

Legislative Assembly of Alberta

Title: **Wednesday, April 23, 2003**

1:30 p.m.

Date: 2003/04/23

[The Speaker in the chair]

head: **Prayers**

The Speaker: Good afternoon.

Let us pray. O God, grant that we the members of our province's Legislature may fulfill our office with honesty and integrity. May our first concern be for the good of all our people. Guide our deliberations this day. Amen.

Please be seated.

head: **Introduction of Visitors**

Mr. Jonson: Mr. Speaker, I am pleased to introduce to you and through you to members of the Assembly His Excellency Dénes Tomaj, ambassador of the Republic of Hungary. He is accompanied today by his wife, Ildikó Tomaj, and Mr. Bela Balaz, the hon. consul general for Hungary in Alberta. Mr. Balaz's wife is accompanying him as well.

Hungary is a close friend of Canada and a NATO ally. Hungary is at the forefront of the reforming economies of central and eastern Europe, and its location at the crossroads of Europe makes it a gateway to a huge market area.

The ambassador was only recently appointed to be his country's representative to Canada, and this is his first visit to Alberta. I would like our honoured guests to please rise and receive the traditional warm welcome of this Assembly.

head: **Introduction of Guests**

Mr. Klein: Mr. Speaker, I'm pleased to introduce to you and through you to Members of the Legislative Assembly a group of gentlemen who participated in a fund-raising auction held in the constituency of the hon. Member for Spruce Grove-Sturgeon-St. Albert. The auction item purchased by our guests was lunch with me and a visit to question period. Visiting the Assembly from the Alberta Society of Engineering Technologists are president Randy Doherty, past presidents Glen Horne and Ron Paulson, and executive director Tim Schultz. They're seated in the members' gallery. I would ask that they all rise and receive the warm welcome of the Assembly.

The Speaker: The hon. Minister of Transportation.

Mr. Stelmach: Well, thank you, Mr. Speaker. I'm pleased this afternoon to introduce to you and through you to members of the Assembly 23 visitors from Chipman school seated in the members' gallery. They are led today by teacher Mr. Allen Dubyk, assisted by Mrs. Brenda Lesoway, parent helper Mrs. Shelly Christoffersen, and of course conveyed here by Mr. John Stribling, a bus driver and longtime serving councillor in the village of Chipman. I would ask all of the students and helpers to please rise and receive the traditional warm welcome of this Assembly.

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

Mr. Masyk: Thank you, Mr. Speaker. Like every parent it's an honour and a privilege for me today to introduce to you and through you my two sons, Gavin and Travis Masyk, in the public gallery. They worked very hard on my campaign, going door-to-door, folding

folders, at a young age. I would ask them to rise and receive the warm traditional welcome of this Assembly.

The Speaker: The hon. Member for Calgary-Mountain View.

Mr. Hlady: Thank you, Mr. Speaker. On behalf of the MLA for Little Bow I would like to introduce to you and through you two of the member's constituents. Elaine Hall has driven from Vulcan, Alberta, to Edmonton just to bring her granddaughter Lindsay on a tour of the Alberta Legislature Building. They live on a farm just outside of Vulcan, and Elaine wanted to be sure her granddaughter had the opportunity to see firsthand a little of what goes on in the Alberta Legislature and to tour the Legislature Building to see her government in action by taking the afternoon to see the legislative proceedings. I'd ask them to please stand and receive the warm welcome of the Assembly.

The Speaker: The hon. Member for Redwater.

Mr. Broda: Thank you, Mr. Speaker. I have two introductions today. I'm pleased to introduce to you and through you to members of this Assembly two very special guests. The first is Lloyd Cenaiko, who just happens to be the brother of our colleague from Calgary-Buffalo. He doesn't want that held against him either, although the Member for Calgary-Buffalo told him that he might be older, but he's better looking. Lloyd is the president of the Humanitarian Aid Response Team, also known as HART. This group serves disadvantaged individuals in eastern Europe, countries like Ukraine, Russia, Siberia, and Romania, by providing critically needed aid such as food, clothing, and medical care for orphanages, street children, invalids, hospitals, the elderly, those in prisons, and the desperately poor. Our Premier and I had the privilege of meeting Lloyd last May during the Premier's historic mission to Ukraine, where the HART group assisted a school for special-needs children in Lvov, which is in western Ukraine, with a new play system for their playground. Lloyd is accompanied by his lovely wife, Ulyana. The newlyweds are seated in the members' gallery. I would ask them to please both rise and receive the traditional warm welcome of this Assembly.

For my second introduction, Mr. Speaker, I'd like to introduce to you and through you to members of the Assembly a very special individual, my one and only sister, Mary Tachynski. Accompanying her is my nephew Michael Tachynski. They're seated in the members' gallery, and they're here to observe the proceedings of this House. I would ask everyone here to join with me in warm applause.

Thank you.

The Speaker: The hon. Member for Vermilion-Lloydminster.

Mr. Snelgrove: Thank you, Mr. Speaker. A couple of weeks ago I had the privilege of introducing to you my oldest son. Today I have the honour of introducing the rest of my family to you and through you to the members of the Assembly. Today my wife, Bev, has traveled in from Vermilion. She's accompanied by our second oldest son, Jamie, Kyle, my 13 year old – no more needs to be said – and last but certainly not least my youngest son, Blake. I would ask my family to please rise and accept the warm welcome of this Assembly.

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

Mr. Mason: Thank you very much, Mr. Speaker. I'm pleased to rise today and introduce to you and through you three guests. The first, Ms Hana Razga, is a constituent of mine who has been working

down east for some time and is back home for a bit of a spring break. She is hosting my other two guests for the next week. They're visiting from Igloolik, a very small northern island with a population of 1,200 and the site of the production of the film *The Fast Runner*, which won six Genie awards including best director. Ms Katarina Soukup is the communications director for Igloolik Isuma Productions, the production company involved in the making of this film. Jason Kunnuk is the nephew of *The Fast Runner's* director, Mr. Zacharias Kunuk. Ms Razga, Mr. Kunnuk, and Ms Soukup are here to observe proceedings, and I would ask that they all rise and receive the warm welcome of the Assembly.

head: **Oral Question Period**

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

Education Funding

Dr. Massey: Thank you, Mr. Speaker. As uncomfortable as it makes the Premier, the 2 percent increase in the basic instructional budget will result in school cuts: programs will be cut, teachers will be cut, and class sizes will grow larger. My first question is to the Premier. Does the Premier support the larger class sizes that will be a result of the 2 percent basic instructional budget increase?

Mr. Klein: Mr. Speaker, the suggestion that I'm uncomfortable is false. I'm not uncomfortable at all. I'm very comfortable with the budget that was presented by our Minister of Finance.

The increased amount for schools under Learning was deemed to be acceptable in terms of our overall budget priorities. Relative to the specific question, I will take it under advisement and have the minister provide a more detailed response.

1:40

The Speaker: The hon. member.

Dr. Massey: Thank you, Mr. Speaker. Again to the Premier: does the Premier support the cutting of programs that will be a result of the 2 percent basic instructional budget increase?

Mr. Klein: Mr. Speaker, in the absence of the hon. Minister of Learning I'll have the hon. Minister of Finance respond, but before I do, I would like to point out that there is under way right now a Commission on Learning to examine all aspects of learning in the province including classroom size and pupil/teacher ratios and all of the factors involved with education. I would invite the hon. member to wait and see the results of that commission's findings and how the government responds to it before jumping to conclusions.

Now, relative to the amount allocated to Learning through this year's budget, I'll have the hon. Minister of Finance respond.

The Speaker: The hon. minister.

Mrs. Nelson: Thank you very much, Mr. Speaker. I'm pleased to say that Alberta has accepted the responsibility of Learning to the tune that we actually fund Learning to the highest per capita of anyplace in Canada. This year we increased our funding to Learning by 4.7 percent, or \$219 million, bringing us up to \$4.9 billion in education funding for this year. In the year 2005 we will be spending over \$5 billion a year in the Learning budget.

Mr. Speaker, what's also very important in this fiscal year is that the Minister of Learning has introduced a new fiscal framework so that funding allocations can be made at the local level to meet local

needs. This is a very important element within the business plan of the Learning department.

The Speaker: The hon. member.

Dr. Massey: Thank you. Again to the Premier: given that budgets are being set now for next September, not after the commission reports, does the Premier support the hundreds of layoffs of teachers that are going to be a result of the 2 percent basic instructional increase?

Mr. Klein: Mr. Speaker, that question is purely speculative and is hypothetical at its absolute worst. You know, if there are no layoffs whatsoever, will this hon. minister – this hon. member; God forbid he ever becomes a minister. Will this hon. member stand up in this House and apologize? Of course not. It's just terrible that they would stand up and through insinuations, speculation, and innuendo and fear mongering make these kinds of statements. It's purely speculative and does not deserve an answer.

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

Dr. Massey: Thank you. Nothing would make me happier, Mr. Premier.

Hinton Schools

Dr. Massey: The government's solution to crowded classrooms in Hinton is for the Catholic and public school districts to swap schools thereby creating even more crowded classrooms in the public system. The problem is not solved, and the result is spreading frustration and anger among parents. My question is to the Premier. Why does the government continue to pursue a policy that puts the needs of infrastructure before the learning and the social needs of children?

Mr. Klein: Mr. Speaker, again, the preamble to that question is so erroneous, so wrong, so false. We don't put the needs of infrastructure before the needs of students. The two go hand in glove. You know, students need to have a good environment in which to learn, and that involves infrastructure, good, solid infrastructure, and we try to balance the instructional opportunities and processes that take place in the classroom with the up-to-date and needed infrastructure to accommodate a good environment for instruction. This hon. member should be able to understand that. Everyone else does.

Dr. Massey: Again to the Premier: why does the government continue to pursue a policy that pits neighbour against neighbour in the provision of school space? These parents from Hinton want to know, Mr. Premier.

Mr. Klein: Mr. Speaker, we don't pit neighbour against neighbour. We do not pit neighbour against neighbour. As a matter of fact, we leave it up to school boards to decide on a day-to-day basis how their schools shall operate. In my neighbourhood I don't have any problems whatsoever with my neighbours over schools, nor do I get a lot of cards and letters and phone calls from neighbours who allegedly are pitted against neighbours over the issue of education. There are occasions from time to time when situations arise where there are disputes over school closures and decisions of various school boards relative to the delivery of education, but overall and generically throughout this province I can tell the hon. member, because he doesn't seem to travel the province as much as govern-

ment members do, that there is no pitting of neighbours against neighbours relative to education.

Dr. Massey: My third question is to the Minister of Infrastructure. When will the government provide the funds already promised to build a new school in the Catholic school district in Hinton?

Mr. Lund: There never have been funds allocated to build a new Catholic school in Hinton. The fact is that in Hinton the school population is declining. There is excess space in Hinton if you take the total area that's available for schools. Simply, in Hinton what we did is we allowed the Catholic separate board to take over one of the schools that was underutilized in the public system. In the case of Edson the boards that run the Catholic and the public systems in Hinton also run the schools in Edson. In Edson the public board was shutting down a school, so we simply moved the overcrowded Catholic situation and solved that by having them go into the school in Hinton that was being shut down by the public board. It's just something that I'm sure the taxpayers of Alberta will be very, very happy about, that we are able to look at the broader picture.

As far as pitting neighbour against neighbour, there are always situations where one person doesn't like it because their neighbourhood school is now going to be governed by a different board. That happens, and it's certainly not something that we relish, but to do nothing also created a problem.

Private/Public Partnership

Mr. Bonner: Mr. Speaker, I hope all members were listening yesterday when the Minister of Infrastructure told this House that P3 financing is more expensive than conventional finance alternatives, something the Official Opposition has been saying for months. The minister has instead decided to justify the government's use of P3s by saying that they download risk to the private sector, could operate the facilities more cheaply over time, and will get facilities up and running faster than the government could. To the Minister of Infrastructure: how can private corporations manage risk more efficiently than government?

Mr. Lund: Well, Mr. Speaker, I'm sure that all the members on the government side were listening yesterday, and they clearly heard me say that financing was not the main reason for going down the P3 road. I made that very clear. The fact is that off-loading the risk is one of the things that happens. It is worth a certain amount, and the fact that we get a building up and operating earlier is another issue. The opposition continually focuses on a corporation that might be involved in a P3 and that somehow that's a terrible thing to have happen, but the fact is that we have a number where it is even municipalities being part of this solution.

1:50

A very good example – and I won't identify which area it's in. Currently we have two municipalities working together. They're looking at building a recreation centre that would be used by the schools, be part of it. They'd use a single mechanical. They'd use a single parking lot. Win/win for everyone. As a matter of fact, if they would just go and take one look at what's happening in Grande Prairie, thanks to the former mayor of Grande Prairie that started this, and have a look at what's going on up there. An \$85 million to \$90 million project is going to save the taxpayers of Alberta a considerable amount of money because there are two high schools connected with it, and they're using the common mechanical and other services and other buildings. Just a perfect P3.

Mr. Bonner: To the same minister, Mr. Speaker: given that one of the Ps in P3 is "private," what benefit is there to having private firms – and hopefully the minister is listening – operate public infrastructure when the public will have to pay for all of the costs of operation through the company plus – plus – an added fee for the firm's profit margin?

Mr. Lund: I'm sure the next thing the hon. member is going to be telling us is that another of the Ps is "profit." Unbelievable. Mr. Speaker, of course, now I've got a bit of an indication of where the member is coming from, because P3 may be two public entities working together: public/public partnership. That works too.

Mr. Bonner: To the same minister, Mr. Speaker: why should private firms be able to get public infrastructure up and running any faster than this province's highly skilled and motivated public service? Why should private firms be able to do that?

Mr. Lund: Mr. Speaker, we are extremely proud of the people that work in Alberta Infrastructure. They're highly skilled, they're very well motivated, and they do an excellent job. One of the things, though, would answer the member's question. I know that the Liberal way is just to go out and spend, spend, spend even if it makes absolutely no sense – they love to tax, tax, tax and spend, spend, spend – but we in the government don't believe in doing things that way. We would much sooner manage the affairs of the province in a most efficient manner. The fact is that at times we don't have enough funding to move forward immediately, and the private sector could assist in some situations like that. But the important thing to look at is the lifetime cost and how that's going to relate back to the cost of us doing the structure, and as I indicated, there are some other very important factors that have to be taken into account.

The Speaker: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Calgary-Cross.

Calgary Health Region Review

Mr. Mason: Thanks very much, Mr. Speaker. Yesterday the Calgary health region appointed a corporate lawyer to do an internal review into the failure to co-operate with the fatality inquiry into the tragic death of Vince Motta. This appointment is a continuation of the CHR's familiar pattern of stonewalling and whitewashing instead of taking meaningful action to address serious, systemic problems. My question is to the Minister of Justice. Why should the Motta family and Calgarians put any faith in the findings of a person handpicked by the appointed chair of the Calgary health region when what's really required is a full and open public inquiry?

Mr. Mar: Mr. Speaker, I've had a number of conversations with Mr. David Tuer, the chair of the regional health authority in Calgary. I want to assure members of this House and members of the Alberta public, particularly those individuals in the city of Calgary, that the regional health authority is very concerned about dealing with the learnings that come from His Honour Judge Delong's report. They will be going through some 25 recommendations line by line. Mr. Tavender, who has been asked to conduct an independent review of each of these recommendations, is a litigator of the very highest calibre and the very highest integrity. I'm assured by the regional health authority that he will have complete, unlimited access to whatever records are required in order to review the recommendations put forward by His Honour Judge Delong, that they will come

back with his report by the 24th of June of this year, in time for a public meeting of the regional health authority with respect to their response to His Honour's work.

Now, I should also say, Mr. Speaker, that it's not the job of the Department of Health and Wellness or the provincial government to micromanage what is going on in Calgary, but what we do also want to do through the learnings from this important report is see how it will apply to emergency rooms across this province. We are committed as a government and as a department to continuous quality improvement in the delivery of health care to Albertans. We're interested in issues relating to patient safety. Now, we have a good health care system. That is not to say that it is perfect, but we do want to continuously improve the system. Judge Delong's report is an important step to going in that direction.

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. Well, I'm sure Mr. Tavender is a reputable solicitor. I would like to ask the minister who exactly he is going to be independent of, given that he is appointed by the Calgary health authority and will be reporting to them. What independence is he actually talking about?

Mr. Mar: I think that anybody who is familiar with Mr. Tavender's record in his practice would recognize the integrity of the individual who has been asked to do this job. As I said, it's not just Mr. Tavender who will be working to prepare a report for the regional health authority, and it's not just that he has unlimited, unfettered access to whatever it is that he feels he needs from the regional health authority.

It's also the fact that the Department of Health and Wellness is also looking at each of these recommendations for the purposes of determining how we can improve our overall system. I should say that the regional health authority has already taken steps to try and improve its processes within the region on how it deals with patients who are waiting in emergency. One example is that as it is now, since Mr. Motta's death, there has been a change in the manner in which triage nurses actually call back patients who are waiting in the waiting room to update them on their condition while they are waiting in the emergency room. So that's one improvement. Another improvement, Mr. Speaker, is that the regional health authority in Calgary has reduced its wait times in emergencies by some 28 percent.

Finally, Mr. Speaker, as a government we are working on the 44 recommendations set out in the Mazankowski report, which included recommendations related to improving primary health care so that unnecessary visits to emergency rooms would be diminished, and we now do have a 24-hour Health Link line in Calgary, and that Health Link line will be available throughout the entire province by the summer of 2003.

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. Does the Justice Minister, who has the legislative authority to appoint public inquiries, agree that an internal CHR review is not an acceptable substitute for a public inquiry into the financing and delivery of health care in Calgary as called for by Justice Delong?

The Speaker: Opinions are not a matter of question period.

The hon. Member for Calgary-Cross, followed by the hon. Member for Edmonton-Gold Bar.

Sunalta Shelter

Mrs. Fritz: Thank you, Mr. Speaker. Like many of my Calgary colleagues I've recently received over 600 e-mails from volunteers, staff, workers, people that are very concerned that the Sunalta Shelter, which was established as a temporary winter emergency shelter, will be closing its doors next week due to a lack of funding. Now, the Sunalta Shelter is operated through the Mustard Seed Street Ministry, and the Seed provides sleeping arrangements as well as hygiene services for up to 150 men, and half of these men, I understand, are working. So that's raised questions amongst the staff, and the questions are: why should the shelter be closed, and where will these people go? My question today is for the Minister of Seniors. The question is: are there enough spaces available on an immediate basis for 150 men to be accommodated with these same services next week?

2:00

The Speaker: The hon. minister.

Mr. Woloshyn: Thank you, Mr. Speaker. In the last two years some 660 additional spaces were opened for the homeless in Calgary. In spite of these efforts last winter in November a request came forward for interim emergency shelter spaces from three different organizations, one of which was Sunalta. As a result of that, funding was provided very clearly for the period December through April 30. That time line is obviously quickly approaching.

I had hoped that the request in itself would have been the end of the issue and we wouldn't have the requirement at this point. However, that appears not to be the case, and there has been very, very recently the desire to continue with the spaces in Sunalta. Currently the ministry is reviewing the homeless situation in Calgary. Before I can give an answer as to how much space is or is not available in Calgary, I must have the results of that particular review to ensure that I know what spaces may or may not be there.

The Speaker: The hon. member.

Mrs. Fritz: Thank you, Mr. Speaker. Given that there's a review, that the minister has mentioned, that is being undertaken, what criteria will you use, then, that would close this centre while supporting other centres?

Mr. Woloshyn: Mr. Speaker, we have some 16 different shelters that we fund: some for single men, for single women, for hard-to-house seniors, for single men with addictions and health issues, for single men and women, including those who may or may not be intoxicated. As I mentioned, single men, single women, women with children, women without children, so we have all sorts of categories in there. Nowhere did we have any reference to working homeless, which are also in the system. So the criteria that we have to use is to determine if in fact the spaces for this particular clientele that are housed in this particular shelter are in fact required.

The Speaker: The hon. member.

Mrs. Fritz: Thank you, Mr. Speaker. Back to the same minister: given the urgency, Mr. Minister, of this situation, will you consider short-term funding for the Sunalta Shelter while you're making your decision following this review?

Mr. Woloshyn: Mr. Speaker, yes, with the time line limit that I'm prepared to fund it on a short-term, temporary basis, May 1 through

May 31, until the review of the situation in Calgary is completed and we can react properly.

The Speaker: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Edmonton-Meadowlark.

H.R. Milner Power Plant

Mr. MacDonald: Thank you, Mr. Speaker. In 2001 the Balancing Pool on behalf of consumers assumed management of the H.R. Milner power purchase arrangement, and a negotiated settlement agreement was reached between ATCO and the Balancing Pool. My first question is to the Minister of Energy. After the termination of the H.R. Milner power purchase arrangement, how much money was paid in compensation to ATCO?

Mr. Smith: Mr. Speaker, that's a detail which I do not have, and we can take it under advisement. I know the Balancing Pool has published that in public reports, but we'd certainly be pleased to provide it to this House.

The Speaker: The hon. member.

Mr. MacDonald: Thank you, Mr. Speaker. Again to the same minister: in the event that a sale of the H.R. Milner power plant is not completed, what will happen to that very same power plant?

Mr. Smith: I'll take the question under advisement, Mr. Speaker.

Mr. MacDonald: Again, Mr. Speaker, to the same minister: given that under the terms of the negotiated settlement agreement the cost of decommissioning, including site restoration and environmental cleanup, will be paid by the Balancing Pool, what will the total cost to Alberta electricity consumers be?

Mr. Smith: Well, either total cost or total benefit, Mr. Speaker, will be a matter of public record.

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

Gambling-related Crime Prevention

Mr. Maskell: Thank you, Mr. Speaker. Last week the Alberta Gaming Research Institute released a study that analyzed gambling-related crime in Edmonton. My constituency neighbours, the Enoch First Nation, have applied for a casino licence. As their application is now in step 5 of the Alberta Gaming and Liquor Commission's eight-step licensing process, this report renewed fears that a casino will bring crime to their streets. My first question is to the Minister of Gaming. Can the minister please tell me what the government is doing to ensure that crime in casinos does not become a problem?

The Speaker: The hon. minister.

Mr. Stevens: Thank you very much, Mr. Speaker, and thank you for that question. The question calls into account the integrity of gaming in Alberta and also ensuring safe communities within Alberta, both of which are primary goals of this government. With respect to this particular report I can advise the hon. member that we're currently reviewing it to ensure that what we can learn from it will be taken into account, and we'll get some information on that in the next little while.

As it relates to the issue of the Enoch application, one of the

primary aspects of the review is to ensure that there is integrity with respect to those who are putting forward the proposal, that there is due diligence with respect to the proposed operators, the proposed financiers, and that the issues of safety not only within the casino but also within the community are taken into account by the AGLC and the board, who are responsible for reviewing the application.

On a broader issue I can tell you that the AGLC has an investigation unit that is comprised almost entirely of former police officers. They work very closely with police forces in the major centres – Edmonton, Calgary, Lethbridge – the RCMP, Alberta Justice to ensure that there is a continuity of crime fighting, if you will, not only within the casino but also in the community. It might be of note to your constituents, hon. member, that that report you referred to referred to the gaming investigation team that I have just outlined and called it an innovative crime prevention initiative.

So we are very much concerned with respect to this matter. We have been dealing with it, and we intend to continue dealing with it going forward.

Mr. Maskell: My final question is to the Solicitor General. Constituents are very concerned about that casino proposed for the Enoch Cree Nation land bordering the communities of Lewis Estates and the Grange, and particularly they're concerned about the crime that will undoubtedly occur should this proposed casino open for business. Can the Solicitor General tell me how she is dealing with this?

The Speaker: The hon. minister.

Mrs. Forsyth: Thank you, Mr. Speaker, and I thank my colleague for raising this issue. I, too, am concerned about the potential impact of casino-related crime on our police services and in regard to keeping our communities safe. Our government has taken the threat of organized crime very seriously, and we've been working with our police partners to combat the threat. We will continue to do so, and our police will be as vigilant as ever.

As my colleague mentioned earlier, we have put together the gaming investigation team, and they're working together with the police and the Alberta Gaming officials. My department is working with police services, the federal government, and Alberta Gaming to address the policing issues related to gaming and organized crime. Under the provincial organized and serious crime strategy my department provides \$2.4 million annually to CSIS, and we will continue to monitor the situation very closely.

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

Ghost-Waiparous Recreation Area Access Plan

Ms Carlson: Thank you, Mr. Speaker. The Ghost-Waiparous area is a wild and beautiful region west of Calgary that has become a popular destination for nature lovers and vacationing Albertans. Unfortunately, this area has become infamous for drug dealing, alcohol abuse, littering, all-night partying, and other irresponsible recreational use. The Official Opposition is happy to see that an access management plan is being developed but worries that until that plan is ready, the abuse will continue. To the Minister of Sustainable Resource Development: given that it's graduation season for students, what is the minister doing to ensure that parties are controlled in the area?

2:10

Mr. Cardinal: Mr. Speaker, that's a very good question, and the timing is right for a question like that because we always have

concerns this time of the year when there are graduations and parties. It's a challenging area. It's not easy to manage and develop, but you can be assured – and I've given assurances to the public and to our government – that we will have an access management plan along with the monitoring tools, along with time lines for performance measures to ensure that as we move forward in the development of the plan, we deal with issues like this.

In the meantime all we can do is work very closely with other departments, work with the RCMP, work with the municipality, work with the MLA, and other people that are interested to ensure that we minimize conflict in the community like that. It is very hard also for the enforcement officers to go into an area when you have 500 people at one party. You can see the challenges we are faced with, but, you know, in the long run once we develop that access management plan, those issues will be dealt with.

Ms Carlson: Mr. Speaker, when is the access management plan going to be ready?

Mr. Cardinal: Mr. Speaker, I have given assurance like with the Bighorn backcountry access management, which was just recently completed and adopted by this government and where we do have an ongoing monitoring process and recommendations to develop, because once you've developed a management plan, it's not finished. It's just the start of the plan, and this is exactly what's happening. We're using the same process with the Ghost-Waiparous. Some of the same members, in fact, will sit on the committee to develop a plan, so they do have experience already. We're targeting fall of this year to complete that plan.

Ms Carlson: Mr. Speaker, between now and when the plan is ready, what is the minister doing to ensure that the extensive ecological damage caused by off-road vehicles doesn't continue over the summer? It could be a huge problem.

Mr. Cardinal: Mr. Speaker, you know, this issue has been around for a long, long time, and we just started working on it in relation to developing an access management plan in fact just in the last couple of weeks, and we will complete it early this fall. But in the meantime we'll work very closely with Community Development, with the municipality, the MLA, and the committee we have in place, of course with Environment also and other departments to ensure that we minimize damage to the area and minimize the number of casualties that may happen in the area.

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

Licensee Liability Rating Program

Mr. Masyk: Thank you, Mr. Speaker. Over the past few weeks I've received a number of concerns and phone calls plus a meeting from small oil companies regarding the Alberta Energy and Utilities Board's licence liability rating, hereinafter the LLR program. My questions are all to the Minister of Energy. I'm concerned that this program is unfairly penalizing small oil and gas producers. My first question is: could the minister please explain why the EUB implemented this program?

The Speaker: The hon. minister.

Mr. Smith: Thank you, Mr. Speaker. Thank you for the question. Since Turner Valley, oil and gas has been produced in this fair

province and has just in the last three years delivered some \$23 billion in royalty revenue to the province.

Following the discovery of Leduc No. 1 in 1947, over 14 billion barrels of oil have been produced by this province. As that happens, you have an infrastructure that starts to age, and you have some 80,000, 90,000 wells out there that get old. The facilities age. Pipelines have to be abandoned. There has to be reclamation, and this leads to the potential of these facilities being orphaned, Mr. Speaker, or left without someone to pay. It is not the responsibility nor is it intended to be the responsibility of the Crown to in fact reclaim these sites, so we wanted to ensure that a program was in place to protect the taxpayers from paying for abandonment, decontamination, and reclamation of orphaned facilities. This program does increase public safety, does provide the important stewardship for ongoing environmental protection as its aim is to reduce the number of orphaned energy facilities.

The Speaker: The hon. member.

Mr. Masyk: Thank you, Mr. Speaker. Some of the energy companies I've spoken with are complaining that they do not have the financial ability to meet the standards of the LLR program. Could the minister please explain how this program works and how it would affect the stripper well program?

Thank you.

Mr. Smith: Well, you know, Mr. Speaker, this is important because one of the great things about the Alberta oil and gas industry is that we've been able to have Albertans participate in this industry for a great number of years, and in fact small participants with limited amounts of money can participate in the development of this asset.

In detail, the licensee liability rating program is an approximate assessment of a company's ability to address petroleum facility abandonment and environmental reclamation liabilities; in other words, the total cost that would occur after revenues have ceased to accrue from the production of either oil or gas from these particular wells. When deemed liabilities exceed deemed assets, at that time the program collects security deposits from companies. Now, the deposits in today's world of electronic funds transfer and lines of credit and letters of credit are not necessarily cashed but in fact can be letters of credit. These deposits, Mr. Speaker, are then returned to companies when their assets again exceed their liabilities or when they have addressed the abandonment of environmental liabilities in an appropriate and acceptable manner.

Mr. Masyk: My final question, Mr. Speaker: can the minister tell the Assembly if the EUB carried out any consultation with the industry before the LLR program was implemented, and is there any possibility for future amendments if they're needed or required?

The Speaker: The hon. minister.

Mr. Smith: Well, thank you. I did hear from an hon. member from the government side that it is a good question, and in fact, Mr. Speaker, this program was a manifestation of extensive consultation. Consultation is a key word in the orderly development of the oil and gas industry in Alberta, and this consultation period started some time in October of 2000.

The principles of the program were put together in conjunction with the EUB; CAPP, the Canadian Association of Petroleum Producers; the Small Explorers and Producers Association of Canada; and Alberta Environment and Alberta Sustainable Resource Development. Mr. Speaker, the vast majority of those players in the

industry not only agreed to the program but are also in compliance with it.

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

Photoradar

Ms Blakeman: Thanks, Mr. Speaker. An inconsistent practice of not including a copy of a photo with a photoradar ticket exists in Alberta. We have a situation where a photoradar ticket was sent to an owner whose trailer was the subject of a speeding violation. However, the trailer was stolen from him and reported stolen before the violation occurred. To add insult to injury, the victim of the theft has been told that he must pay the speeding ticket. My first question is to the Minister of Transportation. Given that people are being photographed speeding, why is it that some communities are not supplying a copy of the picture along with the photoradar ticket and others are?

Mr. Stelmach: Mr. Speaker, I'm not aware of this particular issue, but there are fairly stringent rules as to how photoradar is deployed in the province, so we would of course take this question in consideration and check it according to the rules that we have implemented for photoradar.

Ms Blakeman: My next question is to the Solicitor General. Why is there no policy to deal with situations where stolen vehicles are caught on photoradar speeding and the photoradar ticket is sent to the owner to pay? Why are the victims of crime paying for thieves' infractions?

Mrs. Forsyth: Again, Mr. Speaker, I'm not sure of the exact situation that the hon. member is mentioning, and certainly we'll look into the situation. Like the Minister of Transportation said, we have strict guidelines and policies in place for photoradar, and I'd be pleased to look at it for her.

The Speaker: The hon. member.

Ms Blakeman: Thank you. Back to the Minister of Transportation: will the minister institute a universal format for photoradar tickets always including a copy of the photo taken at the time of the infraction when the ticket is sent out?

2:20

Mr. Stelmach: Mr. Speaker, there are rules that the enforcement agencies have to follow in terms of deployment of photoradar. We made substantial changes a few years ago to make sure that photoradar is accepted as an enforcement tool in the province. I believe the enforcement agencies have come a long way in following those particular rules, and in this particular situation if I can just get the facts, the situation, we can investigate it and ensure that those rules are followed. Without having the privilege of knowing the facts, the location, nor even the enforcement agency – it's pretty difficult to give an opinion on something without all the necessary information.

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

Education Funding (continued)

Dr. Pannu: Thank you. Mr. Speaker, a report that was released

yesterday by TD Bank concluded that if Alberta is to maintain strong, dynamic economic growth, it must invest more in education at all levels. That is what makes the government's failure to properly fund education in this year's provincial budget so inexcusable. To illustrate this point, Alberta's largest school board, the Calgary board of education, has crunched their numbers and are facing a \$32 million deficit in their budget next year. My questions are to the Premier. Will the government at least follow the advice of corporate Canada that is urging this government to immediately increase investment in education at all levels in order to maintain our province's prosperity and growth momentum?

Mr. Klein: Mr. Speaker, certainly our commitment to education is strong, perhaps stronger than any other jurisdiction in the country. A nearly 51 percent increase in funding for education in the past seven years while enrollment has grown by only 6 percent I think is significant, but I said yesterday – and this was directed at the Liberals – that be it for the Liberals to pick out anything negative in a report. I should have added the NDs as well, and I will today.

First of all, the report says that we must take action now to ensure that the tiger's roar doesn't fade. In other words, the report says that this is the most incredible piece of economic real estate that exists anywhere in North America, that corridor between Calgary and Edmonton, and we have to do what we can to protect it and make sure that we sustain its economic viability. It also says that

businesses and individuals have flocked to the region to take advantage of the considerable market opportunities, [to take advantage of the] low taxes, [to take advantage of the] low business costs, vast wealth of natural resources, low crime and poverty rates, a high-quality education system, and a clean environment. Add to this the long list of recreational and cultural options, and there is little wonder why the Calgary-Edmonton Corridor has been able to create the "buzz" that [any] other urban areas can only aspire to.

That's what it says.

The Speaker: The hon. member.

Dr. Pannu: Thank you, Mr. Speaker. I wonder if this Premier will explain to Calgarians why this government has provided only a 3.4 percent overall increase to the Calgary board of education next year when the CBE says that this is only about half the minimum 7.6 percent increase required for them just to maintain current service levels.

Mr. Klein: Mr. Speaker, I'll have the hon. Minister of Finance supplement because it was she who presented the budget. Learning budgets are predicated on anticipated need and anticipated expenditures for the coming year, and after due consideration and weeks and months of consultation it's deemed to be an appropriate amount, but I'll have the hon. minister respond.

Mrs. Nelson: Thank you, Mr. Speaker. Once again I'd like to say that our commitment to learning in this province is not matched anywhere else within Canada. We are the number one lead per capita of financing for learning within Canada, and once again I will say that this year the Minister of Learning has embarked on a new funding framework that will deal with issues at the local level, and when the budgets from the local school boards arrive in the Ministry of Learning sometime in June, then he will work with those school boards to deal with the funding pressures.

The Speaker: The hon. member.

Dr. Pannu: Thank you, Mr. Speaker. The Premier is passing the buck here, so let me ask him the last question. Why is the Premier

prepared to place Alberta's future well-being at risk by leaving Calgary's board of education and many other school boards like it no choice but to either incur a huge deficit or make deep service cuts next year?

Mr. Klein: Mr. Speaker, neither assertion is true: entirely speculative. If any school board finds itself in difficulty in this province, we have a very competent and very capable Department of Learning, that would be more than happy to work with school boards to see them through their difficulties. But I would remind the hon. leader of the ND opposition that our priority in this government is education and to make sure that we have an educated workforce in the future to sustain the marvelous economy alluded to in the TD report.

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

Calgary Health Region Review (continued)

Ms Kryczka: Thank you, Mr. Speaker. Twenty-one Calgary MLAs in particular are very well aware of the tragic death of Vince Motta two years ago and of the fatality inquiry report into his death, which was released last week with harsh criticism given to the conduct of the Calgary health region during the inquiry. Part of Calgary region's response has been the hiring, as announced yesterday, of a lawyer to investigate the region's actions during the inquiry process. My first question is to the Minister of Health and Wellness. Instead of focusing on its conduct during the inquiry, why is the Calgary health region not investigating its conduct while Mr. Motta was waiting in emergency?

Mr. Mar: I think that if one reviews His Honour Judge Delong's report – there are some 25 recommendations contained in that report – you'll find that His Honour spent a good deal of time looking at the specific issue of what happened while Mr. Motta was in the emergency room. So to spend additional time and resources on trying to determine what happened on that particular day in the emergency room would not be a particularly productive use of time. It would simply be repeating the relatively extensive work already done by Judge Delong. Mr. Speaker, the value of this report should not be lost, and I am satisfied that the regional health authority in its response to this report will be interested in looking at each of those recommendations, some of which they've already acted upon in order to try and improve their emergency system in the city of Calgary.

The Speaker: The hon. member.

Ms Kryczka: Thank you, Mr. Speaker. My first supplemental is also to the same minister. The judge's comments singled out access to emergency services as a concern in Calgary. Is the minister concerned that changes in access to emergency services today due to an increase in population will impact the results of the CHR response?

Mr. Mar: Mr. Speaker, of course, the increased number of people in the city of Calgary is a legitimate challenge that the regional health authority has to face. As it is now, Mr. Speaker, there are some 250,000 people who use emergency rooms in the Calgary health region, and of course one of the things that they'll need to do is try and reduce the number of unnecessary visits to emergency rooms. That's why the Health Link line, which has been spoken of

in glowing terms by many members of this Assembly in many different venues, continues to be an important priority for the regional health authority and for this provincial government, to ensure that that goes up throughout the entire province by the summer of this year.

2:30

Mr. Speaker, I will say again and I will repeat in any venue that we have a good health system, and what we want to do is we want to continuously improve it. We want to ensure that matters of patient safety continue to be paramount. So the value of this report will not only be to the regional health authority but to all of Alberta.

The Speaker: Hon. members, before we go on to the next order of the Routine, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

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

The Speaker: The hon. Member for Bonnyville-Cold Lake.

Mr. Ducharme: Thank you, Mr. Speaker. It is indeed a great pleasure today to introduce to you and through you to all the members of this Assembly 94 guests from l'école Dr. Brosseau school in Bonnyville. Accompanying these bright and enthusiastic students are the following teachers and parents which I'd like to recognize: Mrs. Michelle Drapaka, Mrs. Camille Cory, Ms Liz Felix, Mrs. Janice Watson, Mrs. Lorraine Gaugler, Mrs. Frances MacDonald, Mrs. Monique Wagner, Mrs. Sara Wanner, Mrs. Lynda Rodger, Mrs. Thérèse Richard, and Mrs. Gisèle Gagne. They are seated in the members' gallery, and I'd ask them please to rise and receive the traditional warm welcome of this Assembly.

head: **Recognitions**

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

Ann Lewis

Mr. Maskell: Thank you, Mr. Speaker. It gives me great pleasure to rise today to recognize Ann Lewis, executive director, Alberta Ballet. Ann Lewis assumed the administrative leadership of Alberta Ballet in January 2002 after serving the organization for six years as a fund-raiser, board member, and board chair. The company was in a challenging financial position, carrying a deficit for the first time in nine years. With the support of the staff and board, Ms Lewis took action immediately to meet this challenge. By restructuring to maximize efficiencies and by introducing best business practices within the not-for-profit setting, she succeeded in retiring the deficit within six months.

A passionate dance lover and a strategic businesswoman, Ms Lewis is dedicated to running a sustainable, fiscally responsible company without compromising artistic integrity or excellence. Community outreach is central to her vision. She believes in building strong networks, alliances, and partnerships between the ballet and its stakeholders, including audiences, public funders, foundations, sponsors, donors, fellow arts organizations, and other nonprofits.

Thank you, Ann Lewis, for your contribution to the Alberta Ballet and Alberta.

The Speaker: The hon. Member for St. Albert.

Canada Book Week

Mrs. O'Neill: Thank you, Mr. Speaker. I am pleased to recognize today Canada Book Week, April 21 to 27. This weeklong celebration reaffirms for all Canadians the importance of ensuring the continued vitality of Canadian literature and, in doing so, celebrates Alberta's authors, publishers, booksellers, and I'd like to say most specifically libraries because Alberta libraries are to be congratulated for their support of Canada Book Week by providing activities that reflect community priorities and proudly define the spirit of our province and the strength of our communities. Alberta's authors, booksellers, and book publishers are also to be applauded for the important role they play in bringing Albertans and books together not only during Canada Book Week but every week of the year.

We all know that books transport us to the past, connect us to the present, and help us to embrace the future through imagination and knowledge. I'd like to commend everyone who enjoys reading a book.

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

Ernest Hokanson

Mr. Masyk: Thank you, Mr. Speaker. I rise today to acknowledge a very generous donation that was recently made to the Northern Alberta Institute of Technology, NAIT. This acknowledgment is on behalf of Edmonton-Norwood, Edmonton-Calder, and on behalf of all Edmonton MLAs.

This very kind donation came from a family who has long been associated with dining in the city of Edmonton. Mr. Ernest Hokanson spent his life in food service. His wife, Irene, recently said that food was always his passion and feeding people was a very big part of his life.

Ernest Hokanson got his first job at the age of 15 in the kitchen of the Hotel Macdonald. He served as an army cook in World War II, and his last venture was with H.G. Catering.

Ernest Hokanson has passed away two years ago. Now Ernest's son John Hokanson has donated \$1 million to the renovation of NAIT's food service building. Construction of the new kitchens and labs will begin next spring, and the proposed new centre will appropriately be named Hokanson Centre for Culinary Arts. In addition, NAIT's dining room will be named Ernest's in honour of Ernest Hokanson.

The generous gift from Mr. John Hokanson is only the second donation of its size in NAIT's history, and the new centre will create a legacy for the chefs of tomorrow.

Thank you.

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

Way of the Cross Easter Walk

Mr. MacDonald: Thank you, Mr. Speaker. I would like to rise today to recognize more than 1,000 people who made the commitment in Edmonton on Good Friday to pray and walk the outdoor Way of the Cross in an effort to draw attention to issues like peace and poverty. This year's Easter walk, symbolizing Jesus Christ's path to crucifixion, was designed around the theme of Creating Home in a World of Fear. The theme was inspired by the release of a local homeless count in October that showed that 1,915 are homeless in the city of Edmonton. Included in that are 267 children under the age of 15. Since September 2000 755 more people don't have a place to call home.

Fortunately, there are compassionate people like the organizers

and marchers who helped bring much attention to these issues through the 24th Way of the Cross, which is affiliated with the Edmonton and District Council of Churches.

Thank you.

National Poetry Month

Mr. Mason: Mr. Speaker, April is National Poetry Month.

I could think of things worse
Than to honour the verse
And to pay homage to a sonnet
With lots of rhyme on it

So sit down with some paper,
Grab a bottle of ink
Compose yourself an epic that
Makes them all think.

It might be a ballad that tells a long tale
Or a limerick that makes the Nantucket one pale.
It could be a couplet or a sonnet that rhymes
It really doesn't matter – any poem is fine.

No need to rehearse
If you're writing free verse
But line up all your P's and all your Q's
If alliteration is what you choose.

No matter the form
No matter the pentameters
April is National Poetry Month
And that's all that matters.

Now my time is Done
So wake up from your napping
Next week at this time
I'm going to try rapping.

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

VoicePrint

Ms Kryczka: Thank you, Mr. Speaker. Today I'm very pleased to recognize VoicePrint, which is operated by the National Broadcast Reading Service. It is a not-for-profit registered charity established in 1989 to enhance access to news and information for blind, low vision, and print restricted Canadians.

Licensed by the Canadian Radio-television and Telecommunications Commission, or CRTC, VoicePrint is available across Canada by cable and satellite in 8.4 million homes. Alberta's target market is 250,000. Almost 300 Calgarians are volunteer readers for VoicePrint, filling in for families and friends 24 hours a day for those who can't find the time to read aloud to loved ones. In fact, our Premier was the first Canadian Premier to read for VoicePrint.

Currently VoicePrint has a licence renewal application before the CRTC, and public support is needed to show the CRTC the importance of VoicePrint and their renewal initiatives. I would encourage everyone in this Assembly before May 1 to go to www.voiceprint.ca to send an e-mail of support.

Thank you.

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

Edmonton Oilers Hockey Club

Mr. Hutton: Thank you very much, Mr. Speaker. I am a huge Oilers fan, and the season cannot be over for me until I recognize the Edmonton Oilers Hockey Club. The Edmonton Oilers organization is a small market Canadian team competing in the NHL, yet every year they provide exciting competitive hockey to the fans of Edmonton. Their success is in large part due to the great leadership of their community-based owners, the management team led by president Patrick LaForge and general manager Kevin Lowe and his coaching staff led by Craig MacTavish, and of course I cannot forget the seventh player, Joey Moss.

The contribution that the team, the owners, the management, the alumni, the Copper Jackets, and the Oilers foundation make to this region on behalf of charities and community organizations is extraordinary and with little fanfare. I recognize the Edmonton Oilers today, and I will be loud and proud next year. Go, Oilers, go. Thank you, Mr. Speaker.

2:40head: Presenting Petitions

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

Mr. Knight: Thank you, Mr. Speaker. I rise today to present a petition duly vetted and signed by about 600 residents of northwestern Alberta that urges the Alberta government to “consider continuing the funding for the Applied Forest Resource Management program at Grande Prairie Regional College.”

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

Dr. Pannu: Thank you, Mr. Speaker. I rise to table a document signed by 156 Calgarians petitioning this House to urge this government to do the following three things:

1. To immediately withdraw the draft management plan for the Evan-Thomas Provincial Recreation Area and revise it so as to disallow any further commercial or residential development of the Kananaskis Valley;
2. To redesignate the Evan-Thomas Provincial Recreation Area and adjacent unprotected public lands and expand as a Provincial Park;
3. To maintain Kananaskis Country in natural state that provides high quality wildlife habitat and nature-based recreational activities.

Thank you, Mr. Speaker.

head: Tabling Returns and Reports

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

Dr. Pannu: Thank you, Mr. Speaker. I've got one tabling today. It's a news release by the Calgary board of education dated April 16, 2003, regarding the provincial budget. So that's the document.

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

Mr. MacDonald: Thank you, Mr. Speaker. I have three tablings this afternoon. The first is a letter dated April 16, 2003, from the United Nurses of Alberta to myself, and it's signed by the president of the United Nurses of Alberta, Heather Smith. It is indicating that “UNA is dedicated to reaching a new agreement through negotiations” with the health regions. They're working hard at it.

The second letter that I have that is a tabling this afternoon is dated April 7 of this year, and it is to the hon. Minister of Learning, and it is from Sheila Boucher from Fulton Road in Edmonton-Gold

Bar. Mrs. Boucher is indicating that “schools need more funding to provide a quality education.”

The third tabling is also concerning funding for public education, and it is organized by the grade 5/6 students of room 21 in Strathearn school. They have signed this letter indicating that they believe there is a “dire need” of more adequate funding for public education.

Thank you.

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

Dr. Massey: Thank you, Mr. Speaker. I wish to table five copies of petitions and letters from residents of Hinton who are frustrated and upset over the government's school utilization formula and its effect on their community schools. Citizens are watching their education system being ripped apart by a utilization formula that doesn't take into consideration the educational, emotional, and social needs of their students.

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

Dr. Taft: Thanks, Mr. Speaker. I have two tablings today, both relating to education concerns. The first is a copy of a submission from the Aldergrove school council outlining a sad situation of staff reductions both last year and this year and expressing a request that these issues be raised by government MLAs in the Legislature.

The second is a copy of a letter that I table with permission. It's to the Minister of Learning, again expressing grave concern.

Recently my husband, an oncologist, with excellent clinical and research credentials, came to the University of Alberta Hospital.

When we moved to Alberta our children left an excellent [school system].

It goes on to express concerns about what's happening to the school system in Edmonton.

Thank you.

head: Orders of the Day

head: Committee of Supply

[Mr. Tannas in the chair]

The Chair: Good afternoon. I'd like to call the Committee of Supply to order.

head: Main Estimates 2003-04

Finance

The Chair: Are there any comments or questions to be offered with respect to this budget estimate? The hon. Minister of Finance.

Mrs. Nelson: Thank you, Mr. Chairman. I'm very pleased to be here to present the Ministry of Finance estimates for 2003-2004. I'd like to begin by introducing some of my staff who have been involved in putting together our budget and business plan. With us today in the members' gallery are the Deputy Minister of Finance, Peter Kruselnicki; the senior financial officer, Bonnie Lovelace; our senior manager of budgets, who puts Finance's budget actually together, Richard Shelast; our manager of business planning, Juliette Blair; and my executive assistant, Tim Wade.

Mr. Chairman, as the Minister of Finance I'm very proud to say that our province still has the lowest overall tax load in Canada. There's no general sales tax, no capital tax, and no payroll tax. A typical one-income family with two children earning \$30,000 a year pays approximately 85 percent less in taxes and health care premi-

ums in Alberta than the average in any other province. To put this into another perspective, Albertans and Alberta businesses would pay almost \$5 billion more if they had to pay the taxes under the system in British Columbia, over \$5 billion more if we had to pay the taxes in Ontario, and over \$9.5 billion more if we had to pay Quebec's taxes.

We continue to reward Albertans' exceptional spirit by reducing corporate taxes and by enhancing Alberta's reputation as the ultimate destination to do business. This year's tax cuts will save Alberta businesses roughly \$94 million in this fiscal year of 2003-2004. On the personal side since the introduction of the single-rate tax, Albertans are paying over \$1.5 billion less per year in personal income taxes. In addition, Albertans will pay about \$130 million less as a result of the inflation-proofing introduced in 2001.

I'm also very proud of the fact that our province's accumulated debt has been reduced by nearly 80 percent since 1994-95. The accumulated debt less cash set aside for future debt reduction is forecast at \$4.8 billion by the end of this fiscal year. Lower debt means lower debt-servicing costs, and as a result of our debt reduction efforts \$1.3 billion in annual debt-servicing costs have been freed up for Albertans' program priorities and lower taxes. Alberta's debt-servicing costs for 2003-2004 are \$458 million. Alberta has by far the lowest debt load per person of any province in Canada.

Before we start the highlights of our budget and business plan, I would like to give a quick review of the key roles of the ministry. The department itself has four main areas, including the office of budget and management; pensions, insurance, and financial institutions; Treasury management; and corporate support. The Ministry of Finance also includes the Alberta Capital Finance Authority, formerly known as the Alberta Municipal Financing Corporation; the Alberta Pensions Administration Corporation; ATB Financial and its subsidiaries; the Alberta Insurance Council; and the Credit Union Deposit Guarantee Corporation.

2:50

Alberta Finance's vision is "a province that is innovative and globally competitive with a fiscally sustainable and accountable government." Our mission is to "develop and implement the government's fiscal framework and financial policies."

One of the recommendations the government accepted from the Financial Management Commission's report said: ministry business plans were too long, too detailed, and too operational. They were right, so we made some changes. We have included a "what it means" section in our goals because it is important for people to understand what we are trying to do.

We are focused on only the high-level strategies to meet our goals, and these strategies include "re-engineering Alberta's fiscal framework"; working with other ministries to assess the economic impacts of the Kyoto protocol; developing enterprise risk management "to identify the sources of risk to all major components of the province's revenues and expenses"; assessing the issues facing the automobile insurance industry "including a review of compensation for automobile injury claims and related premium increases." Pension plan governance and regulation: "Finance will continue to monitor the financial health of pension plans." The governance of the LAPP and other public-sector pension plans will be reviewed. That doesn't mean we'll stop doing our day-to-day job of managing the province's finances. All we are doing is highlighting the key initiatives of the new business plan.

Finance has six goals to accomplish the mission for 2003 to 2006. Goal 1, "A financially strong, sustainable and accountable government." Our key strategy is to "oversee cross-government implemen-

tation of accepted recommendations" from the Financial Management Commission. Some of the recommendations include the new fiscal framework and capital plan. By 2005-2006 virtually all the FMC recommendations will be implemented.

Goal 2, "A fair and competitive provincial tax system." Albertans currently enjoy the lowest provincial tax load for a family of four in Canada. We have the highest personal exemption levels in Canada; that is, the amount of money a working individual can earn without paying provincial personal income tax. Our targets in this area are to have the lowest tax load in Canada for both personal and corporate taxes. We currently have the lowest personal tax, and we are the second lowest for the corporate tax.

Goal 3, "Effective management of financial assets, liabilities and risks." Finance will manage the Alberta sustainability fund and capital fund. It is important that we manage any potential risk that might arise due to the complexity and size of this government's financial assets and liabilities. Our target is to have a government decision by the end of 2003-04 on whether to proceed with an enterprise risk management strategy.

Goal 4, to ensure "confidence in provincially regulated financial institutions and insurance companies." "Alberta's regulatory environment for financial services must be fair and efficient to encourage the availability of comprehensive, reliable and competitive products and services." To do this, we are carrying out a policy review of compensation for automobile injury claims and related costs of premium increases. We are also working with industry and consumer groups to complete phase 2 of revising the Insurance Act. A year ago phase 1 of the new Insurance Act updated the previous one and modernized many of the provisions. Phase 2 will deal with more of the contractual provisions of the act, and we anticipate it will be ready for implementation in 2005. We will work with stakeholders to harmonize financial sector legislation while keeping unnecessary regulations off the books.

Goal 5, "Pensions that deliver on promises."

Pension Plan members need to be assured that their benefits are secure. Employers and other plan sponsors need to know that pension regulation is fair and even-handed. The Superintendent of Pensions focuses on assessing private sector plan compliance with legislative standards and ensuring the 'at risk' plans take action to comply with regulations.

As a trustee of most of Alberta's public-sector pension plan assets I want to ensure that they are sound and secure for members of the various plans. We also need to make sure that those plans deliver on promises. Our measures and targets both reflect making progress on issues like LAPP independence and reaching specific satisfaction targets with stakeholders. In addition, we continue to reach for having our private-sector plans meeting minimum funding requirements.

Goal 6 focuses on making sure financial services are available to Albertans and Alberta municipalities. "Alberta's dynamic economy and entrepreneurial spirit requires readily accessible and technologically advanced financial services and products." ATB Financial and Alberta Capital Finance, formerly AMFC, are "key components of the financial servicing sector." ATB Financial will continue to develop their commercial banking capacity and wealth management services. Our targets include specific measures to reflect our position as owner of ATB Financial. We have targets for the Alberta Capital Finance Authority to maintain the lowest borrowing costs for Alberta municipalities and local authority satisfaction with ACFA policies and efficiencies.

That was a quick look at where we are going in 2003-2004, Mr. Chairman. Now I want to give you a few highlights of our budget and our estimates.

Ministry revenues. Our ministry revenue is projected at just over \$816 million, a decrease from the \$1.2 billion forecast in 2002-2003. Our investment income for 2003-04 is \$26.5 million lower than the 2002-2003 forecast primarily due to reductions in the Capital Finance Authority investment income due to lower interest rates on new loans. We'll also see a decrease of more than \$238 million for internal government transfers that represent contributions from the lottery funds to my department for the contingency allowance or sustainability fund. The net income from our commercial operations is projected to be \$47.5 million lower than the 2002-2003 forecast. This is because Alberta Treasury Branches' net income is expected to be below last year's forecast, mostly related to the West Edmonton Mall settlement. The \$96.5 million decrease from the 2002-2003 forecast in other revenue is attributed to the transfer of \$100 million from the Alberta Capital Finance Authority's retained earnings in 2002-2003.

On the program expense side in terms of program expenses we're estimating it to be almost \$435 million. This is a decrease from just over \$451 million from 2002-2003 forecasts. The decline is due to a drop in interest costs on the money borrowed by the Capital Finance Authority to lend to local authorities. As I mentioned earlier, our debt servicing costs for 2003-04 are \$458 million.

I'd like to take a couple of minutes, Mr. Chairman, to highlight a few of the areas within our estimates that I think you will find interesting. Capital investment. Our total capital investment for 2003-04 is estimated at \$4.6 million. This includes \$80,000 for the department to support the debt management system and for network service. Capital investments for the Alberta Pensions Administration Corporation are budgeted at \$4.4 million this fiscal year for its new system to manage pension plan payments.

Another area that we're always interested in looking at is the full-time equivalents. Overall the ministry has increased its staffing by 27 full-time equivalents to 379. The increases are in the department, Alberta Pensions Administration, and the Alberta Insurance Council. The department's staffing levels will be 175, two more than last year. In Alberta Pensions Administration there are an additional 25 full-time equivalents, primarily for the additional IT resources formerly outsourced and to handle the growing volume of retirees. The Alberta Insurance Council staffing levels will be 20 full-time equivalents, no overall change, again, from this year.

3:00

Mr. Chairman, this is really a quick overview of Alberta Finance's business plan and our estimates for 2003-04. I look forward to hearing the questions and comments from the members, and I will undertake that if I haven't answered all of the questions during today's deliberations, we will get back to them. But I would ask that when members are asking questions, if they could reference the page from the business plan and the budget so I could determine where they're getting their numbers from.

Thank you very much. I look forward to the questions.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I'd like to thank the minister for her opening comments as we undertake the review of the Finance estimates. Also, I'd like to thank all of the staff members who are here. They do a good job of making the minister look good and I know work very hard and do a pretty good job, I think, although we do have a few questions on how the priorities and so on are set.

My habit in the budget debate is to ask a question or two, get the minister to answer, and back and forth like that so that it isn't a lot

of rhetoric but we get some good information. Hopefully, that's the process we can follow this afternoon for at least the first hour until all members of the Assembly are involved.

First of all, from an overview perspective I'd like to talk about: if the responsibility of the Finance department is to be the gatekeeper of the expense side of the government, then could you explain to us how you set the priorities for spending? We don't actually know the process and neither do Albertans in general. I'm assuming that ministers come to you looking for money, the pie is only so big, and there's a process that you have for determining what those priorities are: who gets more money, who gets less money, how you establish how much money you think you're going to have for the year. So if you could go through that process for us, we would appreciate it.

The Chair: The hon. minister.

Mrs. Nelson: Well, thank you very much. I really appreciate the question because it's a very lengthy process that we do go through on an annual basis. It starts really the day after the budget has been filed: we start on the next year's business-planning process. Like most corporate entities we set up a schedule and we follow through on it. We hear from the people. We listen to what Albertans talk to us about. I think that clearly this budget that we filed this year is reflective of what people said. We needed to have a balanced approach to come forward. We heard what they said and we listened and we delivered that product.

The difficulty comes, then, when you get into specific ministries. The process starts with our standing policy committees, who sit down and hear representations and presentations on different issues from members or ministers, chairs of this group or that group. We have public presentations and then start cataloguing that into what will become the business-planning process.

We establish some priorities through our caucus deliberations and debate, which is lengthy and is reflected at the standing policy committee meetings. They can be cumbersome and long, and our chairs of the standing policy committees have a job to move issues forward and to deal with a number of ministries and set priorities. The feed-in through presentations from people outside as well as our own members is lengthy, and it starts to evolve into some priority areas. Then we have a caucus retreat. We debate again those issues and the priorities that have come up throughout the year, and there are several presentations, and our caucus debates issues, comes forward with some priority-setting. We have a cabinet retreat, and we take the views from the caucus retreat and feed that into, again, priority-setting for ministers to focus on, and then they actually present a business plan in draft form to the standing policy committees. They debate those back and forth. They try to capture the priorities they've heard, and if they haven't, I can tell you that the caucus members certainly help them with the restructuring of the priorities very readily and straightforwardly.

They often are back three or four times to debate issues, and finally some draft business plans are put together at the standing policy committee process. In the meantime, the Treasury Board looks at the projections of what the finances will look like, and we determine the forecast for revenues based on a lot of information, again gathered from outside and from our own economists inside, and we ask outside advisors to come in and give us some long-term trends.

I know that last year when there was so much volatility in the process, when I went to New York on the first trip, I asked them what a reasonable price would be for crude oil for the year, and they said, "Well, Pat, anywhere between \$15 and \$30 a barrel," and I thought, "Holy crow. And I'm trying to put something around

money into a health budget or an education budget.” You know, a full range from \$15 to \$30 was huge. When I went back later in the year as there was the threat of war looming, I asked them again, and they said, “Well, the price we’d have is a range from \$6 to \$60,” and I thought, “Perfect. This is how you can build a budget with a lot of certainty.” So the volatility was very, very difficult. That was one of the things that was beneficial, particularly this last year, when we implemented the recommendations from the Financial Management Commission.

So all of that fed into the Treasury Board at the same time the business plans were being developed at the SPC level of looking at the targets for the budget. Preliminary targets do go out to the various ministries, and based on those dollars and allocations and the priorities that have been set by our caucus, we allocate spending targets and they try to fit as much of the priority into those targets that are allocated. Then they come to Treasury Board and they’re reviewed, each ministry with their targets and their plan, and the SPC chairs attend with the ministries to make sure the reflection of the meeting is there at the presentation. Then they go back, and of course everybody has wishes that are beyond the targets, which is understandable, and the Treasury Board has some difficult choices to make. Then we go back to our standing policy chairs again and ask them to set priorities, and they do that. Then we come to a final determination of putting the budget together, which, again, is always a tough balance.

From what Albertans have told us, we believe that this year we’ve met the priorities. We’ve heard from groups throughout the province, and we did some focus testing to make sure our priorities were in line, and they in fact were. We came forward with a budget that I think is well balanced and one that is the result of a lot of work from this caucus and our standing policy committees and our Treasury Board members that are just committed, along with our ministry staff, to put a document together to run an over \$20 billion operation.

It’s a huge process that takes a lot of work. I don’t think a lot of people realize the extent of what’s involved with it, Mr. Chairman. Every caucus member has been involved in this in one element or another and some of them in several. Some of our caucus members have attended every standing policy committee meeting that we’ve had on budget preparation, and that’s a lot of commitment and a lot of time, so I commend them for their effort. They certainly have spoken up on the priorities that they have heard from constituents and throughout the province.

So it’s a very long process, but at the end of the day it does come together and it comes into one document that I have the privilege of presenting in this House. It involves all 74 members from the government side in many, many forms.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I’d like to thank the minister for the detail in that answer. It helps us to understand the process of developing the operational side of the budget, but there’s another level that we need to understand, and that’s the long-term planning and the long-term strategic goals. We see and we understand very well on this side, too, the competing interest for dollars in any given year, and \$20 billion sounds like a lot of money until you start dishing it out to the various ministries. Who decides what the long-term strategic plan of the government is – so I’m talking five, 15, 25, 50 years out – and how do you tie the operational side into those goals?

3:10

Mrs. Nelson: That’s a really, I think, critical question, and I appreciate the question coming forward, because one of the recom-

mendations – I think it was recommendation 12 – from the Financial Management Commission was that we had to develop a longer term strategic plan, that focusing on one or two or three years wasn’t going to be sufficient as we went into this new century. We had to go beyond that, and we had to start thinking strategically. They had said that our business planning had got too far down in and should be a little less operational and more high-level and more strategic in the process, and we agreed.

As a result, we set up a strategic planning group, and again this came as a result of our caucus and cabinet retreats of how we would put this together and the idea of: based on the best futuristic economic view, what do we believe the province of Alberta will look like 10 years out or 20 years out? If you start to visualize what that structure could be like, then you have to determine: how do we get from year 1 to year 20 and have the same success level that we experience today in Canada and North America 20 years out? Look at things such as the changes in the demographics. What will Alberta look like at that point? If we can come to some conclusions based on, again, some good expertise that is helpful for us, then we can craft a strategic plan.

That plan has to be a living plan because factors change, so you have to have the flexibility to be able to continually add on more information as data becomes available to you. If you take the very basics of that strategic planning process, then you can create somewhat of a critical path to get from today to 10 years out and 20 years out, but you have to be able to do like you do with the budget. I think that sometimes we get a negative for doing quarterly updates, but quarterly updates just tell the people of Alberta that we’re dealing with the reality of the situation. We’re not sitting there with a fabricated plan that doesn’t deal with the reality that’s occurred within the world, and that’s the benefit of strategic planning: you’re able to look longer term, deal with the knowns today, but adjust for the uncertainties that do occur along the way.

So, again, we have put in place a strategic planning process that goes through and has formed part of this budget process this year to look beyond the three-year business plan to try and visualize where we’re going to be. Part of the key of the recommendations from the Financial Management Commission was to look at some sustainability. Someone asked me: why don’t you call it stabilization? I didn’t want to call it stabilization because I didn’t want to take away from what it really is: sustainability. Sustainability is the long-term strategic environment where you put in place core programs and you put in a mechanism that will sustain those programs throughout those years. It’s not a mechanism to cover up poor estimates on revenues and operating costs in a given year or drop on a fund; it’s to sustain the core essence of what the government is responsible for, like health and education, into the longer term, and strategically you’ll be able to think into those out years.

That’s what it’s for, and nothing more than that: so you don’t have peaks and valleys and volatility within those very key systems. You can’t run a health system without some predictability built into it and therefore some sustainability so they can maintain core programs particularly in areas – health and education – which are core.

The long-term strategic planning is very, very important. We’ve embraced that, and we’ve changed the way we do things and the way we’ve put our planning, I think, forward. Is there a way we can improve on it? Yes. But when you really think, Mr. Chairman, how fast we moved to put in place a group to give us an alternative to the way we were doing things, that showed us the peaks and valleys, volatility, into something that provided sustainability and some predictability, it was May 27 last year that we put together the group for the Financial Management Commission and asked them to bring forward some recommendations to us. They brought that forward.

In the summer we went through it. We had some problems with a couple of the recommendations, but we took it through our whole caucus planning process, our whole caucus approval process, standing policy committees, put our budgets together and implemented it and put it in this budget.

That's got to be probably a record turnaround for the government to stay so focused on the timetable. We laid out a timetable, and we never wavered from that timetable. We said: this is the date; we're going to do it even if it takes hours. This is the next date, this is the next date, and we moved it along – bang, bang, bang, bang – to put in place a plan that will take us out into those 10- and 20-year futures. That's critically important.

It's an excellent question, and I thank you for it.

Ms Carlson: Mr. Chairman, to do that long-term planning, the minister must have made some key assumptions, things like an aging population, the bulge in health care costs, what the inputs to revenue would be, what happens on the education side, what happens in long-term infrastructure funding. Could you share with us any of those assumptions that you made?

Mrs. Nelson: Well, Mr. Chairman, I can get far more detail for the hon. member, but one of the things I often look at is our aging population. Right now we have just over 300,000 seniors in the province. In a very short time we'll have over 700,000 seniors in the province, doubling with our population base not increasing. It becomes critically important for us to be able to put in place programs that our children can afford to sustain because there won't be as many of them working to support the programs that we will require, and placing a burden on them would not be wise because that would defeat what we've worked so hard to avoid. So the key on the programs is to make sure that they are sustainable and they're at a level that our kids can afford to have. I think that's an important element to look at.

One of the things that we did do – and we accepted the recommendation from the Financial Management Commission – was get away from the volatility with the resource revenue, to look at the numbers that we've had over the last 20 years and determine what would be a normal level of resource revenue to come into the province that would be supportive of our regular operations. As you know, we chose \$3.5 billion as a normal stream of revenue from resource revenue. We picked that number because we felt that that was the norm.

Now, we've said time and time again that over this first three years we'll monitor that. Now, if that number should be \$3.4 billion or \$3.3 billion we'll come in here and say that we were a little high. If it should have been \$3.6 billion or \$3.7 billion we'll do the same thing, but we believe that \$3.5 billion is the sustainable number year after year after year, and that will provide predictability for our regional health authorities, our school boards, our municipal governments so they can do some long-term planning alongside of us. There's no point in having us do long-term planning if our partners can't do long-term planning. They have to deliver the frontline service, so they have to be part of the equation. We have to provide the predictability for them so they can do their job effectively alongside us.

There are a number of factors. Growth patterns. How is the province going to grow? What's the industry base going to look like? Are we moving into knowledge-based industries? Are we able to get into that? Working with our postsecondary institutions becomes critically important as to: what does the next generation look like? The feedback from them has been phenomenal. They've been very, very co-operative. Having these partnerships with

volunteer groups from the private sector and from our postsecondaries to come in and give us advice and help us has been critically important in this long-term planning, and it will have to continue on. It's not something you do just for one budget. This has to continue year after year after year and say: we don't have all the answers. We have to go to the people with the knowledge and pull them together, and they've been exceptional in coming forward, so we'll keep on with it.

The aging population, the dynamic of the industry base, the resource revenue have been some of the elements that were key on the trends within the country. The growth patterns. There's an expectation that our growth will continue to be there, that it will be sustainable well above 3 and half percent. That's the number that's there today – the economists tell us that – so we're quite pleased with that.

3:20

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. One of the criticisms of this government in the past has been the stovepiping of the ministries, and I know that over the last couple of years there's been an attempt to flatten out the process and have more cross initiatives between ministries. We heard last night how the Minister of Economic Development is working with a variety of ministries, and what it sounded like to me was that there was some issue with who was actually in charge and whether or not there was some overlap and duplication. So if the minister could comment, first of all, on how far you think you've gotten away from the stovepiping, how the cross initiatives are working, and your interpretation of who would be in charge to lead a particular project, how that decision is made.

Mrs. Nelson: Well, normally the only people who think there's a problem with cross-ministry initiatives are the opposition. We work as a team on this side of the House, and we work as a team not only as ministries, but we have joint standing policy committee meetings that make determinations on a number of issues if they tend to cross over the ministries that those SPCs deal with. So the crossing over of boundaries occurs right through our entire caucus and our cabinet. How we determine who is the lead – there has to be a lead somewhere – and who's going to report back is usually a determination where the ministries and the Premier will say, "Well, why don't you lead that off?" and the rest of us work as a team, because we are a team over here.

[Mr. Klapstein in the chair]

You know, I've often been able to pinch-hit and help out with a project in Economic Development, but I'm not the lead. The Minister of Economic Development is the lead on that because it makes sense to do that. So it's usually whoever makes sense to be the lead that is chosen. It's a process – I don't know – that just falls into place. There's never been a debate over here.

The Acting Chair: The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I would like to thank the minister for her comments and for her report to the Assembly, and I have a number of comments and questions as well.

I'd like to start with the estimation of resource revenue over a period of time. According to my math, in the last eight years revenue as a whole has been underestimated by \$21.2 billion in total. I know that when we've asked the minister about this before, she's

talked about the importance of being conservative and not being caught by surprise, but I wonder if she could comment on the magnitude of that and also on the consequence. The consequence, Mr. Chairman, is, of course, that the unanticipated surpluses up until quite recently were put 75 percent against the debt, so it has meant that more money was put against the debt than would have been the case had the estimates of revenue, particularly resource revenue, been more accurate.

Now, there was a recent article in the *Edmonton Journal* with Mel McMillan, who is a University of Alberta economist, and he indicated that the recent increase in payments by homeowners for the provincial property tax is due primarily to the flat income tax rate, which was introduced by the previous – or was it two previous? – Provincial Treasurer, who went on to be the Leader of the federal Official Opposition for a short time. So Dr. McMillan is arguing that, in fact, we've had to change the policy with respect to provincial property tax.

On that point I'd like to ask the minister when the change was made and how the change was made and if that change was publicly announced when they moved away from the brief policy two years ago of freezing the take from provincial property taxes as opposed to freezing the rate. We've brought to the minister's attention the statement in the provincial budget two years ago and one of the supporting documents that indicates that they would let the rate of property tax fall by freezing the amount so that when the property values increased and when the number of properties increased, the amount that people actually had to pay individually would fall, and the rate would fall because they would freeze the take. Now they've switched the policy and are now claiming that they are freezing the rate on provincial property tax. So I'd like to know when that occurred and why because I think that's something that's quite interesting.

According to the city of Edmonton, a typical Edmonton home assessed at \$159,500 would translate into an 8.9 percent hike in the education portion of the property tax. I think that's properly termed as the provincial portion of the property taxes. My understanding is that it goes into general revenues rather than being specifically earmarked for education. I know that the previous Provincial Treasurer, not the one that went to Ottawa, had made a commitment to reduce the provincial government's take on property tax in order to leave more room for municipalities because there's an ongoing issue with, of course, Alberta municipalities wanting to have greater access to their own revenues. So I'd ask the minister if in fact that is still the long-term policy of this government, to gradually vacate the property tax field and leave it to the municipalities and increase the funding of education based on the general income tax and the general revenues of the province. That's something that I think municipal governments are quite interested in.

Now, I want to talk about corporate taxes for a minute. Revenue from corporate taxation has decreased significantly. Since 2001 there's been \$435 million in corporate income tax reductions, and that, of course, results in a shift, relatively speaking, from corporate income taxes to personal income taxes and health care premiums, oil royalties, lotteries, and provincial property taxes. Corporate income taxes fell from 13 to 12.5 percent and from 4.5 to 4 percent for small businesses. At the same time, the eligibility cutoff for small business was increased to \$400,000, which is not a bad thing. Now, has the government looked carefully at the advantages of cutting taxes on the corporate side as opposed to the personal side? I know there have been reductions in both, but of late the reductions have been primarily on the corporate side, and there are, I understand, a couple of years of reductions on corporate income taxes that are still to come.

With those questions and comments to the minister, Mr. Chairman, I'll take my seat and await a reply.

The Acting Chair: The hon. Minister of Finance.

Mrs. Nelson: Thank you very much, Mr. Chairman. The hon. member made a comment about the negative impact of being conservative on the estimates for the resource revenue over a number of years, and as a result we did the unthinkable thing and paid off debt. I can tell you that the result of reducing the accumulated debt of this province by 80 percent by accelerating the debt retirement has brought our debt-servicing costs down to just over \$400 million a year. It saved us \$1.3 billion of debt costs on an annual basis that could go clearly into core program delivery such as health, such as education on an annual basis, year after year after year. Were the estimates conservative? Probably they were, but far better . . . [interjection] Are you debating somewhere else?

3:30

Far better that they were conservative than to have to go in and pull programs back out of those core deliveries. That would have been tragic. With the volatility that's been there in the marketplace, I remember – for five years I had to do the estimate on energy – how difficult it was to go up and down like a roller-coaster ride and give someone an exact number to deliver core programs in health, in social services, in education, and in transportation, all of those areas, and say: "That's the number. That's the number."

Well, it was difficult, so you had to be relatively conservative to make sure that you didn't all of a sudden have to pull the money back from those core areas. That would have been tragic. We had a law that said that you could not run an operating deficit any longer in this province. We were running over a \$20 billion debt in financing it. Financing costs were very expensive. We had deficits in this province of well over 3 and a half billion dollars on an annual basis. We were bankrupting the province. We were bankrupting our children's future. Were we guilty of accelerating the debt retirement? Yes, but thank goodness we were. We've given our children a future, one that is not burdened with debt that they did not create. So we assumed the responsibility of parents and adults that we needed to, so the young people aren't burdened with that.

Do I feel guilty about it? Not in the least. I did my job as a parent and a responsible citizen and a ticked-off taxpayer, who was paying exorbitant taxes and seeing the debt increasing. So what did we do? We paid off the debt. We lowered taxes. We did things that were right, and as a result we are the envy of every place in Canada, the result of having the best fiscal framework in all of Canada in this province. So if we were guilty about something, it was dealing with trying to make budget estimates on a volatile marketplace.

How do we correct that? Well, this year, because of recommendations and the help again from the private sector, the Financial Management Commission gave us some help to put in place something that was predictable, so the volatility is out of the mix now. We've replaced volatility with predictability so that we're through with those roller-coaster rides.

I can remember looking at the forecasts that were coming in from 15 to 18 different groups outside to help us pin the number for energy. Every one of them was different; none of them were the same. We used to take an average of it and say: "That's the number. We'll take the average. We'll be on the low side to be safe because the market could be a lot more volatile than what we know."

[Mr. Tannas in the chair]

In my opening comments, that unfortunately you didn't hear, I said that last year when I went to New York on the first trip, I asked, "What's the number for oil?" Well, \$15 to \$30 a barrel. That's a big swing to forecast a budget on. When I went later in the year when there was concern about the war, it was \$6 to \$60. So you have to have something that you can pin a budget on. That's why having a predictable number – and taking the number of \$3.5 billion became critically important so that there can be some predictability for the people out in the community and the municipalities and the school boards and the health authorities, so that they have an opportunity to do that.

Property tax. Last year we said that we would take the mill rate and we would reduce it by one point and maintain it at that level, but we would have to recognize somewhere that there was growth occurring within this province. You could no longer hide your head in the sand and say that the 50,000 or 55,000 people a year that were moving to this province didn't exist. That was silly, particularly when there were pressures on education. So we had to say: look; here's the new reality. The hon. Member for Edmonton-Ellerslie asked me about a strategic plan. You can't hide behind that. If you have to recognize the realities, you recognize it in your business plan, and we've said so many times, hundreds of times, that when people come to the province – and we want them here – they don't bring their hospitals and their schools and their roads with them. So capturing growth is only smart. People come here because they see opportunity, and if you freeze the mill rate and you capture the growth of people coming in, then that's your objective.

Are some households going to have additional costs? Yes. If the market value of their home has gone up, then they will pay more. If it has stayed the same, they will pay the exact same. If it has gone down, they will pay less. Now, if someone's house is re-evaluated and it has gone up in value, then their equity position within that house can be deemed to have gone up as well. That's a positive. If it's stayed the same, then they aren't going to physically pay more. If it's gone down, they're going to be disappointed because their equity in the house has likely gone down as well. So while they may not pay more tax, they may not be happy with their equity going down. So, again, it's a balance that occurs.

When someone says to me, "Oh, you raised the tax," no, I didn't. I maintained a mill rate that was absolutely flat. Yes, we captured growth. Yes, we're going to take in more dollars. When more people move here and pay more taxes, you're going to see that we captured growth. The same with personal income tax. Well, we've lowered personal income tax. There are more people paying personal income tax – it's because they've moved here to the province – plus salaries have gone up. But the rate has stayed the same. We have not raised taxes, but we get more revenue volumetrically. So that has occurred. That's not a negative.

When people move to a location, they expect to participate in the cost of the community. They're not complaining that they're participating in the cost of the community, and they're also not complaining, Mr. Chairman, about the contributions to education. I can tell you that from the Minister of Learning's budget 80 percent of the increases in education is going to the classroom. That's a huge benefit for our kids. That's supporting our kids in the classroom, and that to me is very important.

You also made a comment about the dollars collected on the school property tax assessment, that those dollars weren't dedicated to the Learning budget. I can tell you that they only make up a very small portion of the dollars that go towards Learning, but every dollar that Learning receives is from the taxpayers in one form or another. We don't have dedicated revenues per se, but I can tell you that that is just the bare minimum to start on the funding of Learning.

For \$1 from the school property assessment, another \$3 are from other revenue bases to support Learning in this province, something we're delighted to see happen because quite frankly with Alberta's choice we clearly have identified that the kids are Alberta's choice. They are our future, and as a result we're focusing in on Learning with a 4.7 percent increase. So we have moved on it.

Corporate taxes are something that we would dearly like to make sure – we don't have the number one position in Canada right today. One of the things on the long-term strategic plan that Edmonton-Ellerslie asked about is: how do we compete not only across Canada, where we lead the way, but how do we compete in the international market with our trading partner, the United States? It's one thing to be competitive with the neighbours on either side, but if you're going to have the marketplace with such a small population, you have to have a competitive tax model that carries you throughout North America. That's the strategic planning that you have to be thinking of all the time.

3:40

Our move of lowering our corporate tax rate is to make sure that we have a framework that is conducive to continued investment and development, a place where people want to move their businesses, establish it, create employment opportunities, create a future for our kids. That's the whole goal, and you do that by having a government that recognizes that their structure has to be competitive and in the number one position. That's our goal. Quite frankly, the reports that have come from every financial institution – I know that the members opposite thought they were negative – say that Alberta is the place to be. You guys are the only ones that don't recognize that. Everybody else is coming here. They're coming here in droves because they want to raise their kids here. They want to build a business here; they want to have a future here. This is the place to be. Look around you. Where else would you want to embark on a business? In Alberta. No other place or jurisdiction has what Alberta has to offer.

We will remain competitive. We will make sure that we have a competitive advantage from our fiscal structure within this province, and we'll do it on a continual basis to make sure that Alberta stays number one. We owe that to our kids.

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

Dr. Taft: Thank you, Mr. Chairman. A handful of questions. I won't throw too many at once at the minister, but we will go through some of these issues for sure.

The first one. I'm looking at page 163 of the collection here of ministry business plans. This particular paragraph refers to automobile insurance, which links to goal 4: "Confidence in provincially regulated financial institutions and insurance companies." The particular paragraph says, "The costs of automobile (commercial and personal) insurance are rising steeply throughout Canada and this trend is making its way to Alberta." I would say that it's arrived in Alberta.

I agree completely with the issue, as would every Albertan who drives a car, I'm sure. My concern is that the connotation or the implication of this paragraph suggests that the review of insurance may be a bit one-sided. The last sentence of the paragraph says, "The department will seek input from the insurance community and Albertans." Conspicuously absent there is the legal community, which typically represents claimants against insurance companies.

So my first point here is: in this review, which indirectly at least affects every Albertan, how can we be sure that the consultation process is going to be a balanced one? Will it be very actively

consulting with the legal community? How public is the process going to be, and how public will the results be? There are certainly compelling arguments to be made that it's the insurance companies' own fault that premiums are rising so steeply, that they have lost enormously on stock portfolios in the last two years, and that to compensate for that, they are jacking up premiums. Headlines seem to paint settlements with claimants as exorbitantly high. Often once you get into the details of those settlements, they're actually quite sensible and justified. I'd hate to have claimants penalized through this process when it's really the insurance companies' fault. What reassurance can you give me that this is not just going to be an issue of defending the interests of the insurance companies?

Mrs. Nelson: Insurance costs have been on a rise. There's no question. In fact, we have a bill before the House right now, Bill 33, that is under debate. I believe it's at second reading right now. In fact, it is at second reading, Mr. Chairman. That is the start of not trying to move prices down but to try and stop the continual increase until a longer review can take place.

The cost of insurance, not just automobile insurance but business insurance, home insurance, has gone up for a number of factors, and I think it's really wrong to try and say: this is that person's fault or that person's fault. The fact is that the consumer at the end of the day is experiencing high costs in insurance, and each group tends to point the finger at the other guy. My way of dealing with this is: everybody stop, park the scud missiles at the door, and sit down and figure out a solution. I don't like pointing fingers back and forth because that accomplishes absolutely nothing.

A number of years ago I had the privilege of touring the province and doing a report on premium stabilization within the industry that actually didn't go very far. Sometimes these reports come back to haunt you or come back to reality, and a lot of the things in that are prevalent again today as they were back 11 years ago. We're moving forward on some of them. One of the recommendations was a graduated licence program – it comes into effect on May 20 – that I believe is a help for all new drivers. Not just young drivers but all new drivers would experience a graduated program. So there are some things that are moving forward that have been agreements reached by the industry and the government. Our role, with the superintendent of insurance reporting through this ministry, is to make sure that the industry is operating well, that the legal requirements are put out there, and to look at what can be done.

The second stage of what I said we would do in a review would of course involve everyone. There's no point in leaving people out, or you end up with a flawed system. They may not agree, and that's okay, but the onus will be on the groups, as I say, to come forward with solutions. I've often said: you are the people with the expertise, so come forward with something that works, or you're putting me into a position where I'll have to come forward with recommendations for policy. It's much better when the stakeholder groups become part of the solution in my view. Now, they may not like everything that comes forward – usually people don't – but a solution has to be reached for the increases in insurance costs. There's no question on that. So that will be a task that is going to proceed on, and I'm sure it will be a tough one.

I really do think it's wrong for people to point fingers at the other guy. You accomplish nothing by that, so I don't buy that. I quite often think that's escape from having to deal with the issue in the first place, so we don't put up with that.

Dr. Taft: My point on that particular goal is that I think it is crucial that not just the insurance industry but the legal industry and the claimants be listened to carefully.

Moving on through the business plans a couple of pages to page 166, there's a goal here, goal 3, which relates to risk management. "Effective management of financial assets, liabilities and risks" is what goal 3 reads. Over the last year I have become substantially better informed of a very significant risk that is underestimated in Canada, and that's the risk of asbestos litigation. A number of the largest corporations in the U.S. are now bankrupt because of asbestos litigation. Johns Manville Corporation, W.R. Grace, Kaiser Aluminum: they're gone. They're gone because they didn't properly manage the risks relating to asbestos.

3:50

I am asking the minister now if under Key Strategies, number 3, "develop an enterprise-wide risk management program for government consideration," consideration is given anywhere in that to asbestos as a significant risk to the stability and the financial solvency of the government of Alberta. Behind that question is the awareness that directly or indirectly this government is responsible for a very large number of buildings and that many, many of those buildings do have asbestos in them. I suspect that we are on the brink in this country in the next five years or so of asbestos litigation rising to the level at which it is in the U.S., in Britain, which places it in the U.S., for example, just behind tobacco as the number one litigation issue. So is any consideration being given to the asbestos issue in this risk management profile, and if not, would you consider doing that?

The Chair: The hon. minister.

Mrs. Nelson: Thank you. I appreciate the question. Risk identification, risk aversion, and risk management are all key in a long-term strategic planning process. In fact, under some of the Securities Commission's requirements on environmental issues – I forget the number now – there's a percentage that if there's an exposure that has potential there beyond 15 percent I think was the number – it used to be, and I'm not familiar with the current one – then there had to be an identification of the exposure within the prospectus being presented on the marketplace.

What we have done through our strategic planning is try to identify some of those risks that could be facing our government. I know the hon. member has a specific question as it pertains to asbestos, and I know he's been asking various ministers questions during question period, so I'll leave that particular element to question period.

But I will say that on the strategic planning process, risk identification is absolutely key because you have to provide for or be aware of potential downward trends, or provisions have to be built or put in place to deal with those kinds of risks that may evolve down the road, or there has to be a plan of action to deal with them. That's all part of the long-term strategic planning that has to take place. Each ministry is responsible for that long-term planning in their own development of their management of their portfolio and to bring that together. It's a good identifier, and we clearly have that in our sights on our long-term strategic planning. Each individual element: we would ask the various ministries when their plans come forward what they're doing on those.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I'm happy to continue on with my questions. I just wanted to put on the record for the minister that there are many of us in the opposition who don't think that stovepiping is a very good idea either. We are much happier to

see the departments working together. Of course, we always have to be vigilant to ensure that we're getting the best bang for the buck, and I think that this is still an ongoing process and will always be an ongoing process.

With those comments I'll move on to my next question, which is with regard to some of the comments that you made to begin with. You talked about the ATB again. Periodically we hear talk of a sale of the ATB. I hear that rural Alberta isn't very thrilled with that idea. We see some new legislation in here that looks to outside people who judge these kinds of things that you may be getting ready to sell the ATB. Could you give me your comments on that particular issue?

Mrs. Nelson: Well, I think that what I can say quite clearly is that the management team and the board of ATB have done an exceptional job of reshaping, redesigning, expanding the horizons in servicing Albertans. They are a very effective group that reaches every outlet within the province. There's legislation allowing for those expansions of services to take place, and they're quite successful.

What we did say last year when I extended the regulation – it was a motion to carry forward another I think it was five years for ATB. I'm looking it up because I can't remember if it was five or 10 years. The motion, when we debated it in this House, was that if there was a change to occur, naturally we would have to have a policy debate. It would be extensive not only within ourselves but in this House. With the performance that is there, we haven't had that debate. We haven't felt that the need was there. The satisfaction level of the customers and the people of the province has been very high on ATB, so it is business as normal. That's the position we have on it.

Ms Carlson: Thank you for that answer.

Now, on regulations you talked about eliminating regulations whenever possible. How many have you taken off the books in the past year, and how many do you expect to have reduced in the coming year?

Mrs. Nelson: I don't have the exact number on that, Mr. Chairman. I will ascertain to get it, but I can tell you that the one I'm quite pleased that we got rid of, which I thought was one of the dumbest ones we ever had, was the one that said that on March 31 at midnight everything had to stop in government and everything went to zero, and then at one second into April 1 you started all over again. The March madness – somebody labeled it the March madness – of people spending the money before it was gone is over because now you can carry forward money on the capital side from one year to the next. I couldn't find where that regulation came from. Somebody invented it. I have no idea why. It didn't make any sense whatsoever. It was totally out of sync with reality, so that to me was a big one to just get rid of.

I think it will be very helpful for, again, our partners in the municipalities, in the school districts, and the health authorities so that they aren't pushed to make decisions on capital expenditures when it's not the right timing. They can do it when it makes sense. So they can do some strategic planning on their capital themselves, and it made sense.

But on the other one, the number, I would have to get the staff to get back to you on that because I don't have that with me. I'm sorry.

Ms Carlson: That's good. Thank you for that.

You talked about some of the IT in your department previously being outsourced. Do you have figures on what the cost savings are now of doing it in-house, and were cost savings the only rationale for doing that? What were the other reasons for making that move?

Mrs. Nelson: I'll have to get back to you on that.

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

Dr. Taft: Thanks, Mr. Chairman. Two or three further questions. More specifically, one relates to an issue that's come up several times at the Public Accounts Committee, and it came up again this morning. It has to do with the accounting principles of the government in which assets under \$15,000 are expensed rather than capitalized, so they don't count as assets. They're paid for in the one year, and there's no amortization. The effect of that, as I expect the minister knows, is to exaggerate the expenses and reduce the appearance of assets. Does the minister know the issue I'm talking about?

Mrs. Nelson: Yes.

Dr. Taft: Yeah. So in discussions of the Public Accounts Committee the Auditor General has said that he's hoping that that will be resolved in this fiscal year so that the government's accounting practices are brought more in line with generally accepted accounting practices. I guess my first question is: are you as the Minister of Finance the lead person for this process, or is your department the lead department for standardizing this process, and if so, can you give reassurance that by the end of this fiscal year we will have that practice fall in line with generally accepted accounting principles?

4:00

Mrs. Nelson: Well, the recommendation has come forward. Again, there's probably an issue of materiality as to what level you do capitalize and what level you do expense, and I guess that's the debate. What we clearly have said is that we will follow the generally accepted public-sector accounting principles, and we'll undertake to take that transition as a part, again, of the transition under the Financial Management Commission.

Dr. Taft: Okay. Well, that will be nice when that's sorted out and we don't have to keep going back at it in Public Accounts.

My next question is based on page 143 of the estimates this time, not of the business plan. The question relates to line 1.0.4 under Operating Expense, which is communications, and the minister's communications budget looks to rise from \$286,000 last year to \$385,000 this year. So it's a hundred thousand dollars in a large budget. I understand that perspective, but it is also a 30 percent increase in communications. So my question to the minister is twofold. One is just explaining the increase of that expenditure and, secondly, explaining why it is that your department, Finance, has a communications line and the Public Affairs Bureau also, I assume, has a communications line for your department. Do you have communications staff of your own and Public Affairs working together?

Mrs. Nelson: Yes. In fact, we do work together very closely with the Public Affairs Bureau on the communication link, but we do have staff as well, and the \$99,000 increase over last year is represented by an additional communications officer, who started part-time partway through the year, but also salary increases for four full-time equivalents that are in that sector. There's also the cost of the production of the two budgets that went through and promotional items such as budget communications that go out to people.

There's an element of responsibility this year that I took particularly – someone asked me: why are you putting out information on the budget? Well, you know, we're spending \$20 billion of taxpayer

ers' money. They have the right to know where that money is going. I couldn't believe the question. Someone asked me about this communication budget to put information out. I thought: well, let's not keep people in the dark ages; let's tell them where their money is going. So we did. We sent out information, and people were able to pick it up off the web site. There were a couple of newspaper ads. We actually did a lot better than most places across Canada at putting the financial information out, but we are one government that does update Albertans on their money on a regular basis, and we said we would do that. We'd be open and transparent, and we would communicate with them, and that's exactly what we've done.

So it's an additional person plus the normal salary increases that go through plus the extra communication link that causes it to go up.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. My next questions are around managed spending and management styles within the government. I would like the minister's comments on efficiency audits, putting in a process in the government where you would have efficiency audits. Now, the Auditor General audits the budgets of the various ministries and the overall government in accordance with the approval that they get from the Legislature, but efficiency audits would take a look at analyzing the detailed operations of the department to see that you get value for your money, that they're well spent. They look for things like top-heavy management structures . . . [interjections]

The Chair: If you want to laugh loudly, please do so outside.

Ms Carlson: Thank you, Mr. Chairman.

They look for things like top-heavy management structures, extra employees. They examine contracts for everything from consultants to computers to ensure that there's efficient spending with public dollars, and they determine unit costs for every kind of service being delivered and then are able to compare those to other departments. So then we would see an AG report that would have more comprehensive recommendations as to how the department's operations could be more efficient and then giving the minister time to respond and take action if they choose to do so.

I'm not saying that from a strictly opposition perspective. I'm saying this from a perspective of improving the operations of government. We all know that \$20 billion is a lot of money, and we all know that even in very small operations there are always efficiencies to be had. So far no one in government is tasked with this particular responsibility, and it seems like this is a very good idea whose time has probably passed having been needed, and we should take a look at that happening from a purely positive perspective in improving the management style of government. Could the minister comment on that?

Mrs. Nelson: Instead of an efficiency audit I think the key is to make sure that the performance measures of each ministry are in fact real measurements of the efficiency and the effectiveness of delivering core programs and they fit in the overall business plan of the government. The business plan document clearly has an identification of the overall corporate plan plus, then, all of the individual ministries attached to it. That is reviewed on a regular basis at the standing policy committee and at the Treasury Board process. This year, though, if members would notice, we did streamline and update our performance measures to bring them in line with, I think, a more current process, particularly with the advent of the cross-ministry initiatives. Those become very, very telling in that you have to

always be diligent to make sure that you don't have two ministries performing the same task or duplication or an overlap or a redundancy of a functional responsibility. Having good performance measures that actually test the performance of the ministry – I call them the internal performance measures as opposed to the external ones that the global economy is accomplishing – becomes critically important. So that kind of evaluation on the performance measure we took very seriously this year and reshaped those performance measurements to be reflective of, I believe, a more current business planning process that brings us into today's time frame.

So I wouldn't go for the concept of what was called efficiency audit. I think that's kind of out of date, to be quite honest with you. I think performance measurement is probably key provided it deals with the reality and the expectations of the department and not just what's happening outside, something that you can actually measure to see if, in fact, the effectiveness of the department is really being felt not only in the government but by the shareholder who is paying for it. So it becomes a little more rigid than what we maybe had before. It's not the high-level blue sky stuff. It's down into the hard details. You see some tougher performance measures in these business plans than what we would have had before, and I think where you get your best audit is: did you meet the expectations? If you did not, then the standing policy committees are going to say: why not? So you have to explain why you didn't meet those performance measures not only to your own colleagues but then also to the outside community, and I think that's very important.

4:10

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman and Madam Minister. I agree with the minister that we need stronger performance measures and that they have to be actually measuring tangible results within the government and the department. That's the strategic planning side. But efficiency audits are still very effective on the operations side of any department. In a corporation you would be streamlining your operations to build a widget. In government you're streamlining your operations to provide a service at the lowest possible and most effective cost. Generally speaking, it's services that you're providing, but it's the same process. So, yes, you have the performance measures actually measuring the long-term strategic goals and whether or not each department was able to effectively achieve those, but you're only doing half the job if you don't look at the cost of providing the service.

That is something that is an integral part of business planning for corporations and an integral part of the management style. If you don't have an internal operations audit system within your own structure, then traditionally it would be outside auditors who would be contracted to come in and do that. So either the minister could develop that process within her own department or she could get the Auditor General to do it, but I still think it's something that the government really needs to take a look at to get the best bang for their buck.

We know that every time we build a bureaucracy, we build inefficiencies over time, at least, if not initially. People want to protect their jobs. They empire build, particularly in a government where we don't have specified sunset clauses for programs, which I would also like to see initiated. Sometimes people are doing redundant kinds of work or providing services that aren't streamlined. So that's where I'm going with this. It doesn't have to be an outside entity that does it. It could be an internal one, but you're probably wasting lots of money. I won't assume any kinds of numbers, but the smallest business will find at least a 5 percent

efficiency by doing that. A 5 percent efficiency on \$20 billion is a lot of money. Would the minister consider moving to something like that?

Mrs. Nelson: I think this is an excellent question that's come again from Edmonton-Ellerslie. An inefficient allocation of human resource allocations to any kind of a structure will cause absolute chaos within the system. So I agree that having an efficient allocation of human resources and nonhuman resources becomes effectively important for the government.

One of the ways that we are dealing with that to try and address those issues so that we don't have that built-in redundancy and inefficiency within our system and the inherent growth within the bureaucracy is the cross-ministry initiative. You have ministries working together, IT projects coming together to make sure that the systems can actually talk to one another so you're not buying systems that are incompatible, to have a co-ordinator who is working, the Public Affairs Bureau, who co-ordinates the communication links throughout. While you have an allocation out to your department, you still have a co-ordinated approach, so you don't overlap and duplicate positions within the government.

These are throughout. That's how the Ministry of Innovation and Science evolved, a coming together, bringing together the research and technology enhancements under one umbrella that still deals with the elements within the forestry research, within agriculture research, with energy research, with biological research. All of those types of research that were done before in individual departments are now co-ordinated and brought together.

Do you have to audit the effectiveness of that? Yes. That becomes very important, and that's a tangible measure of the effectiveness of the cross-ministry initiative. That's where our deputies meet and have to go back to look at the performance measures to make sure that they are effectively co-ordinating their efforts so there isn't a duplication. They're challenged on that, and they have to come forward with a report on how they have done.

You know, the shared services concept, again, is another. Every department doesn't have to have its own accounts payable clerk. That should be able to be done through a shared entity. It doesn't have to be in every department. Reinventing government every 35 years is probably not a bad plan. We have done that through this whole process. [interjection] No, no, no. We've done that through this process. Now, it didn't happen in one year. It's been dubbed the Klein revolution, and I believe that the success of it has brought us into a position where we're holding our operating costs to 4.9 percent. Is that the ultimate goal? No. I would like those to be lower than that, again through efficiencies, to be almost tied to our growth patterns. So we're striving for that end result.

I think we've come a long way to keep our costs in line. We're not there yet, but again through the strategic planning process we're identifying areas where we can in fact reshape that to bring some reality into it. An ineffective allocation of human resources is just a dreadful situation for a corporate entity like the government. We have to be really, really vigilant to make sure that we don't get into that, so our performance measures coupled with our cross-ministry initiatives are the key elements to watch on that.

One of the things that I will tell you a little funny on is that I learned very quickly in the Treasury Board processes to ask: how many warm, breathing bodies come through the door on a daily basis? I didn't rely upon the acronyms that were there and found out that I had to check that at the Treasury Board table. So when someone tells me they have X number of people, I want to know: is that the warm body coming through the door? I don't care how long they're there; they're on a salary of some sort. So you learn in a big

hurry. I came from a different sector that didn't have that kind of concept, so you learn. You learn what to watch for, and I have to admit that the bureaucracy in this government is very, very effective. They're very conscious. They're very cost-conscious, and they recognize that if they keep doing what they do well, they'll be applauded throughout the country, and that's what they're getting right now. They have done a tremendous job in streamlining this process and delivering core programs, so we're very pleased with them.

Ms Carlson: Mr. Chairman, I want to spend a moment talking about natural gas rebates. The trigger point for rebates to kick in was \$5.50 in the last year. Is that going to stay the same this year? And if you could talk about the parameters of anything you're putting in place to help promote conservation on the natural gas side.

Mrs. Nelson: Well, the hon. member is correct that we have a piece of legislation in place that has been debated in this House a number of times this session, and the trigger is \$5.50 a gigajoule before it triggers a rebate. I believe that they're going to review that later on, but it is in place, so it's there.

Ms Carlson: Sorry, Mr. Chairman. Are you saying that \$5.50 is the price again for this year?

Mrs. Nelson: Yeah.

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

4:20

Dr. Taft: Thanks, Mr. Chairman. A series of questions. I'll ask them one at a time. On page 149 of the estimates the very first line under Revenue is internal government transfers. I'm not sure if this has come up yet. If it hasn't, it needs to be brought up. There's a very significant change. The forecast amount for 2002-03 was \$334 million, and the estimate for '03-04 is \$95 million. It's a drastic drop in internal government transfers. I'm wondering if the minister could please explain that. [interjection] Okay. Well, if you did it in your speech, could you do it again in two sentences for my sake, please?

Mrs. Nelson: Yeah. I will. Just give me another question, and I'll get the exact numbers.

Dr. Taft: Okay. In a related kind of question, on the following page of the estimates, page 150, the revenue from Alberta Treasury Branches drops considerably – I would guess about 20 percent – from the forecast amount for the last fiscal year to the amount for this fiscal year. So that's on page 150 under Revenue, the line that says Alberta Treasury Branches. The estimate for this year is \$152 million. The forecast amount for last year is \$199 million. Can the minister fill us in on that one, please?

Mrs. Nelson: Well, Mr. Chairman, instead of the hon. member going line by line, I could just go over the overall decline in the revenue that's shown on that page, from the \$1.2 billion to the \$816 million. Instead of you going line by line, would that be alright?

Dr. Taft: Well, the details are of some interest. There are two or three lines that are particularly significant.

Mrs. Nelson: Well, I think they're all significant.

Dr. Taft: Well, then, sure. You could do each line. I don't have to stand up each time.

Mrs. Nelson: The overall projected revenue is \$816 million, which is a decrease from last year's revenue of \$1.2 billion. Our investment income for '03-04 is \$26.5 million lower than in '02-03. This is primarily due to the reductions in the Capital Finance Authority investment income due to lower interest rates on new loans. That used to be called the AMFC. The interest rates are down, so we'll see a decline in the revenue base. There will also be a decrease of \$238 million for internal government transfers that represent the contributions from the lottery fund to my department, and the net income from our commercial operations is projected to be \$47.5 million lower than was forecast in the previous year. Then there's the Alberta Treasury Branches net income, and it's expected to be below last year's forecast mainly due to the onetime gain last year related to the West Edmonton Mall settlement, so that comes down. The \$96.5 million decrease in other revenue from the 2002-2003 forecast is attributed to the transfer of a hundred million dollars from the Alberta Capital Finance Authority's retained earnings in 2002-03. If you remember, that was called AMFC. It's now the Alberta Capital Finance Authority. So that accounts for the difference between the \$1.2 billion and the \$816 million in revenue.

Dr. Taft: Okay. Thank you.

The Chair: Hon. Member for Edmonton-Riverview?

Dr. Taft: Sure. On page 169 of the business plans, not of the estimates but of the business plans, goal 6, under Risk Analysis there's a sentence that reads, "The continued decline of high royalty rate conventional oil revenues will need to be replaced in the long term." Now, the minister and I have discussed this issue in Public Accounts and probably in estimates last year or the year before, and I know that the reassurance that's given me about this issue is that the long-term revenues from heavy oil development will fill in the decline in conventional oil royalties. However, I remain concerned about the rigorousness of a policy that will lead to a long-term rise in royalties from the heavy oil plants. I have elsewhere seen projections of heavy oil royalty income into 2006, and it remains in the hundred million dollar range, which is not going to compensate for anything. I'm trying to think of the best way to put the question to the minister. It is essentially: what guarantees – and I know you'll say that there are no guarantees – or what reassurance will the minister give that heavy oil sands production and the royalties resulting from that will in fact replace the decline in the high-royalty conventional oil production?

Mrs. Nelson: Well, Mr. Chairman, what I can say is that companies like Suncor don't make a recent announcement, just a couple of weeks ago, of an additional \$3 billion capital investment in oil sands if they're not anticipating wealth generation from that investment. Up in the oil sands alone I believe there's roughly about \$80 billion of capital investment being invested today and committed that's on the books to develop the oil sands. Companies haven't made that long-term commitment, which is really a commitment of 20 to 40 years, if, in fact, they don't believe there's wealth generation available there. The same applies with the heavy oil development that is going on up in the northeastern part of the province and the northwestern part of the province. They are not making those types of large investments, which they are, if they're not anticipating a return on the investment, which also returns a royalty to the Crown. Based on the best information we have from the Ministry of Energy

on the longer term, we believe the forecast of \$3.5 billion that we have for sustaining our core programs that we've selected is a reasonable number to have in our budget process.

Now, we have put in place and I've said from the beginning that over the next three years we will review that number to make sure that it holds. You know, I don't know whether the number is too high for our requirements or too low. It may be up a hundred million or down a hundred million from what has to happen. But we're confident – and we've had it reviewed – that that's the number we should choose. So the comfort level for me comes as more companies make announcements about investments. They're doing it because there will be a return on that investment, which means we also will receive a return as the owner of the resource through the royalty payment. So that's where you get the confidence level.

Now, in the longer term we also said that we have to be more strategic in our budget planning process and think beyond the three-year business plan out to the 10- and the 20-year time frame and try and visualize what this province will look like and the shape that it will be in 10 or 20 years out. Are we going to see a shift in the dynamics of our industry? Are we going to be more knowledge-based? Those kinds of dialogues and definitions come from strategic planning, and what we've embraced this year is the longer term visionary concept of: where are we going to be down the road? What will it look like? How do we make sure that we stay in the economic position we hold today of being number one in Canada? How do we get from here to 20 years out and remain at the top within the country? That's the challenge that's before us, and that's why the planning process had to shift and become more strategic as opposed to being simply operational on a year-to-year basis.

4:30

The key plan in the business planning process is the last year of the plan. A lot of people think it's the first year, but it's really the last year of the plan, to make sure you meet your goal in that time frame when you're adding a year out. That's really your key year, that last year of your plan. Your current one is one you can manage, but your out-year is the one that you're striving towards. So that always becomes the key in a longer term business planning process.

We're in a scenario now with our strategic planning group to move us into that new arena, and that's where we believe, from what we have, our resource revenues will hold in the longer term. There are a number of analyses that go on to indicate that that would be the case. On the conventional side maybe not so, but on the uptake, on the nonconventional, yes.

Dr. Taft: Okay. Following up, let me be more specific. The generic royalty arrangement on the heavy oil sands development calls for a rise from the 1 percent royalty rate to a 25 percent royalty rate when the investors have fully recovered the cost of the capital that they've invested. So my specific question really, then, to the minister is: approximately when does Alberta Finance expect the royalty rates to rise, to take the jump from the 1 percent to the 25 percent?

Mrs. Nelson: Well, you've got a little bit of that wrong. I'm rather intimately knowledgeable of that framework since I was one of the crafters of it. The 1 percent royalty replaced a number of agreements that had no royalty involved if in fact there was capital that we recovered. The 1 percent royalty is of gross, not net. It flips into the 25 percent after the recovery of capital. So you've always got a minimum of a 1 percent gross royalty to come forward, which is a huge change and commitment for dollars to flow through to the coffers of the Crown to see that development come forward. It was designed to readily admit that there had to be a royalty payment

made, and it had to be sufficient to warrant what I call patient capital being allowed to develop over a time frame for development within the oil sands, which required huge amounts of investment to go into those facilities to expand them. In fact, the long-term projections are that there will be 1.2 million barrels of crude coming out of there. I think we're well on our way to seeing that occur.

So you've got to look at the royalty structure as is. It's 1 percent of gross that then moves to 25 percent. You're going to see that occur in different stages as the various projects evolve.

Dr. Taft: I need to continue this because we agree that this is of fundamental importance to the long-term fiscal health of this province. When will we begin to see that flip, as you called it, from 1 percent to the 25 percent occur? I realize that projects are coming on at different stages, but I've looked through the business plans here, and going up to '06 there's no sign that that flip occurs. By '06 we're going to need this. When is this going to happen if it's not by then? When will we start to see the royalties really flow from the oil sands?

Mrs. Nelson: Well, Mr. Chairman, there are a number of factors that get involved with royalty revenues. One of them is the price in the marketplace. You may see a volume increase. Remember that price is always a factor in the royalty calculation, so it depends on where the market goes. The key to looking at the long-term sustainability of our resource base is the continual investment that is occurring in those sands. As I said, with the turmoil that the market has been in, I was really very encouraged with Suncor's announcement of \$3 billion just a couple of weeks ago. Right, Murray?

Mr. Smith: Right.

Mrs. Nelson: And that to me is an indication that there's absolute commitment to the long-term planning of the development of the oil sands, which is a long-term benefit for the province. I can tell you that with the billions of dollars of investment we're already reaping huge benefits from that investment in the province that you can tangibly put your hands on right today. You can do that, and you should be able to see that.

Now, I can't give you that long-term forecast because I don't have that. What I can tell you is that based on the investment and the economics that we believe are there, we have a secure position on our resource base of 3.5.

Dr. Taft: I understand that price affects all this. My concern is that the key is not just continual investment, as the minister said – that's obviously important – but that at some point the continual investment should lead to the higher flow of royalties. We're down, although production has increased substantially through heavy oil – I forget the exact figure – but the royalties are in the \$120 million a year range. In the long term the key to our prosperity is not just continual investment; it's getting the royalty up to that 25 percent level. Frankly, the royalty is what's due to the citizens of this province. It's the economic rent on that resource, as the minister knows. My concern is that if we get into a program of continual investment, we will never get out of the 1 percent royalty. I feel like we're struggling here.

Mr. Smith: And maybe you'll want to bring it up when we do my estimates.

Dr. Taft: Well, maybe we do. That may help it. Sure. Okay. That's fine.

Mrs. Nelson: I don't want you to leave today feeling . . .

Mr. Smith: Left out.

Mrs. Nelson: No. Insecure.

Under the old setup the agreements were all one-off agreements, and a lot of them had no provision for minimum royalties at all, so there were a vast number of years where there was no royalty paid. When we renegotiated the agreements, we said that there has to be a minimum paid, so 1 percent of gross was the number. You could measure the effectiveness of the capital investment in the project. You'd take that project, capital is invested, it's allowed to recover, and it's project by project. It doesn't extend to the next one. When the Mildred Lake expansion is done, you can visibly see that the capital investment for the Mildred Lake area is a project that then ramps up. So you'll be able to trace that and determine that that 1 percent gross then ramps up on a stand-alone so that each one has its own structure. Just because you're starting to make revenues that are beyond the capital cost, you can't put in another project to avoid paying royalties. You can't do that. You have to follow the program through.

4:40

[Mr. Klapstein in the chair]

So it's specific, and it's boxed in. It's a good project because Albertans do receive what you call the rent; I call it the huge benefit of the capital investment. I can tell you that this program has been so successful at drawing investment to this province that not only is the direct investment in the sands critically important, but all the spin-off it has brought with it has been phenomenal and can't be matched anywhere else. We're pretty lucky to have it.

Anything else specific you'll maybe wait until Energy is up.

Dr. Taft: Fair enough.

Let's see. On page 152 of the estimates there is a reference to premiums, fees, and licences, various. I've got to make sure I'm lining the lines up correctly here. It's estimated this year at almost \$25 million, up from about 19 and a half million dollars last year, a 20 or 25 percent increase. I would like some details from the minister or a breakdown of how much money is collected from which fees. "Various" is a wonderfully vague term, and I'd like a little detail to fill in that vagueness. That may be something that needs to follow in written response.

Mrs. Nelson: No. The \$24,825,000, is that the one you're talking about?

Dr. Taft: That's right. Yes.

Mrs. Nelson: That's up about \$5.2 million from the previous year, and it's due to the growth in the deposit guarantee fee assessed on Alberta Treasury Branches. They were estimated at \$23.4 million.

The Acting Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. In the strategic priorities for your ministry you talked about the recommendations that you adopted from the Financial Management Commission, 22 of 25. What were the three that you did not adopt, and why did you reject them?

Mrs. Nelson: I'm trying to think of the numbers of them. One of the

recommendations – and I can't remember the number; I don't know if that's important or not – was to have the heritage trust fund serve as the sustainability fund, and our caucus did not agree with that approach. Our feeling was neither did Albertans, so we did not accept that recommendation.

Another was to use a benchmark to allocate dollars for capital on an annual basis. The benchmark was that the allocation should be tied to the GDP of the province on an annual basis, which resulted in \$1.2 billion or \$1.3 billion of allocation, somewhere in there, depending on the annual base into the capital account. We weren't happy with the benchmark of GDP being used, but the dollar amount was the acceptable side.

I'm trying to think of what the third one was, and I can't think of what it was off the top of my head. I'm sorry. I'll think about it in a minute. But basically it was that using the trust fund was not accepted. [interjection] Oh, the collective bargaining process. That was the other one that wasn't accepted either, so we didn't deal with that in the recommendations.

Ms Carlson: Mr. Chairman and Madam Minister, we see a new focus in this budget on stability, which is a good thing, yet what we saw two days after the budget process was a new \$64 million allocated for schools. So I would expect that between now and then you put something in place, the \$64 million for an additional school that wasn't in the budget process. So if you're looking at providing stability in the budgeting process and then we see a change like that happen so soon after, we would expect there to be some checks and balances that you put in place now so that something like that can't happen. Could you comment on that for us?

Mrs. Nelson: First of all, there was no reallocation or no dollars added to this budget. The budget plan is very clear. In the budget there's \$450 million for new schools and school modernizations and upgrades. That number has not changed at all. That's the number. Now, how it's allocated within that is something I don't get involved with, but that's the number. There's nothing more.

Ms Carlson: Okay. So am I reading that what you're saying there is that the Minister of Infrastructure would have to figure that out within the confines of the dollars he was allocated?

Mrs. Nelson: Exactly.

Ms Carlson: Okay.

My next question then is on maintaining the value of the sustainability fund at \$2.5 billion being as we see it as dependent on oil and gas. Can you tell us what you're expecting to see for projected natural resource revenues that you use to predict that? You talked about that a little bit in the beginning, but if you could comment on that for us.

Mrs. Nelson: I think the forecast for oil and gas revenues we'll let the Minister of Energy deal with in his estimates, but what I can tell you is that the \$2.5 billion for the sustainability fund is a number we believe will take us through a turbulent time in the event that we have a huge decline in our resource revenues. We're not anticipating that, and we expect to build the fund to \$2.5 billion fairly quickly over the next few years. This fund is clearly different from what other funds have been from the standpoint that it can only be used for certain things. So it's not a matter of beefing up operating costs or expenses by borrowing from this fund. It's a matter of dealing with a situation where if in fact in a given year resource revenues go below the \$3.5 billion that we forecast, we're able to make up the

difference from the fund, but it has to be replaced. So the fund must sit at \$2.5 billion as a safeguard, and I think that's the right number. I'm going to be honest with you. We'll be assessing that over the next couple of years to give a better comfort level to all of us that we've picked the right number that has to be in that fund.

Beyond the \$2.5 billion if there are additional dollars that come over from surpluses or additional resource revenues, et cetera, those dollars can only again be used for certain things, mainly on the balance sheet side of the equation; in other words, to further pay off our debt, to enhance our capital plan, or to enhance other assets of the government such as endowment funds, foundations, et cetera. It cannot be transferred over to operations, and that's the big distinguishing factor between it and other funds that don't put the discipline on the spending level into their governments. I think that's the key for the long-term sustainability of the core programs, that we don't ramp them up and pull them back so we have a level, predictable, process that moves forward, and that's fundamental I think.

[Mr. Tannas in the chair]

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I'll ask a few questions now with regard to taxes and tax cuts. You talked in your opening comments about this province having the lowest tax rate for families, and I'm wondering when you make those estimates why you don't factor user fees into that equation because by most recognized definitions a user fee is a tax, and it does add to the cost of average family expenses. So if you could comment on that.

Then, also, what is your projected tax cut for the upcoming year and for the years after that? Do you have a plan to reduce the taxes to 8 percent and 3 percent respectively by 2006? That's what we heard about before in the business plans. [interjection] Corporate taxes. So the projected tax cut for both individual and corporate taxes, and then are we going to see the small business reduction?

4:50

The Chair: The hon. Minister of Finance.

Mrs. Nelson: Thank you, Mr. Chairman. We have already lowered personal taxes in this province by \$1.5 billion that Albertans are paying less year after year after year. It's a huge advantage for Albertans. The key is to maintain the attractive level of that – i.e. inflation-proofing the program – but making sure that the personal exemption gives Albertans the best advantage and maintaining that position.

The other side of the equation is that when we announced originally the business or corporate tax reductions, we said that we would move on a path to lower those to 8 and 3 as affordable. As you know, we did experience some difficulty a year ago in the fall that didn't allow us to proceed in that particular year with the reduction. We did proceed with some of it on the small business side. This year we were able to continue on that path, and it would be our goal to get there as quickly as we can, but again it's as affordable. Our goal would be to move as quickly as we could because we think that that is a huge economic advantage in the overall structural framework of the province that again attracts people to Alberta.

The other thing that's key – and we quite often are hard on ourselves in Alberta – is that Alberta's tax advantage is huge when you consider that we don't have a payroll tax, we don't have a capital tax, we don't have a sales tax. Those all factor in.

Dr. Taft: Health care premiums.

Mrs. Nelson: The hon. member over there is talking about health care premiums. It doesn't matter how you shake the cat. When you take fees and services and taxes, we still have the best advantage in all of Canada. While there are only two provinces that physically go out and send a bill to people for health care premiums, the rest of them build it into their system. It doesn't matter how you shake it. The taxpayer is paying for it either directly – I much prefer for government to be up front and say: this is what the cost is. I would like people to know exactly what the cost is.

We're going to be spending over \$8 billion in 2005 on health care, and as a taxpayer I'd like to have a fair idea as to what that cost is and why. I could hide it. That would probably get me off the hook from a lot of questions from the opposition. I could hide it, but who are you kidding? You're not kidding the neighbours that they're not paying for their health care, because then you'd have to put it in somewhere else, and you could put it in as an extra fee here or one over there. So you can do that, and that's easy. They still have to pay for it because health care is not free. It costs a whole lot of money. I think at least Alberta is up front enough to send out a bill to make people realize that it in fact does cost money. The costs have gone up, so the bills have gone up. So I don't have any qualms about that.

Our competitive tax advantage is huge in this province. In my opening comments I talked about the comparison if we lived in other provinces, and I was amazed when my department sent me a note that said that if you took the tax structure in British Columbia, everything, and you transplanted it across the mountains and plunked it on Albertans, with the demographics we have, we as Albertans would be paying \$5 billion a year more in taxes. I thought: somebody's made a mistake; it can't possibly be that much. Then I found out that I think it was \$3.2 billion was in provincial sales tax alone. That's usury. Then they did the same thing; they went to Ontario and plunked their system on top of Alberta with all of their types of payroll taxes, et cetera. Again, we would be paying just over \$5 billion if we adopted their system. Quebec was even worse. I thought that these numbers had to be wrong. I couldn't believe there would be that much of a difference in what it would cost Albertans if we had these other systems.

So I think we need to be grateful for what we have in this system. We all would like our taxes to go down. I mean, if you asked a hundred people, "Would you like your taxes to go down?" a hundred would say yes. If you asked them if they'd like to go without those services, a hundred of them would say, "Probably not," and 75 would say, "Definitely not" because they're critical services that they require.

So I think that by and large Albertans are comfortable with the tax structure we have. They're not complaining. They realize the advantage they have. They realize the benefit they have. They definitely don't want their taxes to go up; that much we do know. So I think that as long as we maintain that taxable advantage, then we're doing the right thing and we're striking that right balance.

We will continue with the corporate reductions as affordable, but I will not put core programs in jeopardy to do it. That's the balancing, and that's a tough balance to do, but that's the one we're committed to.

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

Dr. Taft: Thank you. My first comment to the minister is that basically what we have in Alberta is revenue from oil and gas that allows us to not have a sales tax.

My second comment to the minister is that that was the closest I've heard anyone from the government come to admitting that health care premiums really are a tax. She didn't quite say that, but she was very close.

Mr. Vandermeer: I said that all the time.

Dr. Taft: Okay, and you will be a minister someday.

I'm on page 165 of the business plans: "A fair and competitive provincial tax system," goal 2. It says, "The tax system must be fair," and I agree. We all agree. There are, however, different definitions of fairness. When I read that, the first thing that occurred to me in fact was the fundamental unfairness that I see with health care premiums. When you combine health care premiums with the 10 percent flat tax, what occurs is that the most heavily taxed citizens in Alberta are basically the working poor, those people who are just above the low-income exemption for paying health care premiums, because they have to pay the 10 percent of their income in tax, and they have to pay the same full amount in health care premiums that a millionaire pays. So to me this is fundamentally unfair. In fact, by percentage of income the heaviest tax load in Alberta falls on the working poor and the lower middle class.

So really that's more a comment, indeed I would go so far as to say a statement of fact, than it is a question, but the minister might want to comment on that. There has been talk both in the government and in the Tory Party, the PC Party, that someday health care premiums would be phased out. Is the minister aware of any progress on that issue, or are we looking at continuing them at the level at which they stand now?

Mrs. Nelson: Mr. Chairman, I guess I would say to the hon. member in response that insofar as health care premiums the key thing is that when you need the system, it's there. The system is expensive, and I would say that you can have a bill or you can have some sort of – you have to pay for it somewhere. So it doesn't matter how you shake the cat. As a Canadian citizen you're going to pay for health care in one form or another.

5:00

At this point I prefer as an Albertan to see something come in the mail that tells me that I am participating in protecting a system that I think is very important and fundamentally key. I can tell you that if you've ever used the system, which a number of us have had to use, it has responded, and it's far more than what we would pay on an annual basis in a premium of any sort when that system responds. When you consider what's there in the system and available to us in this country, we are the envy of the world to have the health system that we do have. Maintaining it is going to be very costly. Is it sustainable? Yes. But trying to play the idea of getting rid of the premium – for what? Do you want me to bury it somewhere? I'd rather be up front with people and say: this is what the system costs. If we have hardship cases, we deal with those. That's a different issue. But to try and get rid of it and say that we're not going to charge for health care: who are you kidding?

This is an \$8 billion a year system. It has to be paid for in one form or another, so you have to deal with that reality. You can't get away with it. You can't hide your head in the sand and say: somebody else is going to do it, the other guy. There isn't any other guy; it's you. You have to pay for it. You have to pay for the privilege of having the system. Hopefully you don't have to access it, but if you do, it better be there and respond when you need it. That's the key, and this system does do that, and it responds a heck of a lot more than what we pay on an annual premium; I can tell you that right now. It's a very, very good system.

So we can play the game of hide-and-peek, but I'm not really much for hide-and-peek on these costs. I'd rather be up front with people and tell them what it is. So I wouldn't be pushing that analysis. I like it to be front and centre.

Dr. Taft: Okay. I agree with a number of the comments from the minister, that the system is good, that it needs to be there, that it isn't free, but I'm going to say two things. One, it would be more fair, in my view, to abolish health care premiums and fold it into the tax rate so that people earning \$30,000 a year aren't paying a higher tax rate than people earning \$300,000 a year, which is patently unfair, in my view, right now. So my preference would be to abolish the health care premiums and fold it into the tax rate.

My second point on that. It's a suggestion here, and I couldn't find the figure right at my fingertips, but the government could save tens of millions of dollars a year, because that's what it's costing to collect the health care premiums. So you could save tens of millions of dollars a year by doing away with those and folding them into the general tax structure.

I can tell from the expressions of the minister that she doesn't agree with me.

Mrs. Nelson: Well, I'll take your words of wisdom under advisement and remember them. Thank you.

Ms Carlson: Mr. Chairman, we have a number of questions left. We haven't even started to talk about Kyoto and some of the other important decisions that were made within this department. But the minister has been very co-operative this afternoon in answering our questions, not always with the kinds of answers we like to hear but has given us a great deal of information. So with that, we will submit the rest of our questions in writing to the minister and would now call for the vote.

The Chair: After considering the business plan and proposed estimates for the Department of Finance for the fiscal year ending March 31, 2004, are you ready for the vote?

Hon. Members: Agreed.

Agreed to:	
Operating Expense and	
Equipment/Inventory Purchases	\$83,677,000
Nonbudgetary Disbursements	\$82,529,000

The Chair: Shall the vote be reported? Are you agreed?

Hon. Members: Agreed.

The Chair: Opposed? Carried.

Mr. Hancock: You know, it occurs to me that we don't have to rise and report now. We could rise and report at 10 o'clock tonight, but I move that we rise and report and beg leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

Mr. Klapstein: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2004, for the following department.

Finance: operating expense and equipment/inventory purchases, \$83,677,000; nonbudgetary disbursements, \$82,529,000.

The Deputy Speaker: Does the Assembly concur in this report?

Hon. Members: Agreed.

The Deputy Speaker: Opposed? So ordered.
The hon. Government House Leader.

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

[Motion carried; the Assembly adjourned at 5:09 p.m.]

