

Legislative Assembly of Alberta

Title: **Wednesday, February 26, 2003** **1:30 p.m.**
 Date: 03/02/26
 [The Speaker in the chair]

head: **Prayers**

The Speaker: Good afternoon.

Let us pray. Our Father, we confidently ask for Your strength and encouragement in our service of You through our service of others. We ask for Your gift of wisdom to guide us in making good laws and good decisions for the present and the future of Alberta. Amen.

Please be seated.

head: **Introduction of Guests**

The Speaker: The hon. Minister of Human Resources and Employment.

Mr. Dunford: Yes. Mr. Speaker, we have a number of staff that are here with us today, all involved in the orientation, and I would ask each of them, as I call their names, if they would stand and remain standing. Then we can get a good look at some great employees. I'll begin with Jacqueline Wallis, Mauricio Telleria, Leslie Wei, Tracy Gould, John Mitchell, Donna Bruce, Cindy Ostapovich, Don Tymchuk, Val Jans, and Kevin Inkster. What a fine-looking group. Please welcome them.

The Speaker: The hon. Minister of Municipal Affairs.

Mr. Boutilier: Thank you very much, Mr. Speaker. It's my pleasure today to introduce a very good friend and his daughter. He actually lives in the second largest city outside of Newfoundland, and that's Fort McMurray. Brian Hatfield hails from Placentia, Newfoundland, and is here today. His daughter attends Father Mercredi high school, where she was recognized as one of the top female athletes in her grade 12 class. I'd like to ask both Brian and Janet to rise and receive the very warm welcome of the Assembly.

The Speaker: The hon. Member for Redwater.

Mr. Broda: Thank you, Mr. Speaker. I'm pleased to rise today to introduce to you and through you to the members of the Assembly 19 bright and energetic grades 5 and 6 students from the Waskatenau school. These students deserve the best education possible, and I hope that the Aspen View school division makes the right decision in the future of their school. They are seated in the members' gallery and are accompanied by their teacher, Miss Audrey Toews; parent helpers Mrs. Cathy Schesnuk, Mrs. Peggy Zatorski, Mrs. Donna Barrow, Mrs. Sophie Rogoza, Mrs. Kim Ness, Mrs. Linda Dombowsky, Mrs. Becky Mulak, Mr. Zen Gurba. I would ask them to please rise and receive the warm welcome of this Assembly.

The Speaker: The hon. Member for Edmonton-Manning.

Mr. Vandermeer: Thank you, Mr. Speaker. Today I am pleased to introduce to you and through you to all members of this Assembly 16 young people from the Take a Break seniors community group. The seniors in Take a Break like to be kept informed about their provincial government and the programs that we offer. They meet twice a month and invite speakers from government and the business community to keep them informed about the programs which are specifically for them. I know that the Member for Edmonton-

Beverly-Clareview has met with them, and last year in October I had the pleasure of meeting with them.

The group has come to watch today's proceedings and also to tour the Legislature. I will read their names, and perhaps if they are able to, they could stand as I read their names: Dick and Lottie Cook, Mitch Dombrosky, Betty Krol, Martin and Clara Witten, Gerda Debbink, John and Mae Vlieg, Jo Niemantsverdriet, Berend and Gerry Witteveen, Henny Witten, Ann Helder, and John and Ruby Denning. Could we please give them the traditional warm welcome of this Assembly.

The Speaker: The hon. Member for Edmonton-Mill Woods.

Dr. Massey: Thank you, Mr. Speaker. It's with pleasure that I introduce to you and through you to members of the Assembly 41 English as a Second Language students from NorQuest College. They're in the public gallery, and they're accompanied by their leaders Mrs. Moniz, Mrs. Bergman, Mrs. Walker, Ms Fryzk, Ms Apedaile. I'd ask them to please stand and to receive the traditional warm welcome of the Assembly.

The Speaker: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. I rise with considerable pleasure to introduce to you and through you to the Assembly a very hardworking Edmontonian who's seated in the public gallery. His current MLA is the Minister of Economic Development, and the visitor is planning to take that seat away from the minister in the next election. I'm talking about Mr. Lorne Dach, who's vice-chairman of the city of Edmonton nonprofit housing corporation. He's also the recently nominated New Democrat candidate in the Edmonton-McClung constituency. I would ask him to now rise and receive the warm welcome of the Assembly, including his MLA.

head: **Oral Question Period**
Natural Gas Rebates

Dr. Nicol: Given that a portion of the \$1.8 billion surplus announced today is due to the increased royalty revenues from the high price of natural gas, will the Premier give Albertans the natural gas rebates he promised prior to his election?

Mr. Klein: Mr. Speaker, the law is quite clear relative to rebates. As the hon. leader of the Liberal Party knows, when the average annual price reaches \$5.50 a gigajoule, then the rebate program will kick in.

Mr. Speaker, I find it very, very interesting that the Liberals would be talking about a rebate at this particular time. This is a much different tune than they were singing when the legislation was introduced. The hon. Member for – and I forget his constituency, but he's sitting at the end – Edmonton-Gold Bar, you know, when we were debating the bill, said: "This could wind up costing us billions of dollars. What criteria will determine who gets a rebate? . . . Albertans are going [to have] to pay for this . . . We have to be very, very careful here."

Well, Mr. Speaker, first of all, we were very, very careful in establishing the guidelines. As a matter of fact, we took the words of the hon. leader of the Liberal Party to heart when we drafted the legislation, because the hon. leader of the Liberal Party said:

We have to make sure that [the] price level we're going to protect is contingent upon and tied to the price we use in the budgeting process for revenue generation and revenue estimation within the province . . . If we go ahead and estimate the price of natural gas for our budgeting process at \$7 [a gigajoule], let's just say, and we

want to start protecting the price at \$5 [a gigajoule], what we've got is a \$2 margin there that we basically either have to put into our budget to debate the dollars that are necessary to cover the difference between what we're expecting out of revenues . . . Otherwise we'll end up running a deficit budget, and in Alberta we don't want to do that.

Dr. Nicol: Mr. Speaker, I stand by those comments today.

The government didn't have an annual average when it pulled the trigger to issue rebates in 2001, so why did the Premier consider it an emergency then, an election year, but it's not an emergency now when people are cold and needing that support?

1:40

Mr. Klein: Mr. Speaker, natural gas at that particular period of time was about \$5.76 a gigajoule on average. It had been, on average, for over six months, I believe. Election or no election, we had to take action, but it was ad hoc action. We took the advice of the hon. leader of the Liberal Party, and we put in a program that would be sustainable. Now, instead of talking about sustainability and programs that are responsible, they're talking about: well, go back to ad hoc-ism. You know, there was a wonderful quote that I heard today from the hon. Member for Edmonton-Rutherford. He said that today's benefit will be perceived as tomorrow's entitlement. We want to make sure that whatever entitlement is there is there through law and is there on a sustainable basis, and that's why we have the legislation we have today in place.

Dr. Nicol: How does the Premier explain his comments in 2001 when he said: Alberta's natural gas belongs to all Albertans, and they have told our government that in times of high prices such as we're seeing this winter, the revenues from gas should be returned to them.

Mr. Klein: Absolutely true, Mr. Speaker, and that's why we put in place legislation that says to Albertans that once, on average, natural gas prices reach \$5.50 a gigajoule, then there will be rebates. That is performing on a sustainable basis rather than on an ad hoc basis. Certainly, the situation in 2000-2001 prompted us to bring in legislation to ensure Albertans that there would be protection in the future rather than doing it on an ad hoc basis, as the Liberals would like us to do.

Natural Gas Prices

Dr. Nicol: Yesterday the Premier stated, "Thousands upon thousands upon thousands of Albertans can afford to pay their [natural gas] bills." However, the Official Opposition has tabled over 2,000 signatures from Albertans who cannot afford to pay their natural gas bills. The mayors of our largest cities are also demanding rebates on behalf of their constituents who can't afford to pay their bills. To the Premier: given that the Premier asked to be informed of any Albertan who is freezing in the dark, will the Premier help this Edmontonian who wrote to us on our web site, altaliberals.ab.ca, to say: it is proven that people are having their gas shut off, and I'm getting threats already to getting my gas shut off; can I get help?

Mr. Klein: Well, Mr. Speaker, if that person is in a low-income bracket and is entitled to certain government benefits, then I would ask him to contact the appropriate authorities – not the Liberals but the appropriate authorities within government – to see if there's any way we can rectify the situation. What I said in the Legislature was relative to a comment that was made by the hon. Member for Edmonton-Highlands, who talked about people freezing in the dark,

and I said: give me some examples. Otherwise, it's not true. If that is happening or if it's about to happen, we want to know, and we want to know the circumstances. We'll work with the family or the individual involved to make sure that they don't freeze in the dark. No one freezes in the dark in this province.

Dr. Nicol: To the Minister of Seniors: why do seniors have to wait until they are threatened with a disconnection notice before they're able to access any of your ministry's onetime assistance programs?

Mr. Woloshyn: Mr. Speaker, that statement is totally incorrect. The onetime support, the special-needs program, is not directed at utility costs per se, as I indicated in the House. It is directed at onetime, exceptional, unexpected expenses, whether they be repairs to the home – although we don't have a home repair program – whether they be dental work, whether they be stuck for eyeglasses, based on their ability to pay. So it's directed towards the needy.

This year, I do believe, we've helped somewhere in the neighbourhood of about 9,000 people, although I will have to research that number to get you an accurate one. So to say that I am waiting for them to get disconnect notices to pay their bills is totally misleading. I would stand behind that program one hundred percent because it is a very, very good program. It is the only program of its kind in the country, and it is directed at the people who need the assistance the most. I would appreciate it if the hon. Leader of the Opposition would get his research done properly before he poses a question of that nature, because I don't want the people for which I'm responsible to become unduly concerned over irrational statements of that nature.

Dr. Nicol: To the minister of human resources: given that the price of natural gas has just increased for the third month in a row and AISH recipients may only apply for onetime emergency assistance through SFI when they have a shut-off notice, what help does the government have for the AISH recipient who is faced with a second disconnect notice?

The Speaker: The hon. Minister of Human Resources and Employment.

Mr. Dunford: Thank you. Thank you for the question, because it allows me, then, to expand on what we talked about yesterday in terms of disconnect notices. While it is true what the opposition leader has indicated about onetime help for AISH, we can make the announcement here today, because I think everyone here in the House is familiar with this or at least should be, that when an AISH client runs into difficulty, we do have the opportunity to move them from the AISH program onto our supports for independence program and then see what kind of assistance we can provide at that time. So we don't want anybody thinking that just because they've been labeled and they have some kind of entitlement, they're stuck there. If there's a need, we try to find a way as best we can, Mr. Speaker, to try to deal with it.

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

Foster Care

Dr. Massey: Thank you, Mr. Speaker. People who are bad parents have their children taken from them by the government, but as a growing number of cases show, the government can also be a bad parent. My first question is to the Premier. When the government is a bad parent, who is expected to protect children?

Mr. Klein: Mr. Speaker, the way that question was posed is subjective, to say the least, because government is a huge entity. You know, there are all of the Members of the Legislative Assembly. Then there are the government members of the Assembly. There are the members of the Official Opposition; although not members of the government, they're still associated. Then there are 20 some odd thousand employees of the government. So what component or what individual or what segment of the government is the hon. member talking about? Who in the government or what body within the government is perceived to be a bad parent? Is he talking about me? Is he talking about the Minister of Finance? Is he talking about the Minister of Children's Services? As far as I know, they're all very good parents. All of those who have children are very good parents. So who is he talking about? Be specific. Name a name. Name an organization. Name a body.

The Speaker: The hon. member.

Dr. Massey: Thank you. The Children's Advocate documents hundreds of them each year, Mr. Premier.

My second question is to the Minister of Children's Services. What recourse is there for adults who as children were abused while in government care?

Ms Evans: Mr. Speaker, if the reference point is the alleged situation that was identified in the statement of claim yesterday and the situation alluded to by the hon. member opposite relates to people who have memories of mistreatment, we are hoping that with the process we have in place today, that I identified yesterday, albeit briefly, we will avoid having people who have these kinds of recollections and that nobody intervened. Currently, today, with CWIS, which accesses the child welfare files, we have the capacity for the advocate to act impartially and on behalf of that person the very first instance there's any transgression by anybody. That appears on the file. So if a foster parent abuses a child, it is noted there, and the advocate can immediately intervene.

If, in fact, it's a reference point to what used to be or what used to happen in the past, then obviously in many of those situations those people come back and make their representation through the courts or through some other filing. But, Mr. Speaker, today I think that we are very current with our information and very current, indeed, with our follow-through on behalf of those that claim some abuse at the hands of somebody employed by government or deployed by government to look after children.

1:50

The Speaker: The hon. member.

Dr. Massey: Thank you, Mr. Speaker. Again to the same minister: why force those people to go to the courts? Why won't the minister establish an independent panel to investigate and provide compensation when the government has proven to be a bad parent?

Ms Evans: Well, Mr. Speaker, allegations, of their own accord, do not constitute proof. We have still got the situation with the John Doe case that has not been adjudicated by the courts. The courts have not come back and given us any recommendation. We're clearly waiting for that. We've got in place something that works for the here and now. If people today as adults have some difficulty that they want to raise, they can certainly approach this government, the Minister of Children's Services, the Minister of Justice. They file those complaints and bring them forward.

Should there be a necessity to bring forward another panel? I'm

not sure. I will tell you this. They could clearly write to this minister – and frequently they do – and we will try and investigate whether or not there's something. But I don't get a lot of complaints from people who allege abuse from times past. Usually, if they come forward and write, it's because they may be unsatisfied with the legal representation they've had in bringing that matter forward. So, Mr. Speaker, this external panel review process is not necessary.

Could I identify one more thing? We have the Child Welfare Appeal Panel, that currently works exceptionally well for those people that are unsatisfied today, and last year we had over 230 representations made to that panel. Administrative review solved all but 35 of those.

The Speaker: The hon. Member for Edmonton-Highlands.

Natural Gas Prices

(continued)

Mr. Mason: Thank you very much, Mr. Speaker. As the provincial government turns a deaf ear to its citizens, Albertans are wondering why they have to pay heating bills that have spiked 60 percent or more this year. Now, some Albertans are a bit luckier, particularly those that live in the city of Medicine Hat, which owns its own gas utility and has shown that gas rates can be set at very reasonable rates right here in Alberta. While ATCO customers are paying over \$8.50 a gigajoule, Medicine Hat residents pay a rate of \$2.25 a gigajoule. To the Minister of Energy: why is it that the citizens of Medicine Hat get a break on their home heating costs, but this government, which has just announced a \$2.7 billion unbudgeted resource windfall, tells Albertans to forget it?

Mr. Smith: You know, Mr. Speaker, if I were to believe in reincarnation, I would come back as a New Democratic politician. I could still stay in the Legislature, and all I have to do is drop reason and accountability.

The city of Medicine Hat owns its own gas. The city of Medicine Hat does not pay royalties to the province of Alberta.* This has long been a city that's had gas used to light streetlamps. Medicine Hat has two wonderful members representing it here in the Legislature today, Mr. Speaker, and in fact they have gone about their business in a cordial way with the province and in an effective way for the city.

The Speaker: The hon. member.

Mr. Mason: Thanks very much, Mr. Speaker. Now, how is it that the government can justify collecting over \$6 billion in resource revenue, but it can't afford to pay 5 percent of that for natural gas rebates? I ask that to the minister.

Mr. Smith: Mr. Speaker, in the year 2001, when natural gas prices grew – in fact, the government of the day addressed this issue – we came up with the Natural Gas Price Protection Act. We struck a price in which Albertans could qualify for assistance at 5 percent below the price in 2001. So discounting inflation, discounting the increase in prices, we are still at a strike price that's 5 percent below 2001 levels. It was announced that way. It was announced in a 28th of August news release: the forecasted annual reference price in the year's fiscal provincial budget is the way that we'll establish the price; the trigger price has been established at \$5.50. We are being more than fair. We're being realistic of the issues of the day, and we're here to provide Albertans assistance with the rebate program as the prices get to the point where it was forecasted and put into law, which these members debated and these members participated in in the session of 2001.

*See p. 188, right col., para. 9, line 4

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. Well, given that the minister thinks that 5 percent below the prices that existed before the last election is good enough, then can he please tell us why, if the government is getting \$6 billion a year from resource revenues, most of which is natural gas, the government isn't actively participating in the gouging of homeowners in this province on the price of their natural gas right now?

Mr. Smith: Well, Mr. Speaker, there's no New Democrat alive that wouldn't put \$27 billion worth of demands into a \$20 billion budget.

An Hon. Member: Yes, they would.

Mr. Smith: Yes, they would, and I guess that's what they're asking to do right now.

So, Mr. Speaker, in fact, over \$20 billion worth of royalties that have been collected over the last four years have gone into things like health care – and I'm sure the minister may want to talk about the changed budget in health care from 2001 – education, infrastructure, drought relief, forest fire assistance, not to discount the fact that there's been some 1.3 billion dollars in tax cuts delivered to this province since the year 2001.

The Speaker: The hon. Member for Whitecourt-Ste. Anne, followed by the hon. Member for Edmonton-Riverview.

Mr. VanderBurg: Thank you, Mr. Speaker. Many of the constituents in Whitecourt-Ste. Anne are calling my offices regarding utility concerns. The minister just talked about trigger pricing and this regulation regarding the average prices. It's difficult to explain. How does the minister calculate this average price, and how is a \$5.50 gigajoule trigger price calculated?

Mr. Smith: Well, Mr. Speaker, I appreciate the question. The Alberta reference price is the average selling price of all Alberta natural gas sold throughout North America less their transportation cost in a given month. Yes, it is difficult. First, you have a well. People take risks. They drill a well. They find natural gas. The natural gas is then produced, and it gets up into a device called a separator or a treater. It takes water out of it. It adds value to the gas. It puts it into shape to put into a pipeline. Then it's moved to a gas plant, and then its carbon dioxide is removed. If it's enriched, other ethane enrichments are removed for later sale. Then that gas is piped throughout the system down to Empress at the AECO gate, and then it's moved all across North America, where, in fact, if it was put into electricity, it would light up one out of every seven and a half homes in the United States.

Now, this price that has been paid is paid when it hits the gate price, and it is reduced of the transportation cost, and then if you're in that well, there are a number of partners in that well, so then the money is split amongst those partners. So, Mr. Speaker, what happens is the reference price is the price that we sell the gas at, and there's a lag of some 30 to 45 days, in some cases 60, before we can calculate that price and the payments that have accrued to the Crown.

2:00

Mr. VanderBurg: Well, again to the same minister. As you explained, you know, the trigger price is difficult to understand, and we have that trigger price calculated on the fiscal year average. Why not calculate that quarterly or seasonally then?

An Hon. Member: Good question.

Mr. Smith: Mr. Speaker, that is a good question, as one member has just said. In fact – and I think this bears some examination – why couldn't we look at calculating it maybe twice a year when we see prices change? For example, in August of 2002 the price of natural gas was \$1.84.

An Hon. Member: How much?

Mr. Smith: One dollar and eighty-four cents, Mr. Speaker. In November the price was moving up to that \$4 level. So, in fact, that is a reasonable suggestion. One thing we will not be able to do, though, is put two Januaries or two Februaries into a 12-month period.

Mr. VanderBurg: Again to the same minister: you know, due to the fact that competition and customer choice is a real answer to many of my constituents' concerns, will my constituents and will Albertans be better served by Direct Energy coming into Alberta to get into the retail marketplace?

Mr. Smith: Well, Mr. Speaker, I think that again the member has hit on the key. Competition, increased supply are certainly key in electricity. The ability for Albertans to choose whether they'd like to integrate gas and electricity prices, to buy on a 12-, 24-, or 36-month basis are all options that they will have at their disposal as the Gas Utilities Act comes forward to the Legislature. In fact, as Albertans make choices, there will still be a Natural Gas Price Protection Act, that will be based on good information, in-depth analyses. There are over 550 people in the Department of Energy that are experts in this business, that work hard and that will continue to deliver clear information on trigger price, forecast price, annual rates of calculation. It is a complex business, but we're going to work hard to make sure every Albertan can understand and benefit from this resource.

The Speaker: The hon. Member for Edmonton-Riverview, followed by the hon. Member for Calgary-Shaw.

Electronic Health Records

Dr. Taft: Thank you, Mr. Speaker. Proposed changes to the Health Information Act will allow confidential patient information to be posted on computers without the consent of patients. Their consent will automatically be assumed, as if it were a negative billing. To the Minister of Health and Wellness: if consent for electronic sharing of records was important in 1999, when the Health Information Act was passed, why is it of so little importance today?

Mr. Mar: Well, Mr. Speaker, I first have to speak to the importance of electronic health records and circumstances as to why this is an important thing to do for the purposes of patient safety and better outcomes in our health care system. If an individual who's a resident of Edmonton is injured in a car accident in Pincher Creek, Alberta, the emergency team that sees that person at the accident site should be able to by wireless communications access that portion of the individual's record that relates to the fact of what their blood type is, whether they're diabetic, whether they're on certain kinds of medications, whether they're allergic to certain kinds of things, and therefore the treatment would be governed accordingly. The consent in such a circumstance, obviously, if the individual is unconscious would not be possible. Now, this is an example of why electronic health records are important.

Another example for the purposes of efficiency is that, say, an

individual sees a physician and gets a diagnostic test. Another specialist that the individual has been referred to should be able to access the lab values and the diagnostic tests without having to order them again, so this is for the purposes of efficiency.

Now, Mr. Speaker, it is in the best estimation of the people that we rely on, our physicians, our health care providers, that this kind of information is valuable to have.

Let me speak to the specific issue of patient consent. We have run a pilot project on the pharmacy information network. Some 4,200 people in Leduc and Westlock were participants in this particular information-sharing project. We asked for their consent, and out of 4,200 people only about 30-some did not consent to having their information put in the format of an electronic health record. So over 99 percent of people consented when it was explained to them what the value of this was.

So, Mr. Speaker, it's not that individuals cannot refuse consent – they still can – but the onus now shifts from the health care provider to ask for their consent to the individual patient, who still has the right to say: I do not consent to have this information on an electronic health record. They can still do that.

The Speaker: The hon. member.

Dr. Taft: Thank you, Mr. Speaker. A pilot project and focus groups are one thing; a full-blown public consultation process is another. Why did the minister not hold public meetings and provide public information sessions on these proposed changes?

Mr. Mar: This is a very important piece to help drive effectiveness and efficiency and, particularly, better patient outcomes in our health care system. That's the reason why we're moving forward on it, Mr. Speaker, and we think that from our example, from this very, very important pilot project – again, when Albertans are explained the reasons why an electronic health record is important, overwhelmingly they would consent to this idea.

Dr. Taft: The reason given by the government in writing is that it was an administrative burden.

Given that many government information systems are contracted out and that there have been any number of thefts of equipment and software, will the minister admit that there are real risks of massive breaches of confidentiality with these systems if, for example, a computer is stolen?

Mr. Mar: Mr. Speaker, it is very clear that Albertans do have concerns about inappropriate use of their health information. That is correct. However, the stakeholders that we worked with – physicians, health care policy analysts, health care providers of all sorts – recognize the importance of the confidentiality of this information, and I wish to assure this House and Albertans that every reasonable effort will be made to ensure the protection of confidential patient information. That is absolutely critical.

The Speaker: The hon. Member for Calgary-Shaw, followed by the hon. Member for Edmonton-Ellerslie.

Calgary Board of Education

Mrs. Ady: Thank you, Mr. Speaker. As the Member for Calgary-Shaw I have over 25,000 constituents that are between the ages of kindergarten and grade 12, so learning and educational issues are always of great importance to me and my constituency. In a third-quarter announcement today it indicated that the Calgary board of

education will be receiving a onetime grant payment as a result of the award issued by the arbitration panel. My questions today are to the Minister of Learning. What is this payment to the CBE going to cover?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. We've been working very closely with the CBE for roughly the last four months on their budget. As the hon. member knows, back in the fall they announced that they were going to have a deficit of around \$16.5 million. We have been working with them, and indeed we have that almost down to zero right now. One of the sticking points in the Calgary board of education was a very unique clause in the arbitration settlement that was reached last June. In that unique clause it stated that the benefits for the teachers would be increased from 70 percent to 100 percent. This was the only contract in the province that this occurred to.

So, Mr. Speaker, what we have decided to do and what we did today was put CBE back on a level footing with all other school boards. This \$7 million actually was something that no other school boards in the province had to bear the cost of. So today in the third quarter we announced that \$7 million would be used on a onetime basis to cover that this year.

The CBE has been doing some very good things in their education system, and I would just like to take a minute to commend the board for their diligence, for making some tough decisions, and for doing what's right for students in Calgary.

Mrs. Ady: To the same minister: wouldn't other boards have received a similar clause in the arbitration process, and if so, are we considering similar payments to them?

Dr. Oberg: Well, Mr. Speaker, the interesting part about the arbitration settlement is that of all the boards in Alberta that had the arbitration settlement, the CBE was the only board that went from 70 percent to 100 percent. The rationale that the arbitrator gave was that because the minutes of instruction, the hours of instruction were taken out of the contract, this was to compensate teachers, but in reality it was an added burden that was placed on Calgary that no other school board in the province of Alberta had, and for that reason we recognized that. Again I will stress that we've been working with Calgary, working very well with Calgary for the last four months, and this is what happened because of that.

2:10

Mrs. Ady: My last question is again to the Minister of Learning. For clarification, then, are there no other boards in the province who provide a 100 percent benefit coverage to their teachers?

Dr. Oberg: Well, Mr. Speaker, in actual fact there are about 12 or 13 other boards that do that, but those were purely negotiated settlements. They negotiated that in contracts gone by, in years gone by, so there are 12 or 13 boards that are at that level, but Calgary is the only one who got it foisted on them because of the arbitration settlement.

Evan-Thomas Provincial Recreation Area

Ms Carlson: Mr. Speaker, as a part of its continuing strategy to sell out the interests of Albertans in protecting parks and protected areas, the Alberta government has unveiled its draft management plan for the Evan-Thomas provincial recreation area in Kananaskis Country. This plan provides a wealth of opportunities to corporations and

developers, from expanding ski areas and chalets to new roads and hotels, but unfortunately this will come at the expense of the wildlife and wilderness that Albertans wish to preserve. My questions today are all to the Minister of Community Development. When, according to your own survey, 90 percent of Albertans believed that the highest priority in Kananaskis should be environmental protection even if this means fewer recreational opportunities for people, how can you claim that you are governing in accordance with the wishes of the people of Alberta with this new plan?

Mr. Zwozdesky: Well, Mr. Speaker, it's true that there is a draft management plan that's been arrived at after at least two years of consultation with the local community, individuals around that area, plus some environmental groups and others with a stakeholding interest. It's also true that the draft management plan is out there asking for public input and for comments, and the deadline for that passed, I believe, on February 14. All of those particular comments are being reviewed right now, and once they have been amassed and sifted through, I'm sure I'll get some final recommendations for that particular draft management plan.

I should say in conclusion, Mr. Speaker, that it's very clear that the policy there refers to the possibility, the potential, of small-scale developments perhaps proceeding, not large scale, nothing outlandish. Major proposals for new golf courses or new ski hills or things of that large type of project would be encouraged outside the protected area of Evan-Thomas.

Ms Carlson: It isn't in the plans, and they don't plan to do it, Mr. Speaker.

Given that 87 percent of Albertans said that commercial development should be directed outside Kananaskis Country, how can this minister condone and promote in these plans on behalf of Albertans the creeping commercialism that is occurring in the Evan-Thomas area under his mandate?

Mr. Zwozdesky: You know, Mr. Speaker, that's absolutely not true. There is no creeping commercialization, whatever that might mean to the hon. member.

I can tell you that over 60 percent of Alberta's crown jewel, Kananaskis Country, is under protective status of one type or another. We're very proud of that. In fact, we've had a very aggressive program of protection not only for that area but for other parts of this province as well, and the member is fully aware of that. Should there be any kinds of proposals for small-scale developments, they will be considered, and perhaps they will be granted – perhaps they won't be granted – but it's way too early to make any kind of rampant suggestions, as the hon. member is alluding to.

Ms Carlson: Mr. Speaker, why waste taxpayer dollars on surveys when this minister never intended to listen to what Albertans were telling him in the first place? [interjections]

Mr. Zwozdesky: I'm sorry, hon. member. I didn't quite catch the . . .

The Speaker: Well, hon. minister, there seems to be a bit of a buzz. I'm not sure if there's a full moon out tonight or if it's a special holiday I'm not aware of, but why aren't you listening pretty much sums up the question.

Mr. Zwozdesky: I heard the word "survey." They were just heckling a little too much.

It's common practice, as we go through the delicate issue of

balancing environmental protection concerns with concerns that the public has for access to its own beautiful parks and recreational areas, to do a lot of consultation. I assure you that there has been a lot of consultation with respect to this draft management plan, as there is with 14 others that are under my consideration or some form of committee consideration at the moment. So this is not a waste of money. This is a very thorough and honourable process that will yield some very specific results, I'm sure, of which we can all be proud and which we can all live with.

Thank you.

The Speaker: The hon. Member for Edmonton-Castle Downs, followed by the hon. Member for Edmonton-Centre.

Edmonton Public School Board

Mr. Lukaszuk: Well, thank you, Mr. Speaker. As a result of the 14 percent salary increase to teachers, the Edmonton public school board recently projected a \$13.5 million shortfall for the years 2002 and 2003. In response to that, the Minister of Learning announced that his department would conduct an audit of the Edmonton public school board. Today the Edmonton public school board announced that they will be increasing instructional time by some six minutes per day to partially address this issue. My questions today are to the Minister of Learning. What outcomes have you seen from the audit of the Edmonton public school board?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much. The formal audit of Edmonton public is not over, but I think we've already seen some good results. One of those results came in a letter from Don Fleming, the chairman of the Edmonton public school board, to myself in asking to move some funds from their capital account, which they received by selling their administration building, and to put it into operating. This amounted to around \$2 million. So, Mr. Speaker, through to the hon. member, there are good results coming out. I have not seen the final audit – I would expect it within the next couple of weeks – but I am very optimistic.

Mr. Lukaszuk: Again to the Minister of Learning: Mr. Speaker, will the minister conduct similar audits on other school boards in this province?

Dr. Oberg: Well, Mr. Speaker, I don't entirely like to use the word "audit." A good example of this is in my previous answer to the hon. Member for Calgary-Shaw, where I stated that we've been working with Calgary public for about four months, and consequently what happened today was as a result of that. Any school boards that want us to come in, we certainly will. If school boards are in a particularly bad position, we will certainly go in and attempt to help them, and that's what we're doing at the moment with Edmonton public.

Mr. Lukaszuk: Mr. Speaker, my last supplemental to the same minister. If in the end the money can't reasonably be made up this year by the Edmonton public school board, would the minister consider amortizing the deficit over a number of years to reduce the impact on students and to prevent shutting down programs?

The Speaker: The hon. minister.

Dr. Oberg: Well, thank you very much, Mr. Speaker. In a preface to that question I will say that I met this morning with members of

Edmonton caucus, and they made an excellent representation on behalf of their parents, on behalf of their students. I think their main concern, obviously, is programs for students. My main concern is programs for students. So what I have told them is that I certainly will look at this following the audit, following taking a look and working with them. I think it's a little premature to say for sure, but I will take a look at it, and I think that the Edmonton caucus did an excellent job in this.

The Speaker: The hon. Member for Edmonton-Centre, followed by the hon. Member for Edmonton-Strathcona.

Policing Costs

Ms Blakeman: Thank you, Mr. Speaker. Recently the Solicitor General has been commenting on the level of federal funding for policing in Alberta suggesting that the federal government isn't paying its fair share of policing costs. However, according to an AUMA report on the RCMP contract in Alberta with information from the Canadian Centre for Justice Statistics, the province contributes only 14 percent to policing, where the federal government contributes 37 percent and the municipalities 49 percent. My questions are to the Solicitor General. Why is 14 percent not enough federal funding for health care, yet the province paying a 14 percent share of funding for policing is just fine? Why the double standard?

The Speaker: The hon. minister.

Mrs. Forsyth: Thank you, Mr. Speaker. You know, the hon. member is quite confused. What the Solicitor General was commenting about on the federal funding were initiatives that I met with the federal Solicitor General, Wayne Easter, on, and that's in regards to providing us funding for gang initiatives – that is a serious problem in this province – and other initiatives as far as terrorism and things like that.

On the other issue which she talked about, the funding, it depends on what level the community is. If the community is under 2,500, we pay the shot, and the federal government and our contract is a 70-30 split.

The Speaker: The hon. member.

2:20

Ms Blakeman: Thank you, Mr. Speaker. Can the Solicitor General tell us why a third of the communities in Alberta have notified the RCMP that they will not be renewing their contracts? Can you explain that?

Mrs. Forsyth: Well, Mr. Speaker, the hon. member brings up a good point. We have a serious concern in this province in regard to policing. The police are dealing with a variety of crimes, with some very, very serious issues. We've had a committee go out and address some of the issues, and we will be reviewing that and dealing with that shortly.

The Speaker: The hon. member.

Ms Blakeman: Thank you. Again to the Solicitor General: what are the priorities of this government when \$105 million is spent on VLT upgrades but only \$109 million on policing in Alberta?

Mrs. Forsyth: Mr. Speaker, I think, again, the hon. member is confused. The \$109 million that she's referring to comes under my department. Maybe the Minister of Municipal Affairs, also, would like to talk about the funding that comes from his department.

The Speaker: The hon. minister.

Mr. Boutilier: Thank you, Mr. Speaker. Under the municipal sponsorship program we have over \$95 million to go to communities, and I might say that in the release, for communities under 2,500 – you may be aware that the hon. Member for Lacombe-Stettler has done a police report. Some of the communities, aside from those under 2,500, are saying: how come those under 2,500 don't pay a cent towards policing? So there is some inequity based on what some over 2,500 pay versus those under. And the good neighbours are saying: hey, we've got to get some equity here. I think it's an important point.

The Speaker: The hon. Member for Edmonton-Strathcona, followed by the hon. Member for Edmonton-Glenora.

Education Funding

Dr. Pannu: Thank you, Mr. Speaker. I hope against hope that the Learning minister is reconsidering his mindless refusal to make up the shortfall caused by the government's failure to fund the arbitration settlement it imposed and the shortfall caused by the cap it imposed on grade 10 credits. These shortfalls are creating genuine emergencies in our schools. By failing to listen to school boards across the province, this Tory government is hurting our school-going children. My questions are to the minister. How does the minister respond to Cindy Jefferies, board chair of Red Deer public schools, who said in a statement tabled yesterday, "It's a terrible shame that this province, with all its wealth, cannot seem to find adequate funding for the education of our children"?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. I'll reiterate what I've said in the Assembly several times, actually, this year already, and that is that there was \$298 million over two years that was given to the school boards for an arbitration settlement of \$260 million.

Mr. Speaker, you heard today that we had been working with Calgary public over a four-month period to delve into their budget, to find out what the issues were, and we came out with the conclusion that they had received a part of the arbitration settlement that no else had received in Alberta and subsequently did it. You also heard today that with Edmonton public we're looking at it. We think that there are some very positive steps that can be undertaken to make sure that they balance their budget.

Bottom line, Mr. Speaker, there's been a huge amount of dollars put into education in this province. We have by far the highest per capita funding, per capita spending on education of anywhere in Canada. There is a lot of money out there, and what is happening right now, quite frankly, is that taxpayers are demanding accountability for this government in how it spends its money.

The Speaker: The hon. member.

Dr. Pannu: Thank you, Mr. Speaker. To the same minister: how does the minister respond to Michele Mulder, president of the Alberta School Boards Association, who, in reacting to the \$142 million shortfall faced by school boards, said in a statement tabled in this House, "The travesty of all this is that Alberta is the richest province in Canada [and] we shouldn't be having conversations about cutting teachers or services to students at all"?

Dr. Oberg: That's funny, Mr. Speaker. Roughly an hour ago I had a conversation with Miss Mulder, and she didn't mention that.

Dr. Pannu: To the same minister, Mr. Speaker: how does the minister respond to the board of trustees of Elk Island public schools, who, in a statement I will table this afternoon, say that the minister is misleading Albertans and just not listening when it comes to the government's refusal to fully fund arbitration settlements with teachers?

Dr. Oberg: Well, Mr. Speaker, again, the hon. member seems to have a little problem with his facts. I actually sat down with Elk Island public and the affected MLAs, probably about three or four weeks ago, and at that time they said: yes, it was going to be tight; yes, they were having some issues. But they also guaranteed me that they would have a balanced budget by the end of this year.

There are some tough steps that are going to have to be taken, but let's put this in perspective. Our teachers received a 14 percent pay settlement in the last arbitration agreement. Our teachers are now paid roughly 10 percent more than any teacher across Canada. That is what has caused this. We are working with school boards, as I have said. We've gone in on several school boards and will continue to help them. Elk Island public is one that has assured me that they will have a balanced budget this year.

The Speaker: The hon. Member for Edmonton-Glenora.

Mr. Hutton: Thank you very much, Mr. Speaker. I've attended a number of school councils and most of the schools in my constituency over the past few weeks. Parents have been very concerned about the program cuts being proposed by Edmonton public schools. My constituents have heard that much-needed teachers are facing layoffs, programs are on the cutting block, and that many of these programs will affect students who are already the highest need, special-needs students and those who are at risk at a critical time in their life. My question is to the Minister of Learning. What is the minister doing to ensure that these and all students are not negatively affected by these proposed budget cuts?

Dr. Oberg: Well, Mr. Speaker, I think, first of all, that when it comes to the budget, there will be an increase this year in our business plan. The increase is there. I will say that when it comes to special-needs education, you have seen a 10 percent increase per year over the past two years on special-needs education, and you will see a considerable increase to special-needs funding this year. In talking to people around the country, our special-needs programs are probably the number one programs around the country. Talking to the superintendents, they say that our special-needs programs are going a very long way.

I guess that what I have a problem with in what the hon. member has said is a little bit of the fear mongering that is going on right now. We're attempting to work with Edmonton public, and we will do that over the next period of a few months. I don't think that any taxpayer in this country, let alone this province, would automatically want us to write a blank cheque to school boards purely because they say: we don't have enough money.

The Speaker: The hon. member.

Mr. Hutton: Thank you, Mr. Speaker. Again to the Minister of Learning. Parents have been handed school budgets and told: these teachers are gone. Are these cuts going to affect the classroom?

Dr. Oberg: Well, that's very interesting, Mr. Speaker. In talking to the superintendent of Edmonton public, I don't believe that they have received their final budget figures, I don't believe that this is

occurring, and again I refer to my previous comments about fear mongering.

Mr. Hutton: Mr. Speaker, I'm moving to the Minister of Infrastructure now with regard to the shortfalls in Edmonton public schools. To the Minister of Infrastructure through the Speaker: are you working at all with the Edmonton public school board to make any changes around the school utilization rate to help reduce some of these cost pressures?

Mr. Lund: Mr. Speaker, back about three or four years ago when the province was heading into the new century school program, where they were going to spend a billion dollars on schools, there was a decision made by the then minister and the government that, in fact, it would be prudent to look at the utilization and the formulas for calculating it. One of the effects of the changes has been that the operating and maintenance component that is now administered out of the Department of Infrastructure was affected by those changes in the calculation for utilization. Where it had the most negative impact was in areas where there are a lot of old schools, particularly old high schools, but we did exempt the high schools that were built prior to 1990 from the new calculations. Because of the calculations, the Edmonton public board did lose about \$1.8 million in operation and maintenance funds. So what we are currently doing is going back and having a look at the calculations. We are asking the department to look at the special circumstances to see if, in fact, there's something that we can do to even this out.

When the formula was applied, there were some jurisdictions that lost money. We didn't have more money, so some lost, some gained. Edmonton was one of those that unfortunately did lose some money.

2:30

The Speaker: Hon. members, before we move on to the next item on the Routine this afternoon, might we revert briefly to Introduction of Visitors?

[Unanimous consent granted]

head: **Introduction of Visitors**

The Speaker: The hon. Minister of Health and Wellness.

Mr. Mar: Thank you, Mr. Speaker. It is a great pleasure for me to rise today to introduce a very special guest to you and to members of this Legislature. After nearly 30 years in government in the province of British Columbia in posts that included being Deputy Premier and being awarded such honours as the Order of Canada, Grace McCarthy turned her attention to raising funds for research to help very sick children with Crohn's disease and ulcerative colitis and founding a foundation for raising money for such purposes. In seven and a half short years Grace McCarthy almost single-handedly has raised over \$5 million and established the first chair in pediatric gastroenterology in Canada, at the University of British Columbia, and all accomplished through volunteer effort. I ask our distinguished guest to rise and receive the traditional warm welcome of this Assembly.

head: **Recognitions**

The Speaker: The hon. Member for Wetaskiwin-Camrose.

Alberta Special Olympics

Mr. Johnson: Thank you, Mr. Speaker. Recently I had the pleasure of representing the Alberta government at the Alberta Special

Olympics, held in the city of Wetaskiwin in my constituency. More than 500 athletes from all over Alberta and the Northwest Territories competed at these Special Olympics from February 7 to 9. It was a great event with all of the athletes having, as they said, a hoot and a ton of fun. Amongst the highlights was the closing ceremonies with special guest Lieutenant Governor Lois Hole.

The organizing committee with chair Sheana McDermott, Blain Fuller, and Byron King worked for over a year to oversee every detail of the games, and their efforts were rewarded in the wonderful experiences of all the participants. The community of Wetaskiwin was also a big reason for the success of these Olympics. They opened their hearts to the athletes to ensure that their short stay in Wetaskiwin would be enjoyable.

I would ask that all Members of the Legislative Assembly join me in congratulating the athletes, coaches, trainers, organizers, and the community of Wetaskiwin for the success of this year's Alberta Special Olympics.

The Speaker: The hon. Member for Calgary-Fort.

Ramsay School

Mr. Cao: Thank you, Mr. Speaker. Today I rise to recognize Ramsay school in my constituency. Ramsay is a strong community with long historical roots to the early days of Calgary. It's now on a strong growth path as many people now prefer the inner city. The growth of Ramsay and inner-city communities requires schools, and Ramsay school is the answer.

Ramsay school is also going strong because of its robust community partnerships. Partnerships with the Alexandra community health centre, the Talisman sports centre, the YMCA, the Janus Academy for autistic children, and the anticipated partnership with the Stampede board will positively affect the quality of education and the student enrollment.

I believe Ramsay school continues to be a very good and strategic investment for the CBE. It's an important landmark in the community and in the city, providing an excellent and unique learning environment for local children as well as children with special needs. The building is historical, solid and sound, and runs efficiently.

To conclude, I want to recognize the fantastic work of the Ramsay school staff, parents, students, community residents. My heart tells me to continue to support the school. My head tells me how to find ways to help increase the enrollment and the space utilization. Representing my constituency, I have requested the CBE trustees to do the same.

Thank you.

The Speaker: The hon. Member for Edmonton-Gold Bar.

United Brotherhood of Carpenters and Joiners

Mr. MacDonald: Thank you, Mr. Speaker. I would like to congratulate today the United Brotherhood of Carpenters and Joiners of America local 1325 on a century of success. The union has overcome adversity since its formation on November 11, 1902, with 18 members in its ranks. Now local 1325 can be proud of each and every one of the trades professionals in its 4,500 strong membership.

The local's purpose has remained the same over the last 100 years, and the union can take pride in having succeeded in improving the employment terms and conditions for its members and their families. Though the working conditions in this province still aren't ideal for everyone, workers can take heart that members of local 1325 continue to advocate for the rights of all Alberta workers.

Carpenters have a long and proud history dating back to before

biblical times. Many carpenters and joiners, indeed members of the United Brotherhood of Carpenters and Joiners local 1325, demonstrated quality work and pride in craftsmanship when they helped build this Legislative Assembly. Members of the united brotherhood have been an integral part of building this province into what it is today.

Again, congratulations to the united brotherhood of carpenters for their first 100 years' participation in the economy of this province.

Thank you.

The Speaker: The hon. Member for Calgary-West.

Centralized Hospital Pharmacy

Ms Kryczka: Thank you, Mr. Speaker. I was pleased to attend with the health minister the official opening of Alberta's and Canada's first centralized hospital pharmacy on Friday, February 21, a move that the Calgary health region says will make drug dispensing safer, faster, and cheaper.

The \$2.5 million central production pharmacy is expected to save the health region \$1 million by having most of its hospital drugs in one highly secured location and a further \$2.5 million in nursing time. The pharmacy uses automated packaging systems to prepare medications for acute care patients in Calgary's four hospitals. Hospital staff then have more time to focus on patient care and increase the safety and quality of oral/intravenous medications.

Steve Long, director of pharmacy for the CHR, believes the facility creates the opportunity for their pharmacy technicians, assistants, and aides to work to their full scope of practice. Pharmacists will now be able to spend more time providing medication advice to physicians and nurses to improve patient care. All prescriptions can be tracked, and nurses and other staff will spend less time measuring prescriptions. This initiative is truly an exciting step forward in health care reform.

Thank you.

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

Ready Engineering

Mr. Horner: Thank you, Mr. Speaker. I would like to take a moment today and recognize an exciting company in my constituency for winning Alberta's small business award of distinction. Ready Engineering of Spruce Grove won this year's award. The automation and electrical engineering company which began in 1997 with two employees and one client is an excellent example of ingenuity and determination. Today Ready Engineering employs 19 people and has offices in Houston and Olympia, Washington.

I spoke to Lee today, and Spruce Grove is home not only because of a large client base nearby but also the great lifestyle Spruce Grove offers. I especially wanted to recognize Lee Ready, who founded the company with his wife, Susan, in a 750 square foot office space in Spruce Grove. Mr. and Mrs. Ready are a tribute to the entrepreneurial spirit that this province boasts and supports.

Thank you, Mr. Speaker.

The Speaker: The hon. Member for Little Bow.

Trevor Brown

Mr. McFarland: Thank you, Mr. Speaker. I'm very pleased to recognize an outstanding young man from the county of Lethbridge in the constituency of Little Bow, Trevor Brown. Accolades flow

from those who closely know and work with Trevor through his personal accomplishments and ongoing involvement.

Trevor was an honours student at Winston Churchill high school. He excelled in math and science, enrolled in the IB program, maintained an 80 to 90 average throughout high school, frequently was selected student of the month, participated in rugby and football, was a team captain last year, and when his coach was diagnosed with cancer, Trevor rallied his teammates and school peers to successfully raise \$2,000 for cancer research and the family in less than two weeks. He's also instrumental in many volunteering activities with seniors, and he tutors on a part-time basis as well as holding a full-time job this year where he currently is attending his first year at the University of Lethbridge.

On February 7, Mr. Speaker, I was privileged on behalf of the Lieutenant Governor of Alberta and the Minister of Community Development to present Trevor the inaugural Queen's Golden Jubilee Citizenship Medal, one of only five young Albertans, all from smaller communities in Alberta.

Trevor, congratulations on your outstanding achievements and accomplishments. Your dad, Laurie; your mom, Betty; your sister Tammy; your grandma Beth Clampitt; and your community are extremely proud of you, and I know that if the Lieutenant Governor would have been there, she would have given you one of her big hugs.

Thank you.

The Speaker: The hon. Member for Edmonton-Highlands.

Edmonton Coalition against War and Racism

Mr. Mason: Thank you very much, Mr. Speaker. I rise to recognize a remarkable group of Albertans. The Edmonton Coalition against War and Racism is a committee of concerned individuals from all walks of life and representatives from labour, interfaith, and social justice groups. This group is working to further build the antiwar movement within the greater Edmonton area. They work to raise awareness of how the possible war against Iraq is not only not justified under international law but will make this world an infinitely more dangerous place.

The coalition recently organized two very successful peace marches in this city, the first on a very cold January 15, when 3,000 marched down Whyte Avenue in protest of the war, and the second on February 15, when over 12,000 marched down Jasper Avenue in what I believe is the largest protest march in Alberta history.

I applaud and support this group's hard work to educate Edmontonians and Albertans about the disastrous consequences of a war of aggression against Iraq.

head: 2:40

Presenting Petitions

The Speaker: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. I rise on behalf of the working poor in Alberta to table a petition signed by 58 Albertans from Calgary, Banff, Strathmore who are petitioning the Legislative Assembly to urge the government to immediately raise the minimum wage in our province to \$8.50 per hour and index it to the cost of living.

Thank you, Mr. Speaker.

head:

Tabling Returns and Reports

The Speaker: The hon. Minister of Justice and Attorney General.

Mr. Hancock: Thank you, Mr. Speaker. Today I have the honour and privilege on behalf of the Minister of Children's Services of tabling with this Assembly the requisite number of copies of the membership and biographies of the members of the Premier's Council on Alberta's Promise. I believe the hon. minister in comments yesterday in committee indicated that she would provide the names of the people who had been invited to participate and who had volunteered their time and efforts to make Alberta's Promise a very successful venture and make things better for Alberta's children.

The Speaker: The hon. Member for Olds-Didsbury-Three Hills.

Mr. Marz: Thank you, Mr. Speaker. I rise today to table the appropriate number of copies of signatures of 1,641 names from citizens of Didsbury and area who are requesting that the Didsbury hospital services area become part of the Calgary regional health authority.

The Speaker: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thanks very much, Mr. Speaker. I have one tabling today. It's a letter from Ms Rachele Nelson of Fort Saskatchewan dated February 21, 2003, and addressed to her MLA. Ms Nelson was shocked to find that her natural gas bill jumped from \$153 in December to \$270 in January. She points out that as the Premier had promised to protect Albertans from the price of natural gas, why is he not now keeping his promise?

The Speaker: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. I've got one tabling today. It's a document that I undertook to table in this House during the question period. It's five copies of a news release from the Elk Island public schools board of trustees dated February 22, 2003, a current document, and it's titled: Government "Just Not Listening."

Thank you, Mr. Speaker.

The Speaker: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Speaker. I have one document to table for the benefit of the Assembly this afternoon, and it is a letter dated February 12, 2003, from the office of the Minister of Learning, and it is addressed to Mr. Bill Kobluk. It is regarding tuition fees and program access at the University of Alberta, and I would urge all members of this Assembly to please read this document.

Thank you.

The Speaker: Other members on tablings?

head:

Orders of the Day

head:

Transmittal of Estimates

The Speaker: The hon. Minister of Finance.

Mrs. Nelson: Thank you, Mr. Speaker. I have received a certain message from the Administrator of the province of Alberta, which I now transmit to you.

The Sergeant-at-Arms: Order!

The Speaker: Hon. members, the Administrator transmits supple-

mentary estimates of certain sums required for the service of the province for the fiscal year ending March 31, 2003, and recommends the same to the Legislative Assembly.

Please be seated.

Mrs. Nelson: Mr. Speaker, prior to moving a number of motions relevant to the supplementary estimates, I wish to advise that this morning I provided the government's 2002-2003 quarterly budget report for the third quarter to all MLAs. We have also made this report public, as required by section 9 of the Government Accountability Act. I have tabled this quarterly budget report as the amended consolidated fiscal plan. This revised plan is required by section 9 of the same act whenever a subsequent set of estimates is tabled during the fiscal year.

I've also tabled the third-quarter activity report for 2002-2003. This document describes the major achievements of our government during the recent period.

I wish now to table the 2002-03 supplementary estimates, No. 2. These supplementary estimates will provide additional spending authority to 14 departments of the government. When passed, these estimates will authorize an increase of \$206,642,000 in operating expense and capital investment.

Mr. Speaker, section 8 of the Government Accountability Act requires that the government table a new and amended consolidated fiscal plan when there is another set of estimates. I have just tabled the amended fiscal plan, the 2002-2003 quarterly budget report for the third quarter, in the Legislative Assembly.

head: **Government Motions**

6. Mrs. Nelson moved:

Be it resolved that the Legislative Assembly do resolve itself into Committee of Supply, when called, to consider supply to be granted to Her Majesty.

[Government Motion 6 carried]

7. Mrs. Nelson moved:

Be it resolved that the message of the Administrator of the province of Alberta, the 2002-03 supplementary estimates, No. 2, for the general revenue fund and all matters connected therewith be referred to Committee of Supply.

[Government Motion 7 carried]

8. Mrs. Nelson moved:

Be it resolved that pursuant to Standing Order 58(9) the number of days that Committee of Supply will be called to consider the 2002-03 supplementary estimates, No. 2, for the general revenue fund shall be one day.

[Government Motion 8 carried]

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

Bill 2

Financial Statutes Amendment Act, 2003

The Speaker: The hon. Minister of Finance.

Mrs. Nelson: Thank you very much, Mr. Speaker. It is my pleasure to move Bill 2, the Financial Statutes Amendment Act, 2003.

The proposed amendments are necessary to proceed with a new fiscal framework for Alberta as recommended by the Financial Management Commission. The commission noted this province's

enviable position as a fiscal leader, but it also said that we could do better. This new framework is designed to address the impact of volatile energy prices on budget planning, and it addresses capital planning pressures.

In order to proceed, the proposed changes are required to the Fiscal Responsibility Act, the Government Accountability Act, and the Financial Administration Act. Some of the amendments mark some significant changes in the way we conducted business in the past but remain true to our principles of open and accountable government and prudent fiscal management.

It's important that I draw your attention to these key amendments. One amendment to the Fiscal Responsibility Act would result in the budget, quarterly reports, and the annual report continuing to show two bottom lines. You will still see net results of operations and the results for fiscal policy purposes, which we all know is called the economic cushion. Currently there is only one adjustment between these two bottom lines. It relates to the unfunded pension liabilities, which have been relatively small in amount, that have continued to work under the new framework. Since we have a separate long-term legislative plan to address unfunded pension liabilities, this adjustment has been understood and not been an issue in our reporting. Results for fiscal policy purposes will now also account for revenue transfers in and out of the sustainability fund and exclude disaster funding and funding for the capital account.

2:50

If you recall, under the new fiscal framework we will be budgeting for natural resource revenue to be set at \$3.5 billion. Years in which nonrenewable resource revenue is below \$3.5 billion or the costs of emergencies or disasters are significant, you could see an actual consolidated drop or deficit reported by the Auditor. Now, this kind of deficit would be allowed because the actual deficit would have been prefunded by prior years' surpluses and would be covered by the sustainability fund, the capital account, or the retained earnings of the Agriculture Financial Services Corporation and the crop reinsurance fund.

We would also show various adjustments for the draws from the sustainability fund and the capital account to get to the net result for fiscal policy purposes. The net result for fiscal policy purposes will continue to show that we have balanced our books, and I want to make that very clear: this is not a return to deficit budgeting. It's against the law.

We will have a sustainable spending plan in each year's budget based on \$3.5 billion of resource revenues. If there's a shortfall in resource revenue, we'll be able to draw on the fund instead of cutting spending in the middle of the year, and disasters and emergencies will be funded even if there isn't a revenue windfall to cover them. This is a consequence of setting up a sustainability fund to stabilize volatile energy revenues. There will be transfers in and out of the fund, but we will have accounted for the transfers out of the fund with previous surpluses put into the fund.

Although I dread getting into accounting details, you should also understand that we're moving closer to the private-sector model for capital. Only amortization will count towards our bottom line rather than the full cost of the new capital that we own. This change brings a number of technical matters on how the cushion is determined. Assets will show up on our balance sheet, a new idea for this province to record its assets. We may also increase our liabilities on the balance sheet if we choose to look at alternative forms of financing of our capital as was recommended by the Financial Management Commission.

Another new initiative that adds flexibility to capital planning is the ability to carry over funding from one year to the next, Mr.

Speaker. I did look very hard to find the rule that says that everything in government has to end March 31 at midnight, and I couldn't find that rule. So we brought some reality in, and we will be allowed to carry capital funding forward from year to year. In other words, if a project can't be completed because of weather conditions, the funding that isn't used on the project that year could be carried over to the next year. It makes common sense to do that. These types of decisions will be laid out in the three-year capital plan that will now be required as part of the budget. The accumulated debt from prior years will still have the same legislated timetable for it to be repaid.

Another significant change is that implementation of the sustainability fund means the old 75-25 percent rule for surpluses will be gone. The contingency reserve for in-year spending will be fixed in the budget as at least 1 percent of revenue, or about \$200 million. Disasters and emergencies, net budgeted increases, and payments under the Natural Gas Price Protection Act and the capital account would not be charged to the contingency reserve. Any cash available beyond the \$200 million from year-end surpluses, except for that held in funds and agencies, would go to the sustainability fund.

The fund cannot go into debt. If the fund grew to more than \$2.5 billion, then we would have a policy decision to make use of the excess on things like debt repayment, adding to the heritage trust fund, or capital investment. It couldn't be used for ongoing operating costs. So any money currently dedicated for debt repayment will continue to be used for that purpose.

Other amendments are primarily technical, Mr. Speaker. This legislation marks a new era for Alberta, one that gets us off the energy roller coaster in favour of a more predictable and sustainable funding over the long term.

Mr. Speaker, I urge all members to support Bill 2. Thank you very much.

The Speaker: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Speaker. It is with interest and a great deal of pleasure that I rise to speak on Bill 2 this afternoon. We on this side of the House have been very anxious to have this idea enshrined in legislation and accepted by the government side, a better balance between debt repayment and a more balanced approach to deal with the day-to-day routine of budgeting for this province.

Certainly, when we look at the third-quarter fiscal update that the hon. minister mentioned earlier, we recognize the importance and the significance of oil and natural gas royalties, or royalty revenue, to this province. It has been something that members on this side of the House have been saying for a number of years, and there have been legislative initiatives in the past. The hon. Member for Lethbridge-East had a bill in 2002, Bill 208, the Fiscal Stability Fund Calculation Act. We can go back to 1999, and the hon. Member for Edmonton-Ellerslie had Bill 228, the Fiscal Stabilization Fund Calculation Act. This is a walk down memory lane, Mr. Speaker. In 1998 the hon. Member for Edmonton-Mill Creek, who at that time was on this side of the House, who is now Minister of Community Development, had a similar legislative idea, the Fiscal Stabilization Fund Calculation Act, again, Bill 222. There are those that think imitation is a fine form of flattery, and in this case I would have to say that they're absolutely correct. Finally there is going to be some stability to the roller coaster, the ups and downs in revenue that we experience in this province from natural gas and oil resources.

Now, when we look at accumulated debt and net assets and cash available from operations from one year to the next, these are important issues. There's no doubt about that. The whole notion of

financial prudence I believe goes back to a former Liberal leader, Mr. Laurence Decore. He would certainly wave his wallet, and he had a machine to tabulate or calculate what the debt was going to be, and finally people took notice.

We could, I suppose, go back to the Premier's famous speech in Leduc – I wasn't there, and I'm told that it's not the last school that the hon. Premier visited – that indicated there would be tightfisted fiscal responsibility in this province. Now, that didn't last too long. In the last few years we have seen an increase of close to 50 percent in program spending.

We even got the supplementary estimates this afternoon. I was looking at a budget document earlier. I believe the total estimated was \$19 billion, and then suddenly it shot up to \$20.4 billion, so there are changes in the budget. Budgeting has certainly not been a strong suit of this current government. When you look at this increase in spending – in fact, I was at a meeting last night on education, and people asked me: when we spend all this money in this province, where does it go exactly? No one has the answer to that question. It's apparent that no one knows. I can bring in the Auditor General's report and go through it page by page, and certain respectful hon. members from across the aisle get indignant. Now, I don't know why they're so defensive. We bring up public accounts all the time, and the hon. members get defensive about that as well. Everyone has a right to know where the tax dollars are going.

[The Deputy Speaker in the chair]

3:00

Now, beginning in the next fiscal year, this government is going to start building a nest egg, a stability fund, that this side of the House has been advocating for years and years and years. Saskatchewan used their stability fund, or their nest egg. You've always got to keep the magpies out of the nest – always, always – because they can destroy the eggs in the nest pretty quick, and they can destroy the whole thing. The magpies in this situation would be political magpies, and they want public funds for no rhyme or reason, and I would say that one of those political magpies would be private health promoters. This electricity bill, which we're going to debate a little later on this afternoon, Bill 3: I don't know if there are political magpies there or not, but we will find out. We will study the issue, and we will determine if the Member for Edmonton-Riverview is correct with his cautious suspicions that perhaps there are political magpies there.

But this idea of a nest egg, I'm very pleased that the government has finally decided to do the right thing and adopt a good Liberal policy. Hopefully we won't have to use this stability fund and it'll be able to grow, and perhaps at some time portions of it could be set aside to replenish the heritage savings trust fund. I'm disappointed to see in this third-quarter annual report that the results have not been spectacular. They certainly, Mr. Speaker, have not been spectacular. In fact, it is with sadness that I have to note, and I'm quoting from the third-quarter fiscal update now, investment income.

Total investment income was budgeted at \$1.2 billion. It is now forecast at negative \$119 million, \$1.3 billion below the budget estimate.

The decline in equity markets is expected to result in a \$704 million loss in the Heritage Fund and other endowment funds (rather than budgeted net revenue of \$635 million). This loss includes a \$506 million write-down in assets, where the value is considered permanently impaired, and net realized losses of \$198 million.

I guess "permanently impaired" means it's worth very little to nothing. I hope we don't see any more investment losses like this.

I'm sure – and perhaps the hon. Member for Edmonton-Glengarry

can shed some light on this – there's going to be a review of the investment practices of that heritage savings trust fund. Certainly, in other departments – and this is considering that the budgets there are much more modest, that they're not like a pool of cash with \$11 billion in it – there are some pension funds that have been set aside, and I notice that there's been a reduction in the return on those investments, but nothing like this spectacular loss. I'm curious to note if anyone is phoning the administrators of those respective pension funds of the government to seek their advice. It wouldn't be a long-distance call either. I think a 427 number would reach these people and reach them probably quite quickly.

The idea of a nest egg and what this money could be used for if we ran into lower than expected revenues or financial difficulty – it certainly would provide some stability to the schools. Now, the meeting I was at last night, the school was in desperate need of repair. In fact, some students, a class full of them, had been locked inside the school, locked inside a classroom over lunchtime. They got locked in. They were lucky that a member of the staff . . .

Mr. Bonner: The janitor came. They had to take the hinges off.

Mr. MacDonald: The janitor couldn't take the hinges off, but a member of the staff could use a knife and rescue the children. Lucky there was no fire or there wasn't a fire alarm.

That's not the only mechanical deficiency with this school. There are certainly cracks in the cinder block walls. It's been on the books for repair so many times. It's been taken off because of what the minister said earlier: roller-coaster, or up-and-down, funding.

Mr. Bonner: Isn't it a 52-year-old school?

Mr. MacDonald: No, the school is not 52 years old, hon. member. The school would have been built in 1961, so it's a 42-year-old building.

It also has poor windows, other deficiencies. It has a \$60,000 heating bill, which a better heating system would certainly reduce. Now, this school has been removed from receiving an upgrade three times that this member is aware of. Hopefully this stabilization fund is going to prevent it from being removed once again, because the repair costs have now escalated. The repair costs have gone from over \$2 million to in excess of \$4 million because it was put off. It had to be deferred and deferred and deferred. Of course, the condition of the building worsened. That's one thing the nest egg, the stability fund, can be used for.

We can see other uses for this fund. Of course, there will be firm financial commitments for each department. Last year the Infrastructure department had a significant reduction in funding commitments. There were projects pulled all over the place, and there was certainly a cost to that. This stability fund will, as I said, make it more predictable not only for the department officials but also the contractors.

Now, in conclusion, Mr. Speaker, when we think of a fiscal framework for the 21st century, I'm pleased to see that the government is adopting an idea that was presented as recently as last year by the hon. Member for Lethbridge-East. I certainly hope that government members are over their tiredness from their enthusiastic support for the rough fescue grass and will participate in the debate this afternoon not only on Bill 2 but also on Bill 3.

Thank you.

3:10

The Deputy Speaker: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Edmonton-Glenarry.

Mr. Mason: Thank you very much, Mr. Speaker. I'm pleased to rise, as well, to speak to Bill 2, the Financial Statutes Amendment Act, 2003. I believe that this bill will actually end some of the practices of this government that we in the opposition have been campaigning against for a considerable period of time. One is the misuse of estimates on resource revenue in order to do what we like to call fudge-it budgeting. The government has of course consistently underestimated royalty revenue in their estimates over an extended period of time, billions of dollars in some years and a considerable amount in almost every other year. That's one of the problems that may be partly addressed by this bill because, of course, they'll be creating a fund, a stability fund, in order to try and balance those things out.

The government has made use of fudge-it budgeting for a number of crassly political reasons. One is, of course, that if they're underestimating their resource revenue on a regular basis and by a substantial amount in each budget, they can claim poverty as we go through the year and various crises manifest themselves; for example, the education crisis that we are now seeing in our schools. They can claim poverty. Then at the end of the year, Mr. Speaker, they have this so-called unanticipated surplus of billions of dollars, and they look like they're brilliant financial managers. Well, they're brilliant political tacticians but not brilliant financial managers. So I think that that's one thing that we believe will be partly offset by this.

You know, I know that the Liberal opposition has been campaigning for a stability fund for some years. We were only too happy to steal their idea, and we encouraged the government to steal their idea, and the government has stolen their idea and that's because it's a good idea. No one party has a monopoly on good ideas. I know that the Premier thinks we're much worse than the Liberals, but we also have some very good ideas from time to time. We compete with the Liberals to see who can upset the Premier the most.

Now, I'd like to go on to another point that's covered in this bill which, I think, is something that we're quite prepared to take credit for, and that is the elimination of the ridiculous, outrageous 75-25 split to go to debt reduction, that has bedeviled this government's financial position for many years. When it was combined with fudge-it budgeting and these magical, unanticipated, quote, unquote, surpluses appeared every year, surprise, surprise, 75 percent of it by law had to go against the debt. So the government was engaged in starving important programs by underestimating the revenue, and then, surprise, surprise, they have to put three-quarters of the surplus against the debt. This is going to be gone now, Mr. Speaker, and it can't come soon enough, as far as we're concerned, because we've always called this debt reduction by stealth, and I think that's exactly what it is.

So I think there are a number of points that can be made. I know that the member for Edmonton-Gold Bar talked about schools in his constituency, and I know that schools in my constituency are badly in need of money. So the addition of additional funds for infrastructure, which is not specifically in this bill but was contained in the update provided by the minister today, is also a bit of welcome news that I think the public has been demanding from the government. Municipalities have been demanding it, hospitals have been demanding it, and school boards have been demanding it. It's a step in the right direction, Mr. Speaker, but given that the government has admitted that there's \$8 billion of expenditures required to bring our infrastructure up to date, then somewhere over \$900 million is only a small part.

Mr. Speaker, we've always talked about the false economy, of doubling up on your mortgage payments in order to pay down your mortgage more quickly and failing to repair the roof on your house

when it needs it. If it rains, the damage can destroy the entire asset that you're hurriedly trying to reduce the mortgage on. So I think that what the government has done is it's shifted its debt from financial debt into physical infrastructure debt, and it's just as real as if it was a note that had to be paid. So I think that that's one point that I'd like to make.

I'd like to go on a bit more about the schools. I've been touring some of my schools, like other MLAs, and I know that the Eastglen high school needs a major overhaul. It's basically a sound building, but it's 50 years old, Mr. Speaker, and so it's reached the end of its design life. It can be preserved for another extended period of time if the government is prepared to put the money in, but the longer it delays, the more it's going to cost in the long run, and the most economic way to approach that is to put the money in now. I believe the school needs approximately \$20 million to be completely refurbished, and then it will be good, I'm sure, for another many, many years to come.

I've also toured some of the other schools, and there are some excellent programs at some of the schools in my constituency that help high-needs children learn to read. They no longer categorize them, Mr. Speaker, as just needing help and socialization. They expect a performance from these students. They take some of the students – for example, in mathematics and reading, they give them special help – and they turn those that have lagged behind and start off the farthest behind into the top performers in reading and in mathematics. The school programs there are absolutely outstanding, but again there are continuing threats with programs being shut down or coming under the gun, and many of these excellent programs may not be there next year.

So I think that both on the program side and on the capital side there is a very, very strong need for more adequately funding our schools, and the schools in Edmonton-Highlands do an excellent job in difficult circumstances. The government could certainly do a lot more to make the lives of the students and the teachers a little easier because quite frankly, Mr. Speaker, it's got to be seen as probably the most significant and important investment that this province can make, and that means investing in its young people and their education.

So, Mr. Speaker, I'd just like to indicate that generally we think that the government is moving ever so slightly in the right direction with this bill, and both opposition parties have been pressing them in these directions very hard for a number of years. We know that a blue-chip committee was set up by the Minister of Finance to study it, and many of their recommendations are included in this act. The New Democrat opposition did appear before this commission and make proposals, particularly with respect to the ending of the 75-25 mandatory debt reduction requirement that is currently the law. We're pleased to see that the commission took our advice and that the minister took their advice, and hopefully the Legislature will take the minister's advice and therefore be taking our advice, and we'd be very happy with that.

So I'd just like to close by saying that this particular bill I think is a recognition that this is a very wealthy province, and there's a modernization of the financial machinery that's included in this bill. It doesn't take away the capacity of the government to misrepresent potential revenues or to plead poverty when it wants to and have an abundance of riches when that's convenient, but it goes some way towards putting some limitations on those political maneuverings, and I think that it represents a positive step forward for the province.

Thank you, Mr. Speaker.

3:20

The Deputy Speaker: Before calling on the next speaker, I just want

to remind hon. members that I have at least one person who's asked to make some questions or comments under Standing Order 29.

The hon. Member for Edmonton-Rutherford.

Mr. McClelland: Thank you, Mr. Speaker. My friend representing Edmonton-Highlands in his comments indicated that the government consistently underestimated resource revenues, which resulted in a surplus at the end of the year. Now, when the member was making those comments, I was reflecting on a period of time when the government consistently overestimated revenues, and I was wondering whether it would be better to be in a position of being conservative on estimates of revenue so as not to be caught at the end of the day with bad news rather than good news. And since the revenues are very difficult to predict and that we do use as a government the very best objective minds to try to get a handle on it, what does the Member for Edmonton-Highlands recommend that we do rather than the procedure that we're using now, the conservative best methods?

The Deputy Speaker: The hon. Member for Edmonton-Highlands.

Mr. Mason: Well, thank you, Mr. Speaker. I'm caught between the rock and a hard place. I have to choose between being conservative and being liberal, and I pick neither of the above. But I think if you really look at some of the estimates that were used and some of the figures – and I don't have them at hand, but I do have them – where prices were estimated for oil and gas in budget after budget, you'll find that they were not reasonable, that they were set too low. So the answer, I think, is not to be too conservative or to be too liberal but to be more honest and use the best available information. I submit that the government has not used the best information because they have wanted to and been motivated to underestimate our royalty revenues.

Rev. Abbott: I wonder if the hon. member opposite could give us an honest forecast of what he thinks the natural gas price will be for our next fiscal budget year? For the record, of course.

Mr. Mason: Not offhand, Mr. Speaker.

The Deputy Speaker: No further questions? Then we will go to the next speaker.

The hon. Member for Airdrie-Rocky View.

Ms Haley: Thank you very much, Mr. Speaker. It's an honour to be able to get up and just address this for a few minutes. You know, after listening to my colleagues from across the way, I'm motivated to remind them that 10 years ago in this province we had a \$22 billion debt and a \$3.5 billion deficit, and we struggled with ways in which to deal with that and try and develop sustainable programs for the province of Alberta and for the people of this province so that they could once again be proud of where they lived and the programs that they wanted. We brought in the Fiscal Responsibility Act, deficit elimination acts. We brought in all kinds of things limiting government's ability to deal anywhere outside a specific parameter when it came to our finances, and it worked. We reduced and eliminated the deficit in the first couple of years, and we managed from there to pay down \$17 billion of a \$22 billion debt.

I want to remind people of the impact of a \$22 billion debt. The impact was \$1.5 billion in debt servicing cost, otherwise known as interest. The third largest department of government was interest. It doesn't provide a job, it doesn't provide any services but, my God, is it easy to rack it up. So, yes, we attempted to deal realistically with a very large problem. We set aside 25 years if that was what it was going to take to pay it off.

We have this gift in this province called oil and gas, and every once in awhile the prices spike beyond what anybody has anticipated, whether it's because of a Persian Gulf war, the ongoing problems with Venezuela, the problems in Iraq today, the extra cold and long winter that everybody in the northeastern United States is experiencing where we sell gas, the fact that their reserves are running low, or a thousand other reasons that can drive prices on the spot market up and down. So here we are in Alberta blessed with this resource, one of the few places in North America with these types of resources, and we have one of the lowest taxes anywhere in North America. We have no sales tax, unlike most places in North America, and one of the things that helps to prevent more and more income tax, more and more corporate taxes, more and more sales taxes is the fact that once in a while we get lucky with royalties.

So I'm supposed to sit here and believe that we're dishonest, misrepresenting the position of this government. Well, let's go back. Let's talk about that misrepresentation. We have quarterly updates. Somebody please tell me how many other governments in this country and in the United States actually have quarterly updates. Well, try none. You know, misrepresenting? Every quarterly update if there has been a change in natural gas and oil prices, we reflect it upward. Misrepresentation? It always fascinates me how these comments get made and nobody ever has to say: well, I was just sort of kidding or just being an envious political wank in here. The truth is that we don't misrepresent anything. I have never, ever in 10 years gone and lied to my constituents about anything, and I never will, whether anybody over there likes it or not. If somebody asks me a question, I'm going to answer it.

When we talk about the Fiscal Responsibility Act and the 75-25 split, it was never an easy decision to go 75-25. All we tried to do as a government was to make sure that as quickly as possible with the least problems possible for Albertans, i.e., no tax increases to pay down debt, we went with surpluses when we were lucky enough to get them to remove as much of that debt from Albertans as we possibly could. We're now down to \$5 billion, and that's still \$5 billion too much, but it's way better than \$22 billion with a \$3.5 billion deficit, where our cousins, you know, a little bit west of us in British Columbia, have a \$3.8 billion deficit this year. How many billions of dollars across this country are being squandered on interest because people have such a difficult time making tough decisions?

Mrs. Nelson: Thirty-six point seven billion.

Ms Haley: Thirty-six point seven billion dollars, just for interest, and of course our wondrous media don't bother talking about that. The fact that if you had \$37 billion to spend on health care in this country, that would be \$3.7 billion for Alberta, which, oh, by the way, is right around 50 percent of what they should be paying. But that's okay. We're here in Alberta, and, you know, apparently we just lie to Albertans all of the time.

We proceeded with a 75-25 split because that was the correct thing to do, and when we had 25 percent of a fund left for onetime spending, we got chastised and criticized for that too. Truth is we do have some infrastructure deficits in this province, whether it's roads or schools or hospitals. We've spent over a billion dollars in the last three years on schools, but we probably need another one and a half billion in order to solve all of the problems that have built up over decades of overspending or perhaps not spending enough.

The new FMC. You know, how do I say this? I believe that it has great potential. I really do. I think the sustainability fund can solve some problems. I think, however, going from one system to another creates its own pressures, and those are pressures that are going to be

difficult for the next six months while everybody sorts out exactly how it works and what it means.

3:30

If we can in fact set aside \$900 million in a capital fund or if this allows us the ability to use a capital bond issue at some point for another billion dollars' worth of construction programs, if that's what the right number is, then I think that's wonderful. I would, as a very proud Albertan, be enormously happy to convert my dying mutual funds and my RRSP to, you know, a whole bunch of Alberta bonds even if the interest rate was low. At least I'd know that I was getting something back. I see great potential on that side.

Mr. McClelland: I'm gonna trade my Nortel in for one Alberta.

Ms Haley: You're helping me, Ian. I appreciate it.

As to the changes in the legislation, yeah, I have some difficulty with the whole concept of restricting the amount as it goes into the \$3.5 billion. I need to know as an Albertan, as an MLA: is that the right amount? And maybe it'll take us a year to determine if that's the right amount. I worry about it because I'm not sure that we're keeping up with inflation on some of the spending side. Not on health care and education: I think that if we were all being relatively honest, we could look at our population and our inflationary numbers and we would say that health and education have kept up. There are other areas where I think there's room for some concern about whether or not we've created too much pressure by trying to be too fiscally tight.

You know, as my old dad would say: it was a crap shoot. You do your very best; you try hard. To satisfy all of the needs, you try to satisfy some of the wants. But it's never possible to do everything for everybody all of the time, and tough decisions have to be made. I'm very grateful to my caucus for making the tough decisions when they have to because each and every one of us has pressures at home. I have one of the highest growth rate ridings in the province of Alberta which means that no matter what we do, I will never have enough schools built fast enough. And my colleagues from Calgary-Shaw and from Banff-Cochrane – we're all in the same end. This one here too.

Mr. Knight: Grande Prairie-Smoky.

Ms Haley: Oh, yeah. Not you. I don't care. Sorry. He can wait.

The truth is that I need more schools. I need portables moved in. I've got some schools that need repairs. I'm competing with cities that sometimes have only 75 percent occupancy, but I may well have 125 percent occupancy. I can't get the schools built fast enough, and I have no inner-city schools to move kids into.

So we're all laying everything on the line trying to get the things that we need for our own ridings, and I'm no different than anybody else. I want my riding to be happy. I want a new overpass for the south end of Airdrie. I'm thinking that my chances are not looking real good at this point, but as a P3 maybe I can get it. I don't know, but you don't quit and go home and pout. You keep working to try and get the things that you need. Do I think it's a panacea? No. But it gives us a flexibility and an opportunity to do some things in a different way, and I'm going to do my best to make sure that it works properly.

The last comment I wanted to make was on rebates for natural gas, Mr. Speaker, and I only want to touch on this because when we talk about money that goes to a capital fund of \$900 million, that money is coming from royalties. Yes, Albertans are paying higher prices whether they're filling up their car or for their heater in their home

or for their power, and there's no question about that. A lot of people are struggling with that. But in the year 2000 in the United States they did a report on the national energy policy that showed that the average middle-class American family was spending 3.8 percent of their after-tax income on their energy needs. So whether that was heating or cooling or transportation, that's how much it was. With the huge price spikes in the year 2000, with natural gas skyrocketing – their home heating oil is going up; their power bills are ratcheting up, particularly in California – they went to 4.8 percent of their after-tax income.

We need some perspective on this issue. I am not in favour of anybody not being able to heat their homes. That's not what I'm trying to say, but it's easy to be hysterical and find a way to spend \$400 million or \$500 million here, or we can spend that same \$400 million or \$500 million on school construction or roads or other things that we need as a province without having to increase taxes, without bringing in a sales tax. These things have to be paid for.

As an Albertan I'm so proud to have grown up in the oil patch, but I know what the oil patch has done for this province. It's built it. It's still building it, and once in a while we need to be grateful and think about that reality because without it our taxes would probably be 300 or 400 percent higher than they are today on the Alberta side. The only way we could do the things that Albertans expect us to do would be to have to tax them to do it. Right now with our royalties we are absolutely blessed to be able to live in a province where we can get a road built, get a new school, and maybe not satisfy everybody's wants, but I'm pretty sure we're meeting the vast majority of their needs.

Mr. Speaker, I wanted to congratulate our provincial Finance minister for bringing this forward. I know that it was a tough struggle for her. I happen to be the chairman of a very tough caucus. We take no prisoners. She has had to earn her stripes on this one all the way through, and we probably aren't finished harassing her yet, but we've had a good time so far.

It's a pleasure to be able to speak in here and address this important issue, so thank you.

The Deputy Speaker: Standing Order 29. Questions or comments? The hon. Member for Grande Prairie-Smoky.

Mr. Knight: Thank you, Mr. Speaker. The hon. member made a statement in her presentation. She said that interest doesn't create a single job. I would think that it might take hundreds of people to look after \$1.5 billion in interest payments. My question is: does the hon. member have no compassion for those now unemployed accountants?

Ms Haley: Mr. Speaker, you know, with the greatest respect to my colleague, who'll probably never get to speak in caucus again, the answer would be that that accountant can get a real job.

The Deputy Speaker: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Speaker. A question for the hon. Member for Airdrie-Rocky View: who created the \$22 billion debt that you referred to in your remarks? What did they spend it on and why? Who created that?

Ms Haley: I'm happy to try and take a shot at that. Albertans have very high demands, and it is very hard to say no. So during the '80s, as I recall this, the price of oil went up. We started to create the heritage savings trust fund. The price of oil went down, dropped to about 45 percent of the revenue that was streaming into the province,

and the question of the day back in the mid-80s was: do we slash spending by the same amount, or do we try to ride this out? They made the decision under the leadership of Mr. Don Getty, the Premier of the day, that they would try to ride it out in the hopes that oil and gas would go back up in time to prevent some of the problems that were going to escalate from that. I think that hindsight is a wonderful thing, and I'm not going to go back and try and second-guess them, but I can tell you this: when I ran in 1993, it was to get rid of the deficit and deal with the debt and no more of any more wishful thinking that you can live on tomorrow's dollars on the backs of your children. It's absolutely unacceptable to me.

The Deputy Speaker: We're ready for the next speech. I've got a couple of people who have indicated. One was Edmonton-Glen-garry; another one is Edmonton-Mill Woods. Following Airdrie-Rocky View then we would go to Edmonton-Glen-garry. No?

Mr. Bonner: I will speak, Mr. Speaker, but when I rose earlier, it was to ask a question which was not appropriate at that particular time.

The Deputy Speaker: Okay.

The hon. Member for Edmonton-Mill Woods, followed by the hon. minister.

Dr. Massey: Thank you, Mr. Speaker. It's a pleasure to see Bill 2, the Financial Statutes Amendment Act, 2003, before the Assembly this afternoon. It's a good idea, and I guess it doesn't really matter where it came from. The fact that it's here and will be of a benefit to all the citizens in this province is good enough.

The fund is a recognition of the cyclical nature of our economy. In 1999-2000 50 percent of the province's income was made up of personal income tax, corporate income tax, oil revenues, natural gas revenues, and the sale of Crown leases. That's a huge amount of the income of the province that is very vulnerable to the kinds of economic conditions that prevail in the province or in the country at any particular time. So I think the bill is a recognition that we do have an economy that has great swings in terms of revenues, and this is an attempt to try to smooth out some of the ups and downs in that revenue stream.

3:40

The most important part, of course, and the reason for the bill is that it will allow the government to sustain investments. There were investments in public health care, investments in education and in children's services. I know that there's always great debate in the Legislature about some of those programs, and I hear often a question asked with respect to education, and that's: how much is enough? It seems to me that some people have thrown up their hands and have said: you'll never have enough; no matter how much we put into it, we could always put more. And that's true. I think there are some ways around that, but that is true.

We've made great progress, and we've come to expect that there will be continual progress in areas like health care and education. We can all walk into schools and look at the kinds of conditions that are there and compare them to our own experiences as youngsters and say: things are pretty darn good when you walk in and look at them. And that's true. But the progress that we've made was hard fought for. It was hard earned, and the reductions thus far, for instance, in class sizes, the innovations in terms of technology, the great improvements in terms of the preparation of teachers have all been hard-fought-for improvements, and they've been expensive. So I think what bothers people who are associated in those areas is

when they see that progress being lost or they see that progress slipping, and I think that has been a problem the last 10 years.

Hopefully, this bill that's before us now will go some ways to making sure that that doesn't happen in the future, that the gains that have been made, the levels of services that have been established will have some chance of being sustained when there's a downturn in the economy, and it's not a question of if there will be a downturn in oil prices; it's a matter of when. Look back at the history of our province and you can quite readily predict that there is going to be a downturn, and this fund, when that downturn happens, will be a bit of a safety net for programs that we all value but primarily those ones that are concerned with human services.

The volatility of the province is really, as I said, quite wide. As a percent of total expenditures, 70.7 percent of revenues has been the range in terms of that volatility, and that's quite a wide range and can have a huge impact on budgets. I think of the cuts that were instituted – was it last fall or the fall before? – and how devastating they were, and it seems that that kind of scenario will be avoided in the future when the fund is firmly established.

I would like to see some other things done in conjunction with the stability fund, Mr. Speaker, and that's the way, for instance, that education is funded. The history of funding in the province and certainly the way we did business when I was a school trustee was to look at economic conditions and to look at the available money and then to try to make some judgment, some calculation in terms of how much should be put into the budget. I can think of the years on the board where we went everywhere from a zero percent increase in the year's budget to one year I think our increase in the budget was 18 percent. Huge, huge variations, and it makes planning over the long term very, very difficult. Once you have a year of 18 percent and all the growth that comes with that, how do you sustain that the next year if there is a slowdown of the economy and you can't go to the community for additional revenues? It's the kind of budgeting that we have grown up with in the province and still practice to a great extent.

At budget time there's always a quick calculation of how much money has been added in various departments and then judgments made about whether that's enough or not enough. I'm hoping that there can be an attempt at some proposals to go with the stability fund that would bring some stability to the allocating of funds within particular departments.

I look at some of the work that's being done in other jurisdictions with respect to education funding and the whole notion of adequacy funding. I think it's an unfortunate choice of terms, but adequacy funding is really a proposal to make sure that there are adequate funds to educate all children well.

There are, I think, some really promising plans. I've looked in some detail at the Oregon plans, and I've looked briefly at the plan in Wyoming. I think they're the only two that are really in operation, but they have brought great stability to budgeting in those two jurisdictions. What they have done is looked at an elementary school and, in Oregon's case, a middle school and a high school and said: if we have an elementary school, how many teachers should we have? What's the standard for teaching staff and the ratio of teaching staff to students? How many librarians should we have? What kind of counseling service should we have in place? What is a reasonable allocation per student for textbooks and for computers? They have developed fairly extensive lists of the very fundamentals that are needed to provide an adequate education so that all children may be educated well.

It's an interesting exercise that they've gone through. In Oregon they relied primarily on a group of experts to determine what level should be established in each of their schools. Other states have

approached it differently. Some have some rather sophisticated economic analyses that, I have to admit, sometimes defy understanding. Others have used exemplary school districts or exemplary schools. They'll go into a very high performance school, one that's doing very well on a number of measures, look at the kinds of resources that they have used to achieve those results, then use that as the standard in terms of financing other schools. I think there's a great advantage to that kind of budgeting.

We're looking at how that might work in Alberta, working with some groups of parents to look at some individual schools to see how that would happen. I guess what I'm arguing for is another form of stability, one that's based on expressed needs in schools. Interestingly enough, they tie the needs to performance objectives, and if I remember right, the Oregon model ties it to youngsters achieving 90 percent in mathematics and 90 percent in reading scores. There's a performance level that they have set for each of these schools that the intended resources are supposed to help them meet.

So I think that this is really a good first step in terms of bringing some stability. I think there could be more done in terms of individual departments so that there would be some predictability. One of the reasons some people refuse to get involved in it is that I think it could be very expensive initially. I looked at the Oregon budget, and they had to increase their education budget by close to a billion dollars to put the plan in place, and I think that would scare anyone off, but if nothing else they have a set of goals to work towards. Some day when they do have the resources they can reach those goals.

3:50

Again, as I said, just one more piece of stability. What we have in front of us is an important piece and certainly the base piece that we need. It's a good move on the part of the government, and I'm delighted they've decided that they'll proceed with it.

Thank you, Mr. Speaker.

The Deputy Speaker: Comments? Questions?

The next speaker, then, is the hon. Minister of Human Resources and Employment.

Mr. Dunford: Thank you. Mr. Speaker, one of the highlights of my political career was standing on the steps of the Legislature while the Premier and the then Treasurer took great big scissors and chopped through a mock-up of a credit card. I forget whether it was Visa or MasterCard – it doesn't really matter – but it was a symbol of the fact that we had achieved a milestone in Alberta. When some of us arrived here in 1993, there were others perhaps such as yourself who were already here and wanted us to come and join the battle that you were fighting, and that was, first of all, of course, to get rid of deficit but then start doing something about the debt. So the milestone that was achieved and the symbolism that went with that particular ceremony was that net debt had been reduced to zero. If we want to associate a budget of a government as similar to a household budget, basically, then, at that moment in time the Alberta government had cleared up all of its credit card debt and was simply left with liabilities that were covered by an asset. So to use my homespun analogy, then, all we had left was the mortgage.

Now, at that ceremony I kept thinking: won't it be wonderful when we can stand outside on the steps and the Premier and whoever the Treasurer will be at that particular time – and I was hoping it would be the Member for Calgary-Foothills, because that gives you maybe an indication of where I'm going timewise here – will be able to draw up some kind of symbolic mortgage? I don't know what

we'd have to do with the fire regulations around the city, but we're good friends of firefighters, so maybe we could have lots of firefighters around and we could burn this mortgage. I'd been really hoping that this would've been done in, you know, 2001, or maybe it would be 2003. I was hopeful for 2005, but as I look at the reasoning for Bill 2, I have to tell you that my feelings are ambivalent because clearly within the context now of Bill 2 we're not going to be able to achieve zero debt by 2005.

I heard an hon. member say: well, maybe. And I haven't given up on the maybe either, but I was very, very hopeful at one time that this was going to be achievable, and now it looks like it's dimming. I want everybody to understand that I understand the reasoning for it. Albertans, just a great bunch of people that we are, that we represent, are enthusiastic, are motivated, but also have expectations that over the years have always been allowed, I think, to be met.

There was a question earlier today from one of the opposition members to one of our members basically asking and, of course, inferring that it was our government that had gotten the province into all of this debt. So if all we were interested in was political labels, then one might be able to say: well, yes, it was a Progressive Conservative government. There's no question about that. But I had asked basically that same question not to a current member of the government but to a past member, and I wondered: how did Conservatives ever get themselves into that kind of a situation? The past MLA that I asked said: go to the Speech from the Throne of 1983. I'm not here to throw stones at anyone, but I heard Premier Getty's name mentioned, and I think he inherited something. I think he inherited a lot of programs that were put into place by the then government, the Premier Lougheed regime of 1983.

Well, I see an hon. member giving me the gears, and maybe he had a family member that was part of that. Who knows? We're not pointing fingers at any one individual, at least I'm not, but I want to draw people's attention to where all of this started. It really comes from a context of when you sense expectation and then try to fill it. Even though your heart is good and maybe even your wallet is full at that particular time, whether or not they'll end up being sustainable is always the question. Clearly we found out that they were not sustainable.

If we remember now the campaign of 1993 – and, again, I made a reference to a past member, that had a debt-o-meter – the debt was huge. Twenty-two billion? Is that what we talked about? Of course, people were ragging then on the government about going into this \$22 billion in debt, and as a matter of fact I think everybody that ran in 1993 ran against the government. I know I did. I was the Progressive Conservative candidate, but I wasn't shy about what I was going to do when I got up there. In fact, the *Lethbridge Herald* throws a quote that I made publicly back in my face every time now that fate has made me, a person who at one time was disrespectful of authority, a person in authority. I mean, I find the irony of it sometimes rather tough to deal with. I never thought I'd be in this kind of a position, but I made the comment: I'm going to go up there and clean up this mess. I mean, can you imagine how naive and unsophisticated a young person – well, I wasn't really young then either, I guess – I was to think that this would be done? But we showed such tremendous gains in those first few years. We got rid of the deficit.

4:00

A point I was going to make – but in my digressions I got sidetracked – was the Liberal Party of Alberta going around with their debt-o-meter or whatever it was. I remember they used to talk about boondoggles, and this was always a fascinating thing for me, these boondoggles that the Liberals would come up with. I would

add them up. I'd say: like, you know, what are they really talking about here? They would talk about a boondoggle of \$400,000 and a boondoggle of \$376.42 and a boondoggle of maybe a billion or something like that. I added them all up, and I couldn't quite get to 2 billion. I said: well, okay; let's just exaggerate a little bit. You know, I'm acting like an opposition person as I'm attacking this government that's represented me, but I want to do something different if I can get up there. I said: let's add it up. Well, I think I got to about 2 billion. Well, what was that? That was 10 percent, Mr. Speaker, of what the debt was.

So where? Where? If you want to point fingers now at who caused all of that debt, just everybody, everybody in Alberta needs to go home tonight, and all they have to do is look in the mirror. That's what it was. It was schools; it was hospitals: all the things that we're trying to deal with now. It was seniors' programs. And how many of us have heard: hey, I built this; I built this province. They did. They built it; there's no question about it. But not all of it was built on a cash-only basis. There was debt that was taken up in order for all of these things that all of us have enjoyed to happen. So we – we – are responsible for this debt, and now it's we, of course, that have to get out of it.

I don't know if you would gain any sort of insight from this, but I think that for 25 years now – it might even be 30, Mr. Speaker – I have had a slogan hanging on the bulletin board in my home office, and it's in my handwriting. I don't know where I saw it. I obviously wasn't able to clip it, but I heard it, and I wrote it down. It says: you are the only problem you'll ever have, and hey, baby, you are the only solution. I think that is as good a slogan as any of us could adopt in this Assembly because it's exactly right. We are the only problem that we have, and of course we are the only solution.

So how do we then provide a solution? Well, obviously, one of the things that has happened is Bill 2. I understand, again, the articulation of why we are doing this. I understand the need for it, but it doesn't mean that I have to be happy about it. I wanted to be able to ride off into the sunset before I got too old being able to say: "You know what? I was there when the deficit went to zero. And you know what? I was there when the debt went to zero." I believe I can still make it, but I don't have control over when elections are called. You might have to put up with me for another term here, Mr. Speaker. We had a fellow in the gallery earlier that I thought probably peaked a little early in his campaign, having to peak today, but some of us are just maybe getting started here too.

In any event, there is a situation in Lethbridge-West, in Lethbridge-East, just like there is right across this province, of an infrastructure deficit, and I know that this government has to do something with that. So the mirror that I put in front of my face says that I have to back off to some extent, a small extent, on my mission to get to zero debt and have to understand and recognize that we have a situation here of infrastructure needs. We have a situation, of course, of needs of individual Albertans, and guys like me have to get off the high horse that I've been on for a number of years and have to be more compassionate, more sensitive to what is actually needed within this province.

Again, Mr. Speaker, I want to see that day, and I want to share that day with you and every member here in the Legislature when we can stand out on the front steps of this Legislature and burn that mortgage. Zero debt will have arrived.

The Deputy Speaker: Comments? Questions? The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Please, Mr. Speaker. Yes. To the hon. Minister of Human Resources and Employment. In the remarks that were

made in regard to Bill 2, you suggested that the total debt that had been accumulated was as a result of building schools and hospitals and infrastructure in the province. Could you elaborate, and please tell me the role the grand industrial scheme that was employed by previous Progressive Conservative governments had in that accumulation of \$22 billion? Like, I'm talking about telephone companies; I'm talking about meat packing companies, steel companies, and such. What role exactly did that grand industrial strategy play, besides the construction of schools and hospitals, in that debt?

Mr. Dunford: Well, I think the hon. member is quite right. I think there was a role that industrial strategy played. I was involved with the Chamber of Commerce in Lethbridge at the particular time when the then government of Alberta was talking about diversifying the economy. They were doing what they could to try to remove us from such a dependency on the oil and gas industry. [interjection] Well, you know, it's a Liberal who asked the question. It was a Liberal that brought in the national energy program. He was a Liberal back in 1980, and he still is. How he can still be in Alberta and still be a Liberal is beyond me. I mean, he was a tradesman here in our country.

The Deputy Speaker: Are you answering the question?

Mr. Dunford: Yeah. I guess so.

The Deputy Speaker: The hon. Minister of Justice on the questions and comments part.

Mr. Hancock: Yes, Mr. Speaker. I'm wondering if I could ask the hon. member, in following up on the question from Edmonton-Gold Bar, if perhaps some of the reasons why there was a debt built up of that nature were because at a time of a previous government doing the things that Albertans wanted them to do, the program spending and capital spending followed the resource revenue and other revenues as they went up, and then the province was found short when the prices dropped rapidly and whether he thinks it's prudent with Bill 2 and the other things that this government has done to protect us from that type of a drop again.

[The Speaker in the chair]

Mr. Dunford: Mr. Speaker, I absolutely do. We've all been aware of the situation on this side of the hall. We've had a number of presentations from economists, from financial advisers, and it's just absolutely amazing to chart the revenues within Alberta and see just how volatile they are but then just trace the patterns of expenditures. It's not a correlation of 1.0, but you can see the movement. When there was money in the coffers, then money was spent.

The one thing that I'm proud of is that I was part of a government, then, elected in 1993 that had some impact on trying to remove or decrease that correlation. We tried to do this, of course, through the pay-down of debt, and we've been tremendously successful. I should have read the actual number here. Let's say that we're now under \$5 billion, so there's \$17 billion of debt that we've been able to use in terms of expenditure that hasn't led to either enhancing a program or – maybe I should use another “e” word – entrenching a program. Maybe I'll use another “e” word: entrenching and entitlement, which had been characteristic of not only this government, but it's been characteristic of governments right across this country.

And believe me; we are very fortunate to be in Alberta. If you get a chance to attend, like I do, pan-Canadian meetings and listen to the

issues and the challenges that are there in other jurisdictions in this country, I mean, you're glad to get on that plane and get your butt back here to Alberta.

4:10

The Speaker: Additional questions? Hon. Member for Calgary-Fort, a question?

Mr. Cao: No, Mr. Speaker.

The Speaker: Okay. We'll recognize the hon. Member for Edmonton-Glengarry, then the hon. Member for Calgary-Fort.

Mr. Bonner: Thank you very much, Mr. Speaker. It is a pleasure to rise today and speak to Bill 2, the Financial Statutes Amendment Act, 2003, and certainly I must congratulate the hon. minister for bringing this piece of legislation forward. It's something that the Liberals have supported over the years, and I'm proud to say that the first time it appeared in this Legislature was in 1994, and it was put forward by my predecessor in Edmonton-Glengarry, the Leader of the Official Opposition, Laurence Decore. Certainly, Laurence as mayor of this city had a tremendous record of fiscal responsibility, and we in Edmonton have benefited as ratepayers and as citizens because of his financial policies. So we are glad to see that this piece of legislation is finally in front of us.

The next area that we have to look at – and I know the hon. minister just briefly touched on it a few minutes ago – is revenues, and we certainly have enjoyed incredible revenues over the last few years. Looking back at a chart which was found in *Measuring Up*, produced by Alberta Finance – and I will table these at the appropriate time, Mr. Speaker – we see that since 1998 we've had revenues that have been increasing. We did have one spike in 2000 where we went up to \$25.6 billion in revenues, and then we settled down quite consistently in 2001 and 2002 to \$2 billion in revenues.

Now, I see that at that time, as we increased our revenues, we also increased our spending. But the chart on the bottom of this particular graph indicates that, as well, we've been able to put away a minimum – a minimum – of \$1 billion per year over those five years for debt reduction. Of course, we did have an abnormal spike in prices and revenues in 2000, and at that time the surplus was \$6.6 billion. So, yes, there is money here in this province at this particular time. We've been blessed.

I know that others have made references to our neighbour to the west, and certainly their economy, which is based on mining, which is based on lumber, which is based on fishing, certainly fell into hard times over the collapse of southeast Asia economies, very similar to what we'd experienced back in the '80s under the Getty government, when our revenues and the price of oil fell to \$10 a barrel. So we did have our fair share of tough times as well. I think that we have to look at what was occurring in the province at that time. The Getty government was committed to some expenditures that had been put upon them. As well, I must commend the Getty government because at that time we had a social safety net in this province which was top notch. Those were where the last cuts were made at that particular time, and the people of this province, I think, appreciated that. One of the strengths that that government showed was to have the courage to maintain social programs in this province.

Now, then, I have spoken in this Assembly before about how every budget must have flex in it. There must be some flex not only in the revenue sources that we have and how we allocate them, but there also has to be flex in our expenditures. I look at the highlights in the third-quarter fiscal update, and I know that not only I but many Albertans would be, I think, quite shocked to realize that

program spending has increased by \$1.7 billion from the budget. Almost \$1.4 billion of the increase is due to emergency and disaster funding for agriculture, forest fire fighting costs, and flood assistance. Those were certainly unforeseen, so that is one of the reasons that we do have to have flex: in order to deal with situations that are out of our control.

We also have to be able to deal with revenues when prices go down for our oil, for our natural gas, for our lumber, whatever. We also have to be able to deal with roughly a billion dollars in lost taxes due to a flat tax. Certainly, taxes are lower for some members of this province, but for others they are not, and they are marginal for those people that could use these more than the rich. So we do have interruptions in our revenues.

Now, then, as well, one of the things that I had talked about at other times and why we do need a stability fund in this province is because of the way we were allocating our surpluses. To allocate 75 percent of any surpluses to debt reduction and the fact that we could not run a deficit at any particular time certainly put the Minister of Finance into a position where she always had to have a lot of room between her revenues and her expenses just to be able to fulfill the legislation that was in place in this province. It was a situation that we wouldn't have expected any other business in this province to operate in. It was one of those situations where if, for example, we did get less revenues than what we expected, then cuts had to be made. Unfortunately, so many times when these cuts were made, the cuts were made to the programs in our social safety net, and the people that were the most vulnerable felt the effects of those.

We certainly see, as well, that they struggle in a lot of ways. How many people in this Assembly have talked about the recipients of AISH and how they haven't had an increase for many years, yet because of our success in this province we have rising rents, we have rising utility bills, we have rising food costs, and these people are trying to make do without any significant increase over the last 10 years. So I certainly think that when we have more stability in the budget, then we will be able to take care of these most vulnerable people better than what we're doing right now.

We know that in this province, Mr. Speaker, we've always had a boom-and-bust economy, and we've certainly been riding the crest for some time of a healthy revenue stream. I also noticed that roughly a year ago when Saskatchewan was having some problems with their budget, they were able to dip into it to the tune of about a hundred million dollars to maintain programs that they felt were necessary. I think that this is one of the strengths that this program, the establishment of a stability fund, will offer us here in Alberta.

4:20

Now, then, as well, we have to look at the infrastructure debt. We have a debt of approximately \$8 billion, as has been mentioned earlier in the Assembly here, and it has a huge impact. I look at the constituencies of Edmonton-Glengarry, Edmonton-Castle Downs, and Edmonton-Calder, where we have two school boards. The Edmonton Catholic board has certainly made the construction of a high school in Castle Downs their number one priority, and this is because their other high school in the area, O'Leary, is busting at the seams. It's at max. Now, then, in Edmonton-Glengarry we're also fortunate enough to have a Protestant high school, a public high school, Queen Elizabeth composite high school, that was built in 1959 to the tune of \$1.8 million.

This was an extremely well-built school, and on the list of Edmonton public for a refit this school is way down the list. It was built that well. To replace this school today, it would probably be somewhere in the neighbourhood of \$15 million to \$20 million. It's a great facility, and it certainly indicates what happens when we have

long-term budgeting. Here we have a facility that was built in 1959 for \$1.8 million that's worth certainly in excess of \$15 million today, and we compare an investment of that over the last 40 years and then compare it to the talk of P3s today, where we are going to end up paying more for facilities and have absolutely nothing left at the end of the agreement. So I think that the stability fund will also allow us to do some long-term planning.

Now, then, we had a situation a year ago when the budget was announced where there was going to be a tremendous cut to the construction industry in this province, particularly the road building contractors in this province, and all of a sudden we realized what a great effect hundreds of millions of dollars that would be cut from the budget would have on an industry of this nature. We would have certainly had businesses that would have ceased to function here in the province. We would have had skilled workers leave the province and travel to wherever the work is going on. We would have had any number of smaller businesses that do service work for that industry that would have suffered immensely if not had to close their doors.

When we have stability, when people know that the money is going to be there from year to year to complete projects, then it does add a lot of confidence in our marketplace. It adds a lot of confidence with consumers. So we do get the spending continuing. We have low unemployment, and certainly the stress put on the social safety nets are much, much less when we have people working. It certainly is a situation where we want people working, and it just makes for a healthier population and all.

So, Mr. Speaker, with those comments I will take my seat and listen to other debate on this particular issue. Thank you.

The Speaker: The hon. Member for Calgary-Fort.

Mr. Cao: Thank you, Mr. Speaker. It's an honour for me to rise today to speak on Bill 2, the Financial Statutes Amendment Act, that was introduced in the Legislature on February 24 by the hon. Treasurer, the Minister of Finance. This province is blessed with oil and gas reserves that others only dream about. The benefits derived from the nonrenewable resources have made us the envy of other jurisdictions across North America. It has allowed us to aggressively tackle the debt to the point where we now have a triple A credit rating. No other province can make that claim. Alberta continues to lead the country in growth, and Albertans have the lowest tax burden in Canada. Albertans are the direct beneficiaries of the booming economy thanks in large part to the oil and gas sector.

At the same time, longtime Albertans know too well how quickly our fortunes can change. Maybe some of you remember the bumper sticker from the '80s, and I'm paraphrasing here: please, Lord, send us another boom, and this time I won't blow it. I can't help but be reminded of that bumper sticker as this government moves forward in its new fiscal framework.

We recognize that we have no control over volatile oil and gas prices, but we can do something to protect Albertans from in-year spending cuts when prices tumble. We're having a good year, but things could change and change very quickly. Now is the time to move forward with the new fiscal framework that will establish a sustainability fund to cushion Albertans against volatile energy prices. Now is the time to establish a capital account to ensure that critical projects are not put on the back burner when prices slide. They will slide; they always do. Now is the time to move forward with a bold, new fiscal framework that will serve Alberta well now and in the future. It frees us from the ups and downs of energy prices. It will outline a capital plan that will accommodate the pressures that come from being the best province in Canada. It

allows for spending that is predictable, but more importantly it allows for spending that is sustainable.

From my technical engineering background, the establishment of a sustainability fund or account is like building a dam, creating a reservoir of water. From this reservoir we can regulate a steady flow of water supply as needed. The needed water supply becomes less dependent on the whims of nature, seasonal fluctuations. The success of this concept has been proven many times over in the practice of irrigation over the millennium. Thanks to the continuously sound and strong fiscal management of the government, Alberta is on strong financial footings. We need to continue this responsible and responsive fiscal management in order to build a strong dam, creating a big reservoir, as in my analogy.

In addition, I would like to emphasize that Alberta does not have the problem of a lack of revenue, like all other jurisdictions. Our challenge is to control the spending. Based on my analogy of building a dam, creating a reservoir is only half of the equation. Once we have established a reservoir, we still need – and, indeed, a much stronger need to have the discipline – an effective way to open and direct the flow to where it is needed the most. Everyone will be thirsty when they see a big water reservoir. We need to find new, innovative, and collaborative ways to direct that flow. I'm confident that our members of the government caucus and the Executive Council will take this challenge and be successful in finding a way.

To conclude, I urge all Members of the Legislative Assembly to support Bill 2, the Financial Statutes Amendment Act. Thank you.

The Speaker: The hon. Member for Edmonton-Riverview.

Dr. Taft: Thanks, Mr. Speaker. I appreciate the opportunity to speak to Bill 2, which, I think we all agree, is a significant piece of legislation, quite a change of direction, setting off in a new direction, as it were, for this government and one that reflects many years of debate on how to handle the fiscal situation of Alberta. I think most of the members in the Assembly are optimistic that this will serve Albertans well. It will bring some stability to a very volatile fiscal situation. It will allow a longer term time frame to be used for managing things like infrastructure, schools, roads, that kind of thing, and hospitals and generally should improve the efficiency of the government. I think we all recognize that on-again, off-again, on-again, off-again planning and projects and management ultimately is inefficient.

4:30

I think this is a good piece of legislation. I don't know what the regulations that go along with it will look like, but in principle it's a good piece of legislation. The opposition has been advocating for this kind of approach to Alberta's fiscal situation for many years. Creating the sustainability fund and creating a capital account together will be like a good ballast in a boat, a good ballast in a ship and help it to stay upright and help it to stay stable. I'm pleased to see the reference in the legislation to the three-year business plans and the three-year capital plans, and let's hope that we can stick with those capital plans so that members of the public, contractors, road builders, school boards, and so on, can enter their plans for roads or heart institutes or high schools in Castle Downs or whatever with a lot of confidence. So all in all it's a good piece of legislation. We're glad to see it come forward. That doesn't mean, of course, that we should stop being alert to where legislation and programs and plans can go off the rails.

As I think about how this is going to be enacted, I realize that all of us must watch for a couple of things. Number one is discipline. We need to remain disciplined. We don't want to get into the kind

of fiscal party mode that has arisen from time to time in this province where there's a loss of discipline in how money is managed and spent. [interjection] Yes. Reflect back on the birthday party of Alberta's 75th anniversary in a sense that maybe that was a symbol of times when money flowed awfully loosely, and I think we need to be cautious, as the hon. Member for Edmonton-Gold Bar mentioned, about the 100th birthday coming up. Let's be sensible about how we spend that money. That's a symbol of the necessity for us to remain disciplined and especially in the tempting year or so leading up to an election.

One of my concerns is that we may be creating here a couple of election slush funds, and we're all human beings. The government will be as tempted as anybody else as the election nears to open the floodgates and make promises for new facilities and new programs all over the place and in the process get us into a situation where when the party's over and the election's over, we have our fiscal hangovers. Human nature being what it is, you can count on those temptations being there, and the opposition being what it is, you can count on us trying to keep the powers of discipline strictly in force.

I have been interested to listen to the debate here on debt and the great concern over debt, so I'm going to talk here, raise some issues that might sound like heresy in Alberta, but I'm going to at least float the notion that debt isn't always evil. Debt is not always bad. There are such things as smart debts, and we should not absolutely and forever close our mind to the possibility that debt can be a useful tool if it is used properly. It comes down to an issue of good debt management. But all we need to do is look at the private sector to see how readily they use debt to help advance their businesses, to help build up their organizations, to build their capital base, and to build their human resources. So if it can be used so successfully in corporations, maybe it can be used sometimes successfully and intelligently in government. The same kind of lesson applies from our personal lives. Most of us here, quite possibly every single one of us here, at some point in our lives have entered personal debt, and we've done that for perfectly good and sensible reasons. We need to keep in mind that debt is not always evil. Debt is a tool to be used, a tool to be managed. So that's a caution I put out there.

I would also make the point that historically debts have been used to pull countries out of depression and out of recession. The most dramatic example of that was in the late 1930s, when one of the most severe depressions that this continent has ever experienced took hold and had unemployment rates in parts of the country at 30 percent or more. It was only when a new economic model was brought in that recognized there are times when spending money actually generates money that the country of Canada and the country of the United States began to pull out of depression. Governments began recognizing that, yes, building dams, building roads, investing in public works, and, tragically as it turned out, investing in the military as World War II came along actually put a heck of a lot of people to work. It primed the economic pump. So let's not turn debt into a bogeyman. Unnecessary debt is silly, and too much debt can be tragic. That doesn't mean that debt is always bad.

There's also been some interesting discussion here about industrial programs or some term like that and economic diversification efforts. I was one of many, many Albertans who was pretty quick to condemn any of the diversification efforts of the province through the '80s or, certainly, to express great concerns as we got into, oh, projects like the magnesium plants and the meat packing plants and so on, but I think we also need to keep our minds open on this particular issue.

If we look at some of the largest corporations in Alberta, the very largest corporations in Calgary, for example – Canadian Pacific, EnCana, Syncrude, Petro-Canada. If we looked at a list of the top

five corporations in Alberta, those would probably be on that list, right there. Every one of those had its roots in government action. Every one of them was created and subsidized through taxpayer efforts, and over the long run they've all proven to be fruitful examples of what good industrial policy can be. Canadian Pacific started in scandal and controversy under Sir John A. Macdonald, but it's grown into one of the very largest corporations in Alberta and in Canada. EnCana, created last year out the merger of two former public companies, Alberta Energy and Pan-Canadian, which was a spin-off of CP, is one of the great corporate success stories of this country. What are its roots? Direct government intervention in the economy. I'm sure I don't need to explain the roots of Syncrude to anybody here, a huge company with national and international success whose roots are directly in public intervention and the same with Petro-Canada.

So I am simply cautioning all members of this Assembly not to fall into black-and-white positions, where all debt is bad or all debt is good, where all intervention in the economy is good or all intervention in the economy is bad. Let's look at the evidence. Let's see what the evidence says. If the evidence says that sometimes the market works well, let's go with that. If the evidence says that sometimes the market fails and we need public intervention, let's follow that evidence.

4:40

I guess everybody agrees with me on that position of debt, judging from the silence here. [interjection] Maybe not. No. Maybe not so sure, I'm told. Good. I like debate. This is a House of debate.

Anyways, with those comments, Mr. Speaker, I will wrap up by once again saying: Bill 2, a good piece of legislation. I wish the Member for Lacombe-Stettler were here so she could hear me say that. I agree with the government, as I think we agreed last night with the government, and I will take my seat with those comments.

Thank you, Mr. Speaker.

The Speaker: Hon. members, Standing Order 29(2)(a) kicks in. The hon. Minister of Justice and Attorney General on that section?

Mr. Hancock: Yes.

The Speaker: Proceed.

Mr. Hancock: Yes, Mr. Speaker. I just wanted to ask the hon. member whether I heard him correctly that dollars should not be always considered black and white, that when it comes to debt and finances, sometimes things are good and sometimes things are bad. I'm just wondering, if he would deign to answer my question, if he would consider that it's appropriate to consider other policies of government in the same way and to look thoroughly and effectively at all policies of government with that same lens.

Dr. Taft: We're not in committee at this point; are we, Mr. Speaker?

The Speaker: No. We're not.

Dr. Taft: I would love to answer that. I have a personal policy where I prefer to respond to these questions in committee, so I would make a point of being here in committee to answer that question.

Thank you.

The Speaker: The hon. Minister of Justice and Attorney General. Continuing?

Mr. Hancock: On debate.

The Speaker: The hon. minister.

Mr. Hancock: Thank you, Mr. Speaker. I just wish to speak very briefly to Bill 2 at this point and then move adjournment of debate on this bill. Bill 2 is I think a very important step forward. The Tuer commission, the Financial Management Commission, did some very good work in the context of consultation processes that this government has made a very important part of its mandate: to discuss with Albertans, to consult, to do things thoroughly, and then to come back, have recommendations, whether it's the justice summit or the Future Summit or the Financial Management Commission or in any number of other ways this government has consulted thoroughly. In this case, the Minister of Finance I think has embarked on a great process which took advice and ideas from all Albertans through the Future Summit and through other mechanisms and then consulted with a committee of people who have a lot of expertise in the area but who also talked to Albertans and heard from Albertans and came back with suggestions.

Mr. Speaker, I hope to have more to say on that when we come back to this bill, but at this time I would like to move that we adjourn debate.

[Motion to adjourn debate carried]

Bill 3 Electric Utilities Act

The Speaker: The hon. Member for Grande Prairie-Smoky.

Mr. Knight: Thank you, Mr. Speaker. I'm pleased to move second reading of Bill 3, the Electric Utilities Act.

Refinements for Alberta's electric industry require a new Electric Utilities Act to replace the old Electric Utilities Act. The Hydro and Electric Energy Act and the Municipal Government Act and the Small Power Research and Development Act will also be amended. This bill puts into place some important changes to Alberta's electric industry. The government is working to establish the best electricity market based on sound market principles and elimination of barriers to competition. All customers will have choice of who provides their electricity.

Alberta's restructured electric industry replaces a system in which customers could only receive service from whichever utility operated in their area. This system did not respond to the changes taking place in domestic or global utility markets. Other jurisdictions and other commodities were developing more responsive, efficient, and flexible consumer service arrangements. Regulatory costs in Alberta were high, and the process itself was failing to meet the needs of industry or consumers. The long and costly hearing process hindered industry's ability to be responsive to market changes including unprecedented population and economic growth in this province.

Starting in 1990, these concerns were the subject of intense discussions involving government, utilities, consumer groups, and industry. This process resulted in the passage of the Electric Utilities Act in 1995 as the first step in transforming Alberta's electric industry. It included the introduction of competition for the benefit of consumers across the province. In the first stages regulatory approval of the need for new generation was removed, and independent power producers were able to plan for and build new generation facilities. The Power Pool of Alberta and the transmission administrator were established. The next step was the passage of the Electric

Utilities Amendment Act in 1998, which laid out the transition to move generation built under regulation into the market over a period of 20 years using the power purchase arrangements. This orderly process continued with the development of regulations setting out specific rules, roles, and responsibilities of all the players in the market.

Electric industry restructuring is based on an important principle, that opening the marketplace to competition forces the generation, wholesale energy, and retail sectors to become more efficient, competitive, and innovative. These benefits are then passed on to the consumer through increased competition, effecting long-term downward pressure on electricity costs and rates through new supply. Since the generation market opened, Mr. Speaker, in 1998, over 2,300 megawatts of new generation has come on, contributing to more reliable supply of power for Albertans through competitive pressure encouraging retailers to develop innovative services that customers want and through enabling consumers to make more informed choices about the way they consume electricity and potentially to save money based on their choices.

In addition, industry can purchase electric energy and services at competitive prices, increasing its ability to compete in world markets and create jobs and wealth for Albertans. It is government's role to manage development of the electric marketplace and ensure it evolves in a way that encourages these efficiencies. This is the reason government is proceeding with these changes to the Electric Utilities Act.

There are seven major changes in this new act to discuss today affecting industry structure, how rates are approved, and customer choice. First, this bill establishes an independent system operator. This new market operator, often called an ISO, will bring the functions of the Power Pool and transmission administrator together into one organization and will also include responsibility for load settlement. An important function of the ISO will be to plan future development of Alberta's transmission system to ensure it remains reliable and adequate to meet the needs of consumers as our province continues to grow.

4:50

This bill also gives the Balancing Pool independence governed by its own board. As is the practice now, Mr. Speaker, the Balancing Pool will continue to ensure that the unsold power purchase agreements are managed efficiently in the interest of all customers. This bill also gives more independence to the market surveillance administrator to ensure it can fulfill its mandate as the market watchdog for electricity customers. The MSA oversees and monitors electricity market activity to ensure that it is competitive and that the market participants play by the rules. A more independent MSA will give customers greater confidence that the electricity market is operating in a fair, efficient, and openly competitive manner.

Through this bill the Energy and Utilities Board is given a wider role and more responsibility as the regulatory authority that approves distribution and RRO tariffs for the majority of customers. City-owned utilities like EPCOR and Enmax have become large businesses that no longer serve only their city residents. EUB oversight and approval allows for consistent treatment of market participants by ensuring a more even playing field for both investor-owned and municipally owned utilities. The EUB approval process is an open, public, and transparent approval process. This bill also gives the EUB more power to ensure service quality standards.

Some customers have complained about billing, metering, and services from their utilities. The board will ensure utilities live up to their responsibility to deliver satisfactory service to their customers. Where a utility fails its customers, the board can levy fines.

This bill brings Medicine Hat's energy trade with the marketplace under the payment in lieu of taxes directive. PILOT payments will flow into the Balancing Pool, benefiting all customers. This will also contribute to further level the playing field so all market participants compete fairly in the marketplace.

This bill introduces a regulated default option based on the Power Pool of Alberta pool price. This gives eligible customers access to competitive wholesale market prices just as customers now have for natural gas. Small business customers will be eligible for this option starting January 1, 2004, and residential, farm, and irrigation customers on January 1, 2006.

Finally, Mr. Speaker, this bill aligns the market structures for electricity and natural gas, allowing companies to market their energy products to customers together, resulting in more options for customers.

Of course, we have not recommended these changes without speaking to those who will be affected. Alberta Energy carried out extensive stakeholder consultation with industry and listened to consumers. Stakeholders were consulted on a series of projects carried out by Alberta Energy in 2001 and '02 to review Alberta's electricity market. The industry structural review reviewed market governance, functions, and responsibilities. The retail market review assessed barriers to retail market development. The level playing field review assessed how municipally and co-operatively owned utilities participate in the restructured electricity market. The liability review examined the future liability policy for Alberta's electric industry.

Through this very detailed policy process we have developed the Electric Utilities Act, 2003. This new statute will further our goals to create a competitive electricity market attractive to investors and benefiting consumers. We have already seen one positive announcement by a new company eager to enter Alberta's electricity market because they are confident that these changes will enhance the marketplace. As the hon. Minister of Energy has said many times: restructuring is a journey, not a destination. Through this bill we continue our journey.

Both industry and customers can be confident this government is working to ensure Alberta's electricity market is based on solid ground and has the customer in sight at all times. By doing this, I am confident Alberta consumers will benefit from active competition in our electricity marketplace. All Albertan consumers—residential, agricultural, industrial, and commercial customers—can benefit from the initiatives included in this new bill.

Thank you, Mr. Speaker.

The Speaker: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Speaker. It's a pleasure to rise and debate Bill 3 at this time. Before I do get into my remarks, however, I would like to publicly express my gratitude to the hon. Member for Grande Prairie-Smoky for his co-operation and his patience in briefing particularly this member and our research staff in regard to Bill 3.

Now, I certainly cannot support this bill, this high-priced utilities act. The greedy picking on the needy is what this bill is. This high-priced utilities act should be scrapped. The hon. member talked earlier about the regulatory costs and the regulations that we must somehow control. Well, for all hon. members of this Assembly: there are about 12 inches of regulations stacked one on top of the other for the current Electric Utilities Act. We had to use closure in 1998 with this legislation, and I certainly hope we don't have to use closure with Bill 3. The last time we did this, we rammed it through the Assembly. Who finally has picked up the cost? The consumers

of this province, and the costs are enormous. They're in the billions and billions of dollars, and, Mr. Speaker, I'm going to get into the costs of this deregulation notion, this scheme, further on.

It's time that we unplug high power bills for Albertans, and this act certainly is not going to do it, this high-priced utilities act. What we need is a low-cost plan for electricity in this province, and this is not it. This is not it. I'm sorry. I know the hon. member means well, but we need to provide low-cost power for Albertans and affordable power for your home.

If hon. members were to go outside in the corridor, they would see this Assembly in one of the original photographs, and the electricity industry – the distribution, generation, and transmission – was in its infancy in this province. How times have changed. When we think that we use electricity every day, it's something that we can't live without. No one wants to choose to buy electricity for their home. We can talk all we want about choice, but right now the choice that Albertans have is: do they have to go to the bank and get a loan before they pay their utility bill? That's the choice that they have been left with as a result of electricity deregulation. Some Albertans on fixed incomes have the choice of whether they have heat, light, or food, and this is certainly not a step in the right direction.

Now, electricity, as I said, is a matter of necessity, and low rates were an Alberta tradition until we let blind ideology get in the way. For many years Albertans enjoyed some of the lowest power rates in North America. Not any longer, not under this government's policy. If we adopt this bill, a continuation of high prices. Hello?

5:00

Now, for many years we didn't even need to think about electricity unless the power went out and we were counting the minutes or hours until service was restored. January 10 could have been a very unfortunate historic day in this province because the Power Pool had to go on an emergency alert because there were no more available resources. We can brag all we want about this generation that we've created under deregulation, but it wasn't available on that day. We were at the mercy of British Columbia and the providers of electricity in Saskatchewan. Fortunately, Saskatchewan had over a hundred megawatts extra, or there would have been lights out in some parts of this province. If I'm picking a place for the lights to go out first under electricity deregulation, it's going to be Calgary. It's going to be Calgary, not Edmonton.

An efficient, reliable, affordable system that once served us so well was dismantled by this government with no rhyme or reason. If there is any cost-benefit analysis that will tell us that deregulation is the economic saviour, table it. Table it in this Assembly for everyone to see. Where are the studies that show that there is a benefit for the consumers of this province, whether they're residential, commercial, or industrial, through electricity deregulation? The whole deregulation plan has failed. Not only has it failed; it's failed miserably.

The Alberta government, unfortunately, traded a perfectly functional, customer-friendly system for a complex, confusing, and, worst of all, very expensive, \$9 billion mistake. Earlier in debate this afternoon we were talking about Tory boondoggles, and electricity deregulation is the granddaddy of all Tory boondoggles. The great granddaddy. I can't believe that any government in any part of the country could top this. I doubt that it'll happen; I certainly hope it doesn't happen. Now, Albertans are paying the price, and they're going to continue to pay the price for this boondoggle. The government has spent billions of our hard-earned tax dollars trying to fix this costly mistake, and it hasn't worked. Bill 3 is not the answer. The mess will just get worse, unfortunately.

I urge all hon. members of this Assembly to visit altaliberals.ab.ca,

regardless of which area of the province you live in, and you can see for yourself. That's altaliberals.ab.ca. If you're an Enmax customer, our low-cost plan will save you 33 percent on your monthly bill if your consumption is around 600 kilowatts a month.

Do Albertans want to shop around for power? Not one Albertan – and there are many from all over the province who phone me on a daily basis complaining about their power bills – wants choice. What they want is affordable power. As if high, confusing bills aren't enough, with this Bill 3 Albertans are now going to be forced to shop around for electricity service. Apparently, there are going to be stages in this flow-through option. I don't have my computer with me, but it's coming up to peak demand in Alberta, and it would be interesting to know what the wholesale price of electricity is trading at at the 1700-hour mark, at this time. I can just look at January 14, for example, and at 6 o'clock it was 24 cents a kilowatt-hour. How is Bill 3 going to affect consumers with this flow-through option?

An Hon. Member: What's the average?

Mr. MacDonald: The average at this time, for the hon. member across the way, would be about 8 cents a kilowatt, and that's without distribution and transmission costs. That is going to be a problem for many Albertans. That is going to be a real problem.

Now, we need to have cheap, reliable power like we used to have, like the old Alberta tradition, and we need not only to consult with the supposed industrial stakeholders, but we should take a walk into the history pages of this province and recognize that a former government, the Social Credit government at the time – I believe it was 1940 – actually held a referendum on what direction the electricity distribution, transmission, and generation system should go in this province. That government listened to the people. This government, unfortunately, on this issue is not listening to the people.

How many people would like the choice of going back to a low-cost system?

Dr. Taft: I would.

Mr. MacDonald: Exactly. Everybody would, and this is not the low-cost system.

Now, power bills should be easy to understand. You shouldn't have to have a forensic auditor standing beside your mailbox when you get your electricity bill, and that's the case now. No one can understand the bills. No one can understand them. With a low-cost plan you would get one rate with no contracts to sign and no complicated calculations to make. That's what we need, and this bill is certainly not, Mr. Speaker, going to provide that. Every Albertan should be able to count on a steady supply of low-cost power for years to come, and nothing like this is guaranteed in Bill 3. There is no consumer choice here.

There is no discussion about exports and what they're going to do to our domestic prices here. Oh, no, we're not going to mention that. Exports are going to increase the domestic price of electricity in this province.

Now, electricity is not a commodity, as was described earlier in the Member for Grande Prairie-Smoky's remarks. Electricity is an essential service, and this is where the government has it wrong. It's not a commodity subject to radical price swings. We need to have a centralized, streamlined system that minimizes capital and operating costs, and that is not what Bill 3 is about. Electricity is not a commodity, because it cannot be stored. You can store wheat. You can store oil. You can store gas. You can store gold. You can

store any commodity, but you cannot store electricity. The system has to be in a constant state of balance between supply and demand, and that's why we can't treat it as a commodity. It is an essential service.

Deregulation has certainly not worked in this province. We were promised that changes would bring lower power bills. That was an empty promise. Electricity prices have skyrocketed. We only have to look at other jurisdictions; many, many have come to their senses and rejected deregulation. They aren't going one step down the road with another high-priced utilities act. They're coming to their senses and saying: this was a mistake, it doesn't work, and we're going back to a tried-and-true system to deliver electricity to consumers.

California's disastrous experiment with deregulation, which also started with the promises of cheaper power, ended in early 2003. RIP to electricity deregulation in California. This was after eight years of economic misery for consumers. In announcing the decision, the California Public Utilities Commission said that deregulation was the most expensive public policy mistake in the history of California. Can Alberta be very far behind? I don't think so, unfortunately.

5:10

I would urge all members to think about the money that we have spent on this costly mistake and think about the future. We look at the comments about natural gas fired generation, about how much of that has come onstream. Well, I don't have today's current supply/demand report from the Power Pool, but I have one from another winter's day. This was January 14, and of all that gas-fired generation that was supposedly created, less than 50 percent was being used at this hour of the day to provide electricity for Alberta consumers. Now, why would that be happening? Everyone was so anxious to build these natural gas fired generators, and then, suddenly, they don't want to operate them. What's going on? How are Albertans going to benefit from a system like that?

Our current system, one that is going to be enhanced in this bill, is going to allow the Power Pool of Alberta to continue to determine bids and offers submitted by market participants. What's interesting about this is that the lowest offer received for the last unit of generation required to meet demand sets the pool price. So everyone is going to be lumped in together, whether they're coal-fired or whether they're natural gas fired, whether it's hydro power. Everybody is lumped into that system.

Now, Bill 3 does nothing to end price manipulation. There have been two recent examples of price manipulation in the Power Pool in Calgary.

Mr. Smith: Tell the truth. Tell the truth.

Mr. MacDonald: Okay. The hon. Minister of Energy is talking about the truth. This is the truth. There were reports of price manipulation, and there was no clarification from the minister on how much electricity was involved in this price manipulation, what the cost was, and who was behind it. All this is done behind a veil.

Now, there has been a recent report. I believe it was . . .

Mr. Smith: Mr. Speaker, point of order.

The Speaker: Yes, hon. member.

Point of Order Imputing Motives

Mr. Smith: Mr. Speaker, a point of order, Standing Order 23, imputing false motives. The member has absolutely no way of

determining what information I had or did not have. If he'd stick to his facts, we'd be much obliged.

Thank you.

The Speaker: Hon. Member for Edmonton-Gold Bar, you have to respond.

Mr. MacDonald: Pardon me?

The Speaker: There's a requirement to respond here.

Mr. MacDonald: The facts are as reported in the *Edmonton Journal* and in various newspapers. I would be interested to see if the minister has any comments regarding the reported manipulation that occurred on the Power Pool web site dated December 16, 2002.

The Speaker: The point that we have here now, unfortunately, though, is the suggestion made by the hon. Minister of Energy that his personal character has been tarnished by comments made by the hon. Member for Edmonton-Gold Bar, and the last comments made by the hon. Member for Edmonton-Gold Bar do not contribute to the clarification of this issue. Whether or not somebody chooses to comment on something in a newspaper has absolutely nothing to do with the issue. If I understand the Minister of Energy, he cited Standing Order 23, some section in it, and I guess it's on that point that we need clarification, not on the issue itself. That's not the point of the point of order.

Mr. MacDonald: Thank you, Mr. Speaker. Now, when we're talking about . . .

The Speaker: Hon. member, please sit down. Hon. member, there's been a point of order raised. It has to do with personal aspersions against another member. The subject, the context of the bill has nothing to do with what we're talking about now. We're talking now about the personal aspersion against another member that has to be clarified. That's what I'd ask you to deal with. The hon. Member for Edmonton-Gold Bar has been recognized to deal with this point of order.

Mr. MacDonald: Yes, Mr. Speaker. I'm just looking for clarification on the remarks that were made from the *Edmonton Journal* in relation to this alleged . . .

The Speaker: Please, hon. member. Please. The rules clearly indicate that no member has to deal with anything printed in a newspaper. That's not the subject matter here. It's the question of personal aspersion against the Minister of Energy that I'd like you to deal with, please.

Mr. MacDonald: Mr. Speaker, I in no way, shape, or form in my remarks intended to cast personal aspersions at the Minister of Energy. The Minister of Energy, I think, is aware of the cases that I am talking about in my remarks regarding price manipulation.

The Speaker: Hon. Minister of Energy, does that satisfy the point of order?

Mr. Smith: Yes, Mr. Speaker, it does, and thank you for the opportunity for the member to clarify the fact that he would in no way know what information I did or did not have in my possession.
Thank you.

The Speaker: Now please continue, hon. Member for Edmonton-Gold Bar.

Debate Continued

Mr. MacDonald: Thank you. Now, Mr. Speaker, when there is price manipulation at the Power Pool, it is a very, very serious issue. It's a very serious issue. When you think that electricity consumers in Alberta have been victims of this manipulation of this deregulated market, we need to improve that. We need to ensure that there are adequate guidelines here to deal with that, and they are not here. It is simply not in this legislation.

What's going to happen? Is this price manipulation going to continue? I certainly hope not, but unfortunately it has. When one looks at what has happened and the fact that there have been admissions – I find it amazing that when we have admissions that there has been price manipulation, nothing is going to be done about it, not in this bill, not in the past. I for one don't have the confidence that this legislation is going to deal with that.

If we look again at how much this is going to cost, we have to look at the total bill for the rebates. This is money that came from the auction of assets Albertans had previously paid for. That's \$2.3 billion. We look at the deferral accounts, the rate riders, and that's in the range of \$700 million. This is occurring because the government imposed a price cap, and this was the amount the utilities were forced to postpone collecting from consumers until after the general election, the last election, and now everyone has to pay.

Now, the Balancing Pool deferral. It's going to be interesting when we get into committee on this bill how there's going to be an explanation for the Balancing Pool deferral accounts. In the last report that was made available from the Balancing Pool, they are listed at \$345 million. Who, Mr. Speaker, is going to pay for that?

The Balancing Pool is required to take on certain risks in the industry, and they are bankrolled by Albertans.

The hon. Member for Grande Prairie-Smoky stated that fortunately a t e l y the PILOTs, or the payments in lieu of taxes, are going into the Balancing Pool for the benefit of all consumers. Well, this hon. member considers that to be a subsidy to some of the bigger electricity producers.

Thank you.

5:20

The Speaker: The hon. Member for Drayton Valley-Calmar.

Rev. Abbott: Thank you, Mr. Speaker. I noticed that the member opposite claimed . . . Standing Order 29(2)?

The Speaker: Please sit down. Standing Order 29(2)(b) does not kick in to the second speaker, so we're open to people who want to participate. The hon. Deputy Premier.

Mrs. McClellan: Mr. Speaker, I would like to enter the debate on this bill, but I think that in view of the hour I would move adjournment on the bill.

[Motion to adjourn debate carried]

The Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I'd move that we adjourn until 8 p.m.

[Motion carried; the Assembly adjourned at 5:21 p.m.]