

Legislative Assembly of Alberta

Title: **Wednesday, November 26, 2003** **8:00 p.m.**
 Date: 2003/11/26
 [Mr. Shariff in the chair]

The Acting Speaker: Please be seated.

Hon. members, before I recognize the hon. Member for Edmonton-Centre, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

The Acting Speaker: The hon. Member for Cardston-Taber-Warner.

Mr. Jacobs: Thank you, Mr. Speaker. I rise tonight to introduce to you and through you to the members of this Assembly two special guests visiting Linda and I this evening with their three children, who aren't here: my son Troy, the man who runs the ranch for me when I'm here and at other times, and his wife, Stacy. I'm very pleased to introduce them and would ask that they rise and receive the warm greetings of the Assembly.

head: **Government Bills and Orders**

head: **Second Reading**

Bill 53 Insurance Amendment Act, 2003 (No. 2)

[Debate adjourned November 26]

The Acting Speaker: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thanks very much. I'm really glad I was able to get in an opportunity to speak in second reading to Bill 53, the Insurance Amendment Act, 2003 (No. 2). Now, I was able to raise some of the points that had been brought to my attention by constituents who had written in to me, and I forgot to bring them for the tablings. I apologize to you, Mr. Speaker. I was able to raise those issues when we were discussing the reasoned amendment that had been proposed.

I'd like to go over some of the other issues that I have around what's being proposed here. It strikes me that this is a bit of a David and Goliath story. I hope it has that ending, but I fear that it won't. I think that little David is going to get stoned here. Essentially, what we're talking about is individuals, all of whom are required by law, by this government, to carry a minimum level of automobile insurance. Up against that or on the other side of this, we have insurance companies, private corporations that offer the insurance under agreement of the government of Alberta. We discussed earlier how the government has an insurance review council that had in fact approved, I think, 155 out of 159 rate increases that were proposed by the insurance industry over the last 12-month or so period of time.

So, on the one side, we have Albertans who have to have this insurance, and they don't have an unending supply of money. I had outlined some of the difficulties that had been raised with me. There's one other one that I think was really interesting. My neighbour stopped me in the back alley the other day. She was walking with her son, and she said: "You know, I just want to let you know that we sold our car. That's how we're dealing with this issue of rising automobile insurance premiums." Their premiums had gone from \$1,600 to \$1,800 to \$2,400, and the family at that point said: enough. In fact, what they do is rent a car on one of those Thursday to Sunday rates, those four-day weekend rates, a couple of

times a month, and that's how they go and do their shopping and other trips that they need to take. The rest of the time they're catching rides with friends or neighbours, taking the bus, or walking, because it just hit the point for them where they went: that's enough.

Twenty-four hundred dollars of insurance for people with no problems with their driving records. They're not young people; they're not old people. You know, there's no other mark against them except that they live in Edmonton and this government believes it's okay to discriminate based on geographic location, but there wasn't much they could do about that. As a result, they just sold their car because they were not willing to pay that kind of insurance rate.

On the one hand, I think: well, okay; this might have an unexpected side benefit if we get more conservation and more working to eliminate greenhouse gases because people simply don't drive private automobiles anymore. But I think that for many, many people in Alberta that's just not a possibility. That's not a realistic solution to the problem that's in front of them.

The idea behind the premiums, or at least what individual Albertans are seeking, is an assurance that if they have an accident, if they unintentionally hurt someone else or someone hurts them, they will be looked after. That's why they're paying those premiums. They're required to by law, but they willingly do it because that's the deal. That's how they're willing to look at this, as a deal. People are quite alarmed at the idea that they would be paying money in order to be assisted if there was an accident or a tragedy, and they're quite alarmed at the idea that, in fact, they would not be able to be looked after. That's how they see that \$4,000 cap that's put in place here. In particular, people are worried for longer term recovery periods.

Now, we've heard some things from the sponsoring member that, no, they could still go to court and sue and some things are still available to them, but it's always in that area where people don't know quite what to do. They think they're going to recover from an accident with soft tissue injuries fairly quickly. They're off work for three weeks. Well, they can handle that. It stretches to six weeks. Well, it's a bit more difficult. Certainly, they're worrying about rent, mortgage payments, things like that. It stretches beyond that into three months. Okay. Now do they get a lawyer and start looking at suing, or will they be back to work any day? What's their doctor saying? That's how the time rolls out for people, and the longer it goes on, the worse shape people are in. All the way along there they're going: "Do I take the \$4,000, or do I fight this? At what point do I know that I'm in serious trouble and that I need to take a different course of action?"

Most people hope they're never in that situation, and when they're in that situation, they are by no means an expert. Very few people are in that situation more than once or repeatedly, so as an average citizen you don't rack up an experience, a knowledge base in: how much time should I be off work, and how badly injured am I this time? You don't build up that wealth of experience that assists you in whether this is the time when you now go and get a lawyer and try and fight this or you take the money. Of course, most people are saying: I need that money to pay the rent. So this is where the problem is caused for people.

Looking at that David and Goliath scenario again, we have individuals, as I said, with very little money, very little resources to back them up, and on the other side of this is a very wealthy insurance industry, that's able to purchase ad campaigns, newspaper campaigns, lobbyists. They can be very persuasive in trying to encourage people to settle, and that's part of the argument that we've heard from the lawyers who come in between these two sets going: "You know what? When people don't get a lawyer, then they don't

get as good a deal.” Certainly, that’s what insurance companies are trying to do: get people to settle for as little money as possible. The individuals are trying to get as much money as possible, and this is where the conflict is caused.

Out of all of this, if we look at having something like a cap in place, what that does, really, is remove full accountability or full accounting from poor drivers or bad drivers, and it also is taking away full compensation for their victims because that cap is put in place. That cap, in effect, says “no fault” under that amount of money or with this kind of injury. It does nothing to really punish a bad driver or nothing to really compensate someone who suffers extreme pain and suffering. I think that a piece we would not be well advised to lose is that punishment factor, and if the only punishment factor we’re looking at is, “Well, their insurance rates will skyrocket,” I don’t know that that really got us where we wanted to be.

8:10

Who’s taking the risk, and who gains the benefit from this? I don’t think we’ve got those assigned to the right parties at this point. I continue to be concerned, and we have sought answers from the government repeatedly and don’t have the answers – it’s actually been sort of made into a joke – about why the government would say: oh, it’s not right or fair to discriminate based on age or based on gender. Okay. Good. Congratulations to the government for recognizing that, but then they give us no reasoning for why they feel it’s okay to discriminate based on geographic location; that is, for those drivers that are insuring themselves to be driving in Edmonton.

Now, one of the other things that is carried forward in this bill that I had spoken against before was this whole idea of so-called double-dipping, and I would argue with that because double-dipping is when you are paying for the same action or activity twice out of the same pot. That is not what, in fact, is going on here. I’m referring to the clauses that are saying that if someone has coverage from more than one company or more than one policy, only one policy would be allowed to pay off. I really disagree with this because this discriminates against anyone who is a contract worker, against anyone who is self-employed.

Now, on the one hand, we say that we want you to take responsibility if you’re going to be out there working on your own: good on you, but take responsibility and make sure that you have insurance that covers you. Okay. Fine. Well, for a lot of the people that I’ve spent many years working with in, for example, the nonprofit sector – disability insurance, for example. You know, I’ve always carried my own disability insurance. It’s cost me a lot of money to do that, but I’ve had to do it consistently because once I get on with a company, I’m going to get a better rate if I stay with them. Occasionally I’ve had periods of employment of three or four or five years where I’ve been able to get disability insurance coverage through my employer, as I do right now as an MLA. I won’t be an MLA forever and I wasn’t in some of those other jobs forever, but if I dropped that coverage that I was carrying and paying for myself, once I was no longer with the employer who was giving me coverage, I would be paying significantly more money to try and get that coverage back.

So to individuals who work on their own – and there are more and more people that do that; we recognize that – you’re saying, “Well, we want you to keep up that insurance on your own,” but then we’re not going to let it pay off. So I really have a problem with this. If the individual is paying that policy on their own or that premium on their own, they should be able to have it pay off for them. We as legislators should not be saying: “No. Sorry. Tough luck. Only one of those policies is going to pay off in this particular instance.” I

really disagree with that. I think you are unfairly discriminating against people who work contract or are self-employed in a variety of different fields.

You know, we have to understand that people have all different kinds of lifestyles and different ways of trying to look after themselves, and they are trying to look after themselves. For this Assembly to turn around and say, “Well, we’re going to make you pay that policy on your own, but we’re not going to allow for it to pay off,” it is placing a very unfair burden on people, and I’ve never had that explained as to why the choices are made in this legislation to do that. I cannot speak strongly enough against that particular section.

That is the section that’s also, you know, reducing awards by the amounts of income tax, Canada pension plan contributions, employment insurance premiums, et cetera, so that it basically nets out. This is a reduction of automobile accident claim awards that ensures that a person can’t collect twice for the same accident. Well, why not? If they paid for two premiums, why can’t they collect twice? They paid for it. Now you’re saying that somebody can pay for something but they don’t get the benefit of it. How does that work? Why are you discriminating against these people? Particularly, you’re discriminating against people that are self-employed or who work on a contract-to-contract basis, and that covers a lot of my colleagues in the nonprofit sector who, frankly, can’t afford to be carrying this extra insurance premium and never having it pay off for them should they need it.

Those are the remarks that I wanted to make to Bill 53 in second reading. I’m not willing to support this bill in principle at second reading. It’s not fixing the problem. We started out with this because we had astronomically high insurance premiums that had increased I don’t know how many fold over the last 18 months with the total approval of the government of Alberta. That was the situation we started with. Does this bill rectify that situation? No, it does not. Who carries the risk for this? Albertans. Who does not get the benefit for this? Albertans. Who does get the benefit? Insurance companies. So I’m not at all happy with this bill at this point.

Thank you.

The Acting Speaker: Hon. members, Standing Order 29 kicks in. Any questions for the hon. Member for Edmonton-Centre?

There being none, the hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I’d move that we adjourn debate on Bill 53.

[Motion to adjourn debate carried]

head: Committee of Supply

[Mr. Shariff in the chair]

The Deputy Chair: We’ll call the committee to order.

**head: Supplementary Estimates 2003-04
General Revenue Fund**

Agriculture, Food and Rural Development

The Deputy Chair: The hon. Deputy Premier.

Mrs. McClellan: Thank you very much, Mr. Chairman. I’m pleased to begin the discussion in Committee of Supply as Alberta Agriculture, Food and Rural Development has a large amount of the vote we’re going to talk about tonight.

The majority of the dollars that we are addressing tonight are to handle what could have been a very devastating situation with the single case of BSE that was discovered on May 20. That pretty well brought our industry to a standstill, and it became very apparent very quickly in discussions with the industry that action would have to be taken very quickly to move what we thought was about 650,000 fat cattle out of the feedlots in our province, which turned out to be closer to a million head of fat cattle.

Of course, a large part of this is what we called the Canada/Alberta BSE recovery program. After that program concluded, of course we found that there were still many thousand head that were not covered. We felt it was important that we recognize the deep concern that there was going to be a real hole in our marketing in about October or November the way the cattle were passing through, so we introduced the market set-aside program and covered about 110,000 head in that.

Of course, when we got the good news that the border was going to open for boneless cuts of meat, we still had a fairly large number of fat cattle in our yards, but we felt it was important that we design a program that would put some market and price determination into the industry. That may have been our most successful program.

In both of the programs that Alberta introduced on their own, market prices moved up in the first instance about 20 cents and close to 30 cents, and we're seeing them drop back a little bit now but still reasonable.

8:20

So those were some of the things that we covered with the bulk of the money, but maybe as important are the smaller amounts of money that are in BSE recovery. Of course, one is the expanded lab facilities. We will be, through Infrastructure, building a level 3 lab in Alberta. When the federal government through CFIA did a review of labs across Canada, they found a very strong lack of labs west of Manitoba. This will respond to that, but maybe as important are the improvements to our level 2 lab that will allow us to do the quick test, and hopefully at some point that will be recognized as the test.

Right now we do quick tests. If we were to find a suspicious slide, then we would take it to what we call the gold test. Quick test can be done in four or five hours and probably costs a third of what the gold test would, but it is important that we have those facilities and that we have staffing for them, and that is in there.

The latest thing that we've dealt with in BSE of course is what we call the mature market cattle and other ruminants, and that is for breeding animals that are extra to the breeding program but still are a good beef product, to try to assist moving those through. Of course, the Alberta program does offer marketing choice. It allows the producer to keep it, gives them what would be about a daily feeding allowance, and/or to send it to slaughter. We think that's important because it's important that we have the capacity to slaughter these animals, which we don't today. It's important that we have a place for the product after we do slaughter them, which we don't today. Seventy percent of that product prior to May 20 went into the U.S. We do have the opportunity to turn this challenge into an opportunity and develop that market here, and we believe that will happen, but it'll take a bit of time.

The last thing I'll just mention is our farm water program, which the federal government is cost-sharing with us this year. We're very pleased to have them participating. This is something that we think is incredibly important. The grasshopper control program as well, which, again, the federal government is co-operating with us on, and then our funding for what will be the Canadian agriculture income stabilization program. We think it's a good program. We're trying to encourage at least one of the two provinces that need to sign that

agreement to resolve their issues with it and get on with having a good safety net for our producers into the future. We believe that through raising the caps on that program, which we have agreed to do in our province, we could handle anything, including perhaps what we had this year. The old program simply wouldn't under its levels.

So I would prefer to take some questions rather than use time in discussion. As I have in the past, if I don't give you the answer tonight, I will respond and you will have it before the end of session.

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

Ms Carlson: Thank you, Mr. Chairman. I'd like to thank the minister for her opening comments. She does answer the questions promptly and in writing if she can't give the kind of detail she wants at the time, and we do appreciate that.

With regard to the moneys asked for here in Committee of Supply in supplementary estimates, I have a few questions that she probably can answer this evening. I know that we've heard lots of talk about the global impact on the province from this experience that we had this past year, but I'm interested in a more representative discussion about a local impact on small-town cow/calf operators, small feedlots, things like that. How many have we lost for good in the province? Is there any assistance for those who are on the verge of bankruptcy and may or may not get through the winter?

I know that often in business we want the marginal businesses to disappear, but farming has a bit of a different history in this province, and we know the impact of losing those farmers in the communities economically in terms of other kinds of ripple effects and spin-offs. So if the minister could address that for me, I would really appreciate that.

Can she explain for us tonight one more time, because I'm not sure that I know the exact sequence of events, how come it took so long to get that initial cow tested?

Also, I'd like to know what percentage of our export market is outside of the U.S. We heard a lot about the U.S., and we heard a lot about Japan, but it seems to me that we have export markets in other countries.

Also, I'm wondering what the impact is on our export possibilities if the Common Market stays closed to us and other countries join it in Europe. So if she could answer that.

The grasshoppers. I had forgotten about that, so thanks very much for mentioning them. It seems to me from what I've read and heard that next year is going to be a very bad year in many regions again, that all five of the species that are prevalent here are going to be a problem. Are you anticipating building into the next year's budget some dollars to cover that, and can you talk just a little bit about the kind of impact that has? When you have a double whammy in agriculture of either drought, infestations, or something like the BSE, it's pretty hard to recover from.

In agriculture I had one more question, and that is: are you using any money for research to find a live test for BSE, and would that come out of your department or would that be in conjunction perhaps with science and technology? If that's the case, could you give us any kind of an update on what kind of progress is being made there.

So I'll ask a few more questions of a few other ministers, but those are the questions I have at this time for agriculture. I'm just going to go down the list in the order that they're here in terms of the questions I have.

The office of the Information and Privacy Commissioner is getting a little more than half a million dollars in the supplementary estimates, and we would like some detail on what that is. When they

just come in as a lump sum line item, we don't get any breakdown on them, and it looks like this is for additional services on the Personal Information Protection Act, but we would like some details. We knew this was coming. We knew what costs were going to be associated with it, and it seems like to ask for another half a million dollars for this last quarter seems quite substantial.

Perhaps I'll talk now about Sustainable Resource Development because the other big whack of money this time is I'm assuming primarily for the fires. Maybe before I ask my questions, actually, I'll ask the minister of agriculture to answer whatever questions she can, and if the Minister of Sustainable Resource Development could talk about the fire expenditure, and then I'll ask my questions.

Mrs. McClellan: Yes. On the local impact. The impact is very, very far reaching as I said in the House yesterday, and it's not just the small towns. In the capital region there are about 167 companies that process food and beverage, and a large amount of that is often in the livestock area, and beef is the largest of the livestock. Pork is second. So the impact is everywhere. It's in the corner café; it's in the hardware store; it's in the dress shops; it's at events in the community. It's everywhere. So beyond the traditional, what we think of as the industry – the trucking industry, the retailers, the processors, the packers, the cow/calf operator, the feedlot guy, and the auction markets that didn't hold sales – those are sort of the ones that are right immediate in it. All of these others were impacted in a huge way.

We haven't lost any, and that's the good news. Will we? It's possible. There were probably some operations – there always are – that may have been marginal or having difficulties before BSE that may have trouble surviving, but we haven't lost any.

I give a lot of credit to the Canadian bankers as well as our own institutions here. Minister Vanclief had a meeting early on with the Canadian Bankers Association. We had a follow-up meeting in Calgary with the western regional bankers, including Ag Financial Services here and ATB, and told them that we would as much as possible keep them informed as to what we knew of the state of how things were moving. We've had a couple of follow-up discussions with them since, and I think that's been really helpful. They don't want to own a whole bunch of cattle, and this is some major parts of their portfolios, and they don't want to lose it either. So we've been working together on that.

8:30

On the test we have a policy – and we won't change this policy – that animals that are tested to go for human food consumption will be first. Nobody has ever disagreed with that. Had this animal shown any signs of neurological problems, it would have been probably put on a priority test, but it did not. It was down, and it was condemned immediately. It didn't even come close to the food chain. The pathology suggested that it had pneumonia and was thin. Of course, we all know that the only test for BSE right now is brain tissue slices and testing, so that is the sequence.

We had a heavy, heavy cull of older cattle in our province last year because of the drought, so of course there was pressure. There's no question. Will our improved lab facilities address that? Yes. Will we reduce our testing? No. We were testing at probably three and a half times the OIE requirements, and we feel that that's important.

On the export side, quickly, the U.S. continues and will continue to be our largest customer, almost 40 percent. We consume probably 13 percent, maybe, in Alberta, 15 percent to Quebec, and a little bit to the rest of the provinces. Four percent of our product goes to Japan and close to 15 percent to Mexico. It is a growth market and has grown in a huge way in the last 10 to 15 years. Europe is a

smaller player, but every market that we have in the world is important to us, whether it's \$100 million or whether it's our U.S. boneless beef, about \$1.3 billion the year before this all happened. They are all important, and you have to continue to look for new markets.

The grasshopper program. This is our second year of intensive assistance for our producers. We'd like Mother Nature to look after it. We need a cold, wet spring. One thing that's encouraging to me, although I haven't had any scientists tell me what the reason is, is that a number of producers are telling me that they found grasshoppers dead on the heads and that were discoloured in fields. That could mean something because it's usually a parasite or something like that that Mother Nature brings in that really deals with it. The outbreak was bad, but it was more localized than last year, and when you have drought, you're going to have them.

Are we doing work on a live test for BSE? CFIA is generally our agency for dealing with that type of testing. We've had any number of people come forward and say: we have a test. I hope we do, but unless it is approved by the international community, it doesn't matter. So, yes, we need to keep working on a test, but we have to make sure that it is recognized by the international community, because for just us to do it and say that this is good won't work. So we worked with CFIA, with the U.S., with other countries because we'd all like to have that test.

I'll conclude there.

Sustainable Resource Development

The Deputy Chair: The hon. Minister of Sustainable Resource Development.

Mr. Cardinal: Thank you very much, Mr. Chairman and hon. members. As the Minister of Sustainable Resource Development I'm here to discuss the supplementary estimates to my ministry's budget. As you well know, these estimates relate to the forest protection area and the Natural Resources Conservation Board.

To begin with, I will speak to the increase in funding needed to deal with another busy fire season. The supplementary estimate is a result of a very challenging fire season, although it was not as big as the fire season before. I believe the previous year we spent over \$319 million on the fires and burned over 5,000 hectares of forested area. This year we're considerably less than that. Additional to our existing budget of \$75 million, we are requesting another \$126 million to deal with, of course, additional resources and costs associated with fire fighting.

As many of you will remember, we dealt with the Lost Creek fire this summer in the Crowsnest Pass area. This was a huge fire that took place in the mountains, a very challenging terrain to fight fires in. Fighting a fire in the mountains is very, very difficult and costly. Between this fire and over a thousand other fires about 57,000 hectares, or 142,000 acres, were burned this past summer. As well, approximately 3,000 individuals in seven communities were evacuated, and thanks to Municipal Affairs and the municipality and the MLA, of course. They did a super job in that particular process.

Due to the hard work and organization done by the staff and the disaster service area in the municipalities and the local volunteers, we did not lose any structures. We did quite well compared to other jurisdictions around us, when you watch the TV, all the houses that burned down. Our staff and resources that we had out there did not lose any structures.

We had crews at 25 primary camps and 15 secondary camps throughout the province, and 128 lookout towers were in full operation throughout the summer.

This just gives you some idea of the size of our operation, both in personnel and keeping our equipment on the move to the right places at the right times. This is why we are requesting the supplementary estimate of \$113 million in protection costs and \$13 million to deal directly with the FireNet communications system, which is just being finalized this fall. It, of course, is a telecommunications system that will be in place by early spring. It will enable us to know where our resources are in the field when we are fighting fires. So we should do a better job and have safer communities and, at the same time, protect our forest resources, because it is getting more and more challenging.

Communities have expanded into forested areas. Industries and recreation activities have also increased, especially as our economy improves. There are more than 320 communities now in the protected forest areas. Of course, many of those are at reasonably high risk from wildfires. I would hope that the hon. members here tonight will support these increases.

8:40

In the area of the Natural Resources Conservation Board, as you know, the NRCB has been given an additional mandate as of last January to deal with confined feeding operations, or CFOs. Basically, when the NRCB assumed this responsibility back in January of 2002, which I just mentioned, we knew that the increased role of dealing with these applications would require additional funding. However, we made the decision to wait and see what kind of increase would actually come into place. Therefore, this is why we now want to make sure that we didn't over budget. At the same time, we want to make sure that there was a process in place to ensure that the additional finances that are required to continue operating are put in place, so we are asking for \$0.6 million to offset the ongoing operating costs.

So I'd just like to again thank you for giving me the opportunity to do the presentation here tonight. I'll try and answer as many of the questions as I can without taking the whole evening, and I will also ask my staff, then, to review *Hansard* and answer any of the questions that could be answered in writing.

Thank you.

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

Ms Carlson: Thank you, Mr. Chairman. I just have a few questions for the Minister of Sustainable Resource Development. The fire was quite impressive this year in the mountains. It's the first time my kids had ever driven through a road that had been closed and then temporarily opened and the smoke and the firefighters and the watering down of the firebreaks, and when you see how the fire has crowned and then it's jumped the road, it's something to see. When you can't see the sun because the smoke is so thick and you can't breathe the air, it gives you some idea of the kind of impact fires really do have.

[Mr. Johnson in the chair]

Driving through that fire I wondered whether you had any reciprocal agreement arrangements with the province of B.C. and whether you shared workers and resources to fight those fires in the mountains this year, and if you did send help to the interior of B.C. with their fires, we'd like to know what that was.

You talked about lookout towers. How many do you have in total, and how many of them are actually staffed during the summer? I know that in years past there's been some discussion about some of them being shut down and hours reduced and so on. So if the minister could review that for me, that would be very helpful.

I'd like a little more information on the communications system that you're putting in place, specifically the reasons why you think it's going to improve the situation you have there.

Also, I would like you to comment on whether or not you have a process for reviewing the way the dollars are spent after the fire, a systems audit from the inside out to see where you could be more effective and where you could save money. I know that when items required by the crews are needed, they're needed immediately, so they must be bought, and that's not a very efficient way to operate. We can't anticipate all needs, but I'm wondering if you do take a look at that and look at doing any kind of internal audit after the fact so that the systems can be improved. These fires are hugely expensive, and anything we can do to improve the efficiency of the people on the ground means the fire goes out faster and means we save a lot of money in the long run.

The other question I have is – it's just slipped my mind, what it is now. Just blew right out of my head. It's about the fires.

Mr. Lund: How they start?

Ms Carlson: Yeah, how they start. That's exactly right. I know that changes are coming in to find people who start them. Thank you. It's a minister who had to answer these questions from me in the past who knows the kinds of questions I ask. Actually, how do you see that happening on the ground? Our questions during debate before were things like: if your teenagers are participants in a party and start a fire as a result of not properly putting out a campfire they might have started, who's going to be held responsible and what are the fines going to look like? What are industrial fines going to look like? I know that trains start a lot of these fires, and how do you see that process being managed? So if you could give us a bit of an overview on that, that would be helpful.

Thank you. Thanks, Ty.

Mr. Cardinal: Thank you very much. I won't be very long. Again, like I said, my staff will review *Hansard* and answer most of those questions in writing.

I do have, you know, a few comments in relation to reciprocal agreements with B.C., Saskatchewan, and other jurisdictions. We do have an understanding that if they require our resources, as long as our situation is in a reasonable state, we will go there and help.

The other area that we're looking at right now which you may be interested in – and you may actually help us to talk to the feds – is the issue of reciprocal agreements in relation to the purchase of new water bombers. We could use your help in that because I believe that between Saskatchewan, B.C., and Alberta we could probably afford to use the same planes in fighting fires. Some of those new planes move very fast and are very effective. Therefore, we are in fact talking to the company that produces those planes now, and we'll continue those discussions.

That is really going to help in relation to being proactive. We have a policy in Alberta now – and former ministers, of course, had that too – that early detection and early response is the key. If a fire starts, for example, in the evening, we will have our water bombers on-site by 4:30 the next morning. The old policy used to be that they'd start about 10:30 in the morning. By then, the fire was gone. We are making some of those changes. We have over a hundred lookout towers yet, and with the new operations that are being set up under the FireNet program, of course, we'll have a quicker response and quicker communication system in relation to identifying where the fires are.

The other area in relation to reviewing the fire costs. Those are pretty detailed, and we like to do one year-to-year, so I'll get that one

in writing to you to show exactly where the dollars are going, more than this year but, say, three or four years in the past. That will give you an idea how we arrive at trying to estimate what our budget should be.

As far as fires, about 40 percent of the fires are started by man, and we do investigate all of them. In cases where we do find whoever started the fire, they are charged, and we will go through the court systems. We have done that in the past, and we'll continue doing that.

I think that covers some of the questions you had, and the rest we'll answer in writing. Thank you.

Ms Carlson: Thank you very much.

Community Development

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

Ms Blakeman: Thanks very much, Mr. Chairman. I am a critic on five departments, and four of them have supplementary supply in this document. I'd like to do one of them right now, two if I can, and then I'll come back later and do the others.

I'll draw your attention to the supplementary estimate requested by Community Development appearing on pages 33 to 35. This is indicating that, in fact, there's \$5 million that is being allocated, \$4 million of which is coming back, helping to offset the total cost, so there's only \$1 million being requested. But it is looking at a reallocation of \$5 million toward "operations and maintenance of libraries, provincial parks," and then just "other publicly supported facilities." So my first question is: could I get a detailed list, please, of the money under vote 5.2.1, cultural facilities and historical resources grants? It appears to be \$900,000. Could I get a detailed list, please, or explanation of which facilities and exactly what's being done?

8:50

Then I'm curious with the other two. A budget was passed here six months ago. It was passed in May. We're back here in November, and there are proportionately substantial requests for this department, anyway, for libraries and provincial parks. Under vote 2.2.2, library operating grants, we're looking at a request of \$1.658 million, and for the parks, vote 6.0.3, we're looking at \$2.442 million.

So I'm wondering, given that we've just had a second quarter update or something today, if what I'm seeing here – and maybe the minister can talk about this – is that we only see these two areas move forward when there is a surplus from which money can be allocated. Does the minister consider that that is appropriate management of our assets like libraries and the stock that they have or, for example, the provincial parks, which are an asset belonging to all Albertans? Is that appropriate management if we only get the money put in here when there's a surplus? Does he recognize, then, that this is in fact creating an infrastructure deficit if that much-needed money only goes in when there's a surplus or when he can convince his colleagues to allocate it?

It's not as though this department doesn't know this. In the budget that we passed six months ago, Alberta 2003 budget, under Strategic Issues, appearing on page 92 of the business plans, notation number 2 under Challenges and Opportunities, "rising expectations of Albertans for equitable access to the public library system from anywhere in Alberta in support of their work, leisure and learning goals" is understood to be a challenge and an opportunity here. So this is not news.

We've got two or three notations – 8, 9, and 10 – that are talking about the public's expectations for outdoor recreational activities, protection and preservation of provincial parks and protected areas, protection and monitoring of parks, "integrating new information technologies . . . to optimize the preservation, protection and presentation of Alberta's history, culture, provincial parks and protected areas." Number 11: "needs to upgrade and renew the aging infrastructure for provincial historic sites, museums, interpretative centres, parks and protected areas."

So obviously the department and the minister were well aware of the pressures here. We didn't particularly, I don't think, see increases in those areas in the budget. Here we are six months later on the very day that we have a surplus announced, and now we've got a matching supplementary supply request. So I am curious about the management strategy here.

You know, I have to agree with the need for the provincial parks because I had started to notice this. I went out this summer and did a short tour, stopping in as many of the provincial sites as I could find, and I agree with what the Auditor General was pointing out, that there was a definite need to have a close look at upgrading and maintaining these assets because they have fallen behind. Some of them were in quite good condition, and in other ones, you know, the signage had come down and had not been replaced or had been tacked up or pieces had been broken off a sign, the boulders and the landscaping at the bottom had never been replaced, the male and female indicators on the outhouses were missing, railings were broken. I mean, that's just a small sample of some of the things that I saw.

I have to point out that it was uneven. In other ones, there was nothing that I could complain about. It was in very good shape. It was well-maintained. The parks people were excellent. It was well-signed. It was well-lit. Everything you would expect from our parks system.

So what I'm seeing is that the experiment to privatize the maintenance of the provincial parks was not a success, and I notice that in a number of places where it had been privatized to the nonprofit sector or privatized to other groups outside of government to do the maintenance, it's quietly now been taken back. In the local park next door to where I often go, it was the local fish and game association that took over the maintenance. They tacked a sign up over top of the familiar Alberta parks sign, and now that's quietly disappeared. Obviously, Alberta parks and recreation is now doing the maintenance on the place again. To my eye – and I'd like to hear the minister discuss it – I think the decline in quality and the problems with the maintenance in the provincial parks has to do with that attempt to privatize the maintenance. I'd like to hear his discussion on that. [interjection]

My colleague from Edmonton-Glengarry is quietly musing about what's protecting our investment in all of these parks across Alberta. And that's the problem: I think it's not being protected particularly, and it's certainly not being kept up. So I'm looking for the detail, and I'm also looking for a larger discussion around how this is going to be managed. Obviously, the department sees it and understands it, it's in their Strategic Issues: Challenges and Opportunities section. But is this how it gets managed? Only when we've got a surplus and maybe if he can convince his colleagues on Treasury Board to okay it do we actually get some movement forward here? If that's how we're going to do this, I think we're in trouble with protecting those assets.

Those are the questions I'd like to start with. I'll maybe stop now and get an answer from the minister and see if there's a need to follow up with the additional questions that I have. Thank you.

The Acting Chair: The hon. Minister of Community Development.

Mr. Zwodzesky: Thanks very much, Mr. Chairman, and thank you to the hon. member for her comments, most of which were very insightful and perhaps will even prove helpful in the long run.

I want to begin by saying that the total requested moneys, total moneys requested that would be new moneys over and above my budget, are indeed only \$1 million, as the member has accurately pointed out. The total moneys from the '03-04 economic cushion that we're really looking at, which is a combination of new moneys requested plus other moneys being reallocated, does in fact come to \$5 million, as she has pointed out.

Basically, what we're looking at here is cost pressures for daily operations and routine maintenance items that exist in the libraries, the provincial parks, and other publicly supported facilities. The largest of that group, by the way, is the museums. We have literally hundreds of museums throughout the province. A lot of them are small community museums, some are mom-and-pop-type operated museums and, of course, our own.

In any event, to answer the first part of the question, we did identify that there was \$4 million allocated in the existing budget of Community Development for '03-04 for the First Nations development fund utilization. Because those funds will not be utilized this year because there are no eligible casinos in operation this year, I proposed and received permission so far to have those funds reallocated elsewhere in the department, and I'll comment a little bit more on that. So, in other words, there was no need to flow out \$4 million for First Nations gaming purposes, because there weren't any approved under the criteria established.

The additional funding, however, will help us to maintain some important program areas which the member has alluded to and will help expand that high quality of life that we're all striving to see in every aspect of the government's operations. I should say that it's quite a challenge, obviously, meeting some of these priorities. I don't want to imply that any of the areas were necessarily underfunded, but I would say that it's always desirable to have more funds for areas that haven't enjoyed the same kind of increases, perhaps, that other government departments have enjoyed. In that respect, the changes in our budget before us tonight from the supplementary estimates side certainly do affect the parks and protected areas aspect of the department the most. I'd like to just explain some of that.

9:00

The area for largest reinvestment, if you will, which includes new moneys, the \$1 million new and some reallocated funds, totals \$2.44 million, and that would go to public safety aspects and maintenance aspects at various provincial park facilities. I know the member had indicated on a few occasions that she wanted a larger discussion on this, and we can certainly have that discussion, but it would take probably longer than we have here tonight, so I'll do my best to sort of summarize it for you. In the end, if you wish to see a complete list of every detailed expenditure, where the money went, I'd be happy to provide that to you once this has been approved and we've actually made the expenditures happen.

The funding before us is an interim response to the larger issue of, indeed, some deteriorating facilities in our provincial parks and protected areas, and we do have a reinvestment strategy already prepared. Unfortunately, I didn't have the success that I had hoped last year in presenting it for consideration, and there were reasons for that, but I have that reinvestment strategy prepared again. It will be going forward as part of the request for the overall '04-05 budget cycle. I know it will be given very serious consideration there.

[Mr. Shariff in the chair]

Nonetheless, we are committed to doing the best we can with the moneys that we have. Just in general, on the question asked about why the parks area, 6.0.3, is getting the larger amount in this reallocation and new investment scenario, the answer simply is because the parks and protected areas are the only area within Community Development that I was not successful to get an increase for in the '03-04 budget. As you will know, I'm sure, we got an increase for libraries; we got an increase for all of the foundations. The Alberta Human Rights, Citizenship and Multiculturalism Education Fund Advisory Committee got an increase. The Wild Rose Foundation got an increase. The Alberta Foundation for the Arts got an increase. The Alberta Historical Resources Foundation got an increase. The Alberta film development fund got an increase, and PDD got an increase, and I could go on and on. But the parks area did not. It's unfortunate, but that's the fact.

So we're trying to get that base budget increased in the coming budget discussions. In order to help offset some of the cost pressures, I thought it would be prudent to put a little bit more into the parks and protected areas budget, albeit on a onetime basis. Nonetheless, at least there will be something that will be put forward, assuming that we approve these supplementary estimates tonight. So that answers that question, I hope.

The other question was with respect to public libraries. I alluded to this a little earlier, and I did indicate that we saw the first increase to the library system in about 10 years, but in fact that increase, as the hon. member knows, I'm sure, only took us back up to where we were in around the 1993-94 period. Nonetheless, it was \$1.3 million more, for a total of approximately \$18 million for libraries. As a result of that \$1.3 million, we were able to increase the per capita rate from \$4.03 up to \$4.29 and also the per capita rate for library systems, which, I believe, went up from \$3.07 to about \$3.22, again per capita, and those were very helpful items.

These specific new moneys that we're talking about tonight are on the operations and maintenance side, quite specifically. Based on the calls and letters and so on I've received so far, the anticipated use of moneys and any increases will be very appreciated by the library community. So we're hoping to make a difference there. With that in mind, the onetime funding within the \$4 million reallocation for libraries will amount to about \$1.658 million, or roughly \$1.7 million, to be reallocated to library boards, the systems, and some special library projects that some of the libraries might have in mind to help them with the increasing operating costs.

The final allocation, Mr. Chairman, of funding to other cultural facilities and historical resources grants, which show up in the estimates as \$900,000, are indeed for the museums area, and I know that the museums are another area that are struggling with operation and maintenance costs. So we were able to make some additional moneys, again from the reallocated portion, available for extraordinary operational costs to the member agencies who are part of the Museums Alberta network and also to the Alberta Society of Archivists. With those funds, we're able to help about 207 small museums or archival-type facilities and about 20 larger counterparts across the province. Again, should the hon. member wish to have a detailed list of the names of those museums and archival facilities, their locations, the amounts, whatever it is that you'd require, I'd be happy to provide them to her at a later date.

So with that, Mr. Chairman, I'm pleased that we're able to reallocate some funds within the department's budget for a total of 4 million in reallocated dollars plus the \$1 million in actual new moneys asked for in tonight's supplementary estimates to help improve conditions and circumstances for parks and protected areas as well as public libraries and grants to local museums and archives.

My final comment would be with respect to the question about the management strategy. I did allude to that earlier, but the bottom line is that with respect to provincial parks and protected areas I would certainly be the first to agree with the hon. member that we do need more investment in that area. We are suffering from some seriously dilapidated and otherwise run-down facilities in many cases. Now, that having been said, there was also a downsizing in staff, which I'm sure you were aware of, that occurred over the years.

With respect to the management strategy I guess our strategy is to do the best we can with what we have but to continue to put the pressures forward and try and make the case for the '04-05 budget cycle for a significant investment to be made if possible, recognizing, of course, there are all these other cost pressures in health care and education and in roads and infrastructure and mad cow disease and fires and so on, and the list goes on. We've heard those speeches before. I'm hoping that within the balance overall that the government tries to find, parks and protected areas will receive some level of prominence. I don't know the outcome of those discussions yet because they're not concluded, but I'm sure trying my best to ensure that we get those additional moneys, and once we have them, then we'll be able to put forward a much better management approach and management strategy to in some cases restore the parks and other facilities in those parks up to the standard that tourists and Albertans alike are more accustomed to. Where we aren't successful, then we'll have to reshuffle and rejuggle and try to do the best we can in those areas to fulfill the strategy of providing continued excellent facilities for Albertans and tourists to our province.

So perhaps I'll stop there, Mr. Chairman, and see if there are any follow-up questions.

The Deputy Chair: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thank you. I'm sure that the minister knows that I'm going to support these requests for allocations. I just have really serious concerns when I'm hearing a management strategy that is – and I'm sure this is, you know, not for any lack of trying on the minister's part; it's more of an overall response. But when I hear that routine operations and maintenance are subject to a supplementary supply, there is something wrong here. We are talking about assets that belong to all Albertans that are deteriorating, and we can't even keep them up to any kind of a standard here. This is some wild game of catch-up that happens long after the fact. I have to put on record my deep and serious concerns with this as a management strategy.

We know recently from the paper that Kananaskis Country is in trouble. It's an area that people are very attracted to. There's heavy usage of it, and there's not enough money going in there to keep up the public safety aspects and the environmental protection aspects of that park and of the access into that protected area. So we legislators have a stewardship role on behalf of all Albertans to safeguard their assets, and this is not happening here.

9:10

We have a deterioration in the value of assets in our parks in these historical sites and cultural facilities and, I would also argue, with our library stock, and that will now become the electronic equipment that becomes part of the library experience, so not only the buildings and the books but also the electronic infrastructure that goes along with it. This is a serious problem, and frankly I don't think there should be a surplus. I think this money should be allocated adequately to begin with, and I think there's something seriously wrong when we're having to cheat a number of areas of the adequacy of their budgets in order to roll over these stupendous surpluses and

then reallocate that money. Something is wrong here. We are not keeping up the asset base that belongs to all Albertans.

I will officially put on record, then, my request for the list of exactly who and for what reason gets the funding under the parks vote and also for the list of the 207 small and 20 larger museums and archival facilities that are receiving money under the 5.2.1 vote.

So those are my comments for the Minister of Community Development, and I will support his request for that allocation.

Solicitor General Justice

Ms Blakeman: I'd like to turn now to the Solicitor General, whose supplementary estimate is appearing on pages 91 to 95. Once again, I make the note that a budget was approved a mere six months ago, in May of '03. Here we are in November of '03, six months later, and there is a request here for \$3.5 million. The obvious question is: why wasn't this money in the last budget? Why is it coming forward six months later? What kind of planning process are we in that six months later we have a request for \$3.5 million?

Now, I mean, with this government now spending – how many billions? – \$24 billion, \$3.5 million isn't a lot in the scheme of things, but it's still \$3.5 million. I say: "Okay. Well, was this a surprise? Was this an unexpected amount of money? Did something stupendous happen here?" That's what I expect supplementary estimates to be. It was unforeseen expenses that we now have to go and find the money to pay for because the government was in a position where it had to pay out money that had not been previously budgeted. But every year this supplementary estimates book gets thicker. Every year there are more departments that are requesting funds, and I'm going: "Okay. Well, was this a surprise?"

I go back again. I look at a document that's six months old; that's the Alberta 2003 budget. I look under the Solicitor General's business plans to see if there was anything in there about organized crime or gangs. Somehow was this amount of money so unanticipated that it now has to be fit into the plans? Well, no. Under goals, strategies, and performance measurements, appearing on page 351 of the business plans, strategy 1.2: "Support the Provincial Organized and Serious Crime Strategy in partnership with Alberta Justice, the Criminal Intelligence Service Alberta (CISA) and policing services." This is flowing out of the justice summit theme: to enhance community partnerships. So, no, this is not new.

Okay. I keep looking, and under 1.17, same page, under the Solicitor General's business plan, "Work with law enforcement and appropriate federal government agencies in developing a proposal to address gang activity in Alberta." Obviously, the Solicitor General is aware of the issue. Why wasn't the money budgeted six months ago? Why wasn't it already in the budget? There's not a new gang organized crime problem here. We've known about it for some time. My colleague the Member for Edmonton-Ellerslie has been working with her community on organized crime and gang crime problems for years. So this is not a surprise. This is not unexpected.

Ms Carlson: And unfortunately going to funerals frequently.

Ms Blakeman: Yes. My colleague is pointing out that she's been attending funerals because of this kind of crime activity for an equally long period of time.

My point is that this is not unexpected activity. So why, six months after the budget was approved, are we back here with a request for additional money? Why wasn't this in the original budget? What is going wrong with the planning and budgeting process in this government that they can't even hold a budget for six months? They're back here for things that are in their strategies.

They're in their goals. They're well known. They're well anticipated. What's going on here? What's wrong?

Now, when I'm looking at the money that's been spent under this vote in which the additional \$3.5 million is being requested, which is under Policing Programs, specifically provincial policing programs, vote 2.2.2, in the 2002 budget that provincial policing vote was \$103.4 million. In the budget year that we're in, it was \$106.9 million. And now we're having it go up to \$110.4 million for that. That's a significant increase over that period of time. That's more than 6 percent that we're looking at being increased in that one line item. I keep hearing about holding the line and not getting out of control. Here's 6 percent.

Once again I say: okay; well, then, where's the plan? I was on my feet in this House this week asking the minister to release the manual that is long promised and the plan for implementing a policing strategy in Alberta. I'm assuming that this \$3.5 million is part of that policing plan. It's part of that vote. Well, where's the manual, and where's the policing plan? I'm told by her: well, we don't have it; we're working on it. I think it was pretty clear from her answer that we're not going to get it.

When I asked for the province's official response to the MLA policing review, we're not going to get it. When I ask for her to release the corrections review report from the MLA committee that taxpayers funded, we're not going to get it. A lot of money has been spent here. A lot of backbenchers were sent around the province and around the country exploring things. Obviously, decisions are being made, but the taxpayers don't get to see the reports on which these decisions are being based. We're also not seeing what the government's official response is to the recommendations coming out of both of these reports, policing and corrections.

So what's the deal here? There's a serious lack of disclosure coming out of this department. There is a serious lack of accountability. There is a serious lack of planning. Here we have it back again for an additional amount of money six months after we just passed a budget. I think this minister has some explaining to do to the people of Alberta about why certain choices are being made and why there is such a problem with disclosure and accountability in this department.

We have no idea what this money is going to be used for. All we get is one sentence that says, "This Supplementary Estimate of \$3,500,000 is requested to implement the integrated response to organized crime and gangs in Alberta." Uh-huh. So where's the report that this is based on? Where's the government response that this is based on? This is based on thin air, and this is a serious problem, and Albertans want to know what the government is going to do about it. We're getting a one-line response, and we're not getting the two reports we've already paid for.

So I think this minister needs to buckle down and do some work. If I can get a response tonight from this minister, I'd be delighted. Perhaps someone else can fill in.

Okay. Moving on to Justice.

9:20

Ms Blakeman: There's a request here for \$1.5 million to provide for improvements to the maintenance enforcement program. My favourite. A long history between myself and this and the previous Minister of Justice and Attorney General flowing out of a question I asked many years ago now around maintenance enforcement which resulted in the creation of the MLA review which was chaired by the hon. Member for Calgary-Lougheed and resulted in legislative change, which I think for the most part has been very positive legislative change.

But once again I'm saying to myself: is this a shock? Is this unanticipated? Why are we looking at having to do supplementary estimates now, six months after the last budget was passed in this very House?

That's it. All it says is: "This Supplementary Estimate of \$1,500,000 is requested to provide for improvements to the Maintenance Enforcement program." So perhaps I'll sit down and allow the minister to tell me why he needs an extra \$1.5 million at this point. I'm sure I will support him in it, but once again I'm questioning this process. Do you only get to add much-needed infrastructure money, I'm assuming, when there's a surplus? Are you satisfied, then, with that kind of a management plan for infrastructure? I would argue that we are creating an infrastructure deficit here, but I'll allow the minister to answer those questions.

The Deputy Chair: The hon. Minister of Justice and Attorney General.

Mr. Hancock: Thank you, Mr. Chair. We do have a Minister of Infrastructure, and I guess that if there were questions about infrastructure, he'd be delighted to answer them. But, actually, this has absolutely nothing to do with infrastructure; it has to do with operations.

Mr. Lund: I wasn't listening to them.

Mr. Hancock: Don't worry. It had nothing to do with infrastructure. It has to do with the operations.

I'll speak to two aspects of this. The first is, of course, the process. There has been quite a bit of rambling with respect to the process, both with respect to the Solicitor General and to Justice, and then some specific questions.

The hon. member will know or ought to know that there is in the budget each year a 1 percent contingency line, which allows for some in-year adjustments, a very modest amount of in-year adjustment under that line. Nonetheless, as we move through the year, there is an opportunity there to bring forward projects that hadn't previously been funded or business cases on something which ought to go forward.

If one can make the case on that and it looks like the contingency allowance won't be needed for urgent in-year pressures, there may be a way to make the case that a project which has been in the planning or which has come to fruition, come to that part of the planning stage, perhaps ought not to wait until the next business plan year for it to go ahead but perhaps can go ahead in-year with a modest amount of supplemental funding.

What we're talking about here for both the Solicitor General and for Justice is really modest money. Three and a half million dollars is a lot of money to me, but in terms of a \$20.5 billion budget it's really a modest adjustment and for two very important projects. For the Solicitor General's project, the integrated organized crime and gang enforcement unit, which is really an adjunct to the concept that was set up with CISA where RCMP, Calgary and Edmonton Police Services will be working together, pulling together an enforcement unit with respect to investigations and cracking down on organized crime.

The hon. member is absolutely right. This is not a surprise. It's something that has been known about and worked about, but as we go forward in terms of finding newer and better ways to deal with issues in our community to make our community a safer place, we try and figure out the best, most effective way to bring together resources.

So during the course of the past year or so there have been discussions about how to best organize to combat organized crime. We're able to bring that forward together, and the Solicitor General was able to bring forward a proposal and a business plan that had been worked on by the respective police forces with the Department of Solicitor General and make the case that 3 and a half million dollars allocated now rather than waiting for the next business plan would get a good start on that project to get it up and running earlier rather than waiting for a new budget year.

It seems to me that it makes sense not to wait for the next business cycle but to do things as the business planning process and the discussions with our partners make it sensible and reasonable to move ahead and when money is available. Obviously, the hon. member doesn't realize that the budgeting process is a very, very difficult process because there are a finite amount of dollars and an infinite number of ideas and infinite numbers of ways in which you could do things which would be valuable to make the community a safer place or to improve education or to build new buildings or those sorts of things.

So one has to be able to put forward projects that make sense, to convince government that now is the time to move forward with the project, and that's what happened with respect to the Solicitor General's project that she brought forward on behalf of the Solicitor General's department and the partners in the RCMP, Calgary and Edmonton police forces with respect to the integrated organized crime and gang enforcement unit.

As well, with respect to maintenance enforcement, I mean, it's, again, I think fairly well known by the hon. member that the portfolio, the book of business so to speak, has been increasing every year at a steady pace. The ability to keep up with that portfolio of files, those numbers of Alberta children who need maintenance enforcement's help to make sure that the maintenance payments which will support them are there, becomes increasingly difficult when you have finite resources.

So we were able to put together a business plan, go to Treasury Board and to government and say: with the investment of an modest additional sum of money, we can increase the return that we get on our files. Now, that would be a laudable objective, I think, under anybody's sense of measurement, that if we can increase the return on files, if we can improve the amount of collections on behalf of the children of Alberta, that's not something that ought to wait until next year. That's something which, if one can find the resources, ought to be proceeded with on a timely basis. So we were able to take forward that process to say: with an additional tranche of funds, a modest input of \$1.5 million, we can beef up our maintenance enforcement program, provide better service to Albertans, and improve our collection ratios.

So I think that while, yes, those two items could have waited for another business planning cycle, they were both projects which were ready to go ahead. I think that in both cases the Solicitor General and myself were able to demonstrate that they were at a place where they could be started or improved upon, and rather than wait for the next budget, the next business cycle, to bring them on now because there were resources available out of the contingency allocation made good sense. The government thankfully agreed, and hopefully the Legislature will agree, and we'll be able to vote those estimates tonight.

The Deputy Chair: The hon. Member for Edmonton-Centre.

Ms Blakeman: Thank you. The minister is being just a tiny bit disingenuous. I wasn't indicating in any way that the government should have waited or the Solicitor General and the Justice minister

could have or should have waited. My questions very clearly were: it's six months since we passed the last budget; why was this not back in that budget and therefore already happening in the year that we're in?

Now, what I would like to know – and I don't expect the minister to have these at his fingertips, but they're fairly common questions from me, so maybe he's already got the information assembled. Once again, I'm interested, since this extra money is being asked for to improve the collection rate and collection percentage, in what is the percentage currently of money collected on the total amount owed. Now, this is the statistic that I keep asking for, and prior to now the government has been unable to provide it for me. What they were able to provide is a percentage of files on which there's been any activity. Even if they'd paid a dollar, it would show up as activity and therefore it counted as any activity on the account. I'm looking for how much money is owed and how much money has been collected or you can give that to me as a percentage.

I'm also interested right now in what is the amount of arrears that we are seeking. Each of these court orders is based on a monthly payment, so we know that in any given month X amount of money should be flowing through the maintenance enforcement program and out to the custodial parents of children. I'm interested in: what is the amount of arrears that the maintenance enforcement program is also seeking? In other words, for people that have fallen behind on their monthly payments and that is accruing, what is the amount of arrears that we're sitting at right now? If he wants to give me the total percentage of activity, that's fine, but I think that according to what we have been discussing over the last four years, with the new system the government should be able to know, as a management tool at the very least – but I'm specifically asking for it – how much money is being collected on the total amount that's been ordered by the courts to be paid. That tells us how successful we're being in that program ultimately. I don't think activity level on the files tells us how successful we're being.

9:30

Those are the three statistics that I'm looking for from the Solicitor General. If I could also get him to expand on what exactly the money is being used for. He talked about it being for operations. The one-sentence description that's in the estimates book is "to provide for improvements to the Maintenance Enforcement program." But what's this money spent on? Additional staff? Additional computers? No, it doesn't seem to be. This is not appearing under the equipment line. He's saying that this is to keep up with an increase in volume. Do I take it, then, that across the board this is going to result in more staff, more desks, more telephone lines, more trips to court? Is this an overall approach, or is the money being directed into specific areas?

One of the other areas that I've tracked in the past and where there's been a demonstrated problem is very high turnover in staff and a lot of vacancies in staff positions while people are off on stress leave or illness. Has that number improved? Do we now have the full complement of FTEs that are assigned to the maintenance enforcement program? Are they filled? So what's the total complement of FTEs assigned to the maintenance enforcement program at this point? How many of those are filled? As a subcategory to that, how many of those filled positions are currently off on any kind of stress or illness leave?

I'm willing to support this if I can hear exactly what it's being used for. Thank you.

The Deputy Chair: The hon. Minister of Justice and Attorney General.

Mr. Hancock: Well, thank you, Mr. Chairman. I would first start by indicating that our maintenance enforcement program and particularly the staff of that program do yeoman's service on behalf of Alberta's kids, but there's no question that they have been asked to work longer and harder in performing that function. For example, the province of Quebec, I'm given to understand, which has a 90 percent collection ratio, has 790 staff monitoring 117,000 files, whereas in Alberta we have 50,000 files, 151 full-time equivalent employees, and a 15 percent vacancy rate at the present time. So the staff are working very hard, getting very effective results, in fact collecting at about a 79 percent ratio, I'm given to understand.

That still means, Mr. Chairman, that 14,000 kids in Alberta are not getting their monthly collections, are not getting their monthly support. We do need to add to the staff and add to the support for the staff so that we can bring that ratio up to 90 percent, which would be, as they say, full employment, if you will. That's certainly a goal that we should strive for and, I think, one that is attainable. This modest tranche in here will get us started on that so that we can build up over the next period of time into the next year so that we can really achieve that kind of collection ratio which we believe is possible with the additional staff and support for them to do that.

On the maintenance enforcement program I'll make sure that with respect to the other questions that were asked, if I've missed any of the detail that the hon. member would like and to the extent that it's available, I'd be happy to provide it. But those are really the essential answers to your question. We have 151 staff operating over 50,000 files. Our files go up about 5 percent a year. Obviously, our staff have not increased at that rate, so the increased service that's being provided – and we have improved services through, as the hon. member knows, improving the computerization process, making it more accessible 24 hours a day, seven days a week through the web, and those sorts of issues. We've engaged in a whole lot of programs to make sure that service delivery is better. We've made sure that clients, both payers and payees, are respected in the process. We've done a lot on the maintenance enforcement side to improve service to Albertans, but there's more we can do. This \$1.5 million that we're requesting in the supplementary estimate will help us ramp up that program so that we can move from the 79 percent collection ratio up to the 90 percent ratio in an appropriate period of time.

The Deputy Chair: The hon. Member for Edmonton-Glengarry.

Infrastructure

Mr. Bonner: Thank you very much, Mr. Chairman. It is a pleasure to speak this evening to supplementary estimates and particularly on the day the government announced a \$3.4 billion surplus. I am quite happy to see that in the estimates we have \$210,600,000 in operating expense and equipment and inventory purchases and an additional \$8 million for capital investment. Of the \$210 million, \$30 million has been added for operations and maintenance cost to schools, and \$181 million is forecast to be transferred from the sustainability fund for natural gas rebates.

I certainly agree with the Minister of Justice when he says that it is very difficult to budget, but this government has consistently missed the mark by billions of dollars from revenues that come in. Today's announcement was just another indicator of that. So while appreciating the difficulty the government has in forecasting revenues, there are certainly many areas that suffer, and because of whether it be poor or difficult budgeting practices, needy programs are underfunded. Certainly, in the area of infrastructure we have many concerns, and those concerns begin with the fact that we have

somewhere in the neighbourhood of a \$7 billion to \$8 billion deficit in infrastructure. When I look and see that of the money that has been asked for in supplementary estimates, \$181 million is forecast to be transferred for natural gas rebates, that causes concern because this really does not go to increasing the assets of Albertans but simply out of one pocket and into another.

As well, I do not see in here any type of allocation for rebates on electricity. Again, the cost that schools in this province have in regard to not only natural gas but electricity is incredibly high. Certainly, shortfalls in funding from Infrastructure have to be made up from some other area, and of course that takes away from programs for students. So we do have many, many concerns still in the Department of Infrastructure.

One of the questions that I do have for the minister is if he could please elaborate on what type of maintenance costs the \$30 million is going to go towards. As I've toured the province and talked with school trustees last week at a breakfast, they have major concerns about the upkeep of their schools, as well about the janitorial costs in the schools and how there just are not adequate funds available to keep the schools clean, to keep them safe.

One of the questions that did come up was certainly that in some of the schools they were finding mold.

An Hon. Member: Mold?

Mr. Bonner: Mold again, now in the schools. We've had the go-round about hospitals. Certainly, one of their major concerns is that there just is not adequate maintenance in the schools. So \$30 million is certainly a move in the right direction, but I would like to hear what the minister is going to indicate that these moneys are going for. Again, the \$180 million for natural gas rebates is welcome because schools are facing incredible pressures with their very tight budgets.

9:40

Now, in looking on page 9 of the Alberta 2003 budget, the second-quarter fiscal update, I see that we have capital assets. Our capital assets are somewhere in the neighbourhood of \$10.5 billion, and these include buildings, land, equipment, highways, roads, bridges, dams, and others. I also noticed in the spring budget that there was somewhere in the neighbourhood of \$1.3 billion to \$1.4 billion allocated for alternative financing. Certainly, one of the questions that has to be asked is: when we move to a P3 model, whether it be for the south extension of Anthony Henday Drive, whether it be the hospital in Calgary, whether it be the new building for the courts in Calgary, all of which are going to be supplied by a P3 model, what happens to these capital assets? Albertans are paying a tremendous amount of money and certainly at least 10 percent more in financing costs because private providers are going to supply that capital. So what happens to our capital assets as we continue along this road of building with the P3 model?

Now, as well, we have liabilities somewhere in the neighbourhood of \$18.6 billion, and this is broken down into accumulated debt, pension obligations, self-supporting lending organizations, and others. Again, will we see in future statements, such as what we have here in the second-quarter fiscal update, where our P3s are placed into the liabilities section in our summaries?

As well, I see here on page 9 that our school construction loan repayments are in the neighbourhood of \$83 million, and certainly when we have such a backlog of requests for schools in this province and we have only \$83 million in school construction loan repayments, we have a problem. Part of that problem is the fact that we have not been building schools at the rate at which they're required,

and there is a tremendous backlog. Of course, that is what contributes greatly to our infrastructure debt.

So my question to the minister would be that if, as he has proposed for some of the new schools in Calgary-Shaw, they could perhaps look at a P3 model, then will we see those types of loan repayments or payments that are being made to private providers that have built those schools and financed those schools? Where in this document will those costs show up to us as taxpayers?

One of the other areas that I would like to ask a question on today, as well, is for the Minister of Revenue. I know he's around somewhere, and I will probably save that for a few minutes.

Thank you.

The Deputy Chair: The hon. Minister of Infrastructure.

Mr. Lund: Thank you, Mr. Chairman. We're pleased to hear that the hon. member is pleased to see these amounts that we're bringing forward. Just a bit of an explanation on the \$30 million. That \$30 million was actually paid to the school boards last June, and it was to bring up the funding for the operation and maintenance in the schools. Because of a combination of things, we will admit that the operating and maintenance budget for the actual maintenance has probably not been sufficient when you look at the square footage that the school boards had to operate with. Of course, there was an increase in the utility costs over the last year, so this \$30 million was paid to them. Because of the variance in the school fiscal year versus our fiscal year, it was actually in their last fiscal year. They could of course apply some of the money to that, but they could also carry it forward and use it in this particular fiscal year.

The member mentioned the cost of electricity. Well, it seems like pretty well all of the boards within the province have actually got contracts, so they have a fixed rate as far as the price of electricity is concerned. Most of them don't have a gas contract, so last winter they did see a spike in those prices.

I didn't realize that we were getting into a debate on the budget that was passed last spring. I've got no problem making some comments about the \$180.6 million that is going to be for the natural gas rebate program. I think the member has to understand that that money came out of the sustainability fund. It is deemed to be one of those that can take funds out of that particular account. It doesn't come out of the capital account, so we're not sacrificing some capital to accommodate the gas rebate program.

As far as the P3s, you folks are going to be interested when you see the numbers that are coming out on the courthouse. I'm not sure where this nonsense – absolute nonsense – about it costing more money is coming from. Just think about it for one moment. If we build the building and we put out contracts, do you think the contractor is being benevolent and makes no money? Of course he makes money. So does everybody else that works on it. They make money. Why do you think that a P3 all of a sudden drives the cost up? In fact, you're going to see that some of the cost savings and the risk off-loading far outweigh the increased cost in the financing, far outweigh it. [interjection] There's an hon. member doing some chirping, and I can't quite make out what the song is.

In any case, I suspect that what it is is that she's not agreeing but probably trying to make herself believe that the extra cost in the money is high enough so we can never erode that when we look at the off-loading of risk. That's one issue.

Another major issue: when you look at the time frame when we can have a facility up and running and the use of that facility, that is worth a lot of money as well. For example, on the courthouse we have no risk for the increased cost that will occur over the two years that it will take to build the building, and that can be a very substan-

tial cost. When you get a chance to look at these and see the analysis, I can tell you that you're going to find that these comments about them being so much more expensive just simply are not true.

9:50

As a matter of fact, the committee that will be looking at them is made up of accountants and engineers and people from the private sector. Those folks will in fact show us if there's some flaw in the way we have assessed it. It has to show that it's good for Albertans, or else the project will not go ahead. It's that simple.

In other areas that have done these, many, many have worked well. There are some failures, but we're learning from those that have failed. When you talk about the way it's going to be accounted for, that's one issue that we still haven't got worked out, just exactly how. In conversation with the Auditor General, he feels that he needs to see the contract before he can tell us exactly how they need to be accounted for. They will show up, but just how they will show up we're not sure.

As far as the capital assets, that will be part of the overall agreement. For example, it could very well be that after 30 years of the proponent owning and operating, maybe we own the building at the end of it. Maybe they own the building. It'll be depending on the proponent and what kind of an agreement we can make with them. But at the end of the day it has to show that it's going to pay, that it's going to pay for Albertans, or else we won't go ahead.

I think you were looking at the 83 – you said “million,” but it's \$83,000. It's just a very small payment in that second quarter. I can't tell you exactly which school that is. I think I know, but I don't want to until making absolutely sure. We can get that for you.

I think that pretty well covers the issues that were mentioned.

Mr. Bonner: Just a quick point for the minister. On page 9 in his net financing requirements “millions of dollars” is stated, and we have \$83 million for school construction loan repayments, not \$83,000.

Mr. Lund: I'm looking at page 9 and school construction loan repayments. It's got 83, and then there'll be three zeros. In any case, we'll get that.

Mr. Bonner: Perhaps the minister is not looking at the same line item here: page 9, in the middle section, Net Financing Requirements. This is in millions of dollars, as stated in my book. Under requirements, school construction loan repayments, it says 83. That's \$83 million.

The Deputy Chair: Hon. member, just for the clarification of the chair, are you looking at the supplementary estimates, page 9?

Mr. Bonner: No, I'm not. I'm looking on the second-quarter fiscal update that we received today.

Mr. Lund: The member's right.

The Deputy Chair: That clarifies the issue.
The hon. Member for Edmonton-Centre.

Seniors

Ms Blakeman: Thanks, Mr. Chairman. I've managed to do my questioning on the Solicitor General, Justice, and Community Development, so this is my last at bat. I'm looking at the money that's requested as a supplementary estimate for Seniors. Here we're

looking at a supplementary estimate of \$36,970,000, which I will note is above any possible 1 percent contingency, so I am looking for some explanation here.

It strikes me, according to what's being set out in the explanation – it's talking about \$17.3 million for the Alberta seniors' benefit program in assisting low-income seniors to cover the increases in long-term care accommodation costs; \$11,750,000 for special needs assistance, of which \$5,750,000 is to assist senior citizens with utility costs, and \$6 million for extraordinary, onetime personal expenses. Finally, under housing authorities and contracted agencies, operations and maintenance costs, \$7,920,000. So that's vote 3.5.3, other grants, plus 3.1.3, housing development program delivery. So those two together are giving us the \$7.9 million.

So I think what we're having pretty clearly illustrated here is the choices the government has made in other areas that have become major hot-button issues for seniors and, I think many seniors would argue, a failure of the government towards seniors. We have problems with electrical deregulation which have resulted in higher utility costs, which now have to be covered through this department. We've got increases in the long-term care rates. Again, we have to provide additional assistance for low-income seniors to pay for those costs. I would imagine – but I'll ask for clarification – that we're also seeing here the effects of the elimination of the extended health benefits program, which I'm assuming is part of that \$6 million of extraordinary, onetime personal expenses.

So this is more than the 1 percent contingency fee which I'm hearing from previous ministers is the argument against the points I've been raising. This is no surprise. Why are we six months into a budget year having this number of expenditure requests coming forward under supplementary supply? I'm being given the reason: oh, we have a 1 percent contingency, and we're just reallocating that now. I do not remember this kind of reallocation happening previously, and I have to admit that the size and weight and number of ministries in the supplementary supplies are increasing every year.

So specific questions that I would like the Minister of Seniors and housing to answer. I guess he can provide it in writing. I would like details, please, on the categories of the \$6 million of onetime extraordinary personal expenses being allocated under the special needs assistance program. I would like a breakdown of what the money has been requested for. I think that's going to tell us where seniors are struggling.

I'm wondering how much money is being allocated for dental costs, for optical costs, for other medical costs, what's being asked for by way of assistance for winter clothing, how much is being asked for, or how many applications. Actually, it would be interesting to get it that way. How many applications have been asked for in different categories like the ones I've been listing and including the ones I've been listing, and what's the dollar amount that's been requested for those various categories as well? How much and how many times have we had requests for furniture or appliance replacement and other categories? I'd like to see the breakdown of why people are applying for this money.

I don't need personal information. This need not be a FOIP request or any invasion of privacy, but I think we need to know why we've got a \$6 million increase in a onetime request for assistance to individual seniors. What are they needing the money for? That may tell us some other information that might be useful for management.

There's also the almost \$8 million for onetime funding for housing authorities with operations and maintenance costs. Now, I'm looking for an explanation on this. Could I please get a detailed breakdown of where the money went to and exactly what it went for? What is the stated expenditure that they're being given the money

for? I'm assuming that this is around the homeless shelter and affordable housing problems. Two different problems here, but I know that in Calgary, for example, recently there was money given to, I think, the Calgary homeless shelter and perhaps Mustard Seed, and I also know that there were some things that fell through.

10:00

Now, what's happened to the money for the hard-to-house seniors project? I know that at one point there were negotiations going on with Trinity, and I understand that the government took a fairly hard line and in the end the negotiations fell apart. So what was the hard line about that they lost Trinity as a partner in this hard-to-house seniors project? I don't think anyone else is going to step up to bat on that one, so who's going to do this hard-to-house seniors project? It's inappropriate to put those hard-to-house seniors, usually because of long-term, long-standing substance abuse problems, with other seniors, so what are you going to do with them here?

I'm looking for the exact breakdown of that \$8 million – who's getting it, and for what? – and again an explanation of why six months into a budget cycle we're having to look at an additional almost \$37 million worth of funding to assist seniors and for housing and, I'm assuming, homeless costs. Again, I've gone back and checked the business plans from a mere six months ago, and I've checked the other budget items. None of this is a surprise. It's all listed as areas of concern. Now, this might be the one department of all the ones I've examined where there were unexpected costs or things that escalated at a rate that wasn't anticipated, but come on. We've had homeless before. We know that this is an increasing problem. This is not a surprise.

Again, I want to know what's going on around that longer term planning for the homeless and the issues around housing. We're going to continue to have these issues with the homeless until we are able to build better partnerships to provide affordable housing both for people to rent and for them to buy. So what's the plan here? These extra things don't seem to be outlined that clearly in the budget plan.

Now, what's the plan with the rest of this? Is it stopgap? Is it maintenance? Does this only happen when we get a surplus and they can drop some money on the homeless? Is this going to mean that we're not going to go forward with the plan to charge the homeless a user fee now that there's enough of a surplus, or is that user fee deal still in the works, to be unveiled with more pomp and circumstance at a later date?

So those are the questions that I would like answered, and I'm happy to receive them in writing. Thanks very much.

The Deputy Chair: The hon. Minister of Justice and Attorney General.

Mr. Hancock: Thank you, Mr. Chairman. I'll take the hon. member's suggestion and have the Minister of Seniors respond to most of the questions in writing.

I think that with respect to the supplementary estimates themselves, though, it should be fairly clear – and I think the hon. member answered most of her questions that were directly related to the supplementary estimates just about as soon as she asked them – that the \$17.3 million is for the Alberta seniors' benefits program. Obviously, as is well known, long-term care rates were increased effective August 1, and in keeping with the commitment that we've made to seniors in need and seniors who have support, we assist low-income seniors with the increases in those long-term care rates. Seniors who have the ability to afford to pay the rates for accommodation pay those rates, but of course those who cannot afford to pay

them come under the government's seniors' benefits program. So there was an increase of \$17.3 million to accommodate that.

Special-needs assistance. As the hon. member quite frankly noted, \$5.75 million to assist with utility costs and \$6 million to assist low-income seniors with extraordinary onetime personal expenses, again consistent entirely with the government's commitment to ensure that low-income seniors do not have to go wanting. When they have needs, there's a program that can be applied for, and if they don't have the income and they do have immediate need, they can get support from the government to help deal with that. So those utility costs were unexpectedly high for many people this year, and of course seniors in their homes who couldn't afford to pay them were able to apply for support. Then, of course, Seniors, as do many other organizations in government, contract with organizations; in this case, housing authorities and agencies. So the operation and maintenance costs of \$7.9 million.

As I say, the hon. member, in asking her questions, I think anticipated the answer. She asked a lot of other detailed questions that really don't have anything to do with supplementary supply, and I will refer those to the Minister of Seniors, and he may wish to supply her with answers with respect to those questions in due course.

The Deputy Chair: The hon. Member for Edmonton-Glengarry.

Mr. Bonner: Thank you very much, Mr. Chairman. Again, I'm referring to the second-quarter fiscal update, page 8. What I'm looking at is a page entitled Net Financial and Capital Assets. On this particular page, the second bullet, top left, Pension Obligations: "Pension obligations are forecast at \$5.1 billion. They are scheduled for elimination under a separate legislative plan and are not subject to the Fiscal Responsibility Act." Certainly, one of my questions would be: how are these obligations going to be eliminated under the separate legislative plan, and when can we learn of how they are going to be eliminated?

As well, I have a question for the Minister of Finance, and that is on the same page, under Financial Assets.

Mr. Hancock: What page?

Mr. Bonner: Page 8. Minister of Finance, I have a question for you, please.

The Deputy Chair: The Minister of Revenue.

Mr. Bonner: Revenue. You're right. Thank you.

An Hon. Member: The second Minister of Finance.

Mr. Bonner: The next Minister of Finance.

Under Financial Assets we have heritage fund external investments with note (b). When I go down to (b), it says: "Excludes \$95 million in internal government investments in 2003-04." If the minister could please tell us where these \$95 million in internal government investments are.

Thank you.

The Deputy Chair: The hon. Minister of Revenue.

Mr. Melchin: Thank you. The \$95 million in internal government investments, note (b) – I've got to see where the reference to that is. Alberta heritage fund external investments. I don't know – in particular, this could be the Prince Rupert grain terminal because that's potentially that amount. I'm not certain if that's what it's

referring to. The heritage fund also has some investments in Alberta bonds, so when you actually look at the consolidated income that we have – the heritage fund does earn income on the bonds that we hold, some of them being Alberta bonds, and they're eliminated on a consolidated basis.

For the external investments I think I'll have to follow up in specifics. My only guess at a number that is about that is the Prince Rupert grain terminal. I will provide you with the specifics in due course. I'd be delighted to.

10:10

Agreed to:

Office of the Information and Privacy Commissioner	
Operating Expense	\$574,000
Aboriginal Affairs and Northern Development	
Operating Expense	\$2,000,000
Agriculture, Food and Rural Development	
Operating Expense and	
Equipment/Inventory Purchases	\$728,821,000
Children's Services	
Operating Expense and	
Equipment/Inventory Purchases	\$864,000
Community Development	
Operating Expense and	
Equipment/Inventory Purchases	\$1,000,000
Economic Development	
Operating Expense	\$3,500,000
Finance	
Operating Expense and	
Equipment/Inventory Purchases	\$1,750,000
Government Services	
Operating Expense and	
Equipment/Inventory Purchases	\$600,000
Human Resources and Employment	
Operating Expense and	
Equipment/Inventory Purchases	\$32,000,000
Infrastructure	
Operating Expense and	
Equipment/Inventory Purchases	\$210,600,000
Capital Investment	\$8,040,000
Justice and Attorney General	
Operating Expense and	
Equipment/Inventory Purchases	\$1,500,000
Learning	
Operating Expense and	
Equipment/Inventory Purchases	\$79,470,000
Municipal Affairs	
Operating Expense and	
Equipment/Inventory Purchases	\$11,546,000
Seniors	
Operating Expense and	
Equipment/Inventory Purchases	\$36,970,000
Solicitor General	
Operating Expense and	
Equipment/Inventory Purchases	\$3,500,000
Sustainable Resource Development	
Operating Expense and	
Equipment/Inventory Purchases	\$113,600,000
Capital Investment	\$13,000,000

The Deputy Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I'd move that the Committee of Supply rise and report.

[Motion carried]

[Mr. Shariff in the chair]

Mr. Johnson: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions and reports as follows. All resolutions relating to the 2003-2004 supplementary estimates have been approved.

Office of the Information and Privacy Commissioner: operating expense, \$574,000.

Aboriginal Affairs and Northern Development: operating expense, \$2,000,000.

Agriculture, Food and Rural Development: operating expense and equipment/inventory purchases, \$728,821,000.

Children's Services: operating expense and equipment/inventory purchases, \$864,000.

Community Development: operating expense and equipment/inventory purchases, \$1,000,000.

Economic Development: operating expense, \$3,500,000.

Finance: operating expense and equipment/inventory purchases, \$1,750,000.

Government Services: operating expense and equipment/inventory purchases, \$600,000.

Human Resources and Employment: operating expense and equipment/inventory purchases, \$32,000,000.

Infrastructure: operating expense and equipment/inventory purchases, \$210,600,000; capital investment, \$8,040,000.

Justice and Attorney General: operating expense and equipment/inventory purchases, \$1,500,000.

Learning: operating expense and equipment/inventory purchases, \$79,470,000.

Municipal Affairs: operating expense and equipment/inventory purchases, \$11,546,000.

Seniors: operating expense and equipment/inventory purchases, \$36,970,000.

Solicitor General: operating expense and equipment/inventory purchases, \$3,500,000.

Sustainable Resource Development: operating expense and equipment/inventory purchases, \$113,600,000; capital investment, \$13,000,000.

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

The Acting Speaker: Does the Assembly concur in the report?

Hon. Members: Agreed.

The Acting Speaker: Opposed? So ordered.

The hon. Government House Leader.

Mr. Hancock: Mr. Speaker, as has been the custom of the Assembly immediately following confirmation of supply, I seek unanimous consent of the Assembly to revert to Introduction of Bills to allow for first reading consideration of Bill 54, Appropriation (Supplementary Supply) Act, 2003 (No. 2).

[Unanimous consent granted]

10:20head: Introduction of Bills

The Acting Speaker: The hon. Government House Leader on behalf of the Minister of Finance.

Bill 54
Appropriation (Supplementary
Supply) Act, 2003 (No. 2)

Mr. Hancock: Thank you, Mr. Speaker. I do thank the House, including members of the opposition, for their indulgence in allowing us to go ahead with moving supplementary supply, and therefore I would request leave to introduce Bill 54, the Appropriation (Supplementary Supply) Act, 2003 (No.2). This being a money bill, Her Honour the Honourable Lieutenant Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

[Motion carried; Bill 54 read a first time]

head: **Government Bills and Orders**

head: **Second Reading**

Bill 53
Insurance Amendment Act, 2003 (No. 2)
(continued)

[Adjourned debate November 26: Mr. Hancock]

Mr. Mason: Mr. Speaker, I'm pleased to rise to speak to Bill 53, the Insurance Amendment Act, 2003 (No. 2). I think it might be worth while to quickly review a little more briefly some of the history that I covered when I spoke to the reasoned amendment of the hon. Member for Edmonton-Gold Bar on this bill.

According to the Consumers' Association of Canada Alberta has the highest insurance rates of the four western provinces. Interestingly enough, Mr. Speaker, it is those provinces which at various times have been guided by the benevolent rule of the New Democrats, and all, as a result, have public auto insurance systems.

Interestingly enough, from time to time the voters in their apparent wisdom have elected other governments in those provinces, Conservative governments and Liberal governments, and none of those governments have seen fit to eliminate the public insurance systems in those provinces because they've concluded that to do so would be ill advised both from a policy and their own survival point of view. Most recently the very conservative Liberal government of British Columbia has made a decision to retain the Insurance Corporation of British Columbia because they've been very impressed with its performance and they know that, in fact, getting rid of it would be a big political mistake.

Mr. Speaker, we have in fact got some very high rates in Alberta presently, and this bill purports to deal with that. I'll just give briefly some of the highlights from the report which was produced by the Consumers' Association of Canada, and it surveyed 17 cities in the four western provinces.

Just to indicate the methodology a little bit, the data is obtained directly from industry sources, and all rate quotes are from the period July 2 to 11, 2003. For each city a total of 34 rating profiles were used to provide a wide cross-sectional analysis of vehicle types, gender, location, age, driving history, and claims record. For each of the 34 rating profiles, a total of 10 rate quotes were obtained for each city in Alberta. For the other three provinces that operated public auto systems, only one rate quote was required for each profile for each city. The following criteria were used for all rate quotes: liability coverage, \$2 million; collision deductible, \$500; comprehensive deductible, \$300, and in Manitoba quotes it was \$500.

Here are the highlights of the report, Mr. Speaker.

1. Alberta consumers pay on average about twice as much for auto insurance than consumers in the other three western provinces with public auto insurance systems.

2. A consumer in Lloydminster, Alberta could pay up to \$8,980 more annually for auto insurance than if they lived literally across the street in Lloydminster, Saskatchewan.
3. A driver in Winnipeg could pay up to \$9,080 less for auto insurance than if they lived in Edmonton, a comparable sized city with similar prairie-like driving conditions.
4. In Alberta older drivers who drive newer, much more expensive cars, and who have driving convictions, pay up to \$2,430 less annually for auto insurance than young drivers with clean driving records. In the three public auto provinces, where rates are based on a driver's record, a young good driver pays less than a bad older driver.

Mr. Speaker, just again to quickly review, how did this situation come about? Statistics Canada figures, which were drawn on the Insurance Bureau information, indicate that auto insurance rates rose 54 percent in the year 2002 in the province of Alberta. Every one of those increases was approved by this government. It is also the case – and I think it's been demonstrated quite clearly – that the reason for these increases was not an increase in claims, as the insurance industry suggests, because the claims in the same year only rose 3 percent, but in fact it was due to the insurance industry compensating for their losses on the stock market, which is the source of their revenue and profits.

So the government sat back and did nothing about any of this while it was going on even though they knew that rates were dramatically increasing, and they probably knew why as well. However, then came the New Brunswick election, and the government, as we have seen, sprang into action in order to head off a potentially serious problem.

It brings us to the bill before us today, Mr. Speaker, Bill 53. It's interesting that this bill follows the same sort of pattern that we've seen increasingly from this government, and that is what we call a framework bill. It has a legislative framework that allows all of the serious and important content of the bill to be established by regulation. That is, it doesn't come to this Assembly, it's not debated in public, the opposition doesn't get to speak about it, and it is just determined by the cabinet. This is a real trend here, and this bill, not to disappoint, gives the Conservative government a blank cheque to finalize its auto insurance reforms behind the closed door of the Tory caucus in the cabinet room.

All major planks in the reforms will be decided behind closed doors through regulation. For example, the definition of what will constitute a minor injury, section 650.1(1), will be defined in regulation. Even the \$4,000 cap on minor injuries is not contained in the legislation itself.

Premiums for basic coverage of entry-level drivers, section 656, will be decided by the new automobile insurance rate board that is being set up under Bill 53 in section 652 or by the cabinet directly under section 656(2).

Section 661.1 authorizes the cabinet to freeze premiums, and the effective date for the freeze, according to the Premier, will be October 30, 2003. The best way, I guess, to characterize this is that the government is locking in the highest rates in western Canada. This freeze, Mr. Speaker, is freezing rates at 57 percent higher than they should be. People who are getting renewal notices after October 30 are being told to pay the higher rate and they will be reimbursed by their insurance company at a later date. This is a significant financial hardship, especially for young drivers and those on low or fixed incomes. The new automobile insurance rate board will replace the existing Automobile Insurance Board, which will be phased out. Well, hallelujah. That little closed-door committee that rubber-stamped all of the rate increases that Albertans are being forced to pay is not going to be grieved, I might say, by those Albertans who even know of its existence. Very few members of the

public know of the existence of this particular Automobile Insurance Board.

10:30

I just want to indicate, Mr. Speaker, for the record that the Automobile Insurance Board reports to the Minister of Finance and its directors are appointed by the minister. It has a very low profile, doesn't even have a web site. It does publish an annual report, but that is not even posted on the government web site, nor are the directors of the Automobile Insurance Board.

Mr. Speaker, it has reviewed, behind closed doors, rate application increases for compulsory coverage, mostly third-party liability. There is no opportunity for policyholders to challenge rate increases. Locations and dates of board meetings are not advertised or even made public. Minutes of board meetings are not published or made public.

The AIB appears to largely act as a rubber stamp for the insurance industry, Mr. Speaker. Only two out of 157 rate applications in 2002 were rejected outright by the AIB. Another 14 were approved with modifications. The balance, the vast majority, were accepted as applied for, often many, many applications in a single sitting. Clearly, the Alberta Automobile Insurance Board needs to be transformed into a government watchdog rather than an industry lapdog.

If we can go back to the regulations and the power of the government to set regulations. The new board will have the power to actually set rates rather than just simply review applications and approve them or not. There still is nothing in the act to indicate whether or not there will be a public, as opposed to a closed-door, rate-setting process. I would be very interested, Mr. Speaker, in hearing the minister responsible at some point in the debate on this bill address this point: will the new board, the automobile insurance rate board, operate in a public fashion, and will consumers and customers of insurance companies have a right to appear before the board and argue against changes in their rates or changes in the coverage that they receive for their policies? I think the government should set the record straight on that one.

The cabinet, under this act, also has the power to define what constitutes basic coverage that will be subject to government-mandated rate caps and what is optional coverage not subject to rate caps. Section 661.5(1) also provides the government with a blank cheque, allowing the cabinet to make additional regulations on so-called unforeseen matters which are not covered by Bill 53.

I want to make another point that's important, Mr. Speaker, and that is that Bill 53 does not repeal section 22 of the Insurance Act. That section prohibits public insurers from British Columbia, Saskatchewan, and Manitoba from competing for business in Alberta. As a result, the government through this action, this act of neglect by failing by repeal this, is continuing its policy of denying the people of Alberta the choice of insurer and the chance to get the lowest rates because these insurance companies – particularly Saskatchewan Insurance offers competitive rates and actually operates in some other provinces besides Saskatchewan on a competitive basis, in some provinces that don't have public auto insurance.

Mr. Speaker, I just want to indicate that the approach that the government has taken is not going to resolve the questions. They are essentially going to try and find some savings which will be passed on in overall rate reductions of a very modest character, and basically they're going to find that the lion's share of those savings, which the minister quantified at \$250 million, will come as a result of payment caps. So what the government is offering is slightly cheaper insurance which is slightly less insurance, so you pay less for less, and that's where most of the savings are.

There is apparently going to be some savings as a result of use of mediation, but that's a small portion. All of the rest of it, Mr. Speaker, is simply rearranging who pays exorbitant premiums. It won't be young male drivers any longer, and it shouldn't be, and it won't be seniors any longer, and it shouldn't be them either. Edmontonians, however, will continue to be discriminated against. You know, I'd like to see maybe some members of the Conservative Edmonton caucus stand up and address this question, how this was allowed to occur.

In my subsequent . . . [Mr. Mason's speaking time expired] They have a chance now in the five minutes.

So, Mr. Speaker, thank you very much, and with that I will conclude my debate on second reading.

The Acting Speaker: Hon. members, Standing Order 29. Any questions? The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Speaker. I'm just thrilled to be able to ask this member a question. My first question for him is this: does he think that the government's proposal for a 15 percent rollback after rates increased for most people by more than 40 percent is really a rollback?

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

Mr. Mason: Well, thank you very much, Mr. Speaker. I think the 15 percent rollback, just to correct the hon. Member for Edmonton Ellerslie, is actually the proposal of the Liberal caucus. Our calculations are that the government will only offer 12 percent, even if all of their savings are there. You know, it's a 57 percent increase, and then a reduction comes after that.

I appreciate the comment from the Member for Edmonton-Ellerslie because as I calculate it, to get rid of the 57 percent increase, you would have to reduce the premiums that people are now paying by approximately a third, which incidentally would put Alberta rates back in a comparable position to what people are paying in Saskatchewan, Manitoba, and British Columbia, where people are paying anywhere between \$800 and \$1,000 less for their auto insurance than we are.

Certainly, the Consumers' Association report is the most definitive report on this matter and certainly stands a greater scrutiny than anything anybody's been able to quote on the government side.

Thank you, Mr. Speaker.

Ms Carlson: One more question for the member. Could we hear you say just one more time how great you think the Liberal idea is for a public insurance plan, and how you couldn't have done it any better yourself?

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

Mr. Mason: Thank you very much. To the hon. Member for Edmonton-Ellerslie: you know, it is a wonderful plan, and I could say we couldn't have done it any better ourselves, but actually we did do it.

You know, I certainly appreciate the lack of any – I know that the Minister of Health and Wellness called one of the Liberal members an ideologue today, and to call a Liberal an ideologue, Mr. Speaker, is a bit of an oxymoron, I must say. They have a luxury that we and the Tories don't have, and that is almost a total absence.

Thank you.

10:40

The Acting Speaker: The hon. Member for Edmonton-Glengarry.

Mr. Bonner: Well, thank you very much, Mr. Speaker. Indeed, it is a pleasure to rise this evening and make some comments on Bill 53, the Insurance Amendment Act, 2003 (No.2). Certainly, by comments made by other members to date on this particular bill, we can see that it is a contentious bill. There are some factors to insurance here in the province that add to the varying views that people have.

Certainly, when we look at where we are in the province with insurance, automobile insurance is mandatory, so it must be fair, affordable, and accessible to all. When we look at other sections, medical treatment and rehabilitation must be provided to those who need it but without unnecessary extra costs. I think that's a principle that we all can agree with as well. A third principle is that we must ensure a fair and honest marketplace where policies will be in plain language and explanations readily available to consumers. Those are three principles that we do have for insurance, and certainly when we have compulsory insurance in the province, those principles must be paramount.

Now, then, all of us here that pay insurance have seen that this has now become a pocketbook issue where we are now spending many more dollars each month on insurance. It is such a contentious issue that certainly it has toppled, or almost toppled, other provincial governments and quite rightfully so, because the increased dollars that we now spend on automobile insurance premiums affects the quality of our life. So certainly we need an alternative to high automobile insurance costs.

There are so many comparisons when we look at what is happening in the automobile insurance industry and in the WCB that it is scary. In the WCB we had a report by Justice Friedman, and one of his comments was that in the WCB the playing field was tilted certainly not in favour of the injured worker. This is one of those bills, again, Mr. Speaker, that I feel very strongly tilts that field not in favour of the injured party in an accident or the party in the accident whose car has been banged up, but it tilts it in favour of the insurance industry. That is certainly not something that we want to see.

One of the ways it does this is it reduces awards by the amounts of income from Canada pension plan contributions, employment insurance contributions, and it also caps what the awards will be. Now, then, this does some things that we certainly don't like. It tells people that they do not have a claim to advance, that they will get \$4,000 and that is it. A maximum of \$4,000. It tells lawyers in this province that they don't have people to represent because now we have a cap on what these settlements can be. What this does is it disenfranchises a whole segment of people that cannot speak for themselves when this occurs.

The other thing that this cap does is that it trivializes the pain and suffering encountered by those in an automobile accident. What it also does, more importantly, is that this legislation hurts the majority of people who clearly do not fit outside of the cap, and it takes away the fairness for those people that have been seriously injured and also takes away their justice. In my estimation and the estimation of most people, the victim should be the last person that has to sacrifice because of an unfortunate accident.

We know that the insurance industry is cyclical, and one of the reasons that it is cyclical is the fact that they have so many investments. Certainly, this government was lobbied quite heavily by the industry when the economic cycle was at a low, when all of our investments went for quite a tumble, but since that time things have rebounded, and we see today that insurance companies are making

quite a sizable profit. With the announcement today that the economic recovery in the United States is even greater than what was expected, insurance companies are poised to make even more profits, yet we have a bill that is going to freeze insurance rates at an all-time high. So this is not a bill that favours the average Albertan. This is a bill that certainly favours insurance companies.

What also happens with this bill is that we take the burden of proof for injuries and we place it directly on the individual. Certainly, these people do not have the background, they do not have the resources to fight multimillion dollar companies such as insurance companies. Even if they go to court, they must make certain that their settlement is going to be well in advance of \$4,000 for a serious injury in order just to cover their legal costs. So, again, this is a bill that doesn't help the average person.

We all know that insurance companies don't pay out easily. That's not their function. As we have heard many times with WCB from injured workers who have outstanding contentious claims that in their estimation haven't been settled, they feel that WCB says no and says no and says no, hoping that at some point they will just give up and go away. So in that particular case justice is not served. It is the company that has the resources to hang on that is going to eventually win, because it won't be to the injured party's advantage to fight and fight and fight for a small sum.

We have seen, as well, in this province, Mr. Speaker, a huge increase in the amount of fines for certain offences. We have also seen that since those fines have been increased, the revenues have been lower. I can't believe that we have had such a decrease in violations. I think that our violations are just as great. We continue to have higher accident rates. So when we have higher accident rates, when we have higher fines, again we are putting the one person, the driver, in the most compromising position.

As well, when we look at the difference in injuries today as compared to years when the use of seatbelts was not mandatory, we have moved away from the types of injuries where we had broken bones and lacerations to soft tissue injuries. These come about from the rapid acceleration and deceleration of people involved in accidents. We have also seen a tremendous increase in the number of injuries that are associated with the jaw, the TMJ type of injuries.

10:50

Now, what's happened is we've also had amazing strides taken in the detection and treatment of these soft tissue injuries. As well, we find that some of these injuries just don't heal and that people are affected for the rest of their lives. When we talk about fraud in these insurance claims, how fraudulent is it to only offer a \$4,000 settlement when some of these injuries are much more serious and when even going to court is no guarantee that you'll be fairly compensated for your injury? Again, it is a gamble on the part of people that they can take the \$4,000 and go and hopefully get better down the road. It is another issue when dealing with soft tissue injuries that the time frame for healing in many of these types of injuries is certainly a lot longer. A broken bone mends in six to eight weeks. However, soft tissue injuries can take years.

When we look at the whole idea as to why we buy insurance, we buy insurance because that is our defence. Certainly, as the Member for Edmonton-Centre had outlined earlier, you buy that insurance, and then when you need that insurance, you should be compensated. There should not be only one person or one type of policy that will cover you. If you have multiple coverage, then you should be paid by each one of those plans.

So with those comments, I would like to close by talking about the psychological damage that some of these people receive in these accidents. I think of the tragic situation here of an accident on the Yellowhead Trail where a car was severed, was split in half, where one of the brothers was killed and the other was severely burned, yet

that mother that was in that car has no recourse for psychological damage. That is going to be a vision that haunts that person for the rest of her life.

I think that this bill, Bill 53, the Insurance Amendment Act, 2003 (No. 2), is not good legislation. I think that it is something that we have to revisit and revisit soon. I look forward to certainly making a number of amendments to this bill in committee, and I thank you for the opportunity to make these comments tonight.

The Acting Speaker: Standing Order 29 kicks in.

[The voice vote indicated that the motion on the previous question carried]

[Several members rose calling for a division. The division bell was rung at 10:55 p.m.]

[Ten minutes having elapsed, the Assembly divided]

[Mr. Shariff in the chair]

For the motion:

Abbott	Dunford	Knight
Ady	Gordon	Lougheed
Amery	Goudreau	Lund
Broda	Graydon	McClellan
Calahasen	Griffiths	McClelland
Cao	Hancock	Oberg
Cenaiko	Hlady	Renner
Danyluk	Horner	Stelmach
DeLong	Jacobs	Taylor
Doerksen	Johnson	VanderBurg
Ducharme		

Against the motion:

Blakeman	Carlson	Mason
Bonner		

Totals:	For – 31	Against – 4
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[Motion on previous question on Bill 53 carried]

The Acting Speaker: Hon. Member for Edmonton-Highlands, are you rising on a clarification point?

Mr. Mason: Mr. Speaker, I would like to move that on subsequent votes with respect to Bill 53, on a standing vote the interval of the ringing of the bells only be one minute. This evening only, and only on second reading.

[Unanimous consent granted]

The Acting Speaker: Pursuant to Standing Order 47(2) and *Beauchesne* 521(2), I must now put the question on the original question.

[The voice vote indicated that the motion for second reading carried]

[Several members rose calling for a division. The division bell was rung at 11:10 p.m.]

[One minute having elapsed, the Assembly divided]

[Mr. Shariff in the chair]

For the motion:

Abbott	Dunford	Lougheed
Ady	Gordon	Lund
Amery	Goudreau	McClellan
Broda	Graydon	McClelland
Calahasen	Griffiths	Melchin
Cao	Hancock	Oberg
Cenaiko	Hlady	Renner
Danyluk	Horner	Stelmach
DeLong	Jacobs	Taylor
Doerksen	Johnson	VanderBurg
Ducharme	Knight	

Against the motion:

Blakeman	Carlson	Mason
Bonner		

Totals:	For – 32	Against – 4
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[Motion carried; Bill 53 read a second time]

The Acting Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I move that we adjourn until 1:30 p.m tomorrow.

[Motion carried; at 11:15 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

