

Legislative Assembly of Alberta

Title: **Monday, February 23, 2004**

8:00 p.m.

Date: 2004/02/23

[Mr. Shariff in the chair]

The Acting Speaker: Please be seated.

Hon. members, before we proceed with the items of the agenda, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

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

Mrs. O'Neill: Thank you, Mr. Speaker. It's my pleasure this evening to introduce to you and through you to members of this Assembly on behalf of the hon. Member for Edmonton-McClung three special visitors who are in the members' gallery. Mr. Aric Sarson and Ms Lisa McNutt are the parents of Aiden McNutt, a grade 4 student who attends Callingwood elementary school. Their concern for public education is what has brought them here this evening. I would ask them to please rise and have everyone join me in giving them the traditional warm welcome of this Assembly.

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

Mr. Marz: Thank you, Mr. Speaker. It's a pleasure for me tonight to introduce a friend and acquaintance of many in this Assembly from my constituency of Olds-Didsbury-Three Hills, a councillor from the county of Mountain View and a member of the board of directors of the Association of Municipal Districts and Counties. The Member for Little Bow specifically wants to say: hi, Pat. Would Pat James stand and receive the warm welcome of the Assembly.

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

Mr. MacDonald: Thank you very much, Mr. Speaker. It's a pleasure to rise this evening and introduce to you and through you to all hon. Members of this Legislative Assembly 13 visitors from in and around the constituency of Edmonton-Gold Bar. There are 10 Pathfinders and three teachers/group leaders. The teachers/group leaders are Mrs. Jane Shacker, Miss Adrea Simmons, and Miss Sheila Oliver. All these guests of the Assembly are in the public gallery, and I would now ask them to please rise and receive the traditional warm welcome of this Assembly.

Thank you.

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

Dr. Taft: Thank you, Mr. Speaker. I'm delighted to introduce to you and to all members of the Assembly a constituent of mine who has children at McKernan junior high school and who is here tonight because of her very strong interest in public education. I'd ask her to rise. She's in the gallery. Her name is Preet Sara, and I'd ask you all to give her a warm welcome.

Thank you.

head: **Motions Other than Government Motions**

Education Funding

501. Mr. Griffiths moved:

Be it resolved that the Legislative Assembly urge the govern-

ment to eliminate the education portion of property taxes and fund education through general revenue thereby freeing up financial resources for municipalities to adequately provide required services.

Mr. Griffiths: Good evening and thank you, Mr. Speaker. It's a pleasure to rise tonight to introduce Motion 501, which calls for the elimination of the education portion of property taxes.

This motion has two chief intents, Mr. Speaker. The first intent is for the government to eliminate the use of property taxes to fund education and use general revenue as the source for funding education in recognition that all Albertans – all Albertans – share an equal, quality education regardless of where they live or the property tax base in their region. The second intent is to allow municipalities the sole discretion of setting property tax rates and collecting property taxes to service their property owners.

In the year 2003-2004 the education budget was about 25 per cent of the total spending of this government, Mr. Speaker, or over \$5 billion. Of that, \$3.8 billion is directly spent on kindergarten to grade 12. In 2003-2004 fully 36 per cent, or \$1.327 billion, is funded through the education portion of property taxes.

It must be remembered that in 1994 the provincial government took over responsibility for education property taxation. My understanding is that the intent at that time was to eliminate the inequities across the province in property tax bases for funding education, Mr. Speaker. The question is: why should one Alberta student have access to every program imaginable, such as access to a state-of-the-art recording studio in their school, while other students wouldn't even have access necessarily to a qualified math teacher or science teacher because of funding limitations? The rate for the education portion of property tax has declined by 25 per cent since that time, which demonstrates the province's obvious intent to rely on general revenues rather than the education portion of property taxes to ensure full equity for education for Alberta students.

Yes, Mr. Speaker, there is a trend and an intent that's been evident over the last 10 years. This year has been unique. The government will receive \$1.165 billion in revenue from the education portion of property taxes. That's a 5.8 per cent increase from last year. Now, that is not designed from a deliberate intent to increase the amount of money collected on the education portion, and it's not the result of a mill rate increase but, rather, an increase in the assessment base, growth in the province. So that amount, that total amount that has gone to pay for education, is the sole result of growth of the province. But the overall rate was frozen at 2002 levels, and that followed a 17 per cent cut in the year 2001. That built on a 10-year trend of lowering or freezing the education portion of property taxes and, generally, in many years the tax mill rate.

How can we afford to lose the \$1.3 billion that will be lost if we do not collect the education portion of the property taxes, Mr. Speaker? That's the question that every single member of this Assembly is going to ask. There are a lot of options available. To begin with, we could stop sending conditional and unconditional grants and fuel tax rebates to municipalities. That amounts to \$4.26 million which is returned to municipalities. So what we're talking about is \$1.3 billion collected in property taxes from property owners based on the education portion of property taxes and \$4.26 million returned to municipalities that they could have merely collected in the first place. That also allows for a \$700 million growth area for municipalities to collect more property taxes.

Now, I'm not suggesting that that is the answer, the only answer, or the ultimate answer. The point is that there are other ideas. There are other adjustments that could be made in funding priorities,

funding formulas for this government. In fact, Mr. Speaker, the Minister of Municipal Affairs' council on roles, responsibilities, and resources, which was formed almost two years ago, is a good vehicle for discussing such solutions. My understanding is that they have suggested to phase out the collection of education property taxes but over a longer period, a 10-year period. I'm not saying that that's a worse idea or a better idea, but the point is that this council on the roles, responsibilities, and resources for municipalities is discussing options like this.

In fact, the notion of phasing out the collection of the education portion of property taxes over a 10-year period might be a very feasible idea since it would allow the province time to adjust the loss of revenue that would come from the education portion of property taxes, Mr. Speaker, and allow us to figure out ways to use money from general revenue or, while our economy grows and general revenue increases, to actually absorb those losses on the educational property tax side. But it would also allow municipalities tax room so that they can make up the resources necessary to provide services required of them: essential services, services that are necessary to be provided to their property owners.

Municipalities are not in the same form that they were 90 years ago. They're not the same type of government they were 90 years ago, Mr. Speaker. Municipalities have grown; they have matured. They're accountable to their taxpayers, they're accountable to their tax base, and they're very considerate of the decisions they make. The provincial government moving out of the education portion of property taxes and leaving it to the sole discretion of municipalities would allow the municipalities to be fully and unequivocally accountable to that tax base, to those property owners.

In conclusion, Mr. Speaker, municipalities are mature, and they need room to manage their affairs. We've heard a lot of municipalities sometimes complain, sometimes legitimately, sometimes not so, about the downloading of services that has occurred or that did occur 10 years ago when this government made the transition to becoming a much more responsible, fiscally accountable government. A lot of services were downloaded to the municipalities, and they didn't feel that they had the proper tax base to grow and develop to meet those responsibilities. We also have municipalities that we hear quite frequently now discussing, sometimes very convincingly, that the high-growth nature of this province, the high-growth areas in this province, cities like Fort McMurray, Red Deer, Edmonton, and Calgary, do not have the tax base or the room to grow their tax base.

Mr. Knight: Grande Prairie.

Mr. Griffiths: Grande Prairie. I'm sorry. I apologize. I should never have left out Grande Prairie. It's a very significant contributor to the provincial economy.

Those areas, those bright lights – the highway 2 corridor, Fort McMurray, Grande Prairie, Medicine Hat, Lethbridge – those places sometimes have asserted that they don't have the tax base they need in order to build the infrastructure ahead of the growth in their economies in those jurisdictions. Allowing them extensive, almost one-third more room in the tax base would allow them to sometimes fill the gap, maybe not fully fill the gap but would give them the room to expand their tax base so that they could build that infrastructure ahead of their growing economies to meet the needs of their taxpayers.

8:10

Mr. Speaker, our tendency is to move away from dependency on property taxes to fund education. As I said before, we've seen 10 years of a tendency to rely more and more on general revenues to

support education, a 25 per cent decline, in fact, in the last 25 years, strictly based on the principle that we believe that every child in this province should have equitable education funding, equitable education resources. The best way to achieve that is not to allow regions to rely on what their particular tax base might be. One city that has a strong industrial tax base has twice the revenue to rely on than a poorer jurisdiction that doesn't have the tax base to rely on. We believe that general revenue should fund education.

So, Mr. Speaker, I'd like to say thank you for the opportunity to speak to this motion, to move this motion, and I look forward to the interesting debate over the next 50 minutes. Thank you.

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

Ms Blakeman: Thank you very much, Mr. Speaker. I'm pleased to be able to rise and address the motion that's been proposed by the hon. member. Thank you for bringing this forward and opening up the discussion. I think it's very worth while.

We have an interesting situation here. The member is right: what we are looking at here are two areas. It's around funding of education and its source of revenue, and it's around the municipalities' ability to raise funds to pay for the services for their constituents. Right now we have municipalities collecting a \$25 or \$27 million levy on property taxes for education purposes, and the rest of the cost of education is coming out of general revenue. The proposal here is to have all the cost of education come out of general revenue. It's certainly worth discussing.

I guess my concern here is that we're still talking about the same amount of money. So although we are requiring much more for education – in fact, the government's own Learning Commission is recommending that – that's not being addressed in this motion. It's just where the money would come from but not how much money would be coming. So, in effect, this motion would make the levy zero for school purposes and allow the municipalities more tax room.

Recommendation 94 of the Learning Commission also dealt with this but didn't go quite as far as what the member is proposing here. Recommendation 94 was to "allow school boards to requisition their local residents for up to 10% of the amount raised through provincial education property taxes." This is taking it much further.

My hon. friend from Edmonton-Gold Bar has just pointed out to me: "Examine and implement new sources for additional funds. Every child should have equitable access to education and an equitable opportunity to learn and succeed." On page 17 of the Learning Commission report it's talking about: "The primary source of funding should continue to be the provincial government, through a combination of general revenues and education property taxes." So the Learning Commission didn't go as far as the hon. member is proposing here. "At the same time, the Commission believes that school boards should have the opportunity to raise an additional, limited amount of funds from their residents," which is recommendation 94, that I referred to earlier. "This provides a direct link between school boards and their electorate and allows people in different communities to provide additional support to meet local needs and priorities."

I think that what I'm interested in here is that the government was not able to achieve what they set out to when they took over the complete collection of education property taxes. It used to be levied through the school boards locally. It was collected through the municipalities and went to the school boards. In '94 this provincial government decided to take it all and they would redistribute it equitably, or that was the plan. In fact, that didn't necessarily happen. I've even heard members in here in reaction to the throne speech and during debate on Bill 1 talking about how disadvantaged

their schools were. So, obviously, there's still an inequity, and a great inequity, in the province. So the 1994 solution has not been successful.

One of the things that's been interesting to me is the relationship between the province and the cities, the federal government and the cities around funding and around power and autonomous decision-making. Right now we have a situation where if people do well – they earn more money or they get a raise – the province and the feds without having done a thing get more money because they're taxing on income tax. If someone gets a raise or they take a second job to help pay for things, they're paying income tax on that additional amount of money. The province hasn't done a thing. They haven't requisitioned more money. They haven't asked for more income tax or a higher percentage of income tax. They just sit there. They're collecting the same amount, but the amount the individual is earning has gone up, and therefore more money is going off to the federal and provincial governments. So without raising a finger, those two levels of government get more money.

The municipalities turn out to be the villain in this. They don't get that advantage at all and are stuck in the position with the downloading that the hon. member referred to and in some ways very significant. We've heard a lot about policing costs. Certainly, I've raised a number of times the issue of the cities paying for policing costs that by rights should be paid for by the government: transportation of prisoners, that sort of thing.

So the cities become the villain, the bad guy, because they're the ones that have to overtly raise their mill rate or raise their percentage of property taxes that they collect from individuals, and this is making municipalities rightfully cranky about this situation. They're always made the villain. They're always the last one in line. They're the one that everybody's giving a hard time to.

So we have a situation where those municipalities are not happy. They feel they're being downloaded upon. They don't get the advantage of the instant raise in income tax because somebody makes more, and we now have a situation where the federal government is starting to deal directly with the municipalities. Let's face it; we've got some cities that have a larger population than some provinces, and the cities are increasingly the economic drivers of the activity of any given province. So more and more the cities are becoming very important entities, and how does the province treat them? The province treats them as children. Well, constitutionally the cities fall under the power and control of the provinces, and the provinces are certainly taking advantage of that, particularly here in Alberta. So increasingly those cities, even though they're the economic drivers, even though they're the ones that are making everything happen to a large extent in the provinces, are treated like babies, like children by their very own provinces.

Now we have a situation where the federal government is starting to deal with the municipalities directly. I would venture to say that if the provinces don't start to create a new way, a new relationship with their municipalities, they will make themselves increasingly irrelevant. We will have the federal government; we will have the municipalities. Why bother with the province in between? What does it really do for it? It just takes money.

So just a little warning, a little something to watch for. I think there needs to be the creation of a new relationship between the province and the municipalities before the municipalities just take off and bypass the province entirely and deal straight with the feds. That's the end of it. We don't need a province.

I think this motion that's been proposed, Motion 501, is certainly worth engaging in debate. It's certainly worth further consideration. I think that the municipalities have been asking for a number of ways that they can be able to take up a bit more room in the amount of

revenue they're able to raise through their levies without being made the villain once again, and this would allow that to happen.

I think the issues that are not addressed in this motion are the amount of funding that's required for education and whether, in fact, there would be an increase forthcoming if it came through general revenue. I think we have to address the inequity in how the municipalities are able to raise that additional money without being made the villains, and we have to address the relationship between the province and the municipalities. So at this point I'm willing to support further discussion of this motion, and thank you for the opportunity to address it.

Thank you.

8:20

The Acting Speaker: The hon. Member for Little Bow.

Mr. McFarland: Thank you, Mr. Speaker, for the opportunity to speak to Motion 501, as presented by the hon. Member for Wainwright. As you've heard, this motion calls for the government to fund education spending out of the general revenue fund thereby ceding municipal tax room that's currently taken up by education taxes to a number of municipalities. The provincial government then funds education solely out of the general revenues, and the municipalities presumably have the opportunity to use the tax room to increase funding for priority areas and other services or else to cut taxes to a level that they feel could be used as part of the education funding. This feeds into a growing concern for many of our municipalities and counties throughout the province that they are unable to continue to provide these services because of a restricted ability.

After hearing the hon. Member for Wainwright discuss this motion, I'd like to put forward an amendment to the wording of the motion which would help to clarify the intended purpose. I have with me the appropriate number of copies of the amendment, and I would ask that they be distributed now. Do you want me to proceed, Mr. Speaker?

The Acting Speaker: Just wait for a few seconds, please.

You can proceed now.

Mr. McFarland: Thank you. Mr. Speaker, the motion as amended would strike out the words "to eliminate" and substitute the words "to phase out" as well as strike out "and fund education through general revenue" and substitute "over a 10-year period, gradually supplementing the loss from alternative sources."

Mr. Speaker, Motion 501 urges this government to immediately "eliminate the education portion of property taxes and fund education through general revenue." The amended wording would call for the phasing out of the education portion of property taxes over a 10-year period, resulting in its elimination. Doing the same thing, just taking a little longer. While doing so, we would see a gradual supplement to the loss in funding from alternative sources. It's my opinion that the amendment would serve to clarify the intent and philosophy of the original motion by setting out a reasonable long-term plan to accomplish the same proposed goal. The motion as it stands currently calls for the government to absorb a large loss in education funding in a very short period of time. Phasing out the education portion of property taxes rather than directly eliminating it would help the government and municipalities ease through the transition at a manageable pace.

The Alberta Association of Municipal Districts and Counties has recently asked that the government look at the idea proposed in Motion 501 so that we may have the opportunity to look at both its

strengths and weaknesses. The AMD and C supports this motion largely because a number of municipalities and counties have for a long time felt as though they didn't have enough money to supply the services that their citizens demand. Further, when the provincial government takes a large chunk of money out of this property tax for education purposes, it further inhibits the ability of cities, towns, villages, counties, and MDs to supply those services and programs.

This is not a new position for these municipalities, Mr. Speaker. They've argued for quite some time that they do not get enough money, they do not have enough power, and they cannot do everything they want to do. They argue this largely because they feel that they have to take on more responsibilities if they do not receive enough funding from the province to offset the increase in expectations. It remains to be seen whether or not this is reason enough to pass Motion 501. However, the AMD and C certainly makes a strong case.

Mr. Speaker, while I support the motion in principle, I'm of the opinion that it needs to be fine-tuned to take special account of the taxes levied on farmlands, not farmhouses, on farmlands. The proposed amendment definitely adds to the opportunity to accomplish such a goal as it calls for a 10-year transition, allowing government the opportunity to react to transitional woes and ensure that Alberta's education system stays strong, that municipalities receive adequate funding, and that Albertans are taxed fairly.

As I mentioned, one area of concern for many Albertans is the taxes levied on farmlands. Since farmlands are a contributor to the education portion of property tax, they need to be discussed today as well as throughout the phasing out period. Let's make a very clear distinction, Mr. Speaker. My concern is that farm residences are currently being taxed in the same manner as property inside of Alberta's towns, cities, and villages; that is, all farm residences and urban residences are assessed on the same principle of fair market value. In addition, however, the surrounding three acres of a current farm residence are also assessed at fair market value.

Alongside Motion 501 what we need to discuss further as we continue with this policy is that the consideration of the fundamental difference between farmland and residential land is what I am talking about at this moment. We need to consider fairness and especially fairness towards our enterprising farmers and young agriculturists.

Today I'd like to compare our farmers to our oil and gas sector. We know that government offers tax incentives for the development of resources on land from which the oil and gas is pumped. We offer this break as an incentive to the economic development that comes from the money made on these resources and the jobs that are created in this industry. I certainly will not argue against these incentives. The oil and gas industry has meant great things for our province, and it finances much of the rest of the country as well. We always do well to ensure that the industry is profitable for our province and for those who do the work.

We're not just reducing taxes for the oil and gas industry either. We're taking steps to reduce taxes in the name of economic growth. For example, we're eliminating the 1.5 cents per litre, the Alberta aviation fuel tax, for eligible international passenger and cargo flights. The logic behind this is that we're going to make Alberta's major international airports in Calgary and Edmonton preferred destinations for international flights. More flights mean more importing and exporting plus more international tourism. It makes sense, Mr. Speaker, but again it's a case of where a certain sector of the economy benefits from well-placed relief. Again I ask: given the importance of agriculture to Alberta, why do we not provide the same long-term incentive to the agricultural sector?

Agriculture is of great importance to our province, ranking just behind oil and gas in terms of the amount of money that the province

and Albertans earn from the industry. This government has always done well to recognize the efforts of our farmers – and make no doubt about it – through the financial support during the tough times that we've heard about for the past number of years, like drought or the current BSE border closure, but these are not rolled continually from one budget into another. Hopefully, they don't have to, but unfortunately Mother Nature predicts otherwise.

8:30

We always talk about the fact that the current federal government hamstringing our province's farmers by making them go through the onerous and socialist Canadian Wheat Board, so from time to time we have efforts to rid our farmers of the red tape of the Canadian Wheat Board. Through it all we continue to tax the land on the basis that all the land is a residence and, really, when we tax the total farm without paying mind to the financial and the economic importance of those farms to this province.

In 2003-2004 farms were taxed at a rate of \$5.57 for a thousand dollars of assessed value of land. This is the very same rate at which residential property is taxed. Essentially, what I'm arguing here is that there need to be tax incentives to keep our farmers working in that industry like there is in the oil and gas exploration industry.

Some may argue that my suggestion amounts to picking and choosing winners. Well, we're already doing that to the extent that some benefit already in the province from the examples I outlined, Mr. Speaker, just previously. We've achieved industrial growth by providing tax incentives in the way of eliminating machinery and equipment taxes in our manufacturing sector. The logic behind that tax removal is that it reduces the costs of putting up these larger plants and thus gives employers the ability to pay workers more or to grow their industry or simply the tax advantage over another jurisdiction in Canada. In turn, this results in a more qualified or educated workforce in our oil and gas or manufacturing sector. Again, the logic is that the more we pay our employees, the better the employees we'll have in the end.

The same, I would wager, would go for agricultural land. Farms, like other industries, are becoming more and more specialized in that we need to have farmers who have received the necessary training and education as well. Places such as Olds College do an excellent job in imparting this type of training to our agricultural sector, and it's quite well recognized that those young farmers who get a head start on the technology surrounding farming, like they do at Olds, are now more likely to run a far more efficient and successful farm.

As a province we're now just starting to view farms as a place of business not just as a place of tradition.

The Acting Speaker: Hon. member, I believe the allocated time for you has run out.

Hon. Member for Wainwright, you just wanted to make very brief comments on the amendment?

Mr. Griffiths: Thank you, Mr. Speaker. I'd like to thank the hon. Member for Little Bow for bringing forward the amendment. It's a friendly amendment, and I agree with it. The original wording tries to accomplish a lot of things over a short period of time while the amendment allows for greater transitions so the idea can be explored more. I encourage all members to support it.

Thank you.

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

Mr. MacDonald: Yes. Thank you very much, Mr. Speaker. On the amendment as proposed by the hon. Member for Little Bow, the first

thing that caught my attention about this amendment was the fine handwriting from the hon. member. Certainly, the education system that the hon. member enjoyed was excellent, because his penmanship is excellent, and in fact I would have to say it's even better than that that is practised by the hon. Member for St. Albert. This is very good indeed.

In regard to the amendment to Motion 501 one can't, I don't think, talk about the Wheat Board, and we talk about municipal finance, and then we talk about public education. That's a wide range of discussion, and it's a wide-ranging debate.

Certainly, municipalities are looking for sources of funding. They have been consistently told to do more with less. I think this motion and this amendment and the debate we're having this evening is excellent because I don't think there's a member of this House that doesn't recognize the extraordinary efforts that have been done by municipalities across this province to provide more and more services for less and less money. One would only have to look, if we were to leave this Assembly and go to the east on the MacDonald freeway, at the rebar poking out from the cement on the bridge, to know that municipalities all have significant funding difficulties.

Now, this amendment, Mr. Speaker, certainly would be in direct contradiction, as the hon. Member for Edmonton-Centre said earlier, to the Learning Commission, and certainly I hope that all hon. members of this Assembly will give the Learning Commission a chance. If we're going to give students a chance to succeed, well, I think we have to give the commission and its many recommendations also that same chance. If we are to support the amendment to Motion 501, how exactly is that an endorsement of the Learning Commission? Certainly, the Learning Commission was interested in allowing school boards to requisition their local residents for up to 10 per cent of the amount raised through the provincial education property taxes.

I'm not going to go into this in detail, Mr. Speaker, but I would urge all members of this Assembly in their spare time to certainly have a look at that recommendation on page 150 and give the report a chance to be implemented and hopefully to be very successful.

In light of other hon. members who have expressed an interest in speaking to this motion, I will cede the floor to another colleague. Thank you.

The Acting Speaker: The hon. Minister for Children's Services on the amendment.

Ms Evans: On the amendment, Mr. Speaker. Thank you. Fundamentally, I agree with many of my colleagues in the House about the need for municipalities to have adequate access to revenues for providing services. I think that that is of no dispute. Those of us – and there are many in the House this evening – that have actually spent time in government service at the local level have contemplated all of the difficulties of balancing the budget with the growing demands of the constituency.

However, in both the amendment and the main motion it seems to me to be clear that we are addressing property taxation as if it had a more inherent right to be assigned to municipal services than to the services that parents provide for their children through school. If we, in fact, take the amendment or the main motion to its ultimate, we are making an assumption that the parents themselves should not subscribe at the local level to providing any dollars for the service of their children while they are entertaining school.

That's a position I could take as a municipal politician, but as a parent – as a parent – I'm very aware that he who pays the piper calls the tune, and I don't believe as a parent or as a grandparent that I want any government removed from my immediate contact, which

frequently you feel if it's funding from a further source. I want to be able to talk to that school board about where those dollars come from and where they go in the education of my child and of my grandchildren. When we remove that right of the parent to direct some funding or assign some funding or contemplate how the funding is spent at the local level, we see education move even further away from the local authority.

If you take this amendment and the main motion to their logical conclusion, you could argue that school boards have absolutely no place in the delivery of education because there's absolutely no authority, then, or any funding that would be provided from the local level that would be subscribed to the local schools. So my view as a former school trustee would be that when we remove the responsibility for local funding of some descriptor or another, be it property taxes, user fees, or something that comes from the parents pocket at the local level, they have far less interest and incentive, far less authority and control, and it's their children that are going to those schools.

I'm sorry, Mr. Speaker; I cannot understand why this would be of agreement to anybody who is currently serving on a school board or who is currently sending a child to school. It seems to me that it will further antagonize that rift that occurs when people don't feel responsible for the dollars that are spent for a service they, themselves, are receiving.

So philosophically I cannot support either the amendment or the main motion, and I'm further concerned by the apparent interest of the members of the hon. opposition in pursuit of this motion. Scary.

8:40

The Acting Speaker: The hon. Minister of Energy.

Mr. Smith: Thank you, Mr. Speaker. It's not often that I rise to speak on a motion, but it's so well crafted and so carefully put together by the Member for Wainwright that I feel compelled to enter into debate.

Let's just review the education fees for a minute. Fundamental reforms that were put in from '92 to '96: achievement testing, charter schools, corporate pooling, parent advisory councils, consolidation of school boards. Those reforms have served education well, as we see. For example, the number 4 school in Alberta, St. Vincent De Paul, is located in Calgary-Varsity constituency. So what we've seen through education, Mr. Speaker, is a change in our positioning on it.

Now, let's also combine education with a sense of what's going on with this province, with this province that's growing at an unprecedented rate, where all the forecasters and marketplaces put Alberta in the forefront of economic growth. Let's just dream for a second and go back to Diane Francis's comment: Alberta has the chance of being the Switzerland of North America, the Hong Kong of North America. Why don't we eliminate property tax? Why don't we eliminate the education and property tax, and why don't we go one step further: why don't we eliminate income tax? That way we could be the only province in this dominion where you do not have an education tax, you do not have a personal income tax. That's about \$6 billion, Mr. Speaker.

I've got to tell you that the stampede of people to come in here, spend their money – whether it be in rural Alberta, urban Alberta, small city Alberta, it doesn't matter. They would even come to Edmonton. That's how enthusiastic they would be. Yes. It's true. I can see opportunity at an absolute rush when you take a look at the fact that there would be no education tax, no provincial portion of education tax, and no personal income tax. So you say: okay; that's a \$6 billion hole in the budget. Well, a little fiscal discipline is not always a bad thing.

But, secondly, there has always been talk about the introduction of a consumption tax in this province, ultimately designed to be the most fair component of taxation in the world. You don't want to pay tax? Don't buy anything. Just that simple. So, in fact, Mr. Speaker, you could still be competitive from a tax position, a consumption tax position, with the rest of Canada, and you would be a tax-free haven that would create thousands, hundreds of thousands of jobs, a better education system, an accountable education system, and for that reason I'm more than pleased to support the member's motion.

The Acting Speaker: Hon. members, I just want to make an observation. This is a private member's motion; it's not a government motion. So just take that into consideration as you respond to the amendment that is before you.

The chair recognizes the hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Speaker. It's quite evident to me that this is a private member's motion, or we wouldn't be hearing the contradictory and, in some cases, very strange comments from different ministers on this matter.

I did want to raise a question. Unfortunately, we don't have the question and answer portion when we're dealing with a motion. But I did want to ask the hon. Minister of Children's Services whether or not it was the type of tax that she felt distinguished the school board or the fact that the school board levied it – now, you've got a tax on property or you've got income tax, and most citizens pay both; even renters, for example, Mr. Speaker, pay property tax through their rent; it's collected by their landlord and remitted to the municipality – or whether or not it's the fact that the school board has some control currently over the property tax.

I'd remind the hon. minister that the school board no longer has that control given the so-called reforms of this government of several years ago that took away the right to levy property tax from school boards and centralized it in the hands of the provincial government. So school boards no longer have the capacity to set a mill rate, and the municipality no longer collects property tax on behalf of school boards but on behalf of the provincial government. It's that move, Mr. Speaker, of the provincial government into the jurisdiction of local government that I think sets the stage for the motion that we're discussing now. Since the provincial government now collects about half the property tax in Alberta and remits it to school boards according to its own formula, the old advantage, I guess, of local control, local accountability of school boards is gone.

So the question is: what should we apportion the property tax to? Property tax was originally envisaged, at least in my understanding, to provide services to property, and that is the property that municipalities deal with. So police, fire, and so on: those kinds of services that a municipality provides are those ones traditionally associated with a property tax. Notwithstanding the comments that have been made about the Learning Commission and some of the recommendations found in that, the Alberta Urban Municipalities Association has established some important policy with respect to this.

Now, it's clear that municipalities have struggled, not just in Alberta but across the country, to deliver the services that their citizens demand. I would remind members of the Assembly that they have always done that in a very fiscally responsible manner. They have never run deficits. They're not allowed to run deficits, and they've managed to provide a wide range of services in an efficient way, in a way that provincial governments and federal governments, including this provincial government, can only envy. But it is difficult, indeed, to meet the needs of a modern city based on a tax that is just simply intended to provide services to property, more so since half of that tax is taken up to provide for education.

8:50

So either the provincial government should clear out of the property tax collection – again, it's not the school boards that are collecting this; it's the provincial government. They should either clear out and give the full room to municipalities and fund education exclusively from income tax and other revenues of the province, or they ought to provide some form of revenue sharing to municipalities that would allow them to meet their needs.

As municipalities have developed and changed, the kinds of services they have to provide have become more expensive and more extensive. They are expected to provide recreational programs that go far beyond just the community rink or the soccer field at the local school. They have to provide mass transit; they have to deal with housing. They have to deal with all sorts of things, Mr. Speaker, that were not intended for the property tax, much less half the property tax as the situation is now.

So the province needs to do something. There's been a commitment by the federal government in part due to pressure from the Federation of Canadian Municipalities, ably led by Jack Layton, who was the president of that organization and is now the leader of the federal New Democrats and has developed a very, very strong municipal policy. Paul Martin, the Prime Minister and leader of the Liberal Party, has responded partly with a stronger position, and the hon. provincial Finance minister has rightly pointed out that the cheque is still in the mail and municipalities have yet to see it. So we will see.

The point is that the federal government at least is making noises about helping municipalities meet their financial obligations and their increased demands for services, and so should this provincial government. This motion, I think, goes a long way towards doing that. It's only one way to do it, but it is consistent with the principles established by the Alberta Urban Municipalities Association. They have said as their guiding principle number one that

Municipal Governments must have the fiscal capacity to fulfill their mandate through:

- primary access to the property tax base; and
- other stable long-term and progressive sources of revenue.

Mr. Speaker, it was with some excitement that I saw this motion and was prepared to support it, only to find that the Member for Little Bow's motion will completely emasculate the original motion. Keep in mind that motions are just recommendations to the government and do not require the government to carry them out. So you can be a little stronger in your motion because if the government has other needs it needs to balance, it doesn't have to follow it. To take away the guts of this motion by taking out the words "to eliminate" and substituting "to phase-out" and by striking out "and fund education through general revenue" and substitute "over a 10 year period, gradually supplementing the loss from alternative sources" is to turn this into a completely wimpy motion that says virtually nothing, that gives the government far more wiggle room than the government even needs in its wildest dreams.

So I'm not going to support the amendment, because I think it is an attempt to just rip the soul out of this motion and make sure that nothing really happens. I'm surprised that the mover of this motion has stood here and supported this amendment because it has the effect, quite frankly, of just completely neutering the motion and leaving it meaningless, Mr. Speaker. I would urge hon. members who do believe that we need to give a better deal to municipalities and who do feel that the way to do that is to get the provincial government out of the property tax business and leave the tax room for municipalities to oppose this amendment and then to support the main motion without the amendment.

Mr. Speaker, just to conclude, it is time that we had a new deal for

municipalities. The federal government is making noises of going down this road. Municipalities have fought for this many, many years at both the federal and at the provincial level. It's time for the province of Alberta to get in the game, get with the program, and realize that municipalities provide more value per tax dollar than any other order of government and they need the tools to do the job, Mr. Speaker.

Thank you very much.

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

Mr. Vandermeer: I just want to say because of the time constraints that we have this evening that I support this amendment, and I also support this Motion 501, and I'd like to call for the question on the amendment.

[Motion on amendment carried]

Mr. Klapstein: Like many of my colleagues I spent a good number of years in local government, both municipal and in education. I think the question is: is property tax a fair tax? I can accept the fact that property tax is probably fair for municipal purposes because generally it relates to services to property.

However, when you look at the education part of it, what is the fairness in the fact that it's the form of the wealth that attracts the tax? If I sell a piece of property and put the money in the bank, it does not get taxed for education, but if I have real estate property, it gets taxed for education. The next step is: it's a deemed value or deemed wealth. If a young couple starts out and pays 25 per cent down on a home, the very next day they're deemed to have a hundred per cent of the value of that house as their wealth, and they're asked to pay accordingly.

The other issue I have with property tax is that it's a tax that you expect people to pay whether or not they have income. If somebody once has some income in their hands and they're asked to give a portion of it in income tax or a consumption tax, that's far more fair than telling someone who's going broke that they have to find some money somewhere to pay for education.

We had classic examples of that in our own experience. The Nisku Business Park was virtually a ghost town in the early '80s. Companies were going broke, but we still said: pay your education tax. Farms, in like manner, were going broke, and we said: pay your education tax whether or not you have money. So I think it's far more fair to take money from people when they have it in their hands when it comes to education.

I guess I can go on and give other examples of how I feel that it's not a fair tax when it comes to the education portion of it. To make the argument that if it has anything to do with school boards – well, that changed in 1994, and since that day the government has collected the money and the government allocates the money. So it's not tied to whether or not there's an education tax on property at all.

So those are my comments on the matter for the moment.

The Acting Speaker: I regret that the allocated time for this portion of the business has now run out.

head: 9:00 **Consideration of Her Honour
the Lieutenant Governor's Speech**

Mr. Griffiths moved that an humble address be presented to Her Honour the Honourable the Lieutenant Governor as follows.

To Her Honour the Honourable Lois E. Hole, CM, AOE, Lieutenant Governor of the province of Alberta:

We, Her Majesty's most dutiful and loyal subjects, the Legislative Assembly, now assembled, beg leave to thank you, Your Honour, for the gracious speech Your Honour has been pleased to address to us at the opening of the present session.

[Adjourned debate February 19: Dr. Oberg]

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

Mr. Johnson: Thank you, Mr. Speaker. I count it an honour and a privilege to respond to the Lieutenant Governor's Speech from the Throne, entitled *Heading toward Alberta's Second Century: A Proud History, A Promising Future*.

As a recently appointed chair of the Alberta Research Council's board of directors, I was pleased to hear our government identify innovation as a key priority in the provincial throne speech. Unleashing innovation will be key to meeting our goals of improving Alberta's competitiveness in world markets and making Alberta the best place to live, work, and visit. This evening I would like to address the innovation challenge before us and tell you how the Alberta Research Council has been responding.

Before I do that, let me share a definition of innovation. Part of the challenge we face in moving this agenda forward is to establish a common understanding.

Innovation encompasses the process of creating economic value from knowledge through the discovery, development, and deployment of ideas to produce new and improved products, processing, and services. There's no doubt that we've made significant progress to strengthen fundamental and discovery research. Our record in generating wealth from this knowledge investment, however, requires focused effort. Just how big is the challenge before us? The federal government is committed to doubling R and D growth expenditures from \$21 billion to \$49 billion by 2010 to move Canada from 15th to fifth place in terms of world R and D. To get Alberta to the same level, we would have to grow from \$1.1 billion to \$7 billion by 2010.

Our government through the Alberta Science and Research Authority, or ASRA, has been very proactive in addressing this challenge. They have spelled out a four-pillar strategy: life sciences; energy; ICT, or information and communications technology; and technology commercialization. Our increased investment in research through the Ministry of Innovation and Science has moved these strategies forward, but government investment in R and D is still largely focused on basic research. While very necessary, this is not sufficient to unleash the real value of innovation: jobs and wealth.

Successful innovation economies typically invest three to four times the level of fundamental research in industry-relevant applied research. Canada is about one-third that level and Alberta even less. Every successful innovation economy in the world also has intermediary organizations filling the gap between early-stage R and D and commercialization: doing contract work; assisting small and medium-sized enterprises, sometimes known as SMEs, with their R and D and technology needs; and performing research that supports the public interest.

The Alberta Research Council is just such an organization. Innovation is our business. As the first and largest provincial research organization in Canada ARC offers an unparalleled mechanism for this government to move its innovation agenda forward. For more than 80 years now we have worked to capture the value of investments in research to create wealth in the form of new products, processes, and services that enhance Alberta's competitiveness in world markets and ensure our economic prosperity. ARC continues to be instrumental in moving government innovation priorities forward.

I'd like to provide you with some examples this evening of how ARC activities support our aspirations as a government. The February 17 throne speech states that this government will focus on knowledge-based industries and technologies to expand the province's capacity for innovation. The Alberta Research Council is uniquely positioned to bridge the innovation gap between laboratory and marketplace. ARC creates wealth in the form of new products, processes, and services that enhance Alberta's competitiveness in world markets and ensure our ongoing economic prosperity. ARC acts as a strategic agent of ASRA, performing applied research and development focused on energy, life sciences and sustainable resource development, and technology commercialization.

The corporation supports provincial innovation strategies by assisting small and medium-sized enterprises, known as SMEs, with their R and D and technology needs and carrying out research that supports the public interest. Examples include, one, the development of new varieties of native plant species for use in reclamation and horticultural purposes. This work merited both Emerald and Alberta Chamber of Resources awards. The second example: an integrated manure utilization system, sometimes known as IMUS, being developed and demonstrated with Highland Feeders shows the promise of converting manure into energy. Third, the development with Tolko Industries Ltd. of a new container flooring product using Alberta aspen, currently being tested in Asia. A fourth example: a partnership to commercialize a vaccine to reduce the threat of E coli in cattle and ensure cleaner drinking water. Finally, the fifth example: research on blackleg disease in canola, which has an annual potential value of \$180 million to the prairies' agricultural economy, generating \$58 for Alberta agriculture producers for each \$1 invested by ARC.

Now, adding value to our primary resource industries such as forestry and agriculture is key to Alberta's future competitiveness. This is a critical role for ARC in working with these industries. For instance, ARC's work with the oriented strandboard, known as OSB, industry has resulted in a globally recognized centre for excellence in engineered wood products.

The throne speech also talked about expanding on the work taking place through the Alberta energy innovation strategy to ensure that Alberta continues to lead the way in energy innovation and research. ARC's energy programs have an established track record of developing more efficient energy technologies and production processes to recover higher levels of Alberta's energy resources more efficiently and with reduced environmental impacts. In fact, third-party evaluation of the AACI, the Alberta Energy Research Institute/ARC core industry research program, a combined research program, showed a multiple of 12 to 1 on the government investment values, the direct economic impact of this program at close to \$35 million per year, and credits its significant responsibility for creating \$2.9 billion in annual economic output.

The energy industry often demands that unproven technologies be demonstrated in the field before they will risk significant capital or the natural resource itself. In addition to ARC's considerable energy R and D capabilities, the organization's focus includes deploying technologies through field demonstration and larger scale pilot projects. An example is the enhanced coal bed methane technology, which has undergone significant field testing in central Alberta over the past several years.

The throne speech suggests creating a life sciences institute to coordinate research taking place across the province in areas such as agriculture, environment, health, and water research. ARC has proposed development of a life sciences technology development centre to position Alberta as a visible and credible location for developing and commercializing life sciences technologies and

products. The centre will provide specialized support to life science companies as they evolve from discovery and applied research through to product and process development, scale up, and market entry in an industrially oriented setting.

The Lieutenant Governor in the throne speech talked about the need for continuing focus on research and technology commercialization directed at providing opportunities for Alberta-grown innovative products and services to be developed. It is in this area of technology commercialization that ARC is really poised to make a significant contribution and, in fact, already stands far ahead of the pack in its ability to move the Alberta strategy forward and unleash innovation. Over the past five years ARC has generated a total of \$12.1 million in revenues from commercialization, a 14-fold increase since turning its attention squarely on this area.

Much of Alberta Research Council's success is due to the strong networks and partnerships that have been built with industries, universities, and governments to capitalize on each organization's respective strengths and deliver the best results possible on our research investments. For example, ARC's work with universities and colleges supports collaborative research projects, commercialization activities, and university internship and co-op programs. Many of ARC's employees are adjunct professors at local universities, and they also provide scholarships to some of the brightest minds for graduate level work in science and technology. ARC is striving to become the go-to organization for Canadian universities seeking to commercialize their research.

9:10

Finally, Mr. Speaker, the Lieutenant Governor in the throne speech committed to establishing a provincial water council this spring to manage water resources for future generations. ARC's integrated resource management program provides a science base, knowledge, and technological support to ensure the ongoing sustainability of Alberta's natural resource industries including water resources and water management strategies. ARC also supports more effective water use strategies through technology development for specific industry sectors. A recent example is the development of an industry-supported water management consortium to help heavy oil and oil sands operators identify and demonstrate more effective water management strategies.

Operating companies are increasingly expected to include water conservation, recycling, reuse, and discharge technology strategies as part of their licence approval process. Working with these companies, the ARC consortium will develop and prove new extraction technologies that reduce fresh water consumption as well as technologies to help capture and recycle process water for reuse in the surface extraction of bitumen from oil sands.

Mr. Speaker, thank you for the opportunity to tell you a little about the exciting changes taking place at the Alberta Research Council and how the organization supports this government's innovation agenda. In the short term that I've been associated with ARC, I have been impressed by the depth and breadth of the company's capacity and by their efforts to propose, enhance, and support provincial strategies. I believe the Alberta Research Council represents a natural competitive advantage for this province. All of us need to nurture and support that capacity to move our innovation agenda forward.

Thank you, Mr. Speaker.

The Acting Speaker: Standing Order 29?

The hon. Member for West Yellowhead.

Mr. Strang: Thank you, Mr. Speaker. Thanks for the opportunity

to respond to the Speech from the Throne. At the outset of my comments I'd like to join my colleagues in thanking Her Honour for her dedication to Alberta and to the sovereign she so gracefully serves. It's always a pleasure when she attends us here in the Chamber, and last Tuesday was no different.

As I sat and listened to the speech, Mr. Speaker, I was struck by several things. Her Honour, of course, is a provincial representative for Her Majesty the Queen, and it is rumoured that Her Majesty will be visiting Alberta next year for our centennial celebration. I cannot help but think of the tremendous changes that have taken place since the Queen's great-grandfather, King Edward VII, was on the throne and oversaw the creation of our province.

At that time Alberta was a struggling outpost of a still young and inexperienced nation, a province that was striving to find itself among the tremendous resources it possessed. In less than 20 years Alberta and her people had already participated in the Great War and were slowly ebbing out of the boom of the '20s into the worst economic crisis this nation and this continent, for that matter, has ever seen. In another 20 years of this young province's history we went through yet another war that left our territory untouched but still managed to affect a whole generation of Albertans.

By 1965 Alberta's future would be changed by the discovery of rare and precious resources, transforming our economy and our government in the process. Over the course of the coming decades our province would strive and grapple with its blessings and curses of our abundant natural resources, which, of course, brings us to today, after a decade of dealing with excesses of the late 1980s and now ultimately positioned among all provinces and territories to shape the course of the 21st century for the better.

Yes, Mr. Speaker, when Her Majesty visits next year, she will find a vibrant, optimistic province, embodied by its past and ready for the future. The Queen will also no doubt find a province that's understanding of how quickly time flows and the need to outline a plan and strategy for the future, which brings me to the centrepiece of last Tuesday's throne speech and the outline of the 20-year plan that will help this province build on the many successes of the past 100 years and create even greater success in the century to come.

Mr. Speaker, I'd like to focus my comments today on why this plan is so important to the future of Alberta and why it is a plan that moves beyond catchy phrases and generalities to reality and truly affects in a meaningful way Albertans from across this province.

Throughout the West Yellowhead constituency there are many challenges. The West Yellowhead constituency has coped with the loss of jobs due to the restructuring of many key industries like coal and forestry. It has not been easy, Mr. Speaker, as families struggle to main security and economic well-being, but in this atmosphere of difficult times the people of West Yellowhead turn to find new and innovative ways to make their communities better places. This is where the new plan becomes so important, for it is a plan that helps communities, industry, and individuals succeed. Part of that involves "unleashing innovation," the first pillar of the 20-year plan. Unleashing innovation involves adding value to the natural resources of our province. Instead of exporting our raw resources, it is time Albertans start exporting Alberta products.

In the Edson area two outfits, Talisman and Sundance, will be constructing cogeneration plants to help capture what once was a lost resource. Sundance Forest Industries Ltd., more specifically, is building a nine-megawatt cogeneration plant to help control their costs inside their forest product operations.

In the Edson, Hinton, and Grande Cache area it goes without saying that the forest industry is struggling to cope with the softwood lumber dispute. This is a serious situation, Mr. Speaker, and I will continue to encourage the government to resolve this most difficult

issue. I cannot overstate the real importance of this matter to my constituents and, in particular, to the people of Edson, Hinton, and Grande Cache.

Yet, despite all this, innovation is still happening. In the Grande Cache area the constituents are trying to turn the closing of a sawmill into an opportunity by developing a new log-sort yard. To these people, Mr. Speaker, the government's commitment to a long-term, value-added plan is more than just words. It is the endorsement and encouragement of the valuable work that they are presently undertaking.

In the gas industry natural gas is located up and down the eastern slopes. The communities of Edson, Hinton, Grande Cache are doing well in this area. The pipeline to Grande Cache is helping this community, and we are seeing more and more exploration taking place.

Now, on coal. Cheviot, the replacement mine for the Cardinal River Coal mine, is looking very positive to come on stream later this year. In Grande Cache the Grande Cache Coal Company has received approval to operate number 7 underground, and they are planning to try and do the same thing with the number 8 surface mine and the prep plant, hoping to open this spring. And, Mr. Speaker, Milner Power of Calgary has purchased the H.R. Milner plant and is going to purchase coal from Luscar Ltd. in their Coal Valley operation to help run their coal-fired plant.

Mr. Speaker, unleashing innovation doesn't necessarily involve physical resources; unleashing innovation also involves unleashing human potential. I must applaud the government and the efforts of the departments of Economic Development, Sustainable Resource Development, Human Resources and Employment, and Municipal Affairs, in particular, for helping the people of Grande Cache to develop a plan to diversify their economy. The departments in a meeting on December 11 committed to help the town of Grande Cache, and while there are no easy answers at present, I'd like to sincerely thank those departments for their assistance and their commitment to the town. We are moving things along, and important progress is being made.

The government has also been crucial in helping Grande Cache and Jasper develop tourism industries. Workshops are being developed, and strategies are being developed to help the towns and areas attract visitors to this wonderfully historic and scenic area. In Jasper, for instance, plans are underway now to capitalize on the upcoming centennial year. Interested parties from around Jasper are co-ordinating their efforts under a single theme and structure – Jasper, Wonderful by Nature – to encourage that Jasper is well positioned to capture and expand their tourism potential.

9:20

On a larger scale, Mr. Speaker, communities throughout my constituency are striving to make the fourth pillar of the plan – "making Alberta the best place to live, work, and visit" – a reality. The towns of Hinton, Jasper, and Edson have come together in a successful and totally co-operative bid to host the 2006 Alberta Winter Games. This spirit of co-operation is a credit to the remarkable people in the West Yellowhead constituency, and I cannot be more happy that their efforts were successful. I know that the games that will be hosted will be among the best ever.

That spirit of co-operation is also prevalent in other areas as well. Communities from around the West Yellowhead constituency have come together to help form the Grande Alberta Trail. The trail is a 1,200-kilometre circle tour of highway routes through a diverse collection of communities that profile spectacular attractions and adventures and activities.

Mr. Speaker, the other two pillars of the plan – "leading in

learning” and “competing in a global marketplace” – are also prevalent in the West Yellowhead constituency. It is through education that this province will be able to adapt and create the new opportunities in industries that will be necessary for the next 100 years, as well as for the way in which our constituents deal with other people from around the world. In many aspects this 20-year plan is about people and helping them direct where the province will go, and it is to them and their interests that we must always be dedicated.

In 1997 during my maiden speech I pledged to take this opportunity to work with the government and to serve the interests of West Yellowhead constituents in a dependable, balanced, and open manner. I hope that I’ve done so in the best tradition of this Assembly. When it comes to the interests of the West Yellowhead constituency and the entire province for that matter, I firmly believe that the 20-year plan and the specifics that will follow in the course of the next several weeks and months is an important vision that will serve the best interests of all constituents of this great province. I look forward to working with the government and the people of West Yellowhead in making this vision a reality. I would like to thank the people of West Yellowhead for their kindness and support, and thank you, Mr. Speaker, for the opportunity to respond to the Speech from the Throne.

At this time I’d like to adjourn debate.

[Motion to adjourn debate carried]

head: **Government Bills and Orders**
Second Reading
Bill 4
Blind Persons’ Rights Amendment Act, 2004

[Adjourned debate February 19: Mr. Lougheed]

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

Dr. Taft: Thank you, Mr. Speaker. This bill is one that’s led to a number of calls and meetings at our caucus office and our constituency office. It’s a bill that touches close to the heart of all human beings concerned with those who maybe go through life or face day-to-day life with a disability, in this case a bill that’s focused on the disability of blindness. I know that I myself have two relatives at least and a close friend who are legally blind. One actually was blind from early in childhood, and he grew up with that disability and has coped extremely well. The second became blind in middle age and as a result lost her job. She was a schoolteacher. She’s now on permanent disability insurance and has adapted extremely well with the help of the CNIB and with some other supports including a very supportive family. The third person, my aunt, actually went blind in her late 80s, and what’s particularly sad about that is that it’s really the only thing limiting her even now. She’s 94, I think, and other than her blindness she’s in extremely good health, but because of that disability she’s unable to travel or to do many of the things that she would like to do.

I’m sure all of us have experiences similar to what I’m describing. All of us have friends and relatives who have disabilities with their sight and will be following this bill very closely.

The object of this bill really is to update current legislation, and it does pretty well at that. I think it’s fair to say that we wish it went further and, in fact, brought in other kinds of disabilities so that people who are dependent, in this case, on service dogs to help them cope with their disability but may not be blind – they may be deaf; they may be prone to seizures; they may have other disabilities –

have the same rights extended to them and their dogs that blind people benefit from and will have enhanced through this piece of legislation.

What we’re seeing in this legislation is a broadening of the definition of “blind person,” and I think that’s fine. That allows for some flexibility, and frankly in our rapidly changing medical world it’s wise to have legislation that’s adaptable. I also notice that the bill increases the penalties for those people who use a white cane in public and are not blind, which is a reasonable thing to do. It extends certain provisions to dog trainers, to people who train service dogs for blind people, again a reasonable thing to do. Generally, it ups the penalties for discriminatory practices as well as for people who may be faking blindness.

So these are all steps forward in the legislation. It’s a good start on this whole notion. As I say, though, I think it’s our view that, in fact, this bill would be substantially improved if it went further. If a disabled person needs a service dog to cope with day-to-day life but they’re not blind, why should they be penalized? Why shouldn’t they have the same rights as people who are blind? So there is a shortfall in this bill, and I’m not sure if, in fact, perhaps we should consider some amendments to this bill. I don’t know what the reception to those might be from the government caucus, the Tory caucus, or the New Democrat caucus, but certainly from the correspondence we’ve received, we maybe will consider amendments to take this bill and make it better by applying it more broadly.

Mr. Speaker, with those comments I think I will wrap up for now, and if this goes into committee perhaps next week, we might at that point be able to present some amendments. Thank you very much.

[Motion carried; Bill 4 read a second time]

9:30 **Bill 1**
Alberta Centennial Education Savings Plan Act

[Adjourned debate February 18: Dr. Oberg]

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

Ms Blakeman: Thanks very much, Mr. Speaker. I’m pleased to have the opportunity to speak in second reading to Bill 1, the Alberta Centennial Education Savings Plan Act, this being the government’s flagship bill, introduced by the Premier.

I’m just profoundly disappointed that this is what the government chose as their flagship bill for this year. I don’t know how they can be proud of such an idea when it entrenches the concept of winners and losers. It entrenches inequity in the province. It’s not the best way to help our kids either now or in the future. It’s certainly not the best way to help our postsecondary students. Obviously, it’s generating some discussion, even out in public, from the government caucus itself based on my reading of the *Hansard* remarks of I think it was the Member for Vermilion-Lloydminster.

This is a gimmick. You know, there’s an amount of money that’s set aside here, and given the number of demands upon the budget and requests for immediate funding to address gaps or lapses, shortfalls in the current K to 12 budget, it’s unconscionable. “You know, let’s set this money aside today. Let’s not use it for what we need today in the education system. Let’s set it aside for something in the future,” especially when it can’t even address and be fair and be equitable to those Albertans in the future.

I think that for many of us that have constituents who are struggling financially, perhaps even budgeting very close to the line if this is their first child and they’re not earning a lot of money – or perhaps it’s a third or fourth or fifth, and they’re being very careful with their finances. There are a number of constituents who will not have the

wherewithal to be able to open the registered education savings plan with the required hundred dollars. So right there we have the government putting in . . . [interjection] Well, that's what the banks are asking for. I had the Minister of Justice telling me that that was the set-up the other day, so if you want to argue, argue with your own colleague.

We will not be able to offer this across the board to Albertans. This is an unfair situation. The government knows that going into it. This is their flagship bill, which is entrenching inequity, which is entrenching that children that are coming from families in strained financial circumstances stay there because they can't get the account open with the required amount of money. So the account doesn't exist, and the government is not going to put in the \$500 now and whatever additional funds they were contemplating later on.

If the government was really concerned about education for our children, I think they could be investing that money in smaller class sizes. They could be funding the recommendations of the Learning Commission. We had the Learning Commission come forward with 95 recommendations, whatever it was. The government has said that they're accepting 84 of them, but then they don't have the money to fund them. So how is that accepting them? They're not. If they don't have the money to fund it and if it doesn't come out in the budget in a couple of months, then it was a very empty promise to follow through and accept those recommendations. So if you want to look for where to spend money to uphold education K to 12 now, fund the recommendations of the Learning Commission.

The government could eliminate school fees and use the money to cover the shortfall there if you eliminate those school fees. Every September I get phone calls from parents who are going: "How come I just had to write a cheque for \$450 for two kids? How come I just had to write a cheque for \$600 for three kids?" This is the level that parents are now paying school fees for everything from photocopying to lockers, and there's still a question about why that isn't a taxable benefit. You know, we pay taxes already for education, and we pay a levy through the education property tax to pay for education, and then parents are walking in the door in September and they're laying out more money. So I think that eventually that's going to get challenged through Revenue Canada.

If we wanted to make sure that we had children that were engaged and interested and motivated to partake in postsecondary education in the future, then start now by lowering tuition fees so that the current crop of students can get through education without such an enormous debt that they can't afford to have those future children, which is a high likelihood, I think.

I mean, if we're really concerned about Alberta's children, then let's be making sure that no Alberta child lives in poverty, if we're really serious about that. But we're not serious. We want a gimmick bill that the government can wave around and say: see how much we care. Well, I don't think the government does care. If they're not willing to follow through on their own Learning Commission recommendations, if they're not willing to ensure that no Alberta child lives in poverty, if the government is not willing to fund education adequately now, if the government is not willing to make university or postsecondary education tuition affordable for students, I don't think there is a commitment to children now. I've heard some very heartwarming stories of grandparents that are sitting members who started registered education savings programs for their children and now for their grandchildren, and that's a commendable idea, but what this government is proposing here just doesn't measure up to the heartfelt generosity of what I've heard in this House. That's not what's intended behind this bill.

You know, we have a situation currently in postsecondary education where for every dollar in tuition I think it was 10 years

ago, when this government first came in, there was \$10 in government funding into postsecondary education. What did we have in 2002? For every dollar of tuition the government is putting in \$2.43.

Let's talk about individual funding of students. We have student loans assuming that middle-income families or lower income families will be financing students. Well, that doesn't necessarily happen. Students choose areas to go into that their parents or family are not supportive of. There are all kinds of reasons why the family is not able to fund the students, and that means that they're out. You know, because they're supposed to be coming from a so-called well-to-do family or middle-income family, if that family is not funding them, the students are not eligible to take advantage of the government-assisted programs. So they're going to the banks for loans, and we have students coming out of university with \$20,000 to \$40,000 debts on their shoulders. That's an immediate intergenerational transfer of debt, in my opinion, and this government has been very successful in doing it in less than a generation. They downloaded that debt directly onto the shoulders of the students we have in postsecondary educational institutions.

So do I find much commendable in this piece of legislation? No, I don't. Am I willing to support it? No, I'm not. I don't think the government is serious about it either. As I said, if they were serious about supporting children, there were a number of other things they could have done to support children.

Mr. MacDonald: You're not going to wait until you hear the Premier speak?

9:40

Ms Blakeman: I've heard the Premier speak on this, and it obviously didn't convince me that they were following through on any of this. If you're serious about following through with assisting any of our students that are in postsecondary educational institutions, NAIT or SAIT or any of the colleges or the Alberta College system or any of the universities, then that's about tuition, that's about availability of student loans. None of that's happening here. This is just a gimmick bill, and it's unfair. It is picking winners and losers, certainly amongst those that have the luck to be born into a family that can afford to open a registered education savings plan. What's fair about that? It's not. What's equitable about treatment of that child? It's not.

So there are just a number of deficiencies that are created by this bill and deficiencies that have not been addressed by this bill. It's very disappointing in the year 2004 that this is the best that the government can come up with. I mean, this government is a master of propaganda. This was the best propaganda bill that you could come up with? Please. You know, I'm sure that you could have done better if you could have tried a little harder. This is pretty poor.

Mr. MacDonald: What other examples of this propaganda?

Ms Blakeman: Well, you're better at that than I am. I'll let you take a go at that.

The idea that everybody is supposed to pay their own way, that all things come down to a user fee that is such a major tenet of this government's philosophy, does not understand that education is an investment. It's an investment in the future. It's why we all pay property tax, and everybody pays educational property tax understanding that that investment in the future is shared by all of us and for a good reason. We're a better society if we have an educated population. But this doesn't follow through on that because some children are able to take advantage of it and some aren't.

I have a little tickle of a worry at the back of my head that this is

putting in position that in the future there will be no government funding or no government support for postsecondary education, and families will carry the full freight of the cost of sending their children to any kind of postsecondary institution. Is that the glimmer that we see in this bill? Is that what the government is setting up for us, that you better get started on this one because that's the only way that anyone is going to get any kind of higher education in this province? I sure hope not, and I hope that that's not what I'm going to see 20 years from now.

I'm just profoundly disappointed in this bill, and I'm not willing to support it in any way, shape, or form at this point. I appreciate the opportunity to speak against the bill in second reading. Thank you.

The Acting Speaker: The hon. Member for Calgary-Egmont.

Mr. Herard: Do we get a chance to comment or ask questions?

The Acting Speaker: Not on this speaker, but from here on.

Mr. Herard: Okay. Thank you.

The Acting Speaker: Hon. members, the table officer is just correcting me that Standing Order 29 does apply here, so, yes, you can ask a question.

The hon. Member for Calgary-Egmont.

Mr. Herard: Well, it's more an expression of how disappointed I am that my MLA – when I live in Edmonton, she's my MLA – would speak so badly of this bill. It's just a few comments, Mr. Speaker.

She speaks of inequities. I had a constituent call me with similar concerns until we talked about the heritage savings trust fund. When it began to provide scholarships, Rutherford scholarships, there were similar comments made at that time, that it doesn't apply to last year and the year before and every other child in the province. But I think that if we look at it today, it has distributed hundreds of millions of dollars in scholarships, and I don't think everybody is complaining about it today as they did back then.

I think that the hon. member is confusing a couple of things. You know, there are always more and more and more things that you can spend on, and there's very little opportunity in government to invest, although we talk about investment. Invest in education. Invest in health care. Well, this is an investment. Now in terms of . . .

The Acting Speaker: Hon. member, brief comments.

Mr. Herard: Okay. One more quick one.

The hon. member is concerned that there may be a fairly significant segment of the population that may not be able to afford to get into this. Let me assure her that there are at least three plans being considered in regulation to assist those of lower income including and not the least of which one that was announced by Prime Minister Martin, who likes what we're doing so much that he is going to actually create one for low-income Canadians, so we're going to wait and see what he has in the budget with respect to his plan before we finalize ours. But rest assured, hon. member, that this is made for the inclusion of the poorest of the poor.

Thank you.

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

Ms Blakeman: Well, thank you. Always interesting to see members opposite become engaged in the debate, but I'm particularly

interested in how that member responded to his colleague the Member for Vermilion-Lloydminster, who raised many of the same points that I did in underlining the inequity that is inherent in the bill: how he can't look his own constituents in the eye and agree that this is a fair bill because of the money that's lacking in the schools there and also pointing out that picking winners and losers because it's not dealing with some of the apprenticeship and other . . . [interjection] Well, the member is welcome to look under February 18 of *Hansard*, pages 44 and 45, if he's wondering exactly what the Member for Vermilion-Lloydminster said. But that was certainly one of his concerns: picking winners and losers.

So obviously there's division, at least one dissenting opinion in the government caucus about the importance of Bill 1, and I'll remind you again that the flagship bill of the government has its own backbenchers disagreeing with it.

Thank you.

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

Dr. Taft: Thank you. I rise to speak to this bill myself.

The Acting Speaker: You have been recognized to speak on the bill.

Dr. Taft: Thank you very much. That's what I'd like to do.

This bill is already memorable for the debate it stirred up within the government benches. I find that my reactions to it have shifted the more I've thought about it. The more I've thought about it, the more concerns I've got, and the more people I've spoken to, the more concerns I've got. Somebody I spoke to likened it to George Bush's mission to Mars in the idea that this is an announcement that grabs some headlines, but it's going to take decades before it pays off, and all the costs are going to be placed on future governments. I'm all in favour of long-term planning, but it should be good planning.

I think there are some serious, serious flaws in how this is going to be enacted. Most of those flaws have already been touched on here. One is the question of fairness, or unfairness, in this bill. The questions of fairness arise from several perspectives. One which has been mentioned before by people on all sides of this House is that suddenly choosing babies who were born in 2005 and leaving behind all the kids who were born before that is unfair. It's certainly not the fault of a baby born in 2004 that they happened to come along when they did and because of that won't get the money.

I think there are questions down the road of the fairness. Who's going to be eligible? Who's going to actually be able to undertake the initiative to apply for an RESP and qualify? I do think that we are going to see that the families who are already better educated and already have higher incomes have a much higher uptake of this program than those families who will need it the most. I'd be surprised, for example, if the uptake on this program by aboriginal Albertans is the same as it is for nonaboriginal Albertans. I'd be surprised if the uptake on this program by children born into families without postsecondary education is as high as the uptake of children born into families where there is postsecondary education. We will be, through this program, increasing disparity in this society, and I think that's a problem and it's fundamentally unfair. In fact, it's the exact opposite of what this kind of legislation should do.

9:50

This bill also raises questions about implementation, and the Member for Calgary-Egmont, who sponsored the bill, mentioned that regulations are in progress. Well, we don't know what those

regulations are. As is typical of this government, we never see the regulations until after the legislation is in place.

But there are a lot of questions to be asked here. What happens to children who are born in 2005 and after, have the plan opened for them, and then tragically die? What will happen to that money? Or what happens to children born in Alberta who qualify, get the money, and then their families move to another province or another country? Or what happens to children whose families qualify for the money and then they decide not to attend postsecondary education? These are all serious, serious questions, and we have no idea how they're going to be answered. So I could feel more comfortable with this bill if there was a bit more detail, but as it is, I'm being asked to vote on something which just has too many unknowns around it.

So with those comments, Mr. Speaker, I will take my seat and watch the debate as it unfolds. I would like to give full credit to all members who stand up and express their views on this, no matter what those views happen to be.

Thank you.

The Acting Speaker: Standing Order 29. The hon. Member for Calgary-Egmont.

Mr. Herard: Thank you, Mr. Speaker. Just a very brief question. I think that what the hon. member has to do is read up on how RESPs are currently structured in Canada, and you will find that what we are doing is following exactly the federal formulas and all of the safeguards that they've put into RESPs over the years. In fact, the federal government has agreed to administer this whole thing on a single application for both the provincial and federal plans, so the bonus there is that there's going to be very little if any administrative cost to the province. So really, I would suggest, hon. member, that all of the concerns that you raised with respect to what happens when a child moves from here to there are all answered under the current RESP rules that exist today, and I would just ask you to maybe look them up.

Thank you.

The Acting Speaker: Hon. Member for Edmonton-Riverview, did you want to comment?

Dr. Taft: No. That's fine.

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

Mr. Mason: Thank you very much, Mr. Speaker. I'm pleased to rise and speak to Bill 1, the Alberta Centennial Education Savings Plan Act. Now, traditionally Bill 1 at the beginning of a session is a flagship piece of legislation. This has been quite traditional in our system across Canada, and many governments have made Bill 1 the focus of the image that they want to create, the focus of what they want to do, what is most important to them, how they want to be seen as a government. So going back many years, one example that comes to mind is when the Parti Québécois was first elected in the province of Quebec. Their Bill 1 was the language act because that was the thing that was most important to them, and we've seen many other examples across the country over time.

So Bill 1, I assume, is supposed to be a flagship piece of legislation for this provincial government. That's an interesting way to look at it, I think, Mr. Speaker, because it is a piece of legislation that contains within it such noble principles yet which fails so abysmally to provide any sense of equality or accessibility to education. It's as if this act is ignoring the entire rest of the government's policy with respect to education since the last election or even going back before that.

What we have, Mr. Speaker, is a government that has starved education. It has underfunded it, and it has allowed strife. It has allowed parents' groups, parents to go out and fund-raise for necessities, and it has allowed considerable inequity in the access to education.

Now, as we approach the election, Mr. Speaker, the government is attempting to rectify that, so we have seen the establishment of the Learning Commission. The recommendations of the Learning Commission have been, so far, generally accepted by the government, even including recommendations that indicate that those of us on this side and among parents' groups and educators who strongly claimed that education was being underfunded – in fact, those claims, which were ridiculed by the government and by the Minister of Learning, have been verified by the Learning Commission, and the government pretends that it never happened.

Mr. Speaker, what does the bill do? Well, the bill purports to help parents save for their children's education, and that by itself is probably a good thing. But what are they saving for? Well, they're saving for a postsecondary education that has become very much more expensive than it was just 10 years ago, and a big chunk of that has been because of the steady increase in tuition fees that the government has permitted – indeed, induced – postsecondary institutions to charge their students. Government policy is in favour of higher tuition for postsecondary education.

In fact, we had the Minister of Learning just the other night in here ask me a question in which he referred to a Toronto-Dominion Bank study that showed that tuition fees, if taken as an investment, produced a good return, as if earning 20 per cent on your tuition fees through your total earnings as an individual in the workplace was some kind of justification in a blanket way for policies that exclude many Albertans from the education that their taxes pay for. That way of looking at it, Mr. Speaker, is part of the problem. Quite frankly, if you look at it strictly as an economic investment, you don't see the full richness and value of pursuing a postsecondary education. It's a very, very one-dimensional view of education.

I just want to I guess indicate that having to save for costs that are too high is not necessarily a bad thing, but when those costs are far too high and when the same government that gives you the \$500 to start saving is also producing a policy that charges you thousands and thousands of dollars for tuition, you know, you begin to wonder if the left hand knows what the right hand is doing or if the right hand knows what the other right hand is doing. So I don't understand it, quite frankly. I don't understand why we should be given money from our taxes to start saving for tuition fees that go to institutions that our taxes pay for so that they can charge enormous and unfair tuition fees.

10:00

Now, that doesn't speak to any of the points, I think, made by the hon. Member for Vermilion-Lloydminster in his interesting speech on this bill, and that is the unfairness of only children born in the centennial year and forward being eligible for this benefit. All of our taxes pay for this. We have kids today who are struggling to pay for their education.

I have a 16-year-old son, and he is hopefully going to be going to university. We established when he was born a savings plan for him so that we could afford the education, yet we, like thousands and thousands of other families who want the best for our children in this province, are ineligible to receive this. There are many more families who don't have a savings plan at all, so how will they benefit, Mr. Speaker?

You have to have a certain amount of surplus income to be able to save for your children's education. What about those families that

don't? What about the many, many thousands of families in this province whose income is barely sufficient to meet their costs of living from month to month and who find it very difficult to save for postsecondary education, retirement, or any of those things?

So we have a bill that is supposed to be a flagship piece of legislation. Some of us a little more cynical might say that it's supposed to be an election goody bill. But you know what, Mr. Speaker? It's not even good at that because it excludes the majority of the people of this province, all of whom pay taxes towards education, many of whom are having trouble putting their kids through university or college and are ineligible to receive the benefits of this bill. So it's not even a good election goody bill. It's representative, in my view, of the bankruptcy of this government, the lack of vision for this province, the lack of foresight, the lack of an ability to actually come up with something meaningful for the people of this province as they prepare for the next election. It's a government that's exhausted its ideas.

You know, I don't mean to be terribly negative towards the government. It's had over a 30-year run. It had to run out of ideas sometime. It's a credit to this government that it's lasted as long as it has, but clearly, Mr. Speaker, it's a government that's tired, that's unimaginative, that's old, that's arrogant and thinks that this piece of legislation is actually something to be proud of.

Well, it's not. This is not a bill to be proud of. This is not something to go to the people with. This is not a flagship piece of legislation. This is a flawed, unfair, and discriminatory act that doesn't deal with the basic problem that the government itself has created in postsecondary education, and that is the high costs of a university or a college education that is unaffordable for many of the people of this province, I'd daresay almost a majority of the people of this province, who pay the taxes for those institutions. That's wrong, Mr. Speaker. The government should be ashamed of itself, and I'd ask them to withdraw this bill.

I move to adjourn debate on this, Mr. Speaker.

[Motion to adjourn debate carried]

The Acting Speaker: The hon. Deputy Government House Leader.

Mr. Stevens: Thanks, Mr. Speaker. I think we've had plenty of debate this evening, so I move that we adjourn this Assembly until tomorrow afternoon at 1:30.

[Motion carried; at 10:06 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]