

Legislative Assembly of Alberta

Title: **Monday, March 29, 2004**

8:00 p.m.

Date: 2004/03/29

[Mr. Lougheed in the chair]

The Acting Speaker: Please be seated.

With the members' consent may we 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 very much, Mr. Speaker. It's my pleasure and an honour this evening to introduce to you and through you to members of this Assembly members of the 1st St. Albert Scouts. They are seated in the public gallery here this evening. They are accompanied by their two leaders, Stephen Maunder and Larry Snidal. I'd like to indicate that Stephen works with Alberta Environment, for which we are very honoured and pleased. I'd ask the Scouts to rise as I call their names, and I'd ask both Scout leaders to stay standing while I make these introductions, please. The Scouts' names are John Delorme, Jordan Snidal, Justin Maunder, Zac Keith, Shaun Boddez, and Ryan Johnson. I had the honour this evening of speaking with these fine young gentlemen, and they are very intelligent and very well versed on what is before us in debate here on the floor. I'd ask everyone to give them a very warm welcome.

head: **Motions Other than Government Motions**

Health Care Premiums

505. Dr. Taft moved:

Be it resolved that the Legislative Assembly urge the government to eliminate health care premiums.

[Debate adjourned March 22: Mr. MacDonald speaking]

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

Ms Kryczka: Thank you, Mr. Speaker. I am pleased to respond to the motion put forward by the Member for Edmonton-Riverview. This motion calls upon the government to remove health care premiums for all Albertans, thereby on the one hand eliminating premiums for Albertans but on the other hand seeking a new source of revenue to sustain Alberta's health care system.

I agree that the issue of eliminating premiums has come up from time to time, in fact many times. I know that many Albertans do believe that they ought not to pay health care premiums. It is important to note at this time that approximately 60 per cent of Alberta seniors pay either no health care premiums or only partial premiums. Health care is important to Albertans and, indeed, to all Canadians, but if health care premiums were to be removed, we would need to take steps to make up for the shortfall in health funding caused by the abolition of health care premiums.

My position, Mr. Speaker, is that we would have to take these steps within an overall framework of health reform, not make a decision in isolation. It isn't simply that we're living in a system that costs a lot of money. What we're doing in government is administering a system that Albertans care for that costs exponentially more money each and every year. So we're not just fighting to

keep an even amount of money. Every year we need to fight to get more money into the health care system, an 8 to 10 per cent increase per year. Common logic suggests that this continual increase in cost needs to stop.

We in Alberta are fortunate to have several sources of revenue from which to draw, thereby helping to ensure that health care funding only comprises roughly 35 per cent of our provincial budget. In other provinces we're looking at closer to 45 to 50 per cent of the budgets being spent on the costs associated with health services. Given the rise in cost, it is conceivable that Alberta's health care costs will continue to creep up to those percentages if we do not take steps to limit the growth.

So while health care is the priority, it also presents onerous costs, which means that for the sake of argument if we are going to take away a source of funding, then we need to ensure that we have a plan to either reduce health care services or a plan to make up those lost dollars. Then we'd have to get the money from somewhere, and where would we get it from? The federal government? Well, no one on this side is holding his or her breath for that to happen despite the promises being made by the Prime Minister.

When the Prime Minister was Finance minister of Canada, he was responsible for gutting health care funding to the provinces. It's pretty clear that when it comes to health care, he's a major part of the problem. What we've been left with is a system in which the federal government kicks in only 16 per cent of health care funding in all provinces. My hon. friends across the way will agree that this is far short of the 50 per cent the feds are supposed to provide under the Canada Health Act.

So what have we got? We've got provinces straining to meet their health care commitments alongside all of the other commitments they need to meet: schools, roads, children's programs, housing for low-income seniors and the working poor, and so on. We have the federal government not meeting their commitments, and then expecting us to get excited when they say that they'll kick in an extra \$2 billion to be divided amongst all the provinces. The offer falls well short, but of course we'll take it because it's owed. Let's be honest: the extra federal contribution amounts to enough money to pay for nine days of health care delivery in Alberta.

It doesn't make sense that the feds are only kicking in this much, especially considering that they've had record surpluses for the past five years. What have they done with that money? Not paid down their debt. The situation created is appalling, Mr. Speaker. The federal government is swimming in a pool of excess dollars while health care systems across the country are struggling to stay afloat. These excess dollars should be used to fill provincial health care pools, but you'd have to be out in the deep end to believe that this situation is going to be changed by the current Prime Minister. So with all due respect to the opposition across the way we're not holding our breath over here.

So if it's not coming from the federal government, then where is the money coming from? We hear that it would come perhaps from taxes or oil revenues, but this won't work either. Albertans have told us that they do not want their taxes raised. Albertans have told us that they support our broad-based, low single-rate tax plan, so for us to turn around and increase taxes would in short be against the wishes of Albertans. Oil revenues aren't the answer either. We've already embarked upon a plan to sustain our budgets by taking oil revenues and depositing them for the future, and eliminating health care premiums for the simple sake of replacing them with money from oil reserves is not the answer. These approaches don't break the fundamental problem, which is that many people think that health care is free or that it should be.

An Hon. Member: It's not?

Ms Kryczka: No. Further, it doesn't fit with the principles of running a sustainable government for today and for many years down the road. So these aren't real solutions, and those who want to replace health care premiums therefore have to look elsewhere.

Mr. Speaker, it might be instructive for the Liberals to look at the Mazankowski report if they're looking for substitutions to health care premiums. The Mazankowski report raises several options that we could look at that may have the ability to replace health care premiums. These include options such as user fees, making health care services taxable benefits, introducing a dedicated health tax, supplementary insurance, privately funded and privately delivered health services, medical savings accounts, and variable premiums. Many of these are rejected outright for a variety of reasons. Some contravene the Canada Health Act, some are discriminatory, and others go against the fundamental pillar of health care in our country, which is that people who are truly sick deserve first-rate care and should not be denied access to our system due to an inability to pay.

Others such as medical savings accounts are not rejected. Medical savings accounts, or MSAs, are built upon the premise that individuals are allocated a set amount of health care dollars per year. Depending upon the design of an MSA an individual could carry unspent money over from year to year, thereby giving them a fairly accurate picture of the price of their use of the health care system. As well, government would be there to pick up the cost of those health procedures that come with heavier price tags. However, given the discussion of MSAs it is important to note that the money has to go into the MSAs from somewhere and thus leaves us back at the same question I started with: where is the money going to come from?

One of the things that we need to understand about replacing health care premiums is that it ought to be discussed only within a responsible plan for comprehensive health reform. The Liberals have raised this as a one-off issue, and doing so plays irresponsibly with a lot of the emotions of Albertans who do not like to pay health care premiums. Health care premiums can be a lightning rod for some people, so it's easy to score political points by saying that they should be eliminated, but we have to remember that the premiums fit within a larger scheme of health care considerations.

When we discuss health care premiums or raise the subject of the elimination of premiums, we should consider the bigger picture. We should responsibly present the options and some of the concerns that are raised by the options. We should lay out the challenges that are posed by the growth of health care funding. We should lay out the challenges posed by the increasing costs of health care. This motion does not do any of this, and this is why I'd like my colleagues to vote against Motion 505.

Thank you, Mr. Speaker.

The Acting Speaker: Hon. members, we have a request for reversion to Introduction of Guests. Are you agreed?

[Unanimous consent granted]

head: 8:10 **Introduction of Guests**
(reversion)

The Acting Speaker: The hon. Member for Lac La Biche-St. Paul.

Mr. Danyluk: Thank you very much, Mr. Speaker. It's an honour for me to introduce two employees of the county of St. Paul who are here these next three days for their spring convention. I'd like to

first of all introduce the chief executive officer, Kim Heyman, if I could ask her to stand, please, and also the chief superintendent of public works, Mr. Leo DeMoissac. If I could ask the Assembly to please give them the traditional warm welcome.

head: **Motions Other than Government Motions**

Health Care Premiums

(continued)

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

Ms Carlson: Thank you, Mr. Speaker. [some applause] The single clap is too kind. I would just like to say to all members that you only have to endure me for one more week and the Member for Lethbridge-East one more day.

Mr. Speaker, just before I start, I really have to congratulate the Member for Edmonton-Manning and his wife and three older children on the arrival of their brand spanking new baby boy. Congratulations. I know that that was a long-awaited date, and we hope everybody is doing well at home. Nine pounds, three ounces. That's a good size.

Mr. Speaker, on this motion. We have before us an excellent Motion 505, elimination of health care premiums. It's long been the situation for the Official Opposition to have supported the elimination of health care premiums in this province. We are one of only two Canadian provinces that still charge these premiums, and it truly is a regressive tax. Anyone who has ever studied economic modelling or the impact of regressive taxes on lower middle-income families or those on fixed incomes knows that it is one of the worst and most diabolical ways that a government can raise taxes.

Mr. Mason: Well, that lets these guys out.

Ms Carlson: No, that does not let these guys out, hon. member. Well, they haven't studied it, but diabolical in terms of regressive taxes they are.

We've seen, Mr. Speaker, that recently the burden has become even greater. Even though there were many musings from this government back in 2001, I believe it was, that they also were thinking of eliminating health care premiums, what did we see them actually contribute to doing? That was increasing those premiums by 30 per cent as soon as they had won an election, which is what often happens. In 2001, prior to that election, they talked about eliminating them, but within a month after the election up the premiums go by more than 30 per cent. This was an increase that attacked all families, those on fixed incomes, seniors particularly, who in previous administrations had been exempt from paying these premiums.

Once again we heard last fall that there was a possibility that at least premiums might be eliminated for either low-income seniors or those on fixed incomes. We all awaited the announcement in this year's budget, but it didn't happen, Mr. Speaker. That's really too bad because it means that this government isn't listening to those people who are hardest hit by regressive taxes, and they choose instead to take other options.

I disagree with the former speaker's comments about having some other way to pay for these taxes. First of all, there's a fair amount of administration involved in administering this premium, a fair number of dollars that are written off each year from people whom they can't collect from. When you net that out, the net impact on the tax base is negligible, particularly when you see what impact keeping those dollars in the hands of low-income people every month means in terms of the economic spinoff. They come immediately right back

into the economy. It isn't like they're hoarded away somewhere and taken out of the cash flow of the province. So there are other real economic spinoffs to keeping those dollars in circulation.

We really believe that it is time to eliminate health care premiums. We have just seen a very lowball budget come into this Assembly where oil and gas revenues are underestimated by a minimum of a billion dollars.

An Hon. Member: That's easy for you to say.

Ms Carlson: It is easy for me to say. I stand here and say right now that just before election time we're going to see all kinds of election goodies and giveaways again, and the government is going to say: oh, you know, we do have a huge surplus here.

What I'd like this government to do is to actually project their revenues based on reasonable economic models, which is not what happened. They completely lowballed this budget. They're coming in with a huge surplus already and at what cost? At a cost to those people in this province who can't afford to carry the weight for these guys while they stock away a lot of dollars to give away at election time. It's the wrong way for them to be running the government.

It's time for them to put some money in the pockets of people who need it. Those would be people on fixed incomes, low-income people, seniors. The dividends to all of you at election time are huge from that because who's going to be voting with their pocketbook this time? It's going to be seniors, and you're going to feel the impact of that. So there will come a day when you rue the day that you didn't do some simple, forward-looking steps like eliminating health care premiums.

I urge everybody to think about this this evening and perhaps change your minds and vote for the people of this province. Support this motion.

The Acting Speaker: The hon. Member for Highwood.

Mr. Tannas: Thank you, Mr. Speaker. I'd like to add my comments to those of the Member for Edmonton-Ellerslie. However, they'll be quite different on Motion 505. That's a motion to eliminate health care premiums. I wish to quote from Premier Tommy Douglas' speech which ended the great medicare debate in the province of Saskatchewan in the Legislature in October of 1961. I can't do the accent.

We propose that the family tax, which we admit is a regressive tax, since there is a flat rate on every family, and therefore bears no relationship to ability to pay, should be kept as small as possible. We propose that the balance of the cost – probably two-thirds of the cost – ought to be raised by factors which have a measure of ability to pay.

So he's talking about that this family tax or premium that should be about 33 and a third per cent. Then he summed up his speech.

Every person in the province who is self-supporting and able to pay a relatively small per capita tax, will be eligible for care and those who are not self-supporting will be covered by other programs.

I want to say that I think there is a value in having every family and every individual make some individual contribution. I think it has psychological value. I think it keeps the public aware of the cost and gives the people a sense of personal responsibility. I would say to the members of this House that even if we could finance the plan without a per capita tax, I personally would strongly advise against it. I would like to see the per capita tax so low that it is merely a nominal tax, but I think there is a psychological value in people paying something for their [health] cards. It is something which they have bought; it entitles them to certain services. We should have the constant realization that if those services are abused

and costs get out of hand, then of course the cost of the medical care is bound to go up.

Alberta members do realize that Alberta's health care premium covers roughly only 13 per cent of our health care budget, which is well below Tommy Douglas' suggested per capita of 33 and a third. Progressive taxes that people are lauding cover 87 per cent of the health care budget. When hon. members consider what the average Albertan pays to own a motor vehicle, operate it, license it, and insure it, our health care premiums are really quite reasonable and certainly manifest the spirit enunciated by the father of medicare in Canada. I agree with Tommy Douglas. Let us keep the health care premium in Alberta.

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

Mr. Mason: Thank you very much, Mr. Speaker. I'd like to speak to the motion before us this evening dealing with the elimination of health care premiums. I would like to respond to the previous speaker.

At the time that Tommy Douglas made those statements, the costs of the health care system were substantially less than they are today. We've heard the Premier and the Minister of Health and Wellness go on and on and on about the rapidly escalating costs of the health care system. When Tommy Douglas spoke those words, the health care system was far simpler and less expensive than it is today. When he talked about a nominal cost to remind people that the health care system does actually have to be paid for and is not free, something I entirely agree with, he was not talking about the magnitude of health care premiums that are paid by the people of this province today in a much more expensive health care system with much larger budgets.

8:20

Certainly, I doubt very much that Tommy Douglas would consider the kind of health care premiums we pay today, over a thousand dollars in the case of most families, to be nominal. If the hon. member did quote Mr. Douglas correctly, he did use the words "nominal" and "as small as possible," and I would ask members of this House if they believe that these fees are as small as possible. They raise nearly a billion dollars for the provincial Treasury, which is my next point, Mr. Speaker. These monies are not put into the health care system. They are a tax that flows directly into the general revenues of the province.

Now, what could we do that would be less onerous to remind people that the health care system is expensive and does have a cost? One thing that I recall, Mr. Speaker, was a printout of the medical services used and the costs that were charged the health care system that was sent on an annual basis, so every family knew exactly what had been charged to the system on their behalf, what procedures, and how much they cost. That, in my view, would go far, far further in drawing to people's attention the actual cost.

[The Deputy Speaker in the chair]

It has the added benefit of being a check against delivery. In other words, if the health care system has been charged for services or procedures that were not actually delivered – and that is a possibility – then there is an opportunity through that system for the prevention of fraud. So if we are sincere about trying to remind people of the cost of the health care system, that would go far further than the practice of this government to charge very high health care premiums.

Now, it's interesting that there was a 30 per cent increase because

if you read the Mazankowski report, it proposed that there be far greater increases in health care premiums than just a mere 30 per cent increase. I also recall the Minister of Health and Wellness talking about how the government was going to adopt and embrace all of the health care recommendations contained in the Mazankowski report. That suddenly stopped, Mr. Speaker, and, fortunately, other proposals such as delisting of services and further privatization seem to have been stalled. Now it would appear that the Premier has got a new fire in his belly for so-called health care reform.

But I note that the Graydon report, if I can call it that, Mr. Speaker, without breaking the rules, has not been released by the government. Here we have another one of these secret all-Tory backbench committees that consults with no one, talks to nobody that we're aware of, and makes a report that we never see. Apparently, it is so unpopular, according to the Minister of Health and Wellness, that the government doesn't want to release it. Now, under some pressure, the government has indicated that it will eventually release it but only when it's all been wrapped in a public relations campaign manufactured by the best spin doctors that the government has from its propaganda bureau, the Public Affairs Bureau.

So the question is: where is the government going with health care premiums? The Premier has also hinted from time to time that there may in fact be an elimination of health care premiums for seniors. In fact, he's promised that. We're expecting that as the government progresses and we get a little closer to the election, this will be announced by the government. It's not contained, as it ought to be, in this budget because all of the goodies in the budget aren't actually in the budget. They're going to be rolled out one after another so that the government can maximize the propaganda benefit thereof.

I would say this: if the government is at last going to keep one of its promises and eliminate health care premiums for seniors, then congratulations to the government. Certainly, the opposition, and the New Democrat opposition in particular along with the hon. Member for Edmonton-Manning, who is an honourable member of the opposition, in my view, on this issue, has pushed the government very hard into a corner, where it's finally had to do what it promises. If that happens, then some congratulations are due to the government, and many more congratulations are due to groups like the Official Opposition and the New Democrat opposition, the Edmonton-Manning opposition, and the Raging Grannies and the Friends of Medicare.

I just want to indicate, Mr. Speaker, that that doesn't go far enough. You know, it's fine to dangle out an election goody like eliminating health premiums for seniors, but we need to go further. We need to recognize this as an expensive, regressive tax that the government could do without. If it were interested in real tax breaks for real families, then this would be the place to start.

So I know that the government will vote down this motion as they voted down my own, but they will not escape legitimate criticism notwithstanding repeated attempts to misrepresent Tommy Douglas that have taken place in this Assembly. Frankly, Mr. Speaker, it's the only quote of Tommy Douglas that I think the Premier knows. At some point in the history somebody has told him that he said that health care premiums were a good idea. It's taken completely out of context and not in any sort of historical relationship to the present time.

The government has a responsibility, in my view, Mr. Speaker, not just to eliminate health care premiums for seniors, which is a good thing in itself and is due primarily to the efforts of the opposition and those who support medicare in this province, but to go further and eliminate this tax, this weighty burden on the shoulders of working and middle-class families in this province, and put a billion dollars

or about \$900 million dollars back into the Alberta economy instead of giving tax breaks to big corporations who take the money back to Texas or to the United States. The savings that they realize on the corporate tax break that this government is so fond of don't necessarily even benefit this province economically.

I can guarantee you that if you cut the taxes, which is the flat regressive tax called health care premiums, that money will go directly into the Alberta economy, will be spent by families and will have a tremendously beneficial effect on our small businesses that sustain our communities, Mr. Speaker.

So I would urge the government to support this motion. Thank you.

The Deputy Speaker: The hon. Member for Redwater.

Mr. Broda: Thank you, Mr. Speaker. Good evening. It's certainly my pleasure to rise this evening and speak on Motion 505, sponsored by the Member for Edmonton-Riverview. When I look at Motion 505, I see an idea that has some merit. I believe that the elimination of health care premiums is something that this government needs to look at from time to time even if it's twice in one session.

Mr. Speaker, I recently had a look at the Official Opposition's web site. I wanted to see what alternatives they proposed for health care funding, because if we are going to look at reforming the way we fund health care and remove approximately \$1 billion in funding, we had better have a plan to ensure that the system doesn't collapse around us.

8:30

All Motion 505 tells me is that the Member for Edmonton-Riverview wants to eliminate health care premiums. The wording doesn't say anything about a reasonable alternative to take into consideration or why he wanted to do this. So I ventured onto their web site to see what their policy alternatives were. I encourage all members to do the same as it has an interesting solution.

Mr. Speaker, what the Official Opposition proposes through policy alternatives on their web site is that premiums would be eliminated because they feel that this would lead to a tax cut for everyone. I find it important that we talk about this and clarify the confusion that the hon. members opposite have on how funding a public program works.

Mr. Speaker, the Official Opposition feels that there isn't anything healthy about health care premiums and that by combining them with a flat tax, they provide Alberta working poor with the highest tax rates. The Official Opposition closes by saying that health care premiums are "an unfair and an unnecessary tax." I think it is time that the Official Opposition asked themselves where they would find a magic money tree that would compensate for the almost \$1 billion loss in health care funding that would result by not including health care premiums in the health budget without further taxing Albertans.

As I said earlier, the elimination of health care premiums is an issue that the government needs to take a look at from time to time, but also I think a working plan that has been thought through is necessary. From what I've heard in the House and read on their web site, the Official Opposition has not thought this through, nor do they have a reasonable plan. They don't.

Mr. Speaker, Alberta has been collecting health care premiums since 1969. As of 2001 there are over 3 million individuals registered with Alberta Health and Wellness. I can assure the members that the number has risen significantly in that time as Alberta's population continues to rise at a rapid rate. To ensure that all Albertans are able to participate in a provincial health care system, the government provides premium exemptions to those

Albertans that are unable to afford the cost of premiums for a number of reasons. In 2003 164,000, or 51 per cent, of Alberta's seniors did not pay health care insurance premiums.

Some Hon. Members: How many?

Mr. Broda: One hundred and sixty-four thousand, 51 per cent.

An Hon. Member: One hundred and sixty-four thousand?

Mr. Broda: That's right.

Twenty thousand, or 6 per cent, of Alberta's seniors paid partial premiums. The province of Alberta ensures that all of Alberta's seniors that cannot pay health care premiums are exempted or supported through current government programs. This is done to ensure that all of Alberta's seniors have the opportunity to participate in Alberta's health care system.

Dr. Taylor: Now, that's good government.

Mr. Broda: You bet it is.

On the Official Opposition web site they refer to the working poor as their reason to eliminate health care premiums, so I find it necessary to look at the programs the government has in place for those individuals. Mr. Speaker, as I said, low-income Albertans also qualify for health care premium subsidies. A single-earner family that has an annual income of less than \$15,970 qualifies for Alberta health care premium subsidies, and should that family have an annual income of less than \$12,000, they are fully subsidized. Similarly, a family with no children that makes less than \$28,240 a year qualifies for subsidies, and a family with no children who makes less than \$21,200 a year qualifies for full subsidy. Finally, a family with children who makes less than \$34,250 as an annual income qualifies for subsidies, and should that same family have an annual income of less than \$27,210, it would qualify for full subsidy for their health care premiums.

Mr. Speaker, these numbers and examples contradict the opposition's claim that health care premiums unfairly hinder Alberta's poor working families. Not only do they get subsidies for their health care, but they also don't pay any provincial taxes. On the contrary, Mr. Speaker, the Alberta government is working to ensure that Alberta's working poor are assured of participation in a health care premium system through their extensive subsidy program.

One other point I would like to make before I continue my argument is that health care premiums are put in place to ensure that the system user realizes that there is a cost to the system. More and more people are moving to this province, Mr. Speaker. It is up to the government to ensure that these resources are available to all residents, which brings me to my next point.

The Official Opposition on their web site also discussed stable funding as a part of their proposed health care policy. My question to them is: how would you go about providing stable funding for a health care system under financial stress that has just been relieved of a billion dollars of funding through what is proposed in Motion 505?

Mr. Speaker, I could go on and on and on, but I know that there are other speakers that want to participate in this. I also look forward to future debates on the elimination of the health care premiums when the time is more appropriate and when a proper plan is in place to address these issues in a broader context.

I encourage all members to vote against Motion 505. Thank you, Mr. Speaker.

The Deputy Speaker: Hon. members, I wonder if we might have consent to briefly revert to Introduction of Guests.

[Unanimous consent granted]

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

Mr. Nicol: Mr. Speaker, it's a real privilege for me this evening to stand and recognize a couple of members of our community that are in the gallery. I'd like to start by just recognizing Aaron Roth, one of our researchers. I notice his dad and stepmother are there with him, so I'd like to ask the three of them to stand and be recognized by the House.

head: **Motions Other than Government Motions**
Health Care Premiums
(*continued*)

The Deputy Speaker: I'll call on the hon. Member for Lac La Biche-St. Paul, following that the hon. Member for Clover Bar-Fort Saskatchewan, the hon. Member for Edmonton-Manning, and then the hon. Minister of Environment.

Mr. Danyluk: Thank you very much, Mr. Speaker. It's a pleasure to join debate on Motion 505 that was brought forward by the Member for Edmonton-Riverview. The sponsor has dedicated a great deal of time in this Assembly on various health issues.

Dr. Taylor: But he doesn't know what he's talking about.

Mr. Danyluk: Sometimes he doesn't, but I'm sure the member has the best intentions. I would say that most of the time he misses the big picture.

On the issue of eliminating health care premiums, he refuses to acknowledge the expansion of public health care and the pressure on all governments to find adequate funding. In the past the sponsor has referred to health care premiums as a regressive tax. I think he has considered a more responsible approach to funding health care. He should see that premiums are an acceptable alternative until reforms are implemented and the cost of health care is stabilized.

A straightforward action like Motion 505 seems like a reasonable request at first glance. One of the dangers with simple requests is that they overlook complex and important details. Eliminating premiums would save individual Albertans money, yet it would come with a substantial cost to the health care system. Health care funding in every province is currently unsustainable. According to a report released by the Conference Board of Canada, there isn't a single jurisdiction in Canada that is successfully managing the incredible funding pressure for health care delivery.

Dr. Taylor: Not even Alberta.

Mr. Danyluk: Not even Alberta.

There may be a day when the Alberta government eliminates health care premiums. However, this change in policy would only occur with other reforms. The motion simply calls for the elimination of premiums. It does not provide any realistic suggestion for recovering \$900 million lost from eliminating premiums.

8:40

The sponsor has talked about ways he would offset the funding lost by eliminating premiums. Let's look at a couple of these ideas. First of all, he has suggested to this Assembly that \$900 million

could be offset through Alberta's budget surpluses. I appreciate the optimism that the member has in the fiscal stewardship of the Alberta government. Years of fiscal discipline, careful planning, and thoughtful legislation have helped Alberta balance its books, pay off its deficit, and pay down its debt nine years – nine years – ahead of the debt-repayment schedule.

I would caution this member against relying on surpluses, especially that exceed \$900 million every fiscal year. Right now Alberta's oil and gas sector is doing very well. However, Albertans know all too well that what goes up comes down. The prices of oil and natural gas could come down with little notice, and the government surplus may shrink as a result.

Mr. Speaker, I would also remind the member that a large portion of the surpluses are directed to the capital account to pay for dozens of buildings and road construction projects. Albertans will continue to receive world-class public health care particularly funded by premiums. Under the government's current fiscal structure Albertans also enjoy new and improved roads and infrastructure, and we have members in the gallery that will attest to that. I would hope that the member across the way recognizes the importance of stable infrastructure and transportation funding to meet the needs of the growing population and the expanding economy. Taking \$900 million away from the capital account would postpone or may cancel many of these projects. Relying on annual surpluses exceeding \$900 million may be a little too optimistic.

Another one of the sponsor's ideas is to undo Alberta's single-rate tax system, which was phased in between 1999 and 2001. To me this particular idea raises a red flag, especially if the sponsor truly cares for the well-being of low-income Albertans as much as the Alberta government does. Eliminating a single rate would increase taxes for many Albertans. This shift in the tax policy would have a ripple effect on the Alberta economy and the well-being of the poor. A single-rate tax system balances fairness and competitiveness. According to the Alberta 2003 budget the top 15 per cent of income earners paid 66 per cent of the total income tax collected.

Thank you very much, Mr. Speaker, for giving me the opportunity.

The Deputy Speaker: I regret that the time allocated for this item of business has now elapsed.

[Motion Other than Government Motion 505 lost]

Tourism Levy

506. Mr. Strang moved:

Be it resolved that the Legislative Assembly urge the government to take measures to establish a tourism levy to be dedicated to the province's tourism marketing framework to promote the tourism industry in Alberta.

The Deputy Speaker: The hon. Member for West Yellowhead.

Mr. Strang: Thank you, Mr. Speaker. It is a pleasure to rise today and open debate this evening on Motion 506, establishment of a provincial tourism levy. I think this motion is extremely important because of the implications to this province as a whole.

Tourism is a very important industry to Alberta. This province has different sceneries and opportunities for industry to grow. Whether it is our national or provincial parks or heritage sites or something as simple as the many campsites around Alberta, there are plenty of interesting areas for tourism to expand.

I represent a constituency whose economy depends greatly on tourism. In fact, I don't think there is an industry that affects the

likes of Edson, Hinton, or Jasper as much as tourism. Tourism is an industry that is saving communities in my constituency.

One only has to look at Grande Cache to see how important the tourism industry is. Years ago Grande Cache's economy was dependent on coal mines, which have kept this town alive and thriving. These mines are now closed. Grande Cache was in serious trouble as jobs began to disappear and the town began to fight for its survival. As the town looks for different economic opportunities and diversification, tourism becomes the most obvious choice because of Grande Cache's fantastic location just outside the national park. This allows Grande Cache to come up with a vital tourism business strategy that helps attract visitors to a place with wonderful history and scenery.

As strategies were developed and the industry began to grow in this area, it has become evident that this government does not invest a lot of money to market this province. I realize that we do have a lot of different priorities in this province – health, education, and infrastructure – but what is not fully comprehended is the amount of revenue that can be returned to this province from tourism outside of Alberta. Motion 506 urges this government to consider creating a dedicated revenue source that would be applied directly to the tourism industry. Funding could be used to market Alberta or enhance the product that we already have developed in this province.

Mr. Speaker, we do not spend a great deal of money marketing ourselves to the rest of the country or the world. If you look at the figures for total tourism spending since 2000-2001, we spent over \$18 million in 2000-2001, over \$19 million for 2001-2002, about \$23 million for 2002-2003, and about \$22 million for 2003-2004. Last week the new budget was brought down with a lot of optimism, and this included the tourism industry. Approximately \$24 million will be spent in total on tourism. However, only \$18 million will be spent on tourism marketing.

Now, I know that some members may hear these figures and think that this is a lot of money to be spending on marketing our province, but we have to put this in perspective. I believe that the Fairmont hotel chain, which has about five resorts in Alberta, spends more money marketing their five resorts than we do marketing our entire province. I think this is a shame and a missed opportunity for this government. This province has so much to offer visitors outside of our normal tourism destinations. It seems everybody knows about West Edmonton Mall or the Calgary Stampede or Banff, Jasper, or Waterton Lakes national parks, but there are other areas that are just as beautiful and interesting that we need to promote to travellers of Canada and the world.

With all the different opportunities in the province for tourism development I think it's time for this government to dedicate increased resources to promote this province. As I alluded to earlier, we put about \$20 million into tourism marketing and services in 2003-04, and the return on the investment is quite substantial. The tourism industry is estimated to bring in approximately \$15 billion and supports well over 120,000 jobs. It would only seem logical that if this province would invest a bit more money in this industry, we could see the revenues increase dramatically.

Mr. Speaker, Motion 506 asks for the government to establish a tourism levy that could be dedicated directly to the tourism industry. This is a venture that has been tested in other jurisdictions. In fact, B.C. has a similar levy and will argue that their tourism industry is very prosperous because of it. We in Alberta have a hotel tax, which is paid by every customer who stays a night in a hotel room. The tax is 5 per cent, and this money goes directly into the general revenue fund, which in turn goes to fund our priority areas. The problem I have with the hotel tax is that its main goal has been accomplished, and now it is time for us to reconstruct it.

8:50

The hotel tax was established in 1987 as part of a plan to have extra revenue brought in to help eliminate the deficit, a problem the province had back in the late '80s and early '90s. Of course, with the current Premier looking over the elimination of those deficits, the hotel tax has officially taken care of what it was supposed to. So now we have a tax that could be a great candidate for a revision so that we can dedicate it especially to the tourism industry. The hotel tax brings in about \$50 million, and even if a portion of that were dedicated to the industry, I think we could see returns far greater than what the tax can bring in.

I know that many here do not agree with dedicated revenue to certain programs because it opens the door to other levies and premiums that would be suspiciously designed for certain areas, but of course we already have such an item that is revenue dedicated to a program; that is, our health care premiums. The premium revenues generated are tied to health care and cover only a minute portion of our health care spending, but the presence of a dedicated revenue source is here. Revamping the hotel tax is supported by not only a lot of people in government but the industry as well.

I believe that in late 2002 when shareholders in the tourism industry came to the government through the Standing Policy Committee on Economic Development and Finance, they recommended that the hotel tax be replaced with a tourism marketing levy, which would be specifically dedicated to marketing this province. It is extremely important that we look at the benefits of a move like this. As I said earlier, if such a move were made, the general revenue fund would be out approximately \$58 million, but we would have to look at how much money it would bring back into Alberta through the tourism industry if we invest that money into this thriving industry.

Mr. Speaker, I think we should seriously consider revamping our hotel tax into a tourism levy so that we will have a dedicated and somewhat stable resource fund. I mean, one could argue that as tourism investment continues to increase, the money dedicated to tourism will also increase, providing more opportunities for investment, jobs, promotion of our beautiful province.

We have to look at making decisions on this idea sooner rather than later for the sole purpose that we have an extremely large event coming to this province that we need to capitalize on. Next year is our big 100th anniversary, and I ask: how are we marketing this event as to tourism around Canada and the world? Would we be better able to market this extremely important event if we had more dedicated revenue for this industry? How many advertising campaigns are we going to get to get visitors into this province for our centennial?

I think this is a remarkable opportunity that we should not let slip by. If we do not do more to ensure that this year is our most successful tourism year, I think we have done Albertans a great disservice. They are expecting a great event, a huge event. I am worried that we are not doing all that we can do to ensure that 2005 brings us a lot of prosperity.

Mr. Speaker, Motion 506 is one which limits what the government can do. Revamping the hotel tax . . . [Mr. Strang's speaking time expired]

Thank you. [interjections]

The Deputy Speaker: Unanimous consent has been asked for for the hon. member to complete his speech.

[Unanimous consent denied]

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

Ms Carlson: Thank you, Mr. Speaker. [interjections] You guys wouldn't give me unanimous consent. I'm not prepared to give any of you unanimous consent. [interjections]

The Deputy Speaker: Hon. members, there is a problem: too much talking when there's only one member that's been officially recognized.

The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Speaker. I'm happy to have an opportunity to speak to Motion 506, to establish a tourism levy. I'm glad that the sponsor of the motion finally got around in his comments to describe where this money was going to come from, because when you first read the motion, the language is somewhat unclear in terms of whether the motion calls for a new tourism levy on top of the hotel room tax.

If that had been the case, we wouldn't have been able to support it, because irrespective of what this government says, we are not tax-and-spend Liberals. We are very fiscally responsible, and we would not support another new tax on an industry that would potentially price that industry out of the market in terms of competing provinces and other jurisdictions. It would definitely, we believe, go a long way in terms of removing our competitive advantage. But as the member described it, the hotel room tax would be a dedicated levy, and that's where the money for the tourism marketing would come from, and we're fully in support of that and have been for a long, long time.

In fact, we believe that the way to operate this would be to put a delegated authority in place so that you have it – well, I would like to say at arm's length from this government. It never has been so far. But at least that's a little further away in terms of controlling the money and being able to have the industry decide where that money is best spent. I think that that would be a very effective way.

Just take a look at other DAOs like the tire recycling board, where that dedicated tire tax went. Then they decide how to invest in supporting the industry and other options that they have available to them like helping to support environmental concerns and so on.

When we speak to people around the province who are involved in the tourism industry, whether it's in an organized fashion or whether it's individual proprietors or chains, they definitely believe that they could better administer that money than the government can, and I tend to agree with those folks. I think that they should have some control over the money that's coming directly out of their pockets, and to do that would be, I think, very supportable. Certainly, we've heard many concerns every single year since I've been in here about the amount of money that gets taken off in the room tax and how much actually goes back.

As the sponsor of the bill said, this was a levy that was started in 1987 by the Getty government. At that time, they said that it would help to eliminate the large deficits that were occurring in the government of the day. It's interesting how a Conservative government doesn't do any better job than anybody else in terms of, once the monies are no longer in a deficit situation, eliminating those taxes. We haven't seen an elimination of them over the past six years, and during that time period they collected nearly \$570 million in hotel room taxes. Now, not very much of that goes back to the industry. Fifty-six million dollars was collected last year; \$18 million went back to tourism. Not very equitable if you ask me.

So I would certainly support putting those dollars in the hands of that industry because the money does recirculate, and certainly we do need, I believe, to spend more focus and more time on promoting Alberta tourism. Time after time we see tourists going to Banff and Jasper and not coming out of that mountain corridor. The tourists go

back into B.C. or they go stateside or they go back to their country of origin, but we don't see them really spilling over into the main parts of Alberta and really enjoying the great beauty and the great treasures that we have to share with people from around the globe in our particular province.

I would certainly hope that we will see some changes here quickly. In fact, I thought we had a commitment from the Minister of Economic Development last year during Committee of Supply, when he stated that the government had an approved program for dedicating the hotel room tax to tourism marketing, but it was postponed by Treasury Board, and isn't that just too bad?

The Deputy Speaker: I hesitate to interrupt the hon. Member for Edmonton-Ellerslie, but the time limit for consideration of this item of business on this day has concluded.

head: 9:00 **Committee of Supply**

[Mr. Tannas in the chair]

The Chair: I'll call the Committee of Supply to order.

head: **Main Estimates 2004-05**

Offices of the Legislative Assembly

The Chair: Hon. members, pursuant to Standing Order 58(8), which requires that the estimates of the offices of the Legislative Assembly be the first item called in the Committee of Supply's consideration of the main estimates, I must now put the question without debate or amendment.

Agreed to:

| | |
|---------------------------------------|--------------|
| Support to the Legislative Assembly | |
| Operating Expense | \$38,664,000 |
| Office of the Auditor General | |
| Operating Expense and | |
| Equipment/Inventory Purchases | \$17,646,000 |
| Office of the Ombudsman | |
| Operating Expense | \$2,130,000 |
| Office of the Chief Electoral Officer | |
| Operating Expense | \$13,735,000 |
| Office of the Ethics Commissioner | |
| Operating Expense | \$447,000 |
| Office of the Information and | |
| Privacy Commissioner | |
| Operating Expense | \$4,072,000 |

International and Intergovernmental Relations

The Chair: The hon. Minister of International and Intergovernmental Relations.

Mr. Jonson: Good evening, Mr. Chairman. This evening I'm pleased to present the estimates for the Ministry of International and Intergovernmental Relations, the 2004-2005 business plan. First of all, I would like to introduce some people from IIR who are with us this evening. I think everyone is present, so I would like to introduce them and have them stand: Gerry Bourdeau, Deputy Minister of International and Intergovernmental Relations; Garry Pocock, assistant deputy minister, Canadian intergovernmental relations; Wayne Clifford, assistant deputy minister, international relations section; James Doherty, international trade counsel, trade policy section; Lori Sajjad, director of corporate services; Kathryn Wiegers, communications director; and Douglas Mills, my executive assistant.

Mr. Chairman, it is worth noting that I just introduced 10 per cent of the staff of the ministry. We may be small in numbers, but we do, I think, very significant work. Examples include our key role in the establishment of the Council of the Federation, strengthening Alberta's international relations, representing Alberta in the softwood lumber dispute and trade agreement negotiations, and working with agriculture on the BSE situation.

We take the lead in trade negotiations and national communications in discussions at the Council of the Federation and first ministers' meetings. The ministry also leads in the development of government-wide strategies and policies for Alberta's relations with international governments, organizations such as the World Trade Organization, and federal, provincial, and territorial governments.

In terms of business plan goals the ministry's business plan has three goals. The first focuses on our relations within Canada by "promoting the interests of, and securing benefits for, Alberta as an equal partner in a [strong], united Canada." The ministry's second goal focuses on "promoting the interests of, and securing benefits for, Alberta [through] strengthened international relations." Related to this, the ministry's third goal is to promote "the interests of, and securing benefits for, Alberta from greater trade and investment liberalization, domestically and internationally."

IIR's goals support two of the government of Alberta's business plan goals. These are: "Alberta will have a prosperous economy," and "Alberta will have a financially stable, open and accountable government and a strong intergovernmental position in Canada."

Mr. Chairman, the ministry is divided into three sections that reflect our goals: Canadian intergovernmental relations, international relations, and trade policy. I will now take a few minutes to discuss key initiatives in the year ahead for each of these sections.

The Canadian intergovernmental relations section works with other government ministries, with other provinces, and with the federal government to promote and protect Alberta's interests as an equal partner in Confederation. We will advance through the Council of the Federation and other government bodies Alberta's position on Senate reform, health care sustainability, and the need to address the fiscal imbalance.

In the coming year we will continue to pursue three initiatives identified by the Premier to improve federal/provincial relations. These are regularly scheduled first ministers' meetings, a guaranteed provincial role in international agreements in areas of provincial responsibility, and Senators appointed from a list of provincial nominees. Also in this particular area, Mr. Chairman, later this year we will be receiving a report from the MLA committee dealing with Alberta's future place in Confederation, chaired by the Member for Edmonton-Rutherford.

Canadian intergovernmental relations will also continue to support the Ministerial Task Force on Security and the cross-government climate change committee. As always, this section will provide strategic support to the Premier with the Council of the Federation, first ministers' meetings, and other federal/provincial meetings.

Mr. Chairman, the international relations section works with other Alberta government departments to strategically advance our province's international interests. A key area is building on and strengthening Alberta's relationship with our largest and most important trading partner, the United States. A major initiative is the opening of an Alberta office in Washington, D.C. I will discuss this initiative in a moment when detailing my ministry's budget for the upcoming year.

Our international relations section will also continue to emphasize Alberta's membership in organizations such as the U.S. Council of State Governments-West, the Pacific Northwest Economic Region, and the Western Governors' Association. We will work with our

state counterparts and bilateral councils Alberta has established with Montana, Idaho, and Alaska. We will increase Alberta's profile in key international markets by developing intergovernmental relations and enhance Alberta's nine twinning relationships, including celebrations marking the 30th anniversary of Alberta's twinning with Gangwon, Korea. We will also establish new twinning relationships in Ukraine. The section will support international governance office projects in developing countries including Ukraine, South Africa, and China.

Mr. Chairman, the trade policy section also works with a variety of Alberta ministries and other Canadian governments. As co-lead with New Brunswick on a special Council of the Federation ministers' committee Alberta will seek support for a proposal to ensure that provinces and territories have a guaranteed place at the table when the federal government negotiates international agreements affecting provincial constitutional responsibilities.

Our trade policy section along with our intergovernmental relations section have key roles in this initiative. The trade policy section will also advance trade opportunities for Albertans by working, again, through the Council of the Federation to remove internal trade barriers to ensure the free flow of goods, services, capital, and labour within Canada. Our trade experts will protect Alberta's priorities, interests while working with other provinces and the federal government to reach long-term, durable solutions to disputes with the United States on softwood lumber, wheat, hogs, and during the World Trade Organization negotiations, especially as those apply to agriculture, trade remedies, and services.

9:10

Mr. Chairman, I will now move on to the ministry's budget and staffing levels. We are a small ministry in terms of budget and staff. The 2004-2005 budget has grown by \$2 million to approximately \$8.5 million. There are a total of 58 staff in my ministry, an increase of five from last year. These new positions will be allocated between the new Alberta office in Washington, D.C., and our increased commitment to the Council of the Federation. The first significant budget increase in several years allows us to open the Alberta office in Washington, D.C., participate fully in the Council of the Federation initiatives, and meet the 3.5 per cent government-wide salary increase for staff.

Mr. Chairman, there are fiscal realities that come with establishing a presence in Washington, D.C., and providing leadership in federal/provincial relations. An additional \$1 million is allocated to establish the Washington office. The government of Alberta has recognized this as a priority. The United States is by far Alberta's most important economic partner, and Washington is a place where important decisions are made respecting our economic interests. The new office will advance Alberta's economic and policy interests in key areas such as energy, agriculture, and trade disputes and help expand Alberta's contacts with key U.S. decision-makers and policy-makers.

In the year ahead an additional \$900,000 is allocated for costs resulting from the significant increase in intergovernmental activities in Canada. Mr. Chairman, with the creation of the Council of the Federation, the provinces and territories are acquiring their own institution, and we're taking an important step to the future of Canada. Furthermore, each province is assessed a fee based on 10 cents per person, as I understand it, that is to be contributed to fund operations of the council. Yes, this is an overall new cost.

In past years the Premiers met once a year as a group. However, since January of 2003 they have met six times. Through the Council of the Federation and its secretariats the Premiers have developed an ambitious plan to work together on health care, literacy, the

environment, and disaster relief. All of this has placed considerable new demands on the time and resources of my ministry.

Another example of this increase in intergovernmental activities is the twice-yearly joint cabinet meetings between Alberta and British Columbia. The Alberta/B.C. co-operation arrangement will result in savings for taxpayers as we find efficiencies in transportation, education, children's services, and other areas. However, it has also placed more demands on the ministry as agreements have to be prepared and support provided for the Premier and our cabinet colleagues at these meetings. Over the next few weeks and months there will be meetings of health ministers, finance ministers, and others, all of which will require support from our ministry.

Finally, Mr. Chairman, I would like to present a very brief outline of how we measure the ministry's performance and track our progress in meeting our goals as effectively and efficiently as possible. Our outcomes are difficult to quantify because they often are long term and depend on external factors. To help us measure how well we are doing and identify areas for improvement on key initiatives such as major conferences, trade negotiations, or international missions, we seek input through client surveys and polling results. We use these measures to provide a detailed record of our achievements and activities in our annual report and other documents.

In conclusion, Mr. Chairman, I would like to indicate that our new business plan and budget sets out how we will meet the priorities of this province in the year ahead. I would be happy to answer any questions or hear comments from my legislative colleagues. In advance I will commit to answering in writing any questions I cannot respond to this evening.

Thank you, Mr. Chairman.

The Chair: Thank you.

The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I appreciate the comments from the minister. As in past years I'll just ask a few questions and then ask the minister to respond to them. When he does, then I'll get up and ask some more questions in another area.

I'd just like to go back to, first of all, your last comments about the increase in funding for the Canadian intergovernmental relations. It's an increase of 60 per cent. I understand what you just said, that part of the explanation for that increased funding is the 10-cent levy, but we would like a further breakdown on where the costs are being allocated for the rest of the money now. I fully appreciate all of the additional meetings that are coming up in the next year and your expectation in terms of the travel and the staff to support that, but I would like a more detailed breakdown on the money. How much do you expect to spend on additional staff and travel with the B.C. meetings, how much with other provinces, and how much with the feds? Can you give me any idea of what that breakdown looks like now?

Mr. Jonson: I can give just a general comment. As the member, Mr. Chairman, has indicated, we will certainly provide a detailed response as well.

With respect to the two major components in the increase in funding for our ministry, first of all, we are anticipating that the Washington office will be an office with at least two personnel being present. Of course, we will have to lease space, and we hoped it would be in Washington. We, quite frankly, have made some I think well-received overtures to locating it in the Canadian embassy. Those things, however, do not come cheap. The Canadian government is not going to provide it to us free of charge, and that will be

a major component, along with of course our share of, I would expect, access to communication supports and so forth.

In the case of the Council of the Federation there will be an overall staff that will need to be hired to operate that on a national basis. We will have to pay our share there. I'm not up to date in terms of what the implications are as far as accommodation. They are in both cases very significant initiatives which, yes, are going to cost money, and in both cases it is money directed at developing an effective office which can carry the message, in the one case to the federal authorities and the federal politicians and in the other to our major trading partner.

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

Ms Carlson: Thank you, Mr. Chairman, and thanks for those answers. Just a little follow-up on the Washington office. Do you know who's going to staff it yet and how soon you expect those two people to be in place? [interjection] Yes, we're hoping it's not an existing Conservative member who's going to be staffing it.

My next set of questions is on the international trips by the various MLAs. We've seen in this past year many members of the government and cabinet ministers taking trips abroad to promote Alberta or attend special events. Some of them, I believe, were organized and/or sponsored and co-ordinated through your department. So my first question is in terms of rating how successful those trips were in terms of what was achieved. Do you do that? Is that public information? If you don't do it, then what kind of performance measure do you use to see whether or not you got good value for your money, even if it's a long-term kind of measure that you're looking at?

Also, I'd like to know the kind of co-ordination that you have between the Public Affairs Bureau and other departments in setting the trips up. Who decides who goes where and which person it is that's actually going? Can you give us a list of MLAs and cabinet ministers who went abroad last year and then the costs of those trips abroad that would include symposiums or conferences? I think that's it on trips abroad.

9:20

Mr. Jonson: First of all, with respect to international trips I think we have been quite diligent in providing an initial announcement or release as to the trip occurring and then following up with a news release report on, at least in general terms, what the nature of the discussions was and what the results or, we hope in many cases, the accomplishments are of those particular missions.

With respect to MLA participation the basis of selection is usually a connection with a relevant standing policy committee. We do have you might say an assigned group or team – I wouldn't call it a formal committee – that takes part, for instance, in the annual meetings with Montana. As you know, we also have another group which was assigned to being responsible for relations with the Pacific Northwest Economic Region, or PNWER, and of course they do go to their annual conference, which alternates among the various members.

If you were looking for specific funding and so forth, I would have to get back to you in terms of a written reply.

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

Ms Carlson: Thank you, Mr. Chairman. I just would like to comment that I see other members standing to ask questions. I believe it's the agreement between House leaders that opposition has the first hour of budget debate in every budget estimate, so you have

to wait till past 10 o'clock before it's your turn or until we're done.

Mr. Chairman, my next question to the minister is with regard to what his ministry may be doing to calm concerns in Alberta about separation. Are you doing anything to deal with that? We often hear talks about Alberta wanting to separate and discussions happening about that. The odd poll comes out. I believe it came up again in the firewall committee discussions. What does your department do to deal with that situation? Are you taking any steps to address the issue for or against support for this issue in Alberta?

The Chair: The hon. minister.

Mr. Jonson: Yes, Mr. Chairman. First of all, we have certainly been supportive and will take credit for providing the support services, but I think we should recognize that our Premier along with the other Premiers in Canada has made a special effort through the creation of the Council of the Federation and through, I think in all cases, going to the table with federal politicians but particularly the Prime Minister himself with the viewpoint to establish more positive, more effective relations between the federal government and the provinces and territories. That has been going on. It's been well reported upon.

There has been some progress, Mr. Chairman. It would appear that at least two of the initiatives that Premier Klein had mentioned some time ago as doable goals have been responded to favourably: the idea of regular first ministers' meetings, and also the whole concept of the provinces having a place, a seat, so to speak, at the table when trade talks and trade negotiations are going on. So there's certainly been an initiative there.

As well, the committee that I referred to in my opening remarks, chaired by the Member for Edmonton-Rutherford, has travelled extensively across the province, held public hearings, has now sent out an invitation for additional written comment, or I guess that they have something called e-mails these days, too, that might be used. They will eventually analyze the information that has come to them. They've had quite a variety of recommendations and a great deal of input, and much of that deals with what you might refer to as western alienation and some of these particular issues.

So, Mr. Chairman, there has been a considerable amount of activity in that particular area.

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

Mr. Mason: Thank you very much, Mr. Chairman. I would like to ask: with respect to the increases in the Canadian intergovernmental relations budget, which is about a 60 per cent increase, to what degree are these costs associated with the newly-established Council of the Federation? And how will the council differ from the previous formations that have existed on a more informal basis to deal with relationships between the provinces and their relationship with the federal government?

I would also like to know whether or not there are expenditures in this budget for the senatorial elections that the government has alluded to and whether or not they'll be held this fall during the municipal elections. We'd like to know how much money taxpayers should look forward to spending on that.

We'd also like to know about costs related to the so-called firewall committee, otherwise known as strengthening Alberta's role in Confederation. We'd like to know when that's going to be completed, and what is the projected cost of all of its activities?

I would like the minister, if he would, to also please perhaps take this opportunity to explain the government's reasons for refusing to participate in the national health council.

Thank you, Mr. Chairman.

Mr. Jonson: First of all – not necessarily in the order of the questions, but I'll get the answers to you – on the committee on Alberta's role in Confederation, the costs will likely be in the neighbourhood, Mr. Chairman, of \$280,000, and that is inclusive of travel and all the other expenses associated with that committee's actual activities.

With respect to the question on senatorial elections or selections, there has not been a decision on that at present. Certainly, it is something that is on the agenda for consideration, but there has been no hard-and-fast decision made about when or if such an event might occur and also what funding might be involved.

In terms of the Council of the Federation, it is a major budget item. I've already alluded to the manner in which the decision is made for the sharing of the cost among the provinces. I would like to elaborate a bit further on the Council of the Federation. The situation that we've had up to this point in time, or at least up until about three or four months ago, is a situation, Mr. Chairman, where certainly there are meetings between provincial and territorial representatives and the Premiers, but it is not as effective either from a federal point of view, I think, or from a provincial and territorial point of view as it could be.

9:30

The one thing that was missing is that there was not one support group in Ottawa that was available to the provinces and the territories to develop papers, to make arrangements, to make contacts, and to basically provide a base for the provinces and territories to work from. What is being done here is that these separate, somewhat fragmented presences that the provinces have had in Ottawa are being amalgamated into what's called the Council of the Federation. The Council of the Federation is the Premiers and the territorial leaders, but this secretariat is the working civil service arm that is being created. Yes, it is somewhat expanded over the numbers of people that were involved before and it will cost money, but it will also, I think, lead to much more productive, well-positioned agendas for the provinces and the territories.

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

Ms Carlson: Thank you, Mr. Chairman. There was quite a bit of noise in the Assembly, so I couldn't hear one of the answers that the minister gave.

Mr. Norris: You weren't listening anyway.

Ms Carlson: No, I was. You were talking, hon. minister, and that's why I couldn't hear.

I'm not sure if the minister for this department stated that he would give a breakdown of the \$250,000 in costs for the firewall committee, but if he didn't say that, I would ask him to do that.

Also, we're interested in knowing how many people attended each of the 12 meetings and any information he can give us on those and when we could expect to see . . . [interjection] No, I won't ask that question, I don't think, Member for Edmonton-Highlands.

My final two questions on this are: what does the minister plan to do with the report, and will the report be made public? Sometimes we see these reports just gather dust, and I'm hoping that won't be the case here.

Now I'd like to move on to talk a little bit about the Kyoto protocol. What steps does your ministry plan to take to address the Kyoto issue in the coming year? What is your department doing to help Alberta meet its targets? Are there any strategies that you're working on in terms of helping the industry? Have you done any

economic impact assessments relative to the Kyoto protocol, and if so, could you make those public to us? The last question on this one is: will you provide copies of the documents that you've got that support Alberta's position relative to the Kyoto protocol?

Thank you.

Mr. Jonson: With respect to, first of all, the report of the committee on Alberta's place in Confederation . . .

An Hon. Member: You can say firewall.

Mr. Jonson: The firewall is not our creation, but certainly people in that particular category were welcome to make their presentations and be heard, as were people from many other different political spectrums.

With respect to Kyoto, Mr. Chairman, the activity with respect to follow-up on environmental protection is with the Department of Environment. I think documents and reports and the overall strategy of the Department of Environment are well known, and the emphasis, of course, that Alberta is placing on a practical, scientifically based way to bring down emissions over a reasonable period of time with a reasonable target is going on.

It is interesting to note that to this point in time, although certainly Canada is a signatory to the Kyoto accord, the activity that we see at least recently with the federal government is much along the same lines as what we have been giving priority to here in Alberta, and that is advancing environmental protection, particularly as it applies to the atmosphere, through developing better technology and developing policies and standards and targets which are practical and doable without crippling industry that's involved in this province. That is what we are moving ahead with, and that is the overall stance of the government in that particular regard.

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

Ms Carlson: Thank you, Mr. Chairman. Now I'd like to talk about the Premier's musings a couple of weeks ago about how great he thought the idea would be of supplying the U.S. with missile storage in Alberta. Did that come out of your department? Are you doing any work on it? Is there any possibility that you might go forward with what I think is a very lame-brained idea?

Mr. Jonson: Well, Mr. Chairman, I'm not responding to the Premier's remarks in particular, but the fact of the matter is that Canada has for a long period of time been a member of NORAD, and we as a government recognize that there is that long-term established connection for North American Air Defence. Beyond that, to my knowledge no particular additional policy or change of viewpoint is being taken by the provincial government. It is a matter for the federal government to deal with, and we recognize that we are part of NORAD and we are part of Canada.

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

Ms Carlson: Thank you, Mr. Chairman. That leads me to a couple of questions on counterterrorism. Certainly, if there were any possibility that Alberta would become a missile storage site, then we would, I would think, have to be increasingly concerned about what was happening regarding Alberta's counterterrorism crisis management plan. Can you give us an update on what individuals and groups you've been consulting with? Under what circumstances would Alberta's border with the U.S. be closed according to Alberta's counterterrorism crisis management plan?

Mr. Jonson: Mr. Chairman, we do have an overall security/antiterrorism prevention or mitigation or defence plan in Alberta. A great deal of good work has gone into it, to the credit of Municipal Affairs and the Solicitor General's department, to name two of the key participants. We do have a communications centre up and running. We do meet fairly regularly to in a general sense get a feeling for the status of security in the province, and I think that the work that has been done in Alberta is in fact very highly regarded as being that which has underpinning it a very good plan.

However, Mr. Chairman, this is an issue of security, and I'm not going to endeavour to provide details, which I don't have in any case, in terms of how we do things, but there are protocols in place as to the assessment of threat or of danger if that happens. We have people monitoring the situation as it might apply to Alberta and exchanging information on a 24-hour basis, and I will stop at that with my description.

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

9:40

Ms Carlson: Thank you, Mr. Chairman, and Mr. Minister for those answers. My next questions are around the export of water. The minister knows that I have always been against any potential for Alberta to ever export any of its water, but can you tell me if you are now in consultations with anybody on this, be that interprovincial, federal/provincial, or other countries? Have you got any update on the issue of water exports or any policy options that you're taking a look at considering or developing?

Mr. Jonson: Mr. Chairman, the only activity that I'm aware of is one that has gone on for quite some time. The Minister of Environment may in his estimates comment on it when those come up. That involves the St. Mary River, which is really a unique situation. The river starts, as I recall, in Alberta, goes into Montana, comes back out, and there's some difficulty, some matters to be worked out there. Other than that, no, I do not know of any such plans.

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

Ms Carlson: Thank you, Mr. Chairman. Next I'd like to talk a little bit about a couple of issues in the business plans. When you talk about providing policy analysis for the other departments here, I'm interested in what you're doing on health care. Can you tell us whether you're providing any specific policy analysis or strategy with regard to where this government is going now and in the future on health care?

Mr. Jonson: With respect to health care this resides in large measure, of course, with the Department of Health and Wellness. However, in terms of the overall health issue we have provided advice. There are a number of different items connected with this. One is that we do have, working with native affairs, advice to give with respect to the legalities and so forth in providing health care to aboriginal populations.

Secondly, in terms of interpretation of the Canada Health Act, something that this department is well aware of and has been through on other occasions, this is another area where through our legal sources and our own staff we can provide advice in terms of the overall framework that you have to work within if you are going to work within the Canada Health Act. We've also provided comment and analysis on the various reports, of which I think there are about five at least out there. Not the least, of course, are the Mazankowski report and the Romanow report. So we are not the lead department

there. We've not tried to be. We're a support department, and there are areas in this whole very important area where I think we can provide some valuable support.

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

Mr. Mason: Thank you very much, Mr. Chairman. I wonder if the minister could enlighten the committee on the status of the softwood lumber negotiations between the government of Canada and the government of the United States and on what the status of the side negotiations may be or the participation of Alberta within the Canadian negotiations and on whether or not the government of Alberta is considering or has participated in the types of agreements that were reached by the government of British Columbia in its negotiations through the Canadian government with the United States and the type of agreement that was reached there, which may well see the loss of jobs in British Columbia and the closure of sawmills and other impacts. My understanding is that the British Columbia government agreed to that and that was concluded on their behalf. I would like the minister to please bring us up to date with respect to the status of Alberta's progress in these negotiations.

Mr. Jonson: First of all, Mr. Chairman, I believe that the hon. member was wanting comment on the overall softwood lumber situation or the status of the dispute. There have been discussions by conference call and so forth among the relevant ministers across Canada and at least on one occasion directly with the federal minister responsible. There is I think almost constant work being done between the negotiators of the two sides to try and come to some resolution of this issue.

However, at this particular point in time there was a proposal of sort of a framework that was presented. It was one which not just in Alberta we felt that the industry could not agree to, as did all the other provinces across Canada that are directly involved. So the industry's position at that point in time was that we should still be waiting, looking for some flexibility, a more positive approach by the Americans.

Also, we have been winning and making progress through the legal route, through NAFTA and through the North American free trade agreement repeal provisions. It is the hope of at least a certain sector of the softwood lumber industry that if we get further appeals that are in our favour from those two international organizations, this will help our cause in terms of convincing the Americans to open the border.

In the meantime there will I'm sure be additional discussions among the provinces in Canada, and we will be looking at having further discussions about what are called exit routes; that is, what specific requirements do you have to meet in order to get access to the American market and to have the deposits returned and the countervail duties dropped and so forth? There's the direct negotiation, which is kind of dormant right now, but there's still background work going on, and there's also the waiting that's going on for the decisions from the international tribunals.

I think that would be the comment there.

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

Ms Carlson: Thank you, Mr. Chairman. I'm hoping the minister can update us on the work that he's doing with the U.S. on the BSE issue to get the borders open. Can you give us an update on it?

Mr. Jonson: Well, Mr. Chairman, I'll respond to the question, certainly, but I would like to emphasize two points at the beginning,

and that is that the overall BSE issue is one where we have been fortunate to have a very strong and effective Premier that has I think credibility with the American government. Of course, the Hon. Shirley McClellan has taken on a huge load here in pushing for the resolution of this particular and very, very, very serious issue. Being an MLA, one of the . . .

Mr. Mason: Point of order.

The Chair: You have a citation, hon. member?

**Point of Order
Decorum**

Mr. Mason: No. The minister is quite soft spoken and is giving us useful information, but we cannot hear because of the disturbance in the House.

The Chair: The chair would also observe, hon. minister, that when you read with paper there, you can't hear. So that might be part of the thing as well as the ambient noise that seems to be from some lively discussions which could be adjourned to the outer lounge.

Debate Continued

Mr. Jonson: I think there are three points, though, that can be mentioned with respect to the BSE situation. First of all, the American government has realized within the last number of months that the BSE situation is affecting their overall cattle market. I think there was the initial assumption that it would only be something that would involve Canada and the United States, and now the American government seems to be putting a considerable amount of attention on the fact that borders are being closed to them. So they're beginning to look at it as an overall North American issue. When I was down to Washington about two weeks before the minister and the Premier went, I found that there was a new viewpoint or, if I can go so far as to say, an attitude in terms of the American political establishment looking at this as an overall North American problem that had to be sorted out, and that's helpful from our particular point of view.

9:50

The second thing is that there is a committee established to review the overall situation as far as the BSE situation is concerned, and they are emphasizing the science. They are taking submissions, they are looking at the science, and they indicate that they will make their decision about the feasibility of opening the borders on the basis of good science and the protection of the public.

So those two themes are there that weren't there before. Also, of course, I think the visit of the Premier helped to raise reason for hope. The date of June or July has been mentioned as a possible point in time when there might be the opening of the border if the recommendations of this very important committee are favourable to doing that.

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

Ms Carlson: Thank you, Mr. Chairman. My last set of questions is around the province's plan for joining the Regional Transmission Organization. Can we hear what your participation is as a department on that and a timeline in terms of when you may be planning to join it and any information about the Regional Transmission Organization conferences that your department's had a hand in planning or paying for? Also, tied into that, are there any plans to export electricity in the Pacific economic northwest region? If so,

what kinds of meetings and discussions are you having about that? Is there a timeline?

That concludes my set of questions, Mr. Chairman. I would like to thank the minister for the detail of his answers this evening and look forward to more specific detail on some of our more specific questions. Thank you.

Mr. Jonson: Mr. Chairman, we have not been as a department involved in the grid negotiations. This is being handled through the Department of Energy. If called upon, we will certainly be providing support, but we're not deeply involved in that, possibly because we've had quite a few other files on our desk lately.

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

Mr. Mason: Thank you very much, Mr. Chairman. I'd like to follow up on my question with respect to softwood lumber. I would like to request the minister if possible to respond in writing in more detail with respect to the position that Alberta has adopted and the present status of the negotiations or, alternatively, where Albertans might be able to locate information that would lay out in some detail the position of the government of Alberta and his department with respect to this issue.

Mr. Jonson: I would certainly undertake to do that.

I would like to respond to one other comment. If you know something that I don't, I would be really interested. I think the hon. member mentioned that there was an agreement between British Columbia and the United States. That would be news. I know that because of the great priority because of the nature of their industry being so important in British Columbia, they have been making tremendous efforts to try and come to an accommodation. Of course, their forestry situation is somewhat different from ours. But, as far as we know, there has been no agreement between British Columbia and the United States.

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

Mr. McClelland: Thank you. I have just a quick comment, more of a long-range view. In that the relationship within Canada is so important to Alberta and Alberta has such an important leadership role in the country, I'm wondering if the minister could put on the long-range horizon the notion of re-establishing an office in Ottawa particularly to encourage and to work with Alberta-friendly people in the public service and in nongovernmental organizations and especially in the media to advance Alberta's interests and to advance the Alberta perspective within that very important milieu.

Thank you, Mr. Chairman.

Mr. Jonson: Mr. Chairman, this is an item which, I think, should be dealt with appropriately in the context of what I think and government feels is a very promising beginning to the Council of the Federation as a structure for the provinces and territories to get together, to develop common cause as much as possible, so that they can have a stronger voice with the federal government. It's also designed, we hope, to be a vehicle which will lead to more civil contact and more constructive discussion than has been the case in the past few years. As we start down this road, I would have to say from a personal standpoint that it seems that there is a new atmosphere. We'll see how it goes.

So I think our emphasis will be on the Council of the Federation, working through that avenue. There will of course always be issues that are specific to Alberta or ones that we may have some great

concern with in terms of how they're evolving relative to the rest of Canada, but that's the way we're working right now.

The Chair: Hon. members, the only ones that are recognized for speaking purposes are those that are standing in their places. The hon. Member for Whitecourt-Ste. Anne.

Mr. VanderBurg: One of the questions that I get often back in Whitecourt when I go home on the weekends is from the group that's out promoting the relationship between Hokkaido and Alberta. As you know, the province kick-started this some 10 or 12 years ago, and the municipalities seem to be taking a lead role in this. They keep after me: when is the government going to assist more directly with the municipalities in the twinning arrangement? I promised again that I would ask the minister this during this time and hear the response.

Mr. Jonson: First of all, Mr. Chairman, I would like to advise the hon. member, although I think he may have known this, that we did provide some additional funding this past fiscal year for their town's conference above what had been previously provided for. We do feel that this is a valuable activity, and we hope to keep the program going. What our future support plans will be I can't comment on specifically.

10:00

The Chair: The hon. Minister of Economic Development.

Mr. Norris: No major question, Mr. Chairman, but I did want to make a comment. I'll be very brief, for the hon. members. [interjections] Well, I know everyone wants to go home, but I think the hon. minister should know, as should all members, that the work that our two departments do in the international offices is greatly appreciated by our department. I see the minister's staff up there. They're involved in all aspects of international missions, and I think it behooves all of us to show our gratitude to the minister and his team for the great job they do for Alberta.

Thank you.

The Chair: After considering the business plan and the proposed estimates for the Department of International and Intergovernmental Relations for the fiscal year ending March 31, 2005, are you ready for the vote?

Hon. Members: Agreed.

Agreed to:

| | |
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| Operating Expense and Equipment/Inventory Purchases | \$8,524,000 |
|--|-------------|

The Chair: Shall the vote for this department be reported?

Hon. Members: Agreed.

The Chair: Opposed? Carried.

Shall the vote for the offices of the Legislative Assembly be reported?

Hon. Members: Agreed.

The Chair: Opposed? Carried.

The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I move that the Committee of Supply rise and report the estimates of the Legislative Assembly and the estimates of the Department of International and Intergovernmental Relations and beg leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

The Deputy Speaker: The hon. Member for Calgary-Lougheed.

Ms Graham: Yes, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2005, for the following departments.

The main estimates for the fiscal year ending March 31, 2005, for support to the Legislative Assembly, operating expense, \$38,664,000; office of the Auditor General, operating expense and equipment/inventory purchases, \$17,646,000; office of the Ombudsman, operating expense, \$2,130,000; office of the Chief Electoral Officer, operating expense, \$13,735,000; office of the Ethics Commissioner, operating expense, \$447,000; office of the Information and Privacy Commissioner, operating expense, \$4,072,000.

The main estimates for the fiscal year ending March 31, 2005, for International and Intergovernmental Relations: operating expense and equipment/inventory purchases, \$8,524,000.

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

Hon. Members: Agreed.

The Deputy Speaker: Opposed? So ordered.

Mr. Hancock: Mr. Speaker, I think we should go home. I move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:05 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]