank you, Mr. Speaker. It's a pleasure to rise today to introduce to you and through you to members of the Assembly a very hardworking constituent of mine who is committed to the Alberta advantage. Betty Unger, who is with the Occupational Health and Safety Council, is seated in the members' gallery, and I would ask Betty to please rise and receive the traditional warm welcome of the Assembly.

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

MS BLAKEMAN: Thank you very much, Mr. Speaker. I have two introductions this afternoon. The first is to introduce to you and through you to members of the Assembly a group visiting us from NorQuest College. There are 29 of them, and they're here accompanied by their instructor, Ms Elaine Nichols. These are students in both the social studies and the legal studies courses. I think they're in both galleries. I would ask them to please rise and accept the warm welcome of the House. Thank you very much.

My second introduction is a group of students with the Community Cultures Institute. This is an adult English as a Second Language program. We have 20 students who are joining us in the public gallery today, and they're accompanied by their instructor, Karen McFarlane. I would ask that group to please rise and accept the warm welcome of the Assembly.

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

DR. PANNU: Thank you, Mr. Speaker. I have two introductions today. First, I'm very pleased to welcome to this House and to introduce to you and to all members of this Assembly Mrs. Kathie Derman of Stony Plain. Mrs. Derman is here to witness democracy in action and how her best interests and interests of her fellow Albertans, especially in the area of health care, are being represented. Mrs. Derman is seated in the members' gallery, and now I would ask her to rise and receive the warm welcome of this Assembly.

Mr. Speaker, my second introduction is Chantelle Hughes. Chantelle is visiting from the city of Calgary, where she works as the

southern organizer for the Alberta New Democrats. Ms Hughes is a tireless volunteer in our community and recently raised more than \$5,000 for the Arthritis Society and the Joints in Motion campaign by running the Dublin marathon in the Republic of Ireland. I would ask Chantelle to rise and receive the warm welcome of the Assembly. I think she's seated in the members' gallery as well.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Manning.

MR. VANDERMEER: Thank you, Mr. Speaker. I have the honour today of introducing to you and through you to the members of this Assembly Stephanie Thero, who lives in the constituency of Edmonton-Manning. Stephanie is a third-year student at the University of Alberta. She is taking history and political science. Her main ambition is to get involved in federal politics. I'd ask Stephanie to rise and receive the traditional welcome of this Assembly.

THE DEPUTY SPEAKER: I think it's in order right now to bring birthday greetings to the Minister of Innovation and Science, the hon. Member for Red Deer-South. There's no year given on this, but it is the date November 25.

The hon. Member for Calgary-Mountain View.

MR. HLADY: Thank you, Mr. Speaker. I have three individuals to introduce to you today who've added to the value-added of Alberta. The first one is Ferg Devins, the vice-president of corporate affairs for Ontario and western Canada for Molson Canada. The second is, I believe, Mr. Hal Danchilla, who is a political adviser with no peer. The third is the president and CEO of Arcis Corporation, Peter Boyd. If they'd all rise and please receive the warm welcome of this Assembly.

head: **Ministerial Statements**

THE DEPUTY SPEAKER: The hon. Minister of Economic Development.

90th Grey Cup Celebrations

MR. NORRIS: Thank you very much, Mr. Speaker. This past weekend, along with the Deputy Premier of Alberta, I had the honour of being part of Edmonton's Grey Cup parade and also going to what turned out to be a very exciting and hard-fought football game, the CFL's 90th Grey Cup. As a big sports fan I can tell you that Albertans and Edmontonians have everything to be proud of in the Edmonton Eskimos. They showed determination and grit in battling their eastern opponents from the beginning right to the very bitter end.

In every way Albertans were winners even though we did not see the cup return to Edmonton. The local organizing committee clearly demonstrated to Canada they know how to organize and throw one heck of a world-class party. Events like the Grey Cup are great for the local economy, and as the minister responsible for tourism I'm a very proud Edmontonian to say that the Grey Cup estimated bringing 25,000 visitors to Edmonton and the capital region, and it was worth over \$25 million to our local economy. In fact, nearly all of Edmonton's 11,000 hotel rooms were booked solid, and as many of us know, so were the bars.

Of course, none of this would have been possible without the efforts of thousands of volunteers who continue to make these types of events so successful. I would like to take a moment to recognize and thank all of these people for their efforts. I'm pleased to note

that Alberta has a per capita volunteer rate of over 40 percent, second only to our wonderful neighbours to the east in Saskatchewan.

Certainly, the greatest thanks, obviously, have to go to the Edmonton Eskimos, a team that never fails to show that it is deserving of the title of champions. To them I say: wait till next season; everybody in this House is with you. Today, Mr. Speaker, as an Edmontonian and Albertan I think we're all very proud of what happened this weekend.

Thank you.

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

MS CARLSON: Thank you, Mr. Speaker. Edmonton was jumping with activity this past week as residents, guests, and football players alike attended Grey Cup event after Grey Cup event, and we experienced an excellent boost to our economy. From the kick-off event to the igloo to the Grey Cup parade to, finally, the game itself thousands of individuals worked tirelessly behind the scenes to ensure that the 90th Grey Cup was one to remember. Each and every one of those individuals must be congratulated.

Thank you to the thousands of volunteers who made certain that each event went along flawlessly. Thanks to the Grey Cup Organizing Committee for co-ordinating and planning all of the details. The football players from both teams must be recognized for their efforts, and we certainly expect to see those Eskimos back there again next year. Football fans couldn't have asked for a more exciting game to watch. The 62,531 fans, who sat on the edges of their seats until the closing minutes of the fourth quarter, must also be recognized for their support. Finally, thanks to the city of Edmonton for providing the support they did.

The 90th Grey Cup is one that all Albertans can be proud of and will be remembered for years to come. Thank you.

head: Oral Question Period

Size of Cabinet

DR. NICOL: Mr. Premier, did you do your homework and calculate the total cost before creating the six new ministries you established after the last election?

MR. KLEIN: Mr. Speaker, I don't think that there were really any additional costs relative to the creation of new ministries because all of those activities that are now the responsibility of ministries were under one department or another and were either led by a senior public service employee or were a division or had a secretariat or were under a commission or an authority, so it was simply transferring the amount that was assigned to those authorities, commissions, agencies, public service employees to a ministerial office.

1:50

DR. NICOL: The cost of creating these new ministries is \$214 million a year. Will the Premier reverse this decision and put that money where it belongs, into priority programs for Alberta?

MR. KLEIN: I think that that is an absolutely false figure. I don't know where he got the figure, Mr. Speaker, but if he wants to take the time and go through the books with the hon. Minister of Finance, I'm certain the hon. leader of the Liberal opposition is welcome to do so. But that kind of a figure is way, way, way out of whack.

DR. NICOL: Mr. Premier, why did you flip-flop on your 1992

promise to reduce the size of cabinet and government, or was that just a short-term promise?

MR. KLEIN: Well, Mr. Speaker, indeed we did reduce the size of cabinet. With a substantial increase in the size of the Conservative majority we created ministries not only commensurate with the size of the majority but also to recognize and pay special political attention to areas that needed political concern and attention.

Travel by Cabinet Ministers

DR. NICOL: Mr. Premier, while your cabinet ministers jet set around the world collecting air miles, children in this province are going to bed hungry because AISH rates haven't increased in 10 years. The cost of government travel and communication is up almost 40 percent, almost 37 and a half million dollars since 1998. When are you going to rein in the spending of your jet-setting cabinet ministers?

MR. KLEIN: Mr. Speaker, I really take exception to the statement that our ministers are jet-setting ministers. We pay very special attention to travel by ministers. I can tell you that wherever possible, at least in North America, including Mexico and Central America, we jet set in the government King Air at about \$400 an hour, and there are no air mile points for that travel. You can't even stand up, and I'll tell you something: you don't even want to use the can on that airplane.

DR. NICOL: Mr. Premier, how can you justify nearly \$40 million in increased travel and communication costs when here at home children from low-income families are still going hungry?

MR. KLEIN: Mr. Speaker, I would be very, very happy to share with the hon. leader of the Liberal opposition the latest report of a national antipoverty organization entitled Campaign 2000. This organization issued its annual report on how well Ottawa has lived up to its commitment to end child poverty by the end of 2000. Minimum wage and low welfare benefits are noted as key factors in child poverty. You know, for the first time I'm happy to quote a national antipoverty organization because it says – and it's absolutely no surprise to me – that Ontario, Alberta, and Prince Edward Island have the healthiest economies and the healthiest situation as it relates to child poverty. It's no surprise to me that the three provinces whose child poverty rates were ranked the lowest are Conservative governments.

DR. NICOL: Mr. Premier, when can Albertans expect to see a reduction in the ballooning budget for your out-of-country travel by cabinet members?

MR. KLEIN: Mr. Speaker, as I've pointed out previously, we keep very careful tabs on ministerial travel, and indeed all the travel that's undertaken by ministers and MLAs is legitimate. When you are the government, you are required to attend various national and international meetings. The hon. Minister of Community Development recently alluded to the mission to Ukraine. Highly beneficial. A historic meeting to establish relationships with Ukraine. I will point out that we have sister-province relationships with Korea, with China, with Japan, to some degree with Mexico. We have just established a trade office in Germany, another trade office in Mexico. We have a trade office in Beijing. We have one in Harbin. We have one in Hong Kong. We have one in Tokyo. We have one in Seoul. So there is an obligation. There is an obligation to

maintain international relations as well as represent this province's interests at various national meetings.

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

Affordable Housing

MS BLAKEMAN: Thank you, Mr. Speaker. The Edmonton homeless count released Friday showed that 65 percent more people are living on the streets in this city than two years ago. According to the Edmonton Coalition on Homelessness an additional 6,000 units of affordable and permanent housing are needed right now. The SSHIP and HAPI housing programs have now finished and created only 1,600 new housing units exclusively for seniors. My first question is to the Premier. How does the government of this rich province propose to help those thousands of Albertans needing housing?

MR. KLEIN: Mr. Speaker, I will have the hon. minister responsible for housing respond in detail, but I can tell the hon. member that though this study is not definitive, this government takes homelessness very, very seriously indeed. All one needs to do is to look at the commitments we've made in both Calgary and Edmonton to the situation of homelessness. Through a government community initiative accommodations are being added to house an additional, as I understand it, 415 individuals in shelters and supportive housing in Edmonton. This is very significant, and to me what is happening represents the finest form of partnership. We see the government participating with private-sector people – and I mean well-meaning people – people like Art Smith and John Currie in Calgary in particular, the government participating with church groups and other community organizations to develop programs like In from the Cold, and also the government participating by providing significant dollars to both Calgary and Edmonton to accommodate homelessness and to address a very serious situation.

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

MS BLAKEMAN: Thank you. Four hundred spaces created, 15,000 needed. Not very good.

My question is to the Minister of Seniors. Given that just a few days ago the minister's office did not know where its share of the money to match the federal \$67 million was going to come from, does the minister know today?

THE DEPUTY SPEAKER: The hon. minister responsible for housing.

MR. WOLOSHYN: Thank you, Mr. Speaker. As the Premier indicated in the previous answer, this province has done an awful lot with addressing homelessness specifically, probably more so than any other province in the country. For example, we are the only province that has a homeless initiative policy that was drafted in 1999 which set out the parameters under which we would address the issue. That has funneled into the system some \$9 million through organizations such as the Edmonton Housing Trust Fund, whose sole purpose was to co-ordinate and address and identify the needs of the people – and I'll stick with Edmonton specifically – in order that we can work co-operatively together to meet the needs of the folks out there. This has resulted on a provincial level in a contribution of some 50 million dollars from the federal government in conjunction with something that would not have happened had Alberta not taken the step to have a policy, something, I might add,

whereby the federal government has used Calgary as a template for how the issues should be addressed, also is using Grande Prairie as a template for rural Quebec. So to sit there and say that we're not doing anything is just totally erroneous.

In addition to the money that is put on the seed end, Mr. Speaker, for the same period I do believe that human resources and development has put in some 34 million dollars toward shelter funding. If that isn't a sincere, strong effort to address the problem, I don't know what is.

2:00

MS BLAKEMAN: Well, he didn't answer my question.

Again to the Premier: is it this government's intention to use the seniors' housing money it has already spent in a shell game to match the federal government's \$67 million, essentially using seniors to subsidize everybody else?

MR. KLEIN: Mr. Speaker, there is no shell game going on here. Every dollar spent is clearly defined, identified in the budget documents and in the business plans.

Relative to how the dollars will be allocated, I'll have the hon. minister respond.

THE DEPUTY SPEAKER: The hon. Minister of Seniors.

MR. WOLOSHYN: Thank you very much, Mr. Speaker. This just shows, just indicates the nonsense which comes from that particular member. If she did her homework and had made one phone call, I would have taken the trouble to explain to her that Alberta and Ottawa have agreed to an Alberta solution for affordable housing. The other provinces have their own. We signed off on a commitment in June of this year to cost share this \$67 million, which will trigger further money from the private sector and from communities. I have personally met with the seven mayors, who are currently working on plans which will be co-operative together. When the money is put into the system, it will be targeted where it's supposed to be. To have money announced without a plan is just not the way we do business.

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

Electricity Rates

MR. MASON: Yes, please, Mr. Speaker. Thank you. Last week in question period the Minister of Energy ducked questions relating to the government's deregulation debacle by claiming that the highest price for electricity paid in the province was 6.7 cents per kilowatt-hour, ignoring the rate riders and other new charges which have been brought to people by deregulation. Now, I have a copy of a power bill from a farmer in Mayerthorpe which he received from his local REA. The farmer's bill has an energy charge of 7.95 cents a kilowatt-hour, which is higher than the EPCOR/Aquila service area. To the Minister of Energy: now that we know that some rural customers are paying higher energy charges than their neighbours served by EPCOR, will the minister now come clean and stop pinning the blame on EPCOR when it is obvious that it is deregulation that is to blame?

MR. SMITH: Mr. Speaker, if my memory serves me correctly, the rural electrification associations were along many years prior to the deregulation of power in the Alberta marketplace. In fact, that is a membership co-op, where members join REAs and on their own volition they make decisions whether to buy power, change their

distribution system, change their transmission system. It's, in fact, I guess, similar to the very genesis of the NDP, which would probably account for the high prices. They're simply a co-op.

THE DEPUTY SPEAKER: First supplemental.

MR. MASON: Thank you very much, Mr. Speaker. Well, since the minister responded to that question by just putting down REAs, will he now admit that they have to buy the power for their consumers on the market that this government established?

MR. SMITH: Mr. Speaker, let me make it very clear. I was not putting down REAs; I was putting down the NDs.

The REAs purchase power through a company known as Prairie Power. In fact, they do that with the full consensus and agreement of the REAs and have been doing it for some two to three years. To the best of my knowledge, Mr. Speaker, they're okay with the situation, because they have not contacted me to ask me to do something completely different for them. So when ATCO offers a rate of 4.9 cents per kilowatt-hour in the rural areas, where in December of this year they will have a lower rate than what they had in 2000, one can only find reasons of competition, deregulation, and private-sector competence as ensuring the lowest possible and most honest and transparent rates for all Albertans.

MR. MASON: Mr. Speaker, what does the minister have to say to Alberta farmers who in some cases are paying the highest power bills in the province because and only because of skyrocketing prices caused by this government's failed deregulation scheme?

MR. SMITH: Mr. Speaker, before I talk about what I'll say to farmers, let's just look across Canada and have a look at electrical jurisdictions that have been so blessed by an NDP government. British Columbia has some \$7 billion worth of public debt. That's public debt that taxpayers of the future – taxpayers are burdened – must pay in order to sustain their hydro. That generates 11,000 megawatts of electricity. In Manitoba, which is right now the king of ND land, the king of the New Democrat land, they have some 7.2 billion dollars in public debt, and they produce only 5,000 megawatts of power. This government will not put your policies of debt on future children of this province for a worse province. No, no, no.

THE DEPUTY SPEAKER: All hon. members are reminded to direct their questions and their answers through the chair.

The hon. Member for Edmonton-Beverly-Clareview.

Affordable Housing

(continued)

MR. YANKOWSKY: Thank you, Mr. Speaker. Last Friday the results of a recent count of homeless persons in Edmonton was announced. I was at the National Day of Housing Action vigil, where I spoke and was presented with many cards addressed to the Minister of Seniors, which I will be presenting in this Chamber. The results showed that the number of counted homeless people in Edmonton had risen by 65 percent since 2000 to a level of 1,915 persons. My question is to the hon. minister responsible for housing. In light of these increases what is the government doing to address the issue of homelessness in our province?

THE DEPUTY SPEAKER: The hon. minister responsible for housing.

MR. WOLOSHYN: Thank you, Mr. Speaker. With respect to the

count I might add that it was not an exact science, and I understand that they had twice as many volunteers counting this time in a larger area. The way the count is conducted is one, basically, where you meet the folks on the street and talk to them. I will say this much: I will not verify nor deny the numbers presented. What I will accept, however, is that it appears very much that the number of homeless is increasing.

Now, very briefly and in addition to what I said earlier, Mr. Speaker, we are working on the issue and will be looking at some new concepts to work the transitional portion, whereby, as I understand it, quite a few people in the shelters currently need transitional housing in that they're paying a partial amount to a shelter. So if we move some of the people into a more appropriate facility, we'll have more spaces in the homeless shelters.

THE DEPUTY SPEAKER: First supplemental, hon. member.

MR. YANKOWSKY: Thank you, Mr. Speaker. My first supplemental question is again to the Minister of Seniors. Mr. Minister, you talked about funding numbers in your previous answer, but what about the results of this funding?

MR. WOLOSHYN: Very briefly, Mr. Speaker, I'm very pleased to say that the results are very good. Those folks in this city who are familiar with Urban Manor can now go to a very clean, very well run, very good shelter, which is a replacement one for a facility that, quite frankly, should not have stayed open for as long as it was. So the Edmonton Housing Trust Fund took the initiative to identify the priorities. That didn't add necessarily very many extra spaces, but what it did do was replace and enhance what was already there. That particular project was \$3.17 million and had some 75 units in there.

The other one, and I'll just leave it at this, Mr. Speaker. We also had another project, with the Handicapped Housing Society, which is a complex for 56 low-income disabled persons, which is a new one. As was indicated earlier, some 400 additional spaces were added, and we've got quite a few more coming onstream this year.

2:10

THE DEPUTY SPEAKER: Final supplemental, hon. member.

MR. YANKOWSKY: Mr. Speaker, my second supplemental question has already been answered in a previous question from the Member for Edmonton-Centre.

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

Electricity Deregulation

MR. MacDONALD: Thank you, Mr. Speaker. As a result of this government's botched deregulation process, high electricity bills, costly billing errors, and frustrated electricity consumers from across the province have become, unfortunately, all too common. Yet the government stands idly by and does absolutely nothing. To make matters worse, this government has continued with its failed deregulation plan with the MAP 2 auction process at a cost to Alberta taxpayers. My first question is to the Premier. How much has the MAP 2 auction process cost Albertans to date? Has it cost a hundred million dollars, \$300 million, or perhaps even \$400 million?

Thank you.

MR. SMITH: The MAP Balancing Pool assets, formerly held by government.

MR. KLEIN: Right. Why don't you answer the question?

MR. SMITH: Thanks very much, Mr. Speaker. The MAP 2 is the market achievement plan auction of 2002. This is simply those assets that remain in the purview and control of government because they were built at a time when regulation was around, and they were far more inefficient than what the private sector is building today under regulation. Therefore, because of that, they were not able to be sold in the first auction or the first tranche of auctioning these assets off. So what we have done is communicated with industry our policy with respect to how we manage these assets. We've gone through a tranche of selling these assets in lots that are easily digestible by the private sector. I would be more than pleased to table at some future date the precise value that was received for this auction, that I know has been accepted by the marketplace and accepted by generators in Alberta.

MR. MacDONALD: Mr. Speaker, given that Albertans cannot hold their breath waiting for the Minister of Energy to get control of the electricity prices in this province, again to the Premier: if the Balancing Pool had a \$345 million deficit at the time the annual report was tabled, what is the deficit in the Balancing Pool now?

MR. KLEIN: Mr. Speaker, I will have the Minister of Energy respond, and I guess I can respond in a more generic or global sense relative to the situation. Notwithstanding what the opposition claims, deregulation is working. More power is coming onstream. When you move from one system to the other, you can expect there will be some bumps along the road, and indeed we experienced that last year. That's why I take great exception to a statement made by the hon. member that we did absolutely nothing.

You know, I would remind the hon. member that very substantial rebates were given to all of the electricity consumers to see them over a very rough period. Over the long term, as the market develops, we can expect to see increased power generation. We can expect to see better customer service. We can expect to see downward pressure on prices, and certainly under a free market system we can expect to see more options for consumers, and that always serves to bring down the price.

Now, relative to where we are with respect to the actual cost of power, the hon. member well knows that when we introduced deregulation, there were a lot of factors that played into very, very high power rates at that particular time. Gas was at an all-time high. A number of generators, unfortunately, shut down, went down at the same time. The economy was at an all-time high. It was a super-heated economy. Yes, the average price in January of 2001 was 13.1 cents a kilowatt-hour, but I can tell you that the average rolling price for the year 2002 has been 4 cents a kilowatt-hour. Four cents a kilowatt-hour, Mr. Speaker. That is a very competitive price, certainly within the range of all consumers to pay, and to me that shows that deregulation is working.

Having said that, another thing that they forget to mention, purposely, deliberately forget to mention, is that those who want to stay in a regulated environment can do so, I believe, at least for another three years. They can do so. [interjection]

THE DEPUTY SPEAKER: We'll save it, hon. Minister of Energy. His final supplemental may hit you directly.

The hon. member.

MR. MacDONALD: Thank you very much, Mr. Speaker. Again to the Premier. Another bump up in Albertans' power bills will be whenever the deferral account from the Balancing Pool is forced

onto them. Will you wait until after the next election before Alberta consumers see that deferral account added to their bill and another bump up in their electricity prices?

MR. KLEIN: Mr. Speaker, a 4 cents average right now, the deferral rate coming off – when? – at the end of 2003, electricity bills not being unbearable as we speak, but there are some other problems associated with bills that have nothing to do with deregulation whatsoever. I think that we're going to be in very good shape indeed.

I'll have the hon. minister supplement.

THE DEPUTY SPEAKER: Briefly, hon. Minister of Energy.

MR. SMITH: Mr. Speaker, yes, we'll be in very good shape. As a matter of fact, the member was talking about a sales and market achievement plan. I can tell you that these have been purchased in units of 100 megawatts, 157 megawatts. They're out there. Any deferral account to the Balancing Pool – it is my understanding that there is nothing to be put forward in 2003. For the member to realize very carefully: those are decisions held by the Power Pool. They're not decisions made by the government. They're decisions made by a regulatory body in the area where the marketplace is regulated, and where the marketplace is free to flow, that's where we're seeing lower prices, prices of 4.1 cents. We're seeing deferral accounts drop off. We're seeing a fair and honest marketplace at work for Albertans.

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

2:20

Anthony Henday Drive

MRS. O'NEILL: Thank you very much, Mr. Speaker. Every day thousands of Albertans who reside immediately north and west of Edmonton make their way into Edmonton to work. They come down from the garrison on 97th Street, they come from east Sturgeon county on 127th Street, they come down St. Albert Trail, they come down 156th Street, they come down 170th Street, and they come down 182nd Street. The question here is to the Minister of Transportation, because the answer to the traffic jam that all of those thousands of people entering the city come to is the Anthony Henday highway. Last week we heard that the federal minister will allocate some funding to assist the city of Edmonton with this transportation corridor. My question to the Minister of Transportation is: when will we see the completion of the northwest quadrant of the Anthony Henday highway in order for us to make progress?

THE DEPUTY SPEAKER: The hon. Minister of Transportation.

MR. STELMACH: Thank you, Mr. Speaker. As you know, the two ring roads around Edmonton and Calgary, of course, are our priority. The one around Edmonton: the design and construction phase has been agreed on by some 23 or 26 municipalities that surround the city of Edmonton. Given that support from the mayors and municipal leaders, we had sent the Minister of Industry, Allan Rock, a letter asking for support, part of the Canada strategic infrastructure fund, the \$2 billion fund. To complete at least part of the segments around the two cities would require about \$410 million. We had asked for roughly half of that and also supported that by saying that if we have, let's say, 10 percent of the population of Canada, then reasonably it's fair to ask for about 10 percent of the money.

Although there were some musings in the media and leaks to the media, I suppose, last week with respect to the amount of money that

we were to receive, I just recently – in fact, this letter was sent to me just as I came into the House, confirming that the government of Canada will commit to contributing up to \$150 million toward the cost of completing the ring roads in Edmonton and Calgary, specifically – and this is coming from the federal government – the northwest Calgary and southeast Edmonton sections. I can promise the Member for St. Albert and also all our colleagues that we will diligently work not only to obtain more funds to complete the two ring roads but to also expedite the section of the ring road that the hon. colleague is asking for.

I will of course table not only the letter to the Minister of Industry but also the copy of the letter that I received just momentarily confirming the money.

THE DEPUTY SPEAKER: Hon. member, any supplemental?

MRS. O'NEILL: No. Thank you.

THE DEPUTY SPEAKER: No supplementals? Fair enough.
Then we go to the hon. Member for Edmonton-Mill Woods.

Class Sizes

DR. MASSEY: Thank you, Mr. Speaker. One major urban school board is already running a deficit, and the arbitration awards arising out of the teachers' strikes are costing some boards up to 14 percent. Reducing the number of teachers and increasing class sizes are the only ways boards can capture the sizable amounts of money needed to meet the agreements. My questions are to the Minister of Learning. Given that class size was a major issue in the teachers' strike, what action is the minister taking to avoid a new budget-driven crisis?

DR. OBERG: Mr. Speaker, the ATA in their submission to the arbitration tribunal said that the awards could be funded by increasing class size and by decreasing the hours of instruction.

DR. MASSEY: To the same minister: does the minister support increasing class sizes?

DR. OBERG: Mr. Speaker, the mountain of evidence that is accumulating about class size basically shows that flexibility is by far the most important element when it comes to class size, where a class is not a class is not a class. Some classes, for example, at 12 might be too big; some classes of 35 might be fine. It's flexibility that is important, and that's my stand on class size.

THE DEPUTY SPEAKER: The hon. member.

DR. MASSEY: Thank you. Again to the same minister. The question was: does the minister support increasing class sizes?

DR. OBERG: I believe I just answered that, Mr. Speaker.

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

Cross-country Ski Trails in Peter Lougheed Park

MS KRYCZKA: Thank you, Mr. Speaker. I have been overwhelmed by the number of very concerned constituents in Calgary-West who have contacted me due to the rumour that the cross-country ski trails in Peter Lougheed park in Kananaskis Country will not be groomed and trails not set this winter due to operational budget cuts, that would create pressure to reduce services. Thou-

sands of Albertans – seniors belonging to outdoor clubs, the handicapped at William Watson Lodge, families, students in school groups – and Canada-wide elder hostel tours all come to this prime recreational area to cross-country ski, which we all know is an excellent, affordable, healthy sport. My question is to the Minister of Community Development. Are you aware of the huge public concern, and is this, hopefully, only a rumour?

MR. ZWOZDESKY: Well, in short, Mr. Speaker, yes, I am aware of the concerns with regard to the need for continued trail grooming and track setting and trail maintenance throughout Kananaskis and elsewhere. However, whereas we did have a pool of labour that helped us out in that regard, that source is just not available to the department at the moment, so we do have to look at other options. But I want to tell you that the importance of this issue has not escaped us, and we are working to minimize any trail closures and to maximize the trail grooming and track setting that's necessary. In that respect, I want to assure the member and others who have this concern that we hope to have this situation rectified very soon.

Thank you.

MS KRYCZKA: Mr. Speaker, my first supplemental is to the same minister. Have you seriously considered a user fee approach for Kananaskis Country and other park users where all revenues would be directed towards park maintenance and capital requirements? This was a suggestion of people who wrote to my office.

MR. ZWOZDESKY: Well, as a matter of fact, Mr. Speaker, yes, we have been taking a look at other options, as I alluded to in the first answer. I think the suggestion that had come through to my office, at least, and one that our staff is looking at is whether or not it's possible to dedicate a user fee or a pay-as-you-go fee or some kind of pass system for that area in order for cross-country skiing to be continued. We do have the ability to do that. I think the department has had the ability since about 1996 or 1998 to receive direct revenues from camping fees or direct firewood sales where we operate the campground or other issues relative to Watson Lodge, which was referenced. So it is an option that we are taking a look at, and I should say, hon. member, that based on the letters that I've received, there is considerable warmth to that idea from and amongst members of the public. So, in short, yes, we will be looking at that as one of several options.

THE DEPUTY SPEAKER: Hon. member, your third question, final supplemental.

MS KRYCZKA: Thank you, Mr. Speaker. My second supplemental is also to the same minister. Many users have made another good suggestion: developing a system of volunteers to assist with trail maintenance. Have you considered that?

MR. ZWOZDESKY: Yes. In fact, that, too, has been given some consideration because it's an example that we already employ elsewhere. It's a good thing that we have these kinds of unique partnerships with the volunteer sector. We have well over 2,000 volunteers in this province who contribute well over 100,000 volunteer hours in the parks and protected areas division alone. That's not to mention all the other important areas where volunteers are involved. So we do value them, and we do see them as an important outreach component with whom we partner.

One quick example, Mr. Speaker, where we do exactly what the hon. member is asking about is the world-renowned Canadian Birkebeiner Ski Festival, which takes place here in the south Cooking Lake area. The staff there, who work with about 25

volunteers, ensure that this particular Birkebeiner Ski Festival takes place to the highest level possible. It all uses volunteers, and a lot of our staff, particularly from the Ukrainian Cultural Heritage Village, are involved there not only as staff but also as volunteers on weekends and in the evenings. So we will continue to maintain that partnership, because we do value volunteers here.

Contract Tendering Policy

MR. BONNER: Mr. Speaker, the Minister of Infrastructure said that if we had an example of how contracts have been mismanaged at the taxpayers' expense, we should bring it to his attention. Well, the Auditor General has already done that. One example is that a consultant was hired without the use of an RFP to co-ordinate the work of other consultants doing evaluations of postsecondary institutions. As the work progressed, the minister revised the consultant's fees from \$100,000 to \$450,000. My questions are to the Minister of Infrastructure. Can the minister explain how his policy of not using RFPs for projects costing hundreds of thousands of dollars is a sound business practice?

2:30

MR. LUND: Mr. Speaker, the one that the hon. member mentions I would have to check. I don't have that one at my fingertips. Certainly, they never brought it to my attention, and that's what I asked them to do if they had an example where procedure was not followed.

MR. BONNER: Mr. Speaker, to the same minister: since the Auditor General also found that the Ministry of Infrastructure hands out contracts for engineering, architecture, and cost consulting services without going to competitive bids and without documenting the justification for how it chooses these consultants, how can Albertans be assured that projects are awarded fairly and transparently?

MR. LUND: Mr. Speaker, as it pertains to some of the trades that you would find within a contract, like engineering, like architecture, if it's not a very large project, there are times that we would go directly to a contractor or a consultant to oversee the project. There are cases where it may be in a remote area where it makes no sense that you would expect somebody from a great distance to travel to that location and oversee a project, but as a general rule we do call for an RFP. We take what the Auditor General says very seriously, and we are putting in place procedures to make sure that we have the right balance, because if it makes no sense and you know that there's only one person qualified within that general area, why would you go through the exercise? So we have to find that balance, and we're currently, as I speak, putting those procedures in place.

MR. BONNER: Mr. Speaker, I don't think the Auditor General was referring to those selected situations.

To the same minister: will the minister table in the House the amount of money that has been spent on untendered contracts and the names of the individuals and companies who received those contracts over the past 18 months?

MR. LUND: Well, Mr. Speaker, we have in the House a procedure of written questions, and it sure sounds to me like that might be one that the hon. member would want to pursue.

THE DEPUTY SPEAKER: The hon. leader of the third party.

Electricity Deregulation (continued)

DR. PANNU: Thank you, Mr. Speaker. The Tory government's

deregulation scheme has proven to be a lose/lose proposition. It's a monumental failure. Customers are paying sky-high power bills, and companies like TransAlta Utilities are losing money. Not only is TransAlta taking a financial loss in its fourth quarter, but it is canceling a \$205 million order for four natural gas turbines to add new electricity generation. To the Minister of Energy: why does the minister keep asserting that deregulation is successful when companies like TransAlta are losing money at the same time that customers are paying sky-high power bills?

MR. SMITH: Well, you know, Mr. Speaker, the simple answer to why I would say that deregulation is successful is that, one, it's the truth; two, because it is working. It's too bad the leader of the third official party wasn't listening when his partner, Gaston, was talking, because you'd find that those assertions by them are simply not true. We have said all along that power prices today are higher than what they were in previous years, and we're also saying that we have not had a blackout in Alberta. We have not put taxpayers' investments at risk. Today, as a matter of fact, as of 1:35 some 4,300 megawatts of coal generation were working, some 2,500 megawatts of gas, some 249 megawatts of hydro, and some 107 megawatts of wind and other were being employed.

Mr. Speaker, if we would go back to 1998-1999 and look at the alternatives that this government, this economy, this Alberta was faced with, the only clear path to efficient market regulation of new generation of electricity was to be through a marketplace called deregulation. That has occurred. Of course, during the difficult times there were rebates of some four times \$150 as well as auction proceeds of \$40 a month delivered back to them. So if Alphonse and Gaston over there would just simply take . . .

THE DEPUTY SPEAKER: Hon. members, I think referring to each other by other names or our first names or our last names is not in keeping with the traditions or the Standing Orders of the House.

The hon. leader of the third party.

DR. PANNU: Thank you, Mr. Speaker. I wonder if the minister would like to comment on this: what is TransAlta's willingness to pay a \$42 million penalty for canceling the purchase of four natural gas turbines if not a vote of no confidence in this deregulation scheme?

MR. SMITH: Mr. Speaker, firstly, let me apologize to Alphonse and Gaston.

THE DEPUTY SPEAKER: An apology that carries with it the same that the apology is supposed to be for is not in order. If you wish to make an apology, please do so, but don't couch it in those unfortunate terms you've just used.

MR. SMITH: Well, Mr. Speaker, I was referring to the two individuals, as I had said earlier, to whom I apologized, and of course if a subsequent and second apology is necessary to the two members, I would consider that as well.

Mr. Speaker, to the question. TransAlta is simply making business decisions in a business marketplace. If we go back into a regulated model, you would see, as you have seen across Canada, where taxpayer supported debt approaches some \$100 billion. A regulated model may have forced TransAlta to build new coal plants, may have forced them to build new types of expensive energy sources that would have been not necessary in today's market because of the many changes. So, in fact, TransAlta is doing an appropriate thing in reacting to marketplace circumstances, and as

they do that, as I've listed from the power grid, much more power has come onstream, and it's been alternative power such as wind and co-fired gas generation power. There are ample amounts of power in this marketplace at honest and fair prices.

DR. PANNU: Mr. Speaker, given that the Ontario Tories have seen the error of their ways on deregulation of power and reversed direction, when will this government do the same over here in this province and provide relief and protection to Alberta customers?

MR. SMITH: Mr. Speaker, I would of course refer the member to numerous newspaper articles by experts throughout Canada that refer to the appropriateness of the Ontario move. Ontario is a much different marketplace than Alberta. Ontario has some \$30 billion to \$33 billion worth of taxpayer debt that they must divest themselves of over the next 10 years. Alberta was very fortunate in that no electricity generation in this province was ever owned by the province of Alberta. So, in fact, deregulation here is a way of getting open, transparent pricing to the consumer as quickly as possible in as market friendly a fashion as possible, and it has worked, because as the Premier said today: we're looking at 4-cent power.

head: **Recognitions**

THE DEPUTY SPEAKER: Hon. members, we have a number of people who are going to make recognitions today. Calgary-West, Cardston-Taber-Warner, Calgary-Fort, Edmonton-Castle Downs, Edmonton-Centre, and Edmonton-Glengarry. We'll start off with Calgary-West, followed by Edmonton-Centre.

2:40 **Calgary Public Library**

MS KRYCZKA: Thank you, Mr. Speaker. Today I am very pleased to praise in this Assembly the outstanding work of the Calgary public library. The library has received many awards in 2002 from Calgary, Alberta, Canadian, and American associations in recognition of their efforts on behalf of Calgarians, efforts that helped bring enrichment, inspiration, and information into their everyday lives.

Specifically, the Calgary public library received the inaugural W. Kaye Lamb award for service to seniors from the Canadian Library Association and the Ex Libris Association. This national award recognizes innovative services, programs, procedures, or facilities that benefit seniors. The award acknowledges the work that has resulted in a 75 percent increase in public library membership by seniors over the past five years and is a tribute to the dedication of volunteers and staff throughout the system.

Mr. Speaker, there's not enough time available to name all of the awards that this library has so deservedly received. However, let me conclude by saying what an honour it is to recognize the great work that is being done by the Calgary public library.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: Well done. Exactly one minute.
The hon. Member for Edmonton-Centre.

National AIDS Awareness Week

MS BLAKEMAN: Thank you, Mr. Speaker. Today marks the beginning of National AIDS Awareness Week, and given Alberta's second to last rating in preventing the spread of HIV and hep C in prisons, I invite the Solicitor General to reconsider her position on harm reduction strategies. Preventing the spread of AIDS is a morality issue, and it is a mortality issue. Maybe we've forgotten that. You have HIV; your immune system breaks down. Then you have AIDS; then surely you die.

Inmates in our provincial jails are sentenced to a specific period of time. We do not have the constitutional jurisdiction or the moral authority to make that a death sentence. To say that issuing condoms or needles to prisoners is encouraging bad behaviour assumes that all sex in prison is consensual, which is shockingly naive, and it totally disregards volumes of research on the nature of addiction. Junkies stick needles in their arms. Even for those who choose unsafe sex or who start taking drugs in jail – yes, those are stupid and illegal choices, but we have a process for dealing with that, and it should not be a death sentence. Albertans can do better this National AIDS Awareness Week.

THE DEPUTY SPEAKER: The hon. Member for Cardston-Taber-Warner, followed by Edmonton-Glengarry.

Alberta Remington Carriage Museum

MR. JACOBS: Thank you, Mr. Speaker. I am pleased today to rise and give recognition to an award recently received by the Alberta Remington Carriage Museum wherein it was recognized as one of the best. Alberta's Remington Carriage Museum won a 2002 Attractions Canada award in the small indoor facilities category, recognizing it as one of Canada's best cultural and educational sites.

The Remington Carriage Museum houses one of the largest collections of horse-drawn vehicles in North America, with over 250 carriages, wagons, and sleighs. It also houses a working restoration shop, cafeteria, gift shop, and an active horse program in summer months. It is located in Cardston, approximately 250 kilometres south of Calgary.

Attractions Canada is a national information program sponsored by the federal government, the media, and private-sector firms. It is designed to encourage interest in Canada's many attractions that have cultural/educational value. The 2002 Attractions Canada awards cover 14 categories of attractions, and the awards were announced on Thursday, May 30, 2002.

I'm pleased to offer congratulations today to the staff and manager of the museum.

Thank you.

National Day of Housing Action

MR. BONNER: Mr. Speaker, Friday, November 22, was selected as the National Day of Housing Action. A number of cities across Canada held rallies to focus on the plight of the homeless. The Edmonton Coalition on Housing and Homelessness hosted an excellent conference on this subject. The keynote speaker for the conference was Senator Douglas Roche. His opening remarks included statistics on homelessness and poverty and were followed by this statement: the persistence of poverty in Alberta, where the deficit is down, taxes are low, employment is high, and oil and gas prices are generating more revenues for this province, is outrageous.

Group discussions were then held on topics related to the homeless. This was followed by a rally where results from this year's homeless count were announced, up significantly from last year.

Mr. Speaker, let us recognize the Edmonton Coalition on Housing and Homelessness, who continue to advocate and to assist the homeless, and their resolve to continue this mission so that all members of our society may participate equally in the Alberta advantage.

Thank you.

THE DEPUTY SPEAKER: The hon. Member for Calgary-Fort, followed by the hon. Member for Edmonton-Castle Downs.

CKUA Radio

MR. CAO: Thank you, Mr. Speaker. For 75 years the CKUA radio station has been a much treasured Alberta institution. CKUA represents a truly unique radio station. It has set the bar for community-based public broadcasting in Canada. There is no question about the success of CKUA. Listeners and supporters of the station are growing daily. CKUA is all about music and quality programming. For many it is the only place to hear nonmainstream music like blues, jazz, and new experimental bands.

CKUA has become integral to the music scene in Alberta. The station promotes shows and encourages a diverse and popular live music scene. With CKUA local artists have an avenue to get their music heard alongside established artists.

CKUA is strongly committed to remaining accessible in order to best reach their audience. CKUA has learned to do things a bit differently. The station is now available live around the clock on the air and around the world on the Internet.

I am sure that all of the hon. members here can join me in this opportunity to recognize and thank the partners of CKUA, listeners, donors, program sponsors, corporate community, and many volunteers and dedicated staff to ensure CKUA is part of Alberta long into the future.

Thank you.

[Mr. Shariff in the chair]

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

Canadian Finals Rodeo Farmfair International Grey Cup Celebrations

MR. LUKASZUK: Thank you, Mr. Speaker. This month Edmonton hosted three premier events that brought thousands of rural and urban visitors to Edmonton: the Canadian Finals Rodeo, Farmfair International, and, of course, the Grey Cup. I rise today to recognize and congratulate the organizers and competitors in each of these events.

Every year Edmonton Northlands does a spectacular job of hosting the CFR and Farmfair. This year was no different. Close to 90,000 people took in the show. I also want to thank the major events' organizers.

Commonwealth Stadium, as well, was packed with more than 62,000 people last night, Mr. Speaker, and all of them were CFL fans, and I would say that a large majority were Eskimo fans. I daresay that the majority of them supported the Eskimos, and it really showed. However, I want to congratulate the champions of this year's Grey Cup, the Montreal Alouettes. Also, I want to thank the organizers of this event, Mr. Bill Gardiner and Mr. Rick LeLacheur, for putting on a world-class event in Edmonton.

Thank you.

head: Presenting Petitions

MR. GOUDREAU: Mr. Speaker, I rise today to present a petition signed by 21 Albertans from my constituency petitioning the Legislative Assembly to urge the government to deinsure abortion.

Thank you, Mr. Speaker.

THE ACTING 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, all in the Little Bow constituency, urging that the Legislative Assembly of Alberta deinsure abortions.

THE ACTING SPEAKER: The hon. Member for Drayton Valley-Calmar.

REV. ABBOTT: Thank you, Mr. Speaker. On behalf of the hon. Member for Barrhead-Westlock I am pleased to present a petition signed by over 150 concerned Albertans. This petition urges the government of Alberta to "remove abortion from the list of insured services that will be paid for through Alberta Health."

THE ACTING SPEAKER: The hon. leader of the ND Party has a petition. The hon. leader of the NDP opposition.

DR. PANNU: Thank you, Mr. Speaker. I rise to present yet another set of pages signed by more Albertans urging this government to "not delist services, raise health care premiums, introduce user fees or further privatize" our health care system.

Thank you.

2:50

head: **Introduction of Bills**

Bill 37

Occupational Health and Safety Amendment Act, 2002

REV. ABBOTT: Mr. Speaker, I beg leave to introduce Bill 37, the Occupational Health and Safety Amendment Act, 2002.

This act proposes amendments to the Occupational Health and Safety Act which are part of government's Workplace Safety 2.0 strategy, that was developed in partnership with industry, labour, and safety associations. These amendments will help achieve a 40 percent reduction in the lost time claim rate by 2004 and will result in 15,000 fewer injured workers each year.

[Motion carried; Bill 37 read a first time]

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

MR. ZWOZDESKY: Thank you, Mr. Speaker. I would move that Bill 37, Occupational Health and Safety Amendment Act, 2002, as just presented, be moved onto the Order Paper under Government Bills and Orders.

[Motion carried]

head: Tabling Returns and Reports

THE CLERK: Pursuant to Standing Order 37.1(2) I wish to advise the House that the following document was deposited with the Office of the Clerk: Alberta Alcohol and Drug Abuse Commission statement of operations for the year ended March 31, 2002, the hon. Mr. Mar.

THE ACTING SPEAKER: The hon. Minister of Energy.

MR. SMITH: Thank you, Mr. Speaker. It's with great pleasure that I rise today to table the required number of copies of the Ministry of Energy's 2001-2002 annual report. It includes a summary for the

fiscal year for both the Department of Energy and the Alberta Energy and Utilities Board. Details are included of the second highest amount of resource revenue collected in Alberta's history. Energy collected some \$6.23 billion in resource revenue, some 30 percent of the government of Alberta's total revenue.

THE ACTING SPEAKER: The hon. Minister of Children's Services.

MS EVANS: Thank you, Mr. Speaker. I would wish to table responses to Committee of Supply dated April 10, 2002, and lest the impression be that they had not been submitted before, they were, but it was suggested that because they didn't come on May 12 in time to be received in the House, they be tabled. So today I have the required number of copies, responses to questions not answered at the meeting.

THE ACTING SPEAKER: The hon. Minister of Transportation.

MR. STELMACH: Thank you, Mr. Speaker. I wish to table this afternoon copies of the letters I referred to earlier in question period. Thank you.

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

MRS. TARCHUK: Thank you, Mr. Speaker. As chair of the Standing Committee on Legislative Offices I would like to table five copies of the 2001-2002 annual report of the Auditor General of Alberta. Copies were distributed to all members on October 17, 2002.

Thank you.

THE ACTING SPEAKER: The hon. Minister of Environment.

DR. TAYLOR: Thank you, Mr. Speaker. I am pleased to table 10 copies of the environmental protection security fund annual report. The purpose of this fund is to hold security deposits to ensure satisfactory land reclamation.

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

MS CARLSON: Thank you, Mr. Speaker. I have a number of tablings this afternoon. The first is five copies of letters from Mr. Kim Brown and Ms Wanda Lord of Stony Plain and Mr. Dave Parsons of Morinville. These Albertans are concerned about the Bighorn being closed off to highway vehicle users.

My second tabling for today is from Mervyn Pidherney. He is very concerned about predicted cutbacks in the highway funding for Alberta.

The third tabling is from Steven Brodie, and he has significant concerns about teacher funding in this province.

Thank you.

THE ACTING SPEAKER: The leader of the ND opposition.

DR. PANNU: Thank you, Mr. Speaker. I've got two tablings for today. The first tabling is a letter from Gerald M. Ross, vice-president, Cochrane Environmental Action Committee. This letter is dated November 19, the first day of this exceptionally short fall session, and it's addressed to the Premier. Mr. Ross is urging the government of Alberta to stop wasting public money on funding "a

campaign of senseless misinformation concerning carbon dioxide, climate change, provincial economy, and the Kyoto Protocol."

The second tabling, Mr. Speaker, is also a letter, from Miss Rhonda Moffat of the Winnifred Stewart Association, addressed to me. Miss Moffat is concerned with the most recently proposed PDD initiatives that could seriously jeopardize health, welfare, and wellness of individuals with developmental disabilities.

Mr. Speaker, to conclude, I must just draw your attention to the fact that my colleague the hon. Member for Edmonton-Highlands also has a tabling to make.

Thank you.

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

MR. MacDONALD: Thank you very much, Mr. Speaker. I have three tablings this afternoon. The first one is a letter that I received on November 20 of this year from the Canadian Federation of University Women, Edmonton. This letter is urging the government of Alberta "to cooperate in the ratification of the Kyoto Protocol."

The second tabling I have is a survey from the World Bank Institute, a survey of chairs of public accounts committees throughout the British Commonwealth and also my response as chairman of Public Accounts to that survey and my ideas on how we can certainly improve the Public Accounts Committee in Alberta and make it a committee with a little bit more bite and a little bit more bark.

Also, I have a tabling this afternoon, Mr. Speaker. It is a letter addressed to myself from Shauna-Lee Williamson, and Shauna-Lee Williamson is expressing concern about the direction of persons with developmental disabilities, the department and the funds and the standards for agencies that are used to support individuals who can unfortunately not care sometimes for themselves.

Thank you.

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

MR. MASON: Thank you very much, Mr. Speaker. I'm tabling five copies of a power bill from a farmer in Mayerthorpe showing that his bill includes energy charges of 7.95 cents per kilowatt-hour, amongst the highest in Alberta, which is due to the government's failed power deregulation scheme. All personal information on the bill has been removed.

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

MS BLAKEMAN: Thank you, Mr. Speaker. I have three tablings today. The first is five copies of a letter from constituent Harvey Hook, who notes that he's getting a rental increase every six months. He's now had his rent raised by \$200 over the last 18 months. He's asking the government to please implement some sort of rental increase law so that he doesn't have to have an unknown future every six months. There's no maximum to the rental increase.

I also wanted to table five copies of the postcard campaign that's being launched by *Our Voice, The Spare Change Magazine* that was referred to earlier.

Finally, five copies of the Count of Homeless Persons in Edmonton prepared by the Edmonton Homelessness Count Committee, October 2002.

Thank you.

head: **Orders of the Day**

head: **Public Bills and Orders Other than
Government Bills and Orders
Committee of the Whole**

[Mr. Shariff in the chair]

THE DEPUTY CHAIR: We shall call the committee to order.

3:00 **Bill 207
Alberta Wheat and Barley Test Market Act**

THE DEPUTY CHAIR: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Peace River.

MR. FRIEDEL: Well, thank you, Mr. Chairman. Back last May 13 I was pleased to give up my place on the floor of this Assembly so we could proceed with the adjournment of the spring session, and I have to say that I did so very reluctantly because I really wanted to continue as we were having so much fun about that time of the year. I know that all the members have been waiting with great anticipation to hear the rest of what I had to say on Bill 207, which is the Alberta Wheat and Barley Test Market Act. I thought this was the place where I was supposed to pause for some thunderous applause. [some applause] Thank you very much. Although most of the members are going to well remember what I had to say in the first couple of minutes of my presentation, I'm going to recap a couple of points just so that those who might not have been here that day can quickly get up to speed.

First of all, at the core of Bill 207 is the idea of choice. We know that free markets have always been important to other industries, and this bill would give our farmers a similar choice, and that would be whether to participate in the Canadian Wheat Board or to market their product independently. This freedom is enjoyed in eastern provinces such as Ontario and Quebec. The Wheat Board's monopoly control over prairie grain farmers is not only unfair, but it's an insult. The bill asks for the same choices that other provinces already enjoy.

Personally, I see that the Wheat Board monopoly is nothing more than a central government effort to retain control. You know, 80 percent of Canada's agricultural land is located in the western provinces, yet this archaic central institution manages it. It was set up 67 years ago to deal with wartime conditions, but our federal governments have either never figured out that those conditions have since changed or they assumed that our farmers are not intelligent enough to make market decisions on their own. This control has to end. Our farmers deserve the same market choices that eastern farmers and other Canadian industries have. The Wheat Board simply justifies its monopoly by claiming that farmers' best interest is in their mind. It's the old we know what's best for you mentality. Why is it that only prairie farmers are told what's best for them? I believe these farmers are as capable as anyone else of choosing for themselves.

I started, when I was speaking last spring, using a comparison of going to a stockbroker to manage your investments. Wouldn't you, if you were in this position, want a stockbroker that you are comfortable with? Wouldn't you want one who represents your interests? Don't you think that the ability to make that choice yourself is rather essential? How would you feel if you were simply assigned a broker and your business was going to be lumped together with everyone else's? Now, on top of that, you become aware that this broker has some serious problems, but you're still

stuck with him. You still cannot change brokers. Yet that's exactly what we're looking at with the Canadian Wheat Board.

Last February the Auditor General of Canada released a special audit of the Canadian Wheat Board. In it many troubling facts came to light. These give you an idea of how well Alberta farmers are being represented – not. The Auditor General found, and I quote: significant deficiencies in governance, strategic planning processes, performance measurement and reporting, and information technology; that is, significant deficiencies in four of the nine responsibilities of the Wheat Board.

First, the Auditor General found that the board of directors had not dedicated enough attention to its mandate of oversight and strategic direction. Mr. Chairman, that sounds like a good definition of mismanagement.

Secondly, she found that the Canadian Wheat Board lacks clear and measurable targets to assess its ongoing performance. How can farmers be assured that their interests are looked after when the Wheat Board cannot even establish its own goals?

Thirdly, in regard to performance measuring and reporting the Auditor General stated that the Wheat Board has failed to be completely accountable to farmers and stakeholders. In this area of strategic planning the Wheat Board lacks, and I quote: clear and measurable targets, both financial and operational, to assess its performance. Mr. Chairman, not only is the board's reporting inadequate; they could not even release their own financial report on time.

Finally, the audit discovered a number of deficiencies in the management of information technology. Based on current practices of similar organizations of similar size and complexity, there was found to be a lack of stable and effective leadership. There was also found to be a lack of corporate strategy, and there was no long-term plan to determine how information systems will support the board's business direction and operations. To me it's very disconcerting that information technology is so fundamentally flawed in this large and influential organization.

In addition to these deficiencies, the report stated that the Wheat Board's marketing function needs improvement and that its long-term marketing plan was inadequate. The report also suggests finding a more equitable way to share interest earnings among the farmers and, further, that farmers were not adequately informed of the price pooling policy and its effects.

Finally, "the communications and corporate policy functions lack operational plans with clear goals and strategies to guide activities and measure and monitor performance."

The Auditor General's report exposes some very serious problems in the Canadian Wheat Board. This is pretty scary stuff. While it might be desirable, Bill 207 isn't attempting to change the Wheat Board's practices. The province doesn't have that authority anyway. We're simply asking for a 10-year test market, during which time the Alberta farmers can make a choice. They can elect to sell their wheat and barley to the Canadian Wheat Board or to do so themselves. Allowing the board and private business to coexist would have many benefits, Mr. Chairman. There's no doubt that giving farmers more control over their product would stimulate activity in value-added processing. This would mean more jobs in Alberta. Presently, there is very little processing of wheat and barley in this province or anywhere else on the prairies compared to other commodities.

Also, allowing competition will encourage all farming activities, including production, marketing, and transportation, to become more efficient. Global support for free markets is continually increasing. Bill 207 will help our farmers in the area of ever growing competition from their American counterparts. Maybe we can't compete with their subsidies, but at least we can remove some of the hurdles that our farmers face.

Finally, Mr. Chairman, I would like to address some of the skepticism that has been raised about this bill. Some have said that the agriculture industry is not suited to free market competition, but no one has really said why that should be so. But that could be one reason to set it up as a 10-year test market. Let the experience speak for itself. I'm confident that Alberta farmers will be successful if we give them the opportunity to prove it. I'm also convinced that we can create an environment where both the Wheat Board and independent farmers can work side by side. We don't have to nor do we want to abolish the board. Given some competition to make it more aggressive, it could build on its status as the single largest exporter of wheat and barley in the world. The security it offers may well be preferred by some farmers, but just let those farmers decide which they prefer. It's clear, though, that we need another option.

I strongly support Bill 207, Mr. Chairman, and I urge all the members to do so as well. Thank you.

3:10

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

MR. MARZ: Thank you, Mr. Chairman. I'm very pleased, as well, today to have the opportunity to rise and speak in favour of Bill 207, the Alberta Wheat and Barley Test Market Act, in Committee of the Whole. I'd also like to thank the Member for Calgary-Mountain View for all his hard work in bringing this bill forward.

Bill 207 is about creating choices where currently none exist. This bill is also about doing away with unfairness that has been at work for almost six decades, and it's also about giving Alberta farmers the right to make their own choices. In a nutshell, Mr. Chairman, that's what Bill 207 is about. This bill does not call for the abolition of the Canadian Wheat Board. Quite the contrary. The Canadian Wheat Board will most certainly remain in place. All that Bill 207 calls for is that an open market for the purchase and sale of wheat and barley produced here in Alberta be established. It doesn't say, "End the Wheat Board's monopoly," although some may think that that's a good idea. It doesn't call for Alberta to unilaterally take action against the Canadian Wheat Board, nor does it encourage single individuals to do so. The only thing that Bill 207 seeks to do is to establish free and fair trade of wheat and barley that is grown in our province through the implementation of an open market.

Mr. Chairman, the Canadian Wheat Board controls the price, the marketing, and the transportation of all wheat and barley produced for human consumption or export. How can this be considered acceptable in today's economy? In most every sector the prevailing attitude is to decentralize operations, to open up markets, and to promote free and freer trade. No pun intended, but why are we letting the Canadian Wheat Board go against the grain of current practices?

Mr. Chairman, wheat is grown in every Canadian province but Newfoundland, whereas barley is grown in every Canadian province, yet it is only wheat and barley crops of Alberta, Saskatchewan, and Manitoba along with a small portion of British Columbia, up in the northeast corner of the Peace region, that are subject to the Canadian Wheat Board's control. Right now Alberta's wheat and barley farmers are prohibited from selling their crops directly to producers. All grain deliveries must be made to Canadian Wheat Board agents, where they are pooled together. The same holds true for the wheat and barley farmers in Saskatchewan and Manitoba. Deliveries to anyone other than the Canadian Wheat Board are unlawful.

To make matters worse, Mr. Chairman, wheat producers in the designated area consisting of Alberta, Saskatchewan, Manitoba, plus the northeast corner of British Columbia are prohibited from

delivering their wheat to a Canadian Wheat Board agent at will. Put differently, a wheat farmer must wait to make his or her delivery until such time as the Canadian Wheat Board calls for wheat through delivery contracts, the sole exception being when the delivery is made to off-board markets and then only as feed wheat.

It doesn't stop there, Mr. Chairman. For western farmers the Canadian Wheat Board has four pool accounts: one for wheat, one for durum, one for barley, and one for designated barley, also known as malt barley. Premiums and discounts between wheat classes and grades are established within the pool account based on administrative adjustments. On the other hand, Ontario wheat producers are free to sell their crops to any Ontario wheat board agent at any time, and they can do so directly to processors, thereby avoiding the fees they would otherwise incur by having their crop handled by an intermediary of some sort, such as country elevators.

Finally, Mr. Chairman, the Ontario wheat board has seen it appropriate to give Ontario farmers a variety of marketing options. Let's briefly touch upon three of these options. The first option is for the farmer to sign a one-year contract with the Ontario wheat board, for a year at a time, guaranteeing a locked-in price.

The second option available to Ontario farmers is to apply for an exemption from the Ontario wheat board. Such an exemption allows them to export to whomever they want whenever they want, whether it's to somewhere else in Canada, somewhere in the United States, or even beyond the shores of North America.

The third and final option is basically any or all of the above. As an example, then, an Ontario farm could go with the Ontario wheat board for intraprovincial marketing and then go with the Canadian Wheat Board for interprovincial marketing and get an exemption and export some of the crop to New York, for example, and some of it to Italy.

As we've seen, Mr. Chairman, wheat and barley farmers in Ontario have choices, as do their counterparts in Quebec and the Maritimes, but out here in the prairies, on the Great Plains, where our level of prosperity and economic growth is the envy of the rest of the country, the Canadian segment of the world's breadbasket is being reined in by a federal agency whose origin dates back to the end of World War I. They had it right back in 1920, when the first incarnation of the Canadian Wheat Board was abolished because the federal government could not justify a central marketing system during peacetime conditions. To use a more direct way of laying out the matter, there was no justification for a monopoly. That hasn't changed since there's still no justification for a monopoly, although one should perhaps be careful about using the term "monopoly." The Canadian Wheat Board prefers to use the term "single-desk selling."

This position is rationalized as follows on the Canadian Wheat Board's own web site: instead of competing against one another, Canada's 110,000 wheat and barley farmers sell as one and therefore command a higher price for their product. But, Mr. Chairman, is that really so? In the end, are western Canadian farmers really better off under the Canadian Wheat Board? I don't think so; however, what I do think is that the Canadian Wheat Board, this enormous agency that exerts so much control directly and indirectly over life in our province, is better off thanks to the Canadian farmer.

Mr. Chairman, the Canadian Wheat Board is a giant of untold proportions. It's a Goliath that's found its David in the western Canadian wheat and barley farmer. Obviously, there's disagreement about the role, function, and benefit of the Canadian Wheat Board not just among farmers but also amongst many and perhaps in this House. Some of us like the Canadian Wheat Board or at least have no quarrel with it as an institution nor with its mandate. I don't share that benevolent view, but I do respect the right of others to take that position.

However, Mr. Chairman, if we listen to those most affected by the Canadian Wheat Board, the farmers, it's clear that alternatives to the Wheat Board are being sought. In December 1995 a plebiscite was held, and two-thirds of the Alberta wheat and barley producers voted in favour of an alternative to the Canadian Wheat Board. As if that weren't enough, in a recent Alberta Barley Commission poll over 10,000 farmers, or 75 percent, indicated that they wanted the ability to sell their product to whomever they wanted. That did not exclude the Wheat Board; farmers simply wanted to have alternatives. In our own province more than four-fifths of the wheat and barley producers want such alternatives.

Mr. Chairman, this province's oil and gas resources are the envy of the rest of the country. We don't have a monopoly on them, but we have a variety of companies that drill, refine, and market these resources. Some of the companies are Canadian; others are not. When it comes to oil and gas, we all agree that competition is healthy. As consumers we like it when we can fill our tanks at less than 50 cents a litre and cry foul when it exceeds 70 cents. As producers we smile when the price of gas rises and worry when it decreases. That, however, is how the free market works. In the long run, we've benefited greatly from living in a free-market economy.

Can you imagine a giant like the Canadian petroleum board taking the stage and dictating prices, delivering schemes and export permits? No, you can't; neither can I. But surely you can remember the national energy program. The everyday reality of the western Canadian farmer is very much in the hands of such a giant. Mr. Chairman, this is not right. If it weren't enshrined in law, it would be illegal. Ethically I believe it's wrong. Let's allow our province's wheat and barley producers to enjoy the benefits of the free market.

3:20

I'll be voting in favour of Bill 207, and I urge everyone in this Assembly to do the same. Regardless of party affiliation or whatever area you represent, an urban or a rural riding, please support this bill. Thank you.

MRS. McCLELLAN: Mr. Chairman, it's a pleasure to rise and join the debate on Bill 207. I think, as members of the House are aware, I've been a strong advocate of the principles in this bill for many years, and I certainly commend the Member for Calgary-Mountain View, an urban colleague, for bringing this very important agricultural marketing issue to this forum. I wanted to just cover a little bit of the history of the Canadian Wheat Board to try and put this into perspective and then to finish with my views on choice and freedom and the things that we believe in so strongly in this province.

When you look at the Canadian Wheat Board, you know, it was really established in response to financial instability during World War I, and at that time it was a one-year experiment under the authority of the War Measures Act in 1919. Once that year was completed, the board was disbanded and traditional trading resumed.

In 1935 it was recreated because of the Dirty Thirties, the drought and the economic conditions. It was felt by those who believed they knew best that the open market couldn't operate, so it was again created as a temporary body. Then, as I understand it, it operated as a temporary or voluntary pool until 1943, and then World War II came in. Interestingly enough, at that time it was made compulsory to control inflation, in fact to keep wheat prices down. Hence, the creation of this monopoly in – well, we go back – 1943. Here we are in 2002, and we're virtually still operating in the same way.

The reason I mention this is that the Wheat Board has had a history, and it has had change, and it has had a number of reasons for operating. None of the reasons when it was put in place, that I could see, really ever suggested that it was the best means of trading wheat

and barley. It became a monopoly not because it was the best alternative between marketing systems; rather, it was created or adopted as a temporary wartime measure to deal with extraordinary issues.

Well, Mr. Chairman, I suggest that things have changed. There are a couple of things I want to make very clear. One, the government of Alberta's position has never been to abolish the Canadian Wheat Board. We have simply advocated choice for our producers, freedom to market a product that they grow. I have said a number of times, including when I spoke at the standing committee on agriculture in Ottawa, that it was absolutely ludicrous to me that producers could invest hundreds of thousands of dollars, even millions, into a farming operation, that they could plant a crop, that they could shepherd it through the growing seasons making all of the right decisions, harvest it with some of the most expensive equipment there is known to mankind – and that may be a farm wife's opinion – and then all of a sudden when it comes to marketing, something happens, and these same people are not capable or intelligent enough or something to actually sell this crop.

Now, it's interesting that that's only in two crops: wheat and barley. Farmers can market mustard. They can market canola. They can market mints. They can market beans. They can market peas. They can market all kinds of legumes, and an interesting one that one of my colleagues just tweaked to my memory – oats used to be under the Canadian Wheat Board, and when oats were removed, my goodness, the sky will fall, the oat business will end, and never shall there be marketing of oats in Alberta again, never mind the rest of Canada. Well, interestingly enough, the oat market does very well in an open system, and of course, no different than any other commodity, it has its highs and its lows.

[Mr. Johnson in the chair]

The other thing I want to point out is that it is my understanding that the Canadian Wheat Board actually markets somewhere between 17 and 22 percent of the barley yet controls the marketing of it all. Surely it does make sense to not have barley under a board when that is the amount that they would market. It's interesting: farmers can command good prices for any other commodity but wheat and barley. Hmm. It's sad when producers have spent years trying to change this monopoly, a monopoly that I only know exists in two other countries in the world: North Korea and Cuba. Somehow I did not ever expect that Canada would be in the same marketing system as either of those two countries.

It's interesting that when producers spend hours and hours, months, years, to try and change a system through negotiation, through discussions, through consultations, and are unsuccessful, go to some rather extreme lengths to prove their point, they end up in jail. As I heard a Member of Parliament speak on Friday night, they pointed out that four persons who were convicted of child pornography were given community service as a penalty and 13 Alberta farmers spent time in jail for marketing a product. Then the ultimate, I think, insult: the federal minister considers they're grandstanding.

Mr. Chairman, I know a number of these farmers, almost all of them. I assure this House that they are fine, honourable persons who are simply trying to promote freedom and choice for a business that they enjoy. I've known farmers all my life, and there are no more independent people than people in that industry. Let me assure Mr. Goodale, if he would deign to read the *Hansard* from this debate, that these farmers are not grandstanding. Maybe, Mr. Goodale, it is just time for a fair examination of Canadian Wheat Board practices, and maybe it's just time, Mr. Goodale, for the federal government to act on the recommendations of its own Commons Standing Commit-

tee on Agriculture and Agri-Food, that in its recommendation stated very clearly that the market as it is today did not seem to be working and that a test market should be established. Yet it appears that this report, as many others, has been shelved and ignored.

This debate is not hard to understand. Maybe the marketing of grain seems complex to some, but this debate is not hard to understand. This debate comes down to two things: freedom and choice. It's all about fairness, Mr. Chairman. It's all about equality for Alberta producers. Why can producers of wheat in other parts of Canada, east of Manitoba, market their product themselves? Yet if you are somehow on the west side of that magic line, on the prairies, who, incidentally – and I may be biased in this, but I don't think so; I think records will prove me out – produce the best quality wheat and barley that is grown anywhere . . . Western Canadian farmers cannot market their own product, but if you happen to be in Ontario or eastern Canada you can. Nobody has ever explained that to me, except they say that we produce too much. Well, we thought that was rather a good thing, that our farmers are productive and they produce and have continued to improve their production and have continued to improve quality and have continued to make it a product that is in demand.

3:30

So, Mr. Chairman, our farmers don't think they need some third party, some monopoly to tell them what fertilizer to use. They don't think that they need a monopoly or a third party to tell them what seed to use or what variety to grow, and thank goodness they don't have to wait on the monopoly or third party to tell them when to harvest or we wouldn't be having this debate today I'm sure. But, in fact, that's what we do do when it comes to marketing.

I have asked people who process that product if they would appreciate being in a monopoly, if they would appreciate milling all of the flour and then putting it in a central system and that system would sell into the world markets for them. And you know what? They're not too interested in that at all. Why are our producers not allowed to market, to make business choices, to be the judges of which market is best for them so that they can maximize their returns, handle their storage – all of these costs are borne by the producer – as well as the cash flow needs of their farm instead of some organization, some monopoly deciding when they will get paid? Yes, we've said thank you for cash advances, but that is not the same as having the choice to make the business decision, to manage the risk on your own farm.

We have great debates among ministers of agriculture across Canada, and the federal minister wants farmers to practise good management and risk management. Well, I say to Minister Vanclief: give Alberta farmers a chance and they will do that. They have proved it over the years.

We're not asking, Mr. Chairman, that all of Canada come into this test market. We're saying: let Alberta try it for a period of 10 years. If you don't want to do it in Saskatchewan, fine. If you don't want to do it in Manitoba, fine. If you don't want to do it in B.C., fine. When I met with the Wheat Board and they spent a day in Winnipeg explaining to me how good they were, my comment at the end of the day was: "Gentlemen, I do not have to make any comment, because you have made my point for me. You are so darn good that you don't need to be a bit afraid of us. People will choose you as a marketing choice and, of course, reject the free market system. Why not take that chance? Why not run that risk?" There were a number of my colleagues with me, and they will suggest that the Canadian Wheat Board did not take us up on our offer.

They tell us that we're doing great in value-added and that we have lots of processing in wheat. Well, we do. Sixty-five percent

of it's in eastern Canada. Sixty-five percent of wheat processing is in eastern Canada, and the majority of wheat is grown in western Canada, particularly the good milling variety. Well, I don't call that fairness, I don't call it any part of the Alberta advantage, and I don't know why we have to continue to be in these two commodities the persons who ship the raw commodity to somebody else to have the jobs. Been there; done that. We really don't need to do that today. We want to see value-added opportunities like we have in mustard, like we have in canola, and certainly like we have in oats.

Mr. Chairman, it only makes sense to give our producers the option, to give them the freedom to market their product. That is all they ask. You know, the farmers in this province do not need their money spent on ads that try to convince people that the Canadian Wheat Board is the best. They don't need mail-outs, they don't need brochures, they don't need television ads, they don't need all-expense paid trips to be told that the Canadian Wheat Board does the best job for them. You know what? Give the farmers the freedom in this province, and they will make the right choice. Our farmers have proved time and time again that they are very capable of being good, good producers and managers and I believe would, given the chance, make the right choices in marketing wheat and barley. After all, they do it in everything else.

[Mr. Shariff in the chair]

This is about breaking down barriers to producers, this is about letting them make their own decisions on their own behalf, and this is about breaking down ancient – ancient – monopolies that were put in place for far different reasons back in 1943, 60 years ago virtually, Mr. Chairman. Let us in Alberta grow the value-added side of our industry on behalf of both rural and urban residents in this province.

Mr. Chairman, again, this is a made-in-Alberta solution. I know it'll be a made-in-Alberta success if they will just listen and give us choice and give us freedom. Thank you.

THE DEPUTY CHAIR: The hon. Minister of Infrastructure.

MR. LUND: Thank you, Mr. Chairman. It gives me a great deal of pleasure to rise this afternoon and make a few comments relative to this very important issue that has been a plague upon Alberta farmers. I want to thank the hon. Member for Calgary-Mountain View for bringing this forward again. It's great to see an urban MLA recognizing one of the problems that Alberta agriculture has, and I'm sure that he's looking at it from the point of view of what other industry or what other profession would have such a millstone around their neck as the Canadian Wheat Board.

We are not talking about eliminating the Canadian Wheat Board. I have people in my constituency who feel that they want to continue to use the Canadian Wheat Board, and that's fine. They should have that option. We don't understand why it is that the administration of the Canadian Wheat Board is so opposed to allowing farmers to carry on an extension of their business and market their product in the way they see fit. When you think about it, the Canadian Wheat Board has a bureaucracy that has been built up over time through this monopoly that they have, and they have all kinds of contacts throughout the world. What are they afraid of? Why would they be afraid of allowing farmers to market their own product?

Certainly, when the Canadian Wheat Board was set up, the situation was completely different. I remember that even on our own farm for years we simply produced. We took it to the gate and expected somebody else to market it. Those days have gone, and things have changed dramatically. Basically, back then, you produced and hoped there was a market for it. Farmers have

changed completely. Today they look at where there's a market and then would produce toward that market.

I just think of, like, the malting industry within, you know, the province of Alberta and the opportunity that would be afforded them if they could go to direct contract with a producer. There are a number of things, like variety, that the maltster might want. Does he want a certain type of two-row, or is it a six-row that he wants? What does he want? They could direct contract and get their varieties that they wished to malt.

I believe that, in fact, there is great opportunity if you go the extension to that and have the companies invest a lot of money in research. If they knew that they could contract the variety, I'm sure they would spend money on research, and we would see two things. We would see increased production at the farm level, and we would see added value to our products right here in the province. I think about just a few years ago when farmers were wanting to set up a pasta plant and the difficulty they had. They simply could not because of the problem with the Canadian Wheat Board being in the way.

Now, while I would like to see this 10-year experiment, there are some other problems and things that the Canadian Wheat Board, possibly by default, maybe by design, managed to get into. I'm talking there about transportation. The Kroeger report, the Estey report all said that you've got to get the Canadian Wheat Board removed from transportation. When you think about it, with the rolling stock that the railways have and the control that the Canadian Wheat Board has over that rolling stock, they can make it extremely difficult for off-board grains to move to port.

3:40

Also, of course, they can create a real problem at the port, and we saw this about four years ago, when they just simply flooded the west coast with wheat that was going absolutely nowhere. There was no home for it. It ended up being stored out there. Then when people had, like, canola that they wanted to ship, they couldn't get cars, but they also couldn't get storage out at the west coast because the terminals were plugged with wheat, just being used as a storage bin. So ships would come in; they'd maybe pick up half a load and then have to go and berth in another location. Some even had to go down to Seattle to finish their load. Well, the farmer pays for that.

So I think that when you look at the overall situation, transportation needs to be more free flow. Of course, the ideal would be if we'd have open rail so that you would even get more competition within the transportation system. Now, I know that the board would be quick to point out that they have changed some of their ways of dealing with the transportation issue, and they have looked at some contracting as opposed to the old way where they just simply allocate cars, and, I guess, credit to them, they're noticing that some of these things could in fact improve the return to the farmer.

Overall, I think that it's a slap in the face of farmers when, in fact, they can't market their own grains as they see fit and allow more added value on the prairies. We saw in the transportation, when the first off-board barley was allowed, how difficult it was for producers to get producer cars. The board simply continued to tie them up. As a consequence, the difficulty there gradually over time did evolve so that we do have a little bit freer movement, but it still is a problem, and in order for this experiment to work, we need to go that one step further.

I would certainly urge all of the members in the House to vote for this very progressive move to have the dual system.

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

DR. PANNU: Thank you, Mr. Chair. I would like to have this opportunity to speak to Bill 207 in committee. I take it that it's 10 minutes that I have, so in that brief time I would like to make a few observations on this bill in committee and then introduce an amendment that I have ready for distribution. Perhaps I can have the amendment distributed now, while I am speaking in general about the bill.

THE DEPUTY CHAIR: If you're going to propose an amendment, it had better be circulated now. We shall refer to the amendment as amendment A1.

DR. PANNU: Okay. Mr. Chairman, I should read the amendment that I am proposing into, I think, the record. The amendment stands in the name of my colleague from Edmonton-Highlands, and it moves that Bill 207, Alberta Wheat and Barley Test Market Act, be amended in section 2(2) by adding the following after clause (b). So clause (c), which is being added, reads as follows: "the price per unit of wheat and barley sold within the test market must not be lower than the current Canadian Wheat Board price." Then, next, clause (d) reads as follows:

- Producers are required to provide information to the Canadian Wheat Board about all sales, including
- (i) units sold and purchased,
 - (ii) price per unit, and
 - (iii) the identity of the purchaser.

So, Mr. Chairman, the amendment is clearly intended to make sure that there's no conflict between the federal Wheat Board legislation and the legislation that is before us, Bill 207. In order to be sure that this conflict does not exist or prevail, the amendment is introduced to address that problem, that I see as a serious potential problem with the bill: that it may, in fact, come into conflict with the existing federal legislation and thereby become inoperable. There's no point in passing a bill in this Assembly which we know in advance is in contravention of the federal legislation and then hope that we have done the right thing by passing it in spite of that information being available to us, because that won't be the right thing to do. What we want to do is certainly make sure that with the resources of this House the debate in the House is well informed, is cognizant of the constraints within which we must bring whatever legislation we want to bring into this House and vote on it.

I have spoken in the past on this bill, Mr. Chairman, and drawn attention to the fact that just a few years ago the hon. Member for Leduc spoke passionately against a similar bill and drew attention to why it is that the bill should be defeated. Indeed, a bill very similar to this one was defeated by this very Assembly, and I do commend the efforts of the Member for Leduc, who then spoke against the bill and drew our attention, the attention of this House, to some compelling reasons why the bill should be defeated. Those reasons that he gave then are valid today.

I just want to read into the record, into the *Hansard*, some statements that we have received by way of letters, e-mails, and other communications from concerned wheat producers in this province. The first one is an e-mail that we received on the 17th of November, less than 10 days ago, from Barry and Lana Love. Barry and Lana come from Hardisty, and I will just read a short excerpt from their fairly long letter addressed to me. I quote: years ago farmers fought to establish the Canadian Wheat Board for fair pricing practices and to have a better market for their grain. Grain buyers were dictating the price according to the desperation of the farmers' need for cash to pay their mounting bills. Do we want that system back? Absolutely not. End of quote.

Then, Mr. Chairman, from another communication, that we

received from the Canadian Wheat Board, a response to a Grain Growers of Canada proposal for a parallel market. Again, I quote from the Canadian Wheat Board response: in reality, a dual market is not a sustainable structure. It would eliminate the benefits for farmers of the CWB single-desk system. End of quote. Another quote from there: in a multiple-seller environment, even at a low exemption volume, these sellers would compete away the single-desk selling premiums. End of quote. So success stories for value-added processing in western Canada are also questioned in the CWB document.

One other quotation from the National Farmers' Union submission to the House of Commons Standing Committee on Agriculture and Agri-Food:

Producers gain several advantages from orderly marketing including risk management; predictable and fair delivery opportunities; relatively stable and predictable prices; security of payment; and market development.

Another article on the dual markets in Ontario, and there is a quote from there.

The chair of the Ontario Flour Millers' Association has a blunt message for prairie grain industry players considering whether the Canadian Wheat Board should organize a trial open or dual market: "It doesn't work."

That's the quote from there, Mr. Chairman.

3:50

So there are lots of letters and phone calls and e-mails that we have received. Given that I had a very limited time, I just wanted to bring some of these concerns and positions that have been stated in those letters before this House and urge that we either vote this bill down or at least amend it so that it is in compliance with the existing federal legislation governing the Canadian Wheat Board.

The amendment, Mr. Chairman, that I have put before the House is designed to remove any potential conflict between the provisions of this bill and the existing federal legislation which governs the Canadian Wheat Board. I would therefore urge all members to support the amendment that I've just introduced, and then we can later on deal with the bill as a whole. I think it will be much improved if this amendment is voted for and added to the bill as it presently stands.

Thank you, Mr. Chairman.

THE DEPUTY CHAIR: On the amendment, the hon. Member for Olds-Didsbury-Three Hills.

MR. MARZ: Thank you, Mr. Chairman. Just a few comments on the amendment. The amendment takes away what the bill is proposing to do. This is a 10-year test. The Alberta Wheat and Barley Test Market Act is a test of the free market. To control the price so that it can't go below what the current selling price of the Canadian Wheat Board is is not a proper test of the free market. It flies in the face of exactly what the Member for Calgary-Mountain View is trying to show here.

The other part of the amendment is:

- (d) producers are required to provide information to the Canadian Wheat Board about all sales, including
 - (i) units sold and purchased,
 - (ii) price per unit, and
 - (iii) the identity of the purchaser.

This is something producers would have liked the Wheat Board to provide to them for years and haven't been able to get that. I would say that it would be good information for this government to have so we can have a proper comparison, not comparisons that the Canadian Wheat Board would have to be able to massage and put out as

they see fit to make themselves look good. This is information I think our government should have and that I would support our government having, not the Canadian Wheat Board. We have to have a comparison, and I don't want a comparison that the Canadian Wheat Board can have and decide on how to publish those figures.

So I would urge everybody in this House to defeat this amendment because it takes away the intent of the bill itself. Thank you, Mr. Chairman.

THE DEPUTY CHAIR: The hon. Member for Calgary-Currie.

MR. LORD: Thank you, Mr. Chairman. I'd also like to rise to speak against this amendment. Quite frankly, I'm a little shocked that someone would introduce an amendment that completely goes against the entire purpose of the bill and would defeat the intention of the bill. In calling for increasing competition, we're looking to improve the market for the poor struggling farmers out there. Clearly, opposition members do not understand the concept of competition or the intended benefits of competition. This amendment, if passed, would not allow competition at all. It calls for selling at exactly the same price and also, incredibly, to reveal all the customers, the prices paid, and the sales amounts of what an innovative new competitor would be able to do that the old monopoly could not.

I mean, imagine if 50 years ago, for example, the only person that could sell computers was the government-funded program that invented the UNIVAC, that used to fill a room. Imagine if no competition was allowed and anyone that wanted to try had to sell at the same price as that original UNIVAC cost. Imagine how different the world would be today. We wouldn't have the computer age, the information age. We would never have put a man on the moon.

In creating free markets, people have to be able to innovate, and this amendment just absolutely prevents that. Imagine starting a small business. I can just imagine the hon. member opposite starting a small business, trying to compete against a huge monopoly corporation and having to turn his customer list over to them with the prices that he negotiated with them and expecting to survive as a small business. I mean, I just can't believe that this would even be proposed, frankly, Mr. Chairman, so I'd urge all members of this side of the House to defeat the amendment.

Thank you.

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

MR. MASON: Thank you very much, Mr. Chairman. I'd like to respond to some of the comments of the hon. member. It's clear to me from the comments of that hon. member, also representing an urban municipality, I might point out, that the intention of the bill is to lower prices that the farmers receive. He said it himself right here: suppose somebody comes along and can beat the price and offer the grain for a lower price; what a wonderful thing that will be and will help us put a man on the moon and all sorts of other wonderful things. But it seems to me that there may be a few producers who can undercut the overall price that farmers receive for their grain. There may be some big producers, perhaps the brewing industry, that would like to have an opportunity to lower their input cost. Who will suffer? Who will suffer if this bill is passed? The small family farmer is the one that will suffer.

THE DEPUTY CHAIR: I hesitate to interrupt the hon. Member for Edmonton-Highlands, but under Standing Order 8(5)(a)(ii) and 8(5)(b), which states that all questions must be decided to conclude debate on a private member's public bill which has received 120

minutes of debate in Committee of the Whole, I must now put the following questions to conclude debate.

[Motion on amendment A1 lost]

[The clauses of Bill 207 agreed to]

[Title and preamble agreed to]

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

SOME HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Opposed? Carried.

[Several members rose calling for a division. The division bell was rung at 3:59 p.m.]

[Ten minutes having elapsed, the committee divided]

[Mr. Shariff in the chair]

For the motion:

Abbott	Horner	Melchin
Ady	Jablonski	Norris
Broda	Johnson	Ouellette
Cao	Jonson	Renner
Cenaiko	Lord	Snelgrove
Coutts	Lougheed	Stelmach
Evans	Lukaszuk	Stevens
Forsyth	Lund	Strang
Friedel	Marz	Tarchuk
Goudreau	Masyk	Taylor
Haley	McClellan	VanderBurg
Herard	McClelland	Vandermeer
Hlady	McFarland	Zwozdesky

4:10

Against the motion:

Bonner	Mason	Taft
Carlson	Pannu	
Totals:	For – 39	Against – 5

[The request to report Bill 207 carried]

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

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

[Motion carried]

[Mr. Shariff in the chair]

THE ACTING SPEAKER: The hon. Member for Wetaskiwin-Camrose.

MR. JOHNSON: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 207. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

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

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? So ordered.

head: **Public Bills and Orders Other than
Government Bills and Orders
Second Reading**

Bill 208

Fiscal Stability Fund Calculation Act

THE ACTING SPEAKER: The hon. Member for Lethbridge-East.

DR. NICOL: Thank you, Mr. Speaker. Just a chance to talk at the introduction of Bill 208. I'd like to move second reading of it.

The idea behind this bill was to have the government look into the process that would be available through our fiscal planning if we were to look at the idea of having stability and stability funds as part of the budgeting process. The bill, in effect, would allow for a test of whether or not the kind of process that we need would be available for, you know, giving us that stability, and it would also allow us to look at different structural components and structural ways to put together that stability fund.

The idea would be that if we looked at historical data, the fluctuations that occur mostly in that revenue, to look at it and pull together some of the ideas that would be – I guess what it would do, Mr. Speaker, is really give us a chance to look at the amount of money that we could save both in terms of giving predictability to those expenditure patterns and also give us a sense of how much we need to put into that stability fund. By doing these simulations on it, over time you'd be able to look at the degree to which any kind of fluctuation would be able to be met by stability funds of different levels or different funding plans that would go into them, the idea being that, in effect, we'd want to look at that.

Now, Mr. Speaker, what we end up doing is basically talking about the idea that if we could put in place this kind of a stability fund, whether it was tied to both the infrastructure components or just the social programs, this would also be able to be brought forward. You're well aware of the fact that for years now the Official Opposition has been proposing the use of a stability fund along with their budgeting practices for the Legislature, and we've basically introduced this kind of legislation on two previous occasions, and then this one was basically to ask the government to look and see whether or not those kinds of stability processes would contribute to our budgeting process.

It was interesting that in the last budget after we had submitted these bills, you know, the financial review commission was out there talking about how stability could be brought to the process of budgeting for the Legislature and for the province, but what it in effect did was it also looked at the idea of using the heritage fund as that stability fund and the issues that came up associated with that in terms of how dollars could be transferred back and forth. The end result was that the financial review commission chose to recommend that all dollars be put into the heritage fund from the natural resource revenues, and then they would be allowed to in effect take out 3 and a half billion dollars to put it into the general revenue. Anything else would be there as a stability, and then that would get added to the heritage fund.

I guess the issue there and the process that we've got here would allow us to look at how we can deal with determining whether or not that heritage fund would have grown or would have been enough to sustain over the long run with that 3 and a half billion dollar transfer

out. What we've been talking about as the Official Opposition in recommending would be that, in effect, the dollars that would go into general revenue wouldn't be designated as a specific hard number amount, the 3 and half billion that the financial commission recommended, but would be calculated on a moving average so that you could reflect the changes that occur in terms of the overview and the process of getting those kinds of numbers generated.

The main focus would be that by doing this calculation we could see whether or not a hard number, 3 and a half billion dollars, or a moving average or maybe possibly even some other mechanism for funding that stability fund would really work and provide us with the proper operation of this fund in the sense that it would be sustainable, it would be big enough to carry us through a couple of years of down, below average revenue, but it would also, then, give us a sense of, if it was getting to be too big: what do we need to do with it in terms of the surplus revenues that are accumulating there? That would have been one of the advantages of using the heritage fund because it would have just automatically been there for the future. But if we were going to deal with the focus that was on, you know, the magnitude of a single separate fund, we'd have to know whether or not we would have the dollars that were in it that we could put into it in terms of the focus that would have to come out of providing that stability.

4:20

I guess, you know, one of the things that we wanted to achieve by asking for this kind of a calculation was, in a sense, to test these numbers of options that I've talked about, to force a strong look at what were alternative ways of bringing stability, what kind of partnering we could do between the general revenue fund, kind of the social expenditure part of it, and some of the other parts. Should we include the total value of the budget, the approximate \$20 billion that we've got in it now, or should we include only those parts that are truly associated with particular different aspects? The programs that we've talked about and that we've tried to put forward for you really show that we would like to see the entire budget as part of the component that deals with stability rather than just looking at the issue of how to approach it from the point of view of separate parts of the budget. If we could put in the whole budget, then we wouldn't have to deal with any of the other aspects.

But as I talk about that, the thing that's really critical to recognize here is that this kind of stability and this kind of management of the budget is only good and only works if we do have, in effect, a sustainable budget to start with. What we've seen is a lot of processes that are coming out now by the government where they're dealing with the financial deficit of the province and transferring that off into other deficits and other aspects where we've got infrastructure deficits, we've got local government deficits, we've got authority deficits that, in effect, don't show up as part of the financial deficit. So if we look at it from the point of view of what is the true provincial budget that we want to make sure that the stability fund covers, we've got to make sure that it includes all of those expenditure parts and all of those issue parts that have to deal with the focus of the calculation that we're wanting the minister to go through on this so that we can make sure that, in effect, we have been able to show the functional part of it.

You know, Mr. Speaker, it would have been interesting to have seen the kinds of calculations that the financial review commission went through in order to determine the \$3.5 billion transfer from the heritage fund into general revenues and also how they came up with the rationalization for the fact that they were going to in effect put all of the resource revenues into the heritage fund to start with instead of accounting them separately and accounting them in a way

that the process, you know, in terms of getting those kinds of calculations, truly put in place.

Now, if we look at some of the discussions that the financial review commission had on this process and when I made my presentation to them, it's quite interesting. That was the way they looked at what was the mandate both of provincial budgeting and the review commission in bringing together the ideas that were necessary to deal with the stability that comes up as part of that kind of process. And, you know, the second spin-off that we see on this now is the heritage fund consultation. When the process of the financial review commission was being looked at, there was public feedback that said: we didn't want to see the use of the heritage fund for that stability function. Yet now in this consultation it's coming up again. But if we do that and tie the two funds together, what we run into are some real issues about how we, in effect, bring about the proper and independent mandates that exist for those funds.

You know, you could see in the way it was working that there was a lot of opportunity for the heritage fund to become too readily available for alternative uses. If we started doing these kinds of simulations that would look at the different ways that we could use it and the different ways that we could bring stability to the budgeting process, then, in effect, that's what we were trying to ask that the government undertake through this study that would show all of the different aspects. It would have been interesting, as I said, to see how the financial review commission actually went about doing that, and it would be, I guess, appropriate to ask the Minister of Finance to provide this Legislature with a sense of how that kind of process was followed. You know, how did they come up with those numbers? What kinds of confidence intervals were they looking at? What kinds of probabilities of being able to sustain their budget did they work with?

The focus that we wanted to look at here was how well it could work and how well it could provide all of these functions. You know, the main thing, too, is: how do we put together that full budget? As I mentioned a few minutes ago: do we have sustainable infrastructure built into the current budget? Also, do we have a process where we can in effect bring about some kind of aggregate level of probabilities that are associated with trying to get those calculations made about it to bring that into place? The main thing is that we go through this calculation, we provide some public viability and public justification for both the magnitude of a stability fund and the proper operation of that fund.

Mr. Speaker, I guess that was the kind of process that we wanted to see accomplished here. We need to, you know, look at whether or not it still would be useful to have that kind of information provided to the public. Then we can go about saying, "Yes, the idea of a stability fund will work," and we've got the background data to provide to Albertans to in effect make sure that they can be confident that we're managing their budgets properly.

With that, Mr. Speaker, I'll allow other people in the Legislature to have some comments. Thank you.

THE ACTING SPEAKER: The hon. Member for Dunvegan.

MR. GOUDREAU: Thank you, Mr. Speaker, for the opportunity to rise today and speak to Bill 208, the Fiscal Stability Fund Calculation Act. This bill is premised on the idea that, one, the government is not prepared to deal with unexpected declines in revenue and, two, that any reduction in social program funding and other expenditures is unacceptable.

On both points, Mr. Speaker, this bill is simply wrong in its assumptions. The tragic events of last year proved that this government is both fiscally prudent but also flexible in its response to

unforeseen circumstances that affect the budget. The hon. Minister of Finance when introducing last year's budget indicated that budgets are not about pinning hopes on forecasts; they're about acting responsibly. And act responsibly she did. The minister followed through on her words with a clear picture of Alberta's fiscal position with the first-quarter update. When the update showed that revenues were declining and that the situation required diligent monitoring, the minister firmly cautioned that the government must stick to its commitment of fiscal responsibility, that we must be cautious and realistic with future expectations.

4:30

The quarterly update process helped this province respond swiftly to a changing situation. Exactly two weeks later the horrors of September 11 unfolded, and an already weakening world economy was thrown into unstable times. Days after those events the hon. Premier and the minister announced corrective actions to preserve Alberta's fiscal position and expenditures responsibly. The results of those actions, which included a hiring freeze and then a cross-government budgetary lapse of 1 percent, helped to keep Alberta's books in the black.

In fact, on the whole, for the 2001-2002 fiscal year the government was able to balance the budget for the eighth consecutive year, repay a portion of the debt, provide \$3 billion to address infrastructure requirements, and increase spending for priority areas, all of this, Mr. Speaker, in spite of \$646 million in lower than expected revenues.

Bill 208's premise that the government is not prepared to deal with unexpected declines in revenue clearly does not hold. It is important to note that, in particular, Health spending increased by 14 and a half percent over the previous year and Learning received a 21.4 percent increase which included capital grants. This money was used to upgrade and construct health facilities and equipment, recruit physicians, and increase funding for MRIs. Learning used its money to increase operating grants to institutions; upgrade, expand, and construct educational facilities; and create new entry spaces in key degrees and apprenticeships.

But the real success story, Mr. Speaker, is that despite a 44 percent drop in resource revenues and an unstable economy this government was able to respond prudently and not at the expense of priorities important to all Albertans. Throughout the downturn in the economy Albertans were able to continue to receive world-class health and educational services. Important infrastructure projects did proceed, albeit at a slower pace. In essence, the impact to Albertans' daily lives was kept to a minimum, and despite Bill 208 and opposition beliefs to the contrary government continued serving Albertans. That is responsible leadership. That is what the people of this province expect, and that is what the people of this province received. All of this occurred in a turbulent year of unknowns. This record of achievement stands in stark contrast to opposition claims and the principle behind Bill 208 that somehow the government's failure to use smart fiscal tools caused essential programs such as education and children's services to suffer.

Realignments need to happen, Mr. Speaker. It was because of the government's diligence that they were able to respond to the circumstances of the situation. Prudent action was taken. The priorities and goals of the budget and Albertans were maintained, and the financial books of this province are better for it.

Past successes do not mean, however, that we should not necessarily look for new ways to do things in government. The continual review of Alberta's fiscal framework is an ongoing process that looks towards the future to provide innovation and excellence. The Minister of Revenue is currently reviewing the heritage savings trust

fund, and the Minister of Finance over the summer announced the results of a review of our fiscal and accounting policies to ensure Alberta remains a leader in fiscal planning.

This bill, that requires the Minister of Finance to research and report to the Legislature on certain paths not taken, serves no useful purpose. Decisions have to be made with the best information on that day. A report such as the one proposed in this bill would not add to the public discourse on the future of this province. Albertans are forward-looking people and generally not prone to second-guess themselves. One has to wonder, Mr. Speaker: what would hon. members across the way do with this report besides point out that special interest groups had not received enough money? One has to wonder what is the point of a report that asks a hypothetical question such as: what would you have done with a billion dollars? One has to wonder if the assumptions and wishful thinking that are evident in this bill are more appropriate for the horoscope section of the local paper rather than for a serious discussion on the fiscal future of this province.

Clearly, Mr. Speaker, the fiscal policies of this government were able to positively respond to negative economic forces of the past. As I have previously said, we want to make sure we remain on the right track to be able to respond to these sorts of situations in the future.

Through this year's review by the Financial Review Commission this government was able to examine the fiscal policies that have brought us so much success and recommend new ideas and ways to ensure Alberta's fiscal position well into the future. One of the recommendations of the commission called for the establishment of a stability fund, a fund that would help to stabilize the impact of volatile resource revenues on the provincial budget and a fund that would help the province in case of emergencies or disasters. It is important to note, Mr. Speaker, that according to the Financial Review Commission all natural resource revenues will be deposited into the stability fund while a set amount of money will be transferred from the fund to go towards general program spending. The only time the set amount can be exceeded will be in the cases of emergencies or disasters or when there are in-year declines in other revenues.

Conversely, when looking through the bill before us, it seems that the hon. member would have the government transfer money from such a fund at the drop of a hat to protect the sustainability of social programs. What one does not find when reading through this bill is an indication of which social programs or other expenditures the government would protect in times of economic turbulence. Mr. Speaker, Bill 208 does not answer this question because it does not want to. This bill does not define what is essential or a priority to government because some hon. members believe that every program and every expenditure is beyond review no matter what the fiscal reality may be.

For some members in this House no matter how much this government increases funding, it will never be enough. Funding issues are always an emergency or a disaster waiting to happen. With that sort of stability fund as envisioned by this bill, members would be tying the hands of government to find efficiencies and new ways of delivering services while also opening the government up to every interest and lobby group not satisfied that their area of interest is receiving enough support from the taxpayers of Alberta.

I believe that the taxpayers of this province, who ultimately must fund every expenditure, deserve better. I'm confident that the government through the next several months will deliver a stability fund that is designed to stabilize revenues rather than stabilize spending sprees. Mr. Speaker, the government has spent the last 10 years putting Alberta's fiscal house back in order, and they are not about to turn their backs on that hard work.

I would encourage all hon. members to vote against this bill and wait for the realities and successes of the government's new fund to take shape. Thank you.

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

MS CARLSON: Thank you, Mr. Speaker. I'm happy to stand and support Bill 208, the Fiscal Stability Fund Calculation Act. It's too bad the Member for Dunvegan didn't read the bill and hasn't been listening to his own Premier, because in fact they have had a great deal of talk about putting in place the stability fund, another good idea that they've taken from us. It will be interesting to see how they implement it over the next few months and how we see it come down into the next budget year.

In fact, a stability fund is a really good idea. We know that because the Premier has been saying that. It'll be interesting to see if he will prepare a report on finances to talk about how it can be put in place or whether he'll just do another money grab from the heritage savings trust fund, which we don't think provides the kind of solution to the instability in program funding that we've been facing in this province for many decades but particularly how we've seen them put in place over the past decade that the Premier has been in power.

Mr. Speaker, it is with very good intent that we take a look at how do we merge and implement the processes that the Premier has put in place with the kind of legislation that we are suggesting to be brought forward. So with that in mind and with the full support of the Leader of the Official Opposition, whose bill this is, and our caucus I propose to bring forward an amendment at this time. The Leader of the Official Opposition would like to have brought forward the amendment himself but can't bring forward two at the same time when he's speaking to his bill. So I will be moving that the motion for second reading of Bill 208 be amended by deleting all the words after "That" and substituting the following: "Bill 208, Fiscal Stability Fund Calculation Act, be not now read a second time but that it be read a second time this day six months hence."

I'll wait for the distribution.

4:40

THE ACTING SPEAKER: Hon. Member for Edmonton-Ellerslie, the amendment, I believe, has not been circulated as yet. Has it at least been provided to the table officers?

MS CARLSON: Yes. It has been approved with a minor adjustment.

THE ACTING SPEAKER: Okay. I see that the pages have it. Please circulate those amendments. I believe this is a hoist amendment.

MS CARLSON: Yes, it is.

So, Mr. Speaker, it is with great interest that we await what unfolds before the next six months, to see how the government, in fact, does implement the stability fund. At that point, if we support the stability fund as implemented by the Premier of this province, then there won't be any need to continue on with this bill. In fact, this bill has so far accomplished its intent; that is, to in a serious and a significant way bring forward an issue that is of extreme importance to this province. So in the best interest of the House and not wanting to waste any of the valuable time that could be devoted to other bills given the context that we're in, I support this particular amendment.

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

MR. LORD: Thank you, Mr. Speaker. I'm pleased to have the opportunity to rise today and speak to the amendment to Bill 208, the Fiscal Stability Fund Calculation Act, as introduced by the hon. Member for Edmonton-Ellerslie in regard to the bill from the hon. Member for Lethbridge-East, who, I might add, I'm very pleased to see in attendance again today, having been greatly missed.

THE ACTING SPEAKER: Hon. Member for Calgary-Currie, it is customary for us not to make reference about people's attendance in the Assembly.

MR. LORD: I apologize for that, Mr. Speaker, and withdraw that remark.

In any case, regarding Bill 208 and the amendment being proposed to debate it six months hence or deal with it today, there are always good arguments on both sides or on even more sides of every issue that comes before the government. In fact, no one has a monopoly on predicting the future or predicting what the outcomes of any particular course of action may be. So it comes as no surprise that this particular issue has many people in favour and many people against. Even at that, opinions may well change back and forth in the future depending on what the current situation becomes.

THE ACTING SPEAKER: Hon. Member for Edmonton-Ellerslie, are you rising on a point of order?

Point of Order Relevance

MS CARLSON: I am, Mr. Speaker. I draw the member's attention to Standing Order 23. We are on the amendment. I expect that member to speak to the hoist specifically. If you look at 23(a) and (b), he is not relevant.

THE ACTING SPEAKER: On the point of order, the Member for Calgary-Currie.

MR. LORD: On the point of order, Mr. Speaker. I am speaking to the amendment. I clearly said that in my opening sentence and was just about to refer to it again when the hon. member opposite stood up.

THE ACTING SPEAKER: I hope that resolves the clarification.

The chair will recognize the Member for Calgary-Currie to continue.

Debate Continued

MR. LORD: Thank you, Mr. Speaker. As I was mentioning in debating this amendment and whether we should deal with it today or six months hence, regarding Bill 208 I was going to say that it isn't even just the legislation that is the only variable here. It is, in fact, people who are applying the legislation which often makes the difference on the success or failure of any particular bill the government puts forward. This, of course, clouds the issues even further sometimes. However, I would say that in my own personal opinion, after careful deliberation of the expected outcomes of this amendment as it applies to Bill 208 as proposed, while I find some of the goals of Bill 208 to have some merit, I have no doubt that this amendment would not be helpful at all and that we should, in fact, deal with this bill today, a bill that I believe does have some merit. While I have no doubt that it appeals to a great many Albertans who

have considered it or may even expect it to have some benefit, I find I am unable to support the overall idea of the bill and amendment before us. I believe that we should deal with it today.

A stabilization fund for capital purposes only may be a very good idea, but a stabilization fund dealing with operating deficits and operating expenses, I think, is not something that we should proceed with or wait around six months to deal with. There is little reason in my mind, in fact, to see this bill move forward for approval, and thus we should defeat the amendment and, subsequently, the bill.

However, just for the sake of argument, Mr. Speaker, let us assume that we didn't do that and that the Legislature were to move this bill forward and eventually establish a large general fund in the manner proposed. In doing so, proponents claim that Albertans would greatly benefit by having the fund provide for and serve as a cushion in times of serious economic downturn. Frankly, isn't that what the already established heritage trust fund is for? Do we really need to deal with this amendment or the bill? At first glance it does seem reasonable to conclude that another proposed fiscal stability fund would offer even further government department insulation or, if you will, protection in cases of downturn in the revenues coming to government and that thus it would, presumably, provide for even further stabilization and approved predictability from year to year. There's certainly a solid argument to be made that this may be a good thing in many ways. In fact, the hon. member opposite should be congratulated for his initiative in bringing this forward.

My concern, Mr. Speaker, is that such a fund, in providing increased stability, if implemented incorrectly and especially if implemented in a manner which applies not just to capital expenses but also allows for operating deficits – my fear is that it might provide increased protection and insulation from having to take the hard corrective measures and useful budget reductions that might have provided even more benefits than stabilized revenues might.

It might seem a counterintuitive argument, not easily understood, but to use an analogy, think about a forest in which there has never been a forest fire. Think about all that deadwood that accumulates and all that tangled underbrush, which is never cleared out, and how it starts to choke off the life in the forest, especially new life. We used to think that all forest fires were bad, but we now know that this is not always the case, that the occasional fire going through might actually be a good thing in terms of rejuvenation and clearing out all that deadwood and tangled underbrush and so on. This is very important to allow new growth to sprout instead of always being overshadowed and killed off by the status quo deadwood.

Now, doesn't the occasional funding crisis in government budgeting also create a not dissimilar process, as does a forest fire, in that large tangled growth of government spending, bureaucracy, and the status quo? A budget crisis has a way of just cutting through all that obstructionist process aimed at stalling cutbacks, protecting turf, and maintaining status quo, which is what the amendment before us would promote. It does; doesn't it? We're all too familiar with that process.

So let's weigh the benefits of total stability in our budgeting process versus the drawbacks and what effect the amendment before us would have on that. As its name suggests, a fiscal stability fund, like the one that Bill 208 suggests we study, would offer, at least in the short term, budgetary stability. It would be there to fill in the gaps in times when the regular budget, due to an unexpected decrease in oil and gas revenues, for instance, wouldn't let us quite do what we have been accustomed to doing and would like to do, yet things are not serious enough to draw upon the heritage savings fund. A fiscal stability fund would at such a time perhaps enable us to maintain all our current programs at customary levels, albeit at an operating deficit.

4:50

With an economy as cyclical and resource driven as Alberta's, it is certainly true that we are familiar with how revenue shortfalls can have a negative impact on a variety of key government priorities, including health and education. However, Mr. Speaker, the resources of a fiscal stability fund in times of economic stagnation could be used to offset the loss of revenues and thereby allow many good programs to continue completely unaffected. However, it could also allow stale-dated, obsolete, and expensive government programs to remain unaffected as well, programs that could and should have been cut off a long time ago, but they continue unabated, unaddressed, and unaccountable since there is no great pressure to change. The deadwood starts to pile up, and over time there can be a lot of deadwood in a hurry because it's always easier, more politically polite, and just plain friendlier an approach to never have to give people who are enjoying the status quo any bad news. No one likes to give people bad news, and those who have become dependent and accustomed to the status quo certainly don't want to hear about any bad news or changes being made either. So the tendency definitely leans toward no one ever making those tough decisions.

At the same time, there are always many voices calling for new programs. The tendency when money is more plentiful is to just add them as well, so those expenditures get built into the base. When money gets tight again and deficits start to soar, we know, scientifically, from studying the stock market and other human decision-making processes, that people always tend to err on the side of optimism, hoping for a better day tomorrow. So everyone drags out the tough decisions, avoids the bad news much longer than they really should, hoping that the money will come back soon, tomorrow hopefully, but when it doesn't, pretty soon you now have a really big problem.

In spite of how positive a completely stabilized funding program may seem at first impression and despite the idea of this amendment before us promoting that, Mr. Speaker, I firmly believe that Bill 208 would cause more harm than it would do good, and the amendment would do the same, especially if such a fund became a target for lobbyists and those who have not shown fiscal restraint ability in the past. For those who don't believe this would happen, I'm sure that even many members of this Assembly have some very vivid memories of having to make a lot of tough calls already in terms of prioritizing and trimming programs. Members will recall, I'm sure, how doing so is always fraught with difficulty, full of contention, generally a very unpleasant task, that many would prefer to avoid, especially when it came to implementing necessary cuts.

Currently the job is already tough enough, Mr. Speaker, with so many expensive programs considered important or essential to Albertans, and taking away that honest defence that there's just not enough money coming in makes it all the worse. Again, in referring to this amendment and the problems that it would create, I'm concerned that a large general fiscal stability fund would lead to temptation within departments to spend what they cannot afford as well as lead to complacency and also be subject to much demand. I am concerned that with a large general fiscal stability fund it may seem unnecessary to some to always have to live within our means. I am concerned that the existence of a large fund of this type, allowing for operating deficits, may lead us to postpone making the tough, necessary decisions that would be better done sooner than later.

I come to this viewpoint honestly, Mr. Speaker, not through theoretical intellectualizing but by practical experience. As a small business entrepreneur during virtually my whole working life, I know how difficult it can be to determine what you can afford to

spend or plan to spend over the next year without a predictable revenue stream to work with. Setting priorities cannot only be difficult; it can also be wrong very quickly.

With that, I'll conclude my speech, Mr. Speaker, and thank you for this opportunity to speak to the amendment.

THE ACTING SPEAKER: On the hoist amendment, the hon. Member for Redwater.

MR. BRODA: Thank you, Mr. Speaker. On the amendment to the Fiscal Stability Fund Calculation Act as presented, I will not centre on an idea of a fiscal stability fund, which is what the member across the way would like us to believe this bill calls for. Besides, the government's own fiscal management commission has already called for a fiscal stability fund to be enacted. As such, postponing six months hence, as the amendment calls for, does not have any reason or logic to even have an amendment. Instead, I will focus on what the bill really asks for: a study with flawless premises that would produce equally flawless . . .

MS CARLSON: Mr. Speaker, a point of order. He can't do that.

THE ACTING SPEAKER: The hon. Member for Edmonton-Ellerslie is rising on a point of order.

**Point of Order
Relevance**

MS CARLSON: Once again, Standing Order 23, Mr. Speaker, specifically 23(b). Could you please advise the member that he has to speak to the hoist, not to the original bill, as he just indicated he wanted to do?

THE ACTING SPEAKER: The hon. Member for Redwater on the point of order.

MR. BRODA: On the point of order, Mr. Speaker. As I indicated in my opening remarks, it is on the amendment. I have to have a flow-through to the bill as well, and without doing that . . .

AN HON. MEMBER: Flow through all you want.

MR. BRODA: I can flow through on the amendment. Thank you, Mr. Speaker.

THE ACTING SPEAKER: Are you done with the point of order?

MR. BRODA: Yes, I am, sir.

THE ACTING SPEAKER: Anybody else wishing to speak on the point of order?

The chair has heard this argument. As you all know, a hoist amendment is a wide-ranging debate, and there is some flexibility to include matters that impact the bill and particularly the hoist issue.

So the chair now recognizes the Member for Redwater.

Debate Continued

MR. BRODA: Thank you, Mr. Speaker. Bill 208, referring to it, does not ask for a fiscal stability fund. It only calls upon the government to create a report which would determine how a fiscal stability fund would stabilize the position of the government, protect social programs, and improve the long-term planning of the government. So to say that we're going to amend and postpone it

for six months hence, I don't know what changes could be made to the bill that would be so important to advance it six months hence.

Using an analogy that if \$1 billion were put into a fund starting in 2000-2001, there's the pie in the sky, Mr. Speaker. To me the whole exercise seems a little pointless. One billion dollars was not put into the fund in 2000-2001, so asking Finance officials to prepare a report based solely on a hypothetical premise seems to be a waste of their time. After all, they are hard at work, doing what they do. As indicated earlier, to have an amendment to postpone it henceforward does not make any sense to me, Mr. Speaker.

If I may be blunt, I'm not sure that there is a case to be made that this government is remiss in any of the areas that this report would address. To start, let's take a moment to consider the long-term planning of this government. When this government committed itself to reining in social spending and eliminating the yearly deficit and overall debt, we said that we wanted to be debt free by the year 2025. We also wanted to ensure that our social programs were always adequately funded. Now, it's not 2005, but we are years ahead in eliminating the debt and are on track to make Alberta the first and only debt-free jurisdiction in Canada. If that doesn't count as first-rate, long-term planning, Mr. Speaker, I don't know what does. So as I indicated earlier, to advance it six months hence has no relevance here. Let's deal with the bill itself rather than amending it.

We are, therefore, a forward-looking government. Every budget we produce, every decision we make has everything to do with what is best for Albertans now and in the future. This is what the creation of the Financial Management Commission was all about, Mr. Speaker.

That brings me to social spending, Mr. Speaker. Bill 208 seems to be based on a supposition that social spending in Alberta is inadequate. It is true that there is always a program or service that some people think ought to be provided by government but isn't. This is true on both sides of the House. The beauty of the legislative debate is that we can all bring these concerns and causes to the table and reach a compromise that is mindful of the interests and desires of all Albertans.

On the amendment, Mr. Speaker, many times I've indicated that I don't see any relevance to moving it six months hence. Inevitably, however, we have come to the conclusion that the government's role in social matters isn't to be all things for all people. Our role is to help those in need; as our Premier has indicated many times, a hand up, not a handout. Sometimes this means that the government should test their own programs, and often it means revising and discontinuing a program if the program isn't achieving the objectives it had intended to.

5:00

Now, Mr. Speaker, it's true that some of the policy innovation takes place in the years when the province's revenues are greater, and we can attribute that to the fact that the government is able to top up social spending in those years. This is not to suggest that the spending in other years is lax. Study by study shows that Alberta routinely ranks as a province with one of the highest financial social systems in Confederation. Given this, it always amazes me when claims are made that we're letting programs deteriorate all over the place. I ask: "How much do we have to spend? How much do we have to tax?" Instead of just looking at the amount of money spent, why don't we keep doing what the government has always done, look at the ways it is spent and ensure that the priorities of Albertans are met?

Mr. Speaker, Albertans have indicated that Health and Wellness and Learning are their top priorities. They want to ensure that we

have a healthy, capable, and intelligent population not just because it would help our economy but because these are essential components of a good life. We responded to these priorities. Learning budgets increased to \$4.2 billion in 2000-2001 and to \$4.7 billion in 2002-03. Over the same time, Health and Wellness budgets have increased from \$5.6 billion to \$6.8 billion. With our response to the Mazankowski report we've indicated that we're not just going to throw money at the problems in health care but work to make the system more efficient and more effective.

We want to ensure that Albertans get the best service for every dollar the government collects. That's our goal; we work hard every day to achieve it, and we achieve these goals in a responsible manner, Mr. Speaker. This government will take the road that best suits Albertans. We will do it with their input, and we will do it with a view to providing the best government possible. This is what we've always done.

So, Mr. Speaker, on the amendment, again, I believe that this government has set a lot of priorities for Albertans, and I think we've done a lot in the right direction.

DR. TAYLOR: That's why there are 74 of us.

MR. BRODA: That's why there are 74 of us.

Six months down the road when we bring this to second reading, if that's the wish of everyone, I don't think much is going to change. Again, Mr. Speaker, we don't need a study to tell us what we've been doing right. We don't need a bill like Bill 208, which doesn't actually call for anything effective but merely trades on outdated notions of how to best spend our way out of problems.

So I do not support the bill, nor do I support the motion. Thank you.

THE ACTING SPEAKER: The hon. Member for Drayton Valley-Calmar.

REV. ABBOTT: Thank you, Mr. Speaker. It is a pleasure to join debate on amendment A1 of Bill 208, the Fiscal Stability Fund Calculation Act. First of all, I would like to commend the Member for Lethbridge-East for bringing this bill forward, and secondly, I am downright puzzled as to why the hon. Member for Edmonton-Ellerslie would propose to amend this bill with a hoist motion. Now, I am going to support this amendment; however, I must first comment on my thoughts toward the bill itself to back up my position on the amendment.

Albertans appreciate the necessity of sound fiscal management, and that is why the Financial Management Commission was created by my government to investigate manageable, realistic solutions for growing funding pressures. The commission recommended that a sustainability or, if you will, stabilization fund be created to provide stable and predictable funding to general revenues. But a made-in-Alberta stability fund would only be one part of a bigger plan to soften the blow from volatile oil and gas prices. A stabilization fund could also help finance government programs when natural resource revenues are not so plentiful.

As the Member for Drayton Valley-Calmar I see the oil patch in action every day, Mr. Speaker. I see the ups and the downs. I'm sure that all members in this House are aware that oil prices and, therefore, oil revenues are unpredictable. This means that actual revenues often differ greatly from budget projections, which in the case of shortfalls requires fiscal adjustment or financing. It is believed that stabilization funds aim to solve the problem of unpredictable revenues. When revenues are high, money would be channeled from the budget to the stabilization fund. When revenues

dip below the budget forecast, like we saw last year, the stabilization fund could finance the shortfall. This would stabilize budgetary revenue and thus budgetary expenditure.

Now, every member in this Assembly is aware of the importance that Albertans place on fiscal responsibility, a term that means different things to different people. In the early '90s fiscal responsibility meant balancing the government books, trimming the fat, and eliminating the provincial deficit. As the deficit was eliminated by my government, fiscal responsibility meant readdressing areas most affected by budget restraint while maintaining a commitment to pay down the provincial debt.

Now Albertans see the elimination of the provincial debt as an achievable goal, nine years ahead of the legislated debt schedule. Nine years. Right on. Once again the definition of fiscal responsibility must be altered with the changing financial picture that we face. While other governments are forced to run deficits, Alberta Finance forecasts Alberta's GDP to grow by 2.3 percent in 2002 and 3.5 percent in 2003. This success is due in large part to the government's efforts to create a responsible budget process.

The Department of Finance established the Financial Management Commission to assess the current fiscal climate and provide recommendations to ensure financial security in the future. This past September the Alberta government accepted most of the recommendations from the commission, all of which play an important role in improving financial management in Alberta. The commission proposed a sustainability fund to help reduce the impact of volatile resource revenues on the province's budget and to manage the orderly pay-down of existing debt as it comes due. The fund would also address the backlog of deferred capital projects in the short term. Finally, Alberta's sustainability fund would serve as a transition to the time when resource revenues decline.

Mr. Speaker, the Financial Management Commission was a success because they made sure to stay away from simply addressing issues of the day. Their review of how this government finances our programs built on the success of the current system and looked at effective strategies to sustain those programs in the future. The commission also made important recommendations that will improve long-term planning for government departments.

I strongly believe that all constructive ideas should be debated in this House. We must be careful to ensure that only the most effective and productive initiatives are implemented to ensure Alberta's financial stability. It has been stated often that Alberta does not have a problem with revenues; rather, our problem is with expenditures. This government, along with Albertans, has worked very hard to diversify the economy, yet this province still relies heavily on oil and gas revenue to finance social programs. We've learned that Alberta can enjoy the benefits of high oil and gas revenues as long as we are prepared for the prices to drop.

Now, the past decade has proven that the Alberta government will do what is necessary to improve our financial performance. This Assembly has supported some incredible legislation that has surpassed expectations. I think one of the brightest lights in the recent history of Alberta's financial diligence was the passing of the Fiscal Responsibility Act. That act required Alberta to pay down the province's debt over a 25-year period and included five-year milestones to ensure that the goal is being attained. Because of this act Alberta aggressively paid off a large part of the debt. This, in turn, allowed us to take advantage of the money saved from financing the debt, some \$700 million to \$800 million annually, and address critical health care and education issues.

5:10

I'm also proud of the Government Accountability Act, which made each department prepare a three-year business plan available for public review. This act ensured that Albertans could access the

financial picture of any government department. The business planning and performance measurement processes also allow the government to continually identify core businesses of government, to prioritize the use of limited resources, and to make plans based on expected results.

The Financial Management Commission builds on the success of this legislation. Recommendation 13, for example, suggests that the current business planning process should be strengthened by requiring all government ministries, organizations and agencies to focus on measuring their decisions against strategic goals linked to the government's strategic [business] plan.

This recommendation is logical, and it's easy to implement. It will strengthen the long-range planning process.

Mr. Speaker, Bill 208 underestimates the work that this government has done to address the realities of Alberta's volatile economy, which is why I'm going to support this amendment. This government will remain on the right track and maintain a responsible approach to fiscal management. Again, that's why we had a Financial Management Commission in the first place. Over the past decade the Alberta government has been much more aggressive than other jurisdictions when it comes to fiscal management. Simply providing more money will never solve issues related to health, education, and the well-being of children. This government focuses on the long-term future and sustainability of Alberta, exercising fiscal restraint when oil prices are high, properly presenting issues to this House and to the public, and exploring conservative ways of preserving provincial funding in the often stormy oil and gas industries.

I believe that the Financial Management Commission provided important recommendations far above the traditional, problematic rainy day funds used in other jurisdictions. Fiscal stability funds are very popular in other countries and in the U.S.; however, Alberta has very few similarities to these jurisdictions, especially when it comes to the dynamics of its economy and this government's attitude toward public debt. While a rainy day fund has enjoyed success in some jurisdictions with moderate revenue fluctuations, we all know that Alberta experiences rapid and dramatic revenue peaks and valleys. Therefore, a stabilization fund would work in Alberta as long as it remained part of the larger plan rather than a stand-alone solution. That larger plan was written by the FMC and accepted by this government.

The stabilization fund proposed by the hon. Member for Lethbridge-East would therefore be redundant because of work done by the Financial Management Commission. This government has already accepted those recommendations to look at a new way of stabilizing and sustaining our revenues. Albertans have told us to find ways to ensure that government programs are sustainable while keeping the taxes the lowest in the land.

Now, another study, Mr. Speaker, a hypothetical study as suggested in Bill 208, will not help this government accomplish our goals. Therefore, I must support the amendment to Bill 208, and I hope that my colleagues will support it also.

Thank you.

THE ACTING SPEAKER: The hon. Member for Edmonton-Rutherford on the hoist motion.

MR. McCLELLAND: Thank you very much, Mr. Speaker. May I first commend the Member for Lethbridge-East for bringing Bill 208 forward, and may I also commend the wisdom of the hon. Member for Edmonton-Ellerslie for hoisting the motion this afternoon. It's sometimes very, very difficult for the opposition to read the writing on the wall because we get into a mode and we see it through to the end.

The notion as brought forward by the member of the Legislature representing Lethbridge-East, the leader of the Liberal Party, in my opinion has considerable merit, and obviously the member was listening to Albertans, because Albertans felt that the notion had considerable merit as well. That was represented in the Future Summit, that took place this last year under the auspices of the Minister of Revenue. It was very clear at the Future Summit and, I'm sure, at many other summits, perhaps in kitchens around the province, when people wondered how it was that we could have unprecedented revenues one year and then have to haul in the reins the next year. I know that most members of the Legislature were approached by citizens in coffee shops, were approached by organizations here in our offices, all of whom had a common purpose, and that was: surely there is some way that we can bring stability to the economic affairs of the province, particularly when we make contractual arrangements and others with service providers. They need to have the certainty that comes with stability.

For instance, if the province has a long-term projection to build X number of roads or highways, then the private sector has to gear up so as to be able to continue or to do that work in a timely and orderly fashion. When financial circumstances are such that we don't have the ability to plan in a sustained and predictable manner, it's the people who have made their life decisions around our stability who are most hurt by this. It is not just a financial hurt. Many people centre their lives around the stability and certainty of what will come forward from government expenditures. Therefore, the notion of a sustainability fund as presented by the Member for Lethbridge-East has considerable merit.

Members will know, as well, that from the Future Summit came the Financial Management Commission. The notion of stability from fiscal year to fiscal year was a central point in the Financial Management Commission. I believe there were 25 recommendations by the Financial Management Commission, 22 of which were accepted. The centrepiece of those recommendations was, in my opinion, the capacity of the government to be predictable through a sustainability-type fund.

Now, the Member for Lethbridge-East in his bill suggests that at the end of each fiscal year, commencing with the fiscal year ending March 31, 2003 . . .

That's a year hence.

. . . the Minister of Finance shall prepare a report on how the financial affairs of the Government would have been affected if there was a Fiscal Stability Fund.

I'm trying to understand the logic behind bringing forward a bill about sustainability based on a study of what might have been in a certain circumstance.

Section 1(2) in this: "In preparing the report under subsection (1), the Minister of Finance shall assume that \$1 000 000 000 was transferred to the Fiscal Stability Fund during the 2000-2001 fiscal year." Now, it doesn't say where that money would come from. It just says that it will be transferred into a fiscal stability fund. Perhaps it would be the heritage fund; that might be the source. As a matter of fact, the Minister of Revenue is currently seeking the advice of Albertans as to the future of the heritage fund. It's interesting to note that several members of the party represented by the Member for Lethbridge-East have had interesting comments as to whether or not the heritage fund should be used in any way, shape, or form as a stability fund.

Now, I wonder, then, why the leader of that party would have suggested that a billion dollars would be transferred to the fiscal stability fund but doesn't indicate where that billion dollars would come from. It would either come from increased taxation, reduced spending in key priority areas, which we might only guess at,

perhaps health care, because to my knowledge, Mr. Speaker, there are very few areas in government expenditures that have anything like the resources from which a billion dollars could be transferred. Probably health care and education. There just isn't any other place that it could come from.

5:20

So if we didn't increase taxes to fund this, if we didn't take it from the heritage trust fund, where would that billion dollars come from? That's why the devil is in the details. But that does not negate the fact that the notion is worth merit. As a matter of fact, it's so meritorious that members opposite will probably see much of their notion coming forward as government legislation eventually. There is one of the frustrations of being in opposition. It's kind of like when you come home and you put the brochure for the new car on the table, and your spouse is a little upset with you. You say: "Well, why are you upset? It's just a brochure." She says: it's a brochure on the table today, and tomorrow it's going to be in the driveway. Well, that's a little like being in opposition. The idea today ends up in someone else's driveway tomorrow, and that is just the way it is.

As I started, I wanted to commend the Leader of the Opposition and member representing Lethbridge-East because his bill does speak to a notion that has had resonance throughout the province, and that was evidenced in the Future Summit and again in the Financial Management Commission and again has been considered through the Minister of Revenue's consultation on the heritage fund and again will probably – and I can only conjecture about this – see the light of day in future government legislation.

Bill 208 asks the government to study the implementation of a fiscal stability fund, and that is well under way. The bill does not set up the fund but asks the government to study what the outcomes would be by looking at the past and what might have been had the fund been in place over the previous year. Now, again, I'm really not quite sure what that would have accomplished. Perhaps I would

have been more comfortable with this bill had the bill said that we will have a stabilization fund, that that fund will have X amount in it, that it will be used for this purpose or that purpose, that the resources will come from this order, and we will be held accountable for what our recommendations may or may not be.

At the Future Summit the idea of a stabilization fund was mentioned as a possible next step. Members across the way have discussed this, brought it to the table. [Mr. McClelland's speaking time expired]

MR. SNELGROVE: Mr. Speaker, it gives me a great deal of pleasure to encourage the support for this amendment, simply because we've been here nearly two years and it's just about the only thing they've put forward that looks ahead of the game instead of back. So I would encourage all members to support this amendment, and we would actually be doing the hon. Leader of the Opposition a favour, because pretty well all of Bill 208 looks back.

With that, Mr. Speaker, I would move that we call it 5:30.

THE ACTING SPEAKER: I believe the hon. member is calling for a motion to adjourn debate.

MR. SNELGROVE: That's right.

[Motion to adjourn debate carried]

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

MR. STEVENS: Thank you, Mr. Speaker. I move that we call it 5:30 and adjourn until 8 o'clock this evening.

[Motion carried; the Assembly adjourned at 5:25 p.m.]