

Legislative Assembly of Alberta

Title: **Wednesday, May 5, 2004**

1:30 p.m.

Date: 2004/05/05

[The Speaker in the chair]

head: **Prayers**

The Speaker: Good afternoon.

Let us pray. As Canadians and as Albertans we give thanks for the precious gifts of freedom and peace which we enjoy. As Members of this Legislative Assembly we rededicate ourselves to the valued traditions of parliamentary democracy as a means of serving our province and our country. Amen.

Please be seated.

head: **Introduction of Guests**

The Speaker: The hon. Minister of Sustainable Resource Development.

Mr. Cardinal: Thank you very much, Mr. Speaker. It is my pleasure to introduce to you and through you to the members of the Assembly a group of seniors from the Boyle Wildrose Villa in my constituency. They are seated in the members' gallery. I'd like them to rise or wave and receive the traditional warm welcome.

The Speaker: The hon. Minister of Children's Services.

Ms Evans: Thank you, Mr. Speaker. I am privileged on behalf of the hon. Minister of Learning, who is in the air and plans to land any moment but was not able to be here, to introduce a delegation that is here today to meet both the Minister of Learning and the Minister of Community Development. The mayor of the town of Brooks, Don Weisbeck, and the reeve of the county of Newell, Cory Baksa, are accompanied by two councillors, Clayton Johnson and Kerry Crapo. Would they please rise, and would we all give them a wonderful and warm welcome.

Thank you so very much.

The Speaker: The hon. Leader of the Official Opposition.

Dr. Taft: Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to all members of the Assembly one of the key members of a fabulous group of young Alberta Liberals who's very involved, very interested in politics and is an eager supporter of ours. She is in the public gallery today. Her name is Jennifer Krauskopf. I'd ask her to rise and receive the warm welcome of all MLAs.

Thank you.

The Speaker: The hon. Member for Calgary-North Hill.

Mr. Magnus: Thank you, Mr. Speaker. It's a pleasure for me today to stand and introduce to you and through you to Members of this Legislative Assembly a friend of mine and a friend of many of us here. His name is Pete Davis, and I'd ask that he stand in the gallery and receive the warm welcome of this Assembly.

The Speaker: The hon. Member for Whitecourt-Ste. Anne.

Mr. VanderBurg: Thank you, Mr. Speaker. I'd like to introduce Mr. Lorne Olsvik, former deputy mayor of Onoway and former president of the AUMA. Mr. Olsvik is a resident of Onoway and currently with TrackFlow, an international software company. He's

seated in your gallery. I'd ask him to rise and receive the warm welcome of this Assembly.

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

Mr. Hutton: Thank you very much, Mr. Speaker. I'd like to introduce to you and through you a very remarkable young man, Kyle Lillo, who used his own experience with disability to help him have a true impact on disabled children in the community and has done it remarkably well. I met Kyle when I was a director of the Glenrose Rehabilitation Hospital Foundation. He came to me with the idea of making the hospital a much brighter place to be as a child. Our foundation agreed to match any funds Kyle raised.

Kyle Lillo is the founder and chief promoter and operator of Kyle's Toy Cart, a vehicle he uses to bring toys to the children on pediatric unit 201 at the Glenrose rehab hospital. In doing so, he brings joy, friendship, and a sense of inclusion to the lives of children who are recovering from or adjusting to a significant disability. Kyle's Toy Cart makes monthly trips to the unit and inspires children with new toys, games, and books. There is a noticeable stir when Kyle arrives and it is announced to the children that Kyle is in the building. Kyle is also a recipient of the Alberta Great Kids award.

I would ask you all to please recognize Kyle and his caregiver, Lillian Koch, and accord them the warm welcome of this Assembly.

The Speaker: The hon. Minister of Seniors.

Mr. Woloshyn: Thank you very much, Mr. Speaker. I'm very pleased to introduce to you and through you to the members of the Legislature 81 visitors from Graminia school. Graminia school is one of the original community schools in this province, a very fine school in my own neighbourhood. They are accompanied by teachers Mrs. Gloria Wolff, Mrs. Lorraine Hennig – Mrs. Lorraine Hennig is a very special person; she used to be my student, was my colleague in teaching, and is now a teacher in the area – and Miss Michelle Pernisch along with parents Mrs. Lussier, Mrs. Carefoot, Mrs. Mailman, Mrs. Franks, Mrs. Skocylas, Mrs. Nurani, Mrs. Weiland, Mrs. Zuidema, Mrs. Champoux, Mrs. Krawchuk, Mrs. Nonay, and Mrs. Gibson. I'd ask the students and the parents to rise and receive the welcome of the Assembly. They're in the public gallery.

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

Rev. Abbott: Thank you, Mr. Speaker. It is a great pleasure to rise on this glorious Alberta day. Actually, I'm rising on an occasion of an innovation of your own, and that is the idea to bring in seniors to visit the Legislature. Today I have my very first seniors' group ever, visiting the Legislature from Drayton Valley. They are led by group leader Norma Wall. There are 39 of them, and they had a long bus ride here today. I'd ask them all to rise and receive the warm welcome of this Assembly.

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

Mr. Knight: Thank you, Mr. Speaker. It certainly is a pleasure for me to rise today and introduce to you and to all members of this Assembly 19 bright students from the Rich Valley school in the riding of Grande Prairie-Smoky. They are accompanied today by their teacher, Ms Susan Thomson, and by parents and helpers Kevin Thompson, Brent Minni, Danny Scott, Jodi Danielson, Julie Zenner, and Shelley Lenes. I would ask them to rise now and receive the warm welcome of this Assembly.

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

Dr. Pannu: Thank you, Mr. Speaker. It's my distinct pleasure to introduce to you and to all members of the Assembly Mrs. Sonia Varela. Mrs. Varela is a highly respected leader in the Chilean community of Edmonton. She is a passionate advocate of human rights and social justice and regularly volunteers with Edmonton's Food Bank. She is here this afternoon to observe the proceedings of the Assembly. Sonia is seated in the public gallery, and I would now ask her to please rise and receive the warm welcome of the Assembly.

head: **Oral Question Period**

The Speaker: First Official Opposition main question. The hon. Leader of the Official Opposition.

Automobile Insurance Reform

Dr. Taft: Thanks, Mr. Speaker. The auto insurance reform plan currently before government MLAs will not save any money for 80 per cent of good, experienced drivers. That contradicts promises from the Premier himself and his Finance minister. To the Premier: given the contradictions, what are Albertans supposed to believe?

Mr. Klein: Mr. Speaker, what Albertans are to believe is precisely this. The regulations surrounding the government's auto insurance reforms are still working through the process. That Albertans can believe. No decisions have been made, so I can't comment on speculative media reports or speculative Liberal reports about what will or won't be approved. No decisions have been made about the detailed regulations, so it's premature to be talking about the government breaking its promise. No decision has been made.

1:40

Our basic goal with auto insurance – and I'm sure the Liberals will agree with this – is to have premiums that reward good drivers and penalize poor drivers and to fairly compensate accident victims. That makes a lot of sense. My commitment that rates in Alberta will be comparable to those in other provinces still stands. Now, I don't know if it's going to be lower or higher than in Saskatchewan, but it will be comparable within, I said, \$5, \$10, \$15, \$20, and that's not unreasonable. I would add that the reforms are based on personal responsibility, and good drivers will pay competitive rates, and bad drivers will pay more.

The Speaker: The hon. leader.

Dr. Taft: Thanks, Mr. Speaker. Can Albertans have any faith in this government's auto insurance plan when the government is now trying to claim that the premium rate freeze was actually a rate decrease?

Mr. Klein: Mr. Speaker, I don't recall that claim ever being made, but I'll have the hon. Minister of Finance respond.

Mrs. Nelson: Mr. Speaker, the actions that we took in the fall as a government to protect Albertans and consumers of automobile insurance were clearly in an effort to stop the continual spiralling costs from being passed on to consumers. We put a freeze in place for those people whose premiums were being renewed from October 30 onward at the previous year's rate, so they saved dollars from the current rate that they otherwise would have had. That was the first step in protecting Albertans from the increases. Now, we weren't

able to do it for those that had already had their rate increases, but they will receive a benefit this summer as the new plan comes in place.

Clearly, putting the freeze in stopped the massive increases that were taking place, and those were passed on to consumers. In fact, if some were in the mix and already had received their bill, they have since received a cheque back from their insurance company or they have received a credit on their statement or their policy was rewritten and a new one sent out to reflect the previous year's rates. So they've already experienced those savings.

The Speaker: The hon. leader.

Dr. Taft: Thanks, Mr. Speaker. What exactly is preventing this government from introducing public auto insurance now?

Mr. Klein: Mr. Speaker, first of all, no one is asking for it. Secondly, I would remind the hon. Leader of the Official Opposition that it was this government that took the initiative to address the whole problem of insurance premiums. In that regard the hon. Member for Medicine Hat was assigned to do a survey and to investigate the situation and prepare a report as to what could be done without going into a socialist system, which the NDs and the Liberals so admire, and at the same time still protect consumers under a regulated system. It's as simple as that. As I said previously, we are now working through the regulations.

Executive Council Travel

Ms Blakeman: Mr. Speaker, the Premier said that part of the trip to Fox Harb'r golf resort was reimbursed by the Tory party. A receipt provided by the Premier in the Public Accounts Committee is labelled by hand for some costs associated with Fox Harb'r. While no details are provided on what was covered, it does show almost \$1,200 being paid. My questions are to the Premier. Will the Premier now provide details and receipts for the government portion of this trip?

Mr. Klein: Mr. Speaker, fine. Someone, please, take the question under advisement and provide the hon. member with whatever she wants if we can find it. Please, you know, get it off my back. I mean, as I said, they're talking about Executive Council travel: 1/10,000 of 1 per cent. You would need a computer the size of this Legislative Assembly to compute what \$800 means in the scheme of the overall provincial budget, I think.

Mrs. Nelson: Twenty-three billion.

Mr. Klein: Well, \$23 billion, \$800 – I don't know. I have no idea how to calculate that. But, my God, if all they want, if all they can think about is \$800 and that receipt, then, please, whoever is out there listening, help me with this and provide them with the information. Get them off my back.

The Speaker: The hon. member.

Ms Blakeman: Thank you very much. Again to the Premier: did the Tory party reimburse any expenses for the India trip taken in January of '04 by the Premier, the Minister of Community Development, some government MLAs, and others? Were any of those reimbursed?

Mr. Klein: I'm sorry. The question was: did the party pay? No. That was one hundred per cent.

Mr. Speaker, just to go back to the Fox Harb'r trip, I said earlier that that trip was part business and part vacation. I was invited to the event by Ron Joyce, the former CEO of Tim Hortons, and attended in my role as Premier. Other Premiers were invited as well. I don't know if any others attended. I can't recall. I had the chance to meet with business leaders, as I say, from around North America and promote Alberta.

I also used the trip to play some golf. That's why roughly half of the \$2,500 tab was paid back by the party on my behalf. Right? It didn't cost taxpayers. That's the \$1,200, roughly, that the hon. member refers to. Peter Elzinga, my former chief of staff, paid approximately \$1,200 personally and then obtained reimbursement from the party. A record of that payment is available from my communications staff, and I understand that they do have a record of that payment.

I know that previously it had been reported that the party paid up to \$2,000 of the \$2,500 tab. That's what I was advised. However, unfortunately, that was an error that wasn't noticed until last week when we went back to the 2002 financial records. But I believe that overall the half-and-half payment set-up accurately reflects the mixed business/personal nature of the Fox Harb'r trip.

Now, Mr. Speaker, I will say this as well. As I was travelling to Nova Scotia anyway for a Premiers' Conference, there were no additional airplane costs incurred as a result of the Fox Harb'r stopover in that it's on the way to Halifax. It's about, I think, one hour by car and maybe 15 minutes by airplane from Halifax, so it was on the way. We flew over it, so we stopped. There might have been additional costs relative to landing the plane and the gas used in taking off. Now, if they want that, we'll try and figure that out too.

The Speaker: The hon. member.

Ms Blakeman: Thank you. Again to the Premier: did the Tory party reimburse any expenses for the trip to Mexico in September of 2002 taken by various members of Executive Council?

Mr. Klein: No.

The Speaker: The third Official Opposition main question. The hon. Member for Edmonton-Riverview.

Requests for Information

Dr. Taft: Thank you, Mr. Speaker. Last Thursday the Liberal opposition made an appointment for the next day to view publicly available flight manifests for government aircraft for 2000 to 2003. The Premier has since admitted that he was phoned by his staff that Thursday evening and informed of our appointment. The next morning our appointment was cancelled on us, and the manifests were suddenly classified under the so-called freedom of information laws. To the Premier: will the Premier admit that this is blatant political interference in the due process of government?

Mr. Klein: No. What I will admit is that the approach the Liberals took was blatant political grandstanding. Was blatant political grandstanding.

Mr. Speaker, as I said in the media scrum yesterday – and this hon. member knows because he was there. He attends every scrum along with his little researcher.

Mr. MacDonald: He's bigger than you.

1:50

The Speaker: The hon. Premier has the floor. He can continue.

Mr. Klein: Mr. Speaker, as I pointed out yesterday in the scrum, Mr. and Mrs. Grundy or Martha and Henry, normal Albertans, don't appear at the government hangar requesting 10 years' worth of documents, manifests, some 12,000 different documents, don't request the use and the tying up of over 50 hours of public service employee or employees' time, doesn't arrive decorated with a microphone, with a bevy of media. So I suspect that there was some media grandstanding going on.

Dr. Taft: To the Premier: is the Premier routinely informed by his staff of information requests from the Liberal opposition and the media?

Mr. Klein: Not routinely. Sometimes. Although I suspect that many FOIP requests are from the Liberals or from the media, FOIP requests are kept confidential. You can tell by the questions that are being asked that Martha and Henry or Mr. and Mrs. Grundy are not asking those questions, because when you listen to the questions and the kind of information they're seeking, you say: "Gosh, this sounds like a request from the Liberals or the media. I wonder who's trolling, who's casting. I'm sure it's not Martha and Henry."

The Speaker: The hon. leader.

Dr. Taft: Thank you, Mr. Speaker. Is informing the Premier of information requests from the opposition and the media part of this government's surveillance system of information requests?

Mr. Klein: Mr. Speaker, as far as I know, we are not spooky. No. This is a democracy, and we don't set up surveillance systems. Maybe the Libs do – I don't know – but we don't have a snoop squad. No. The answer is no.

The Speaker: The hon. leader of the third party, followed by the hon. Member for Calgary-Currie.

Education Funding

Dr. Pannu: Thank you, Mr. Speaker. Two weeks ago during estimates debates I urged the Minister of Learning to make public the funding profile for all school boards and charter schools in the province. Now that that has happened, school board after school board is saying that these numbers can mean no new teachers, zero reduction in class sizes; in other words, no implementation of the Learning Commission's recommendations. My questions are to the Minister of Learning. Given that school boards like Edmonton public, Red Deer public, and Elk Island are all saying that the increases are much smaller than claimed and won't allow them to hire more teachers or reduce class sizes, what actions will the minister take to address these concerns?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. Just for the record I do want to put in what Edmonton public received. Edmonton public received a 5 per cent increase from last budget to this budget. They received \$22 million more this budget over last budget. When it comes to the interim funding that was put in in November, we added in another \$7 million. In this budget alone – this budget alone – \$16 million more went to Edmonton public. We have to recognize that Edmonton public is predicting a decline in their enrolment. They have \$16 million more to spend for fewer students.

The Speaker: The hon. leader.

Dr. Pannu: Thank you, Mr. Speaker. To the same minister: what does the minister have to say to the trustees of Red Deer public when they state in a resolution adopted unanimously that the increase in next year's budget will make it difficult to maintain existing programs and staffing, let alone implement the recommendations of the Learning Commission?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. Assuming that there is no enrolment change in Red Deer public, their budget will have gone up 4.8 per cent last year to this year. Their budget will have gone up about \$2.6 million. Given that \$1.1 million was given to them in November of this year, they will have \$1.6 million on top of the \$1.1 million to hire teachers, to do what that school board sees as their priorities. Red Deer public, for example, has decided that they will go to full-day kindergarten, so they have put their funds into full-day kindergarten. They have gone up \$2.6 million. On this side of the House \$2.6 million is still a lot of money.

Dr. Pannu: My final supplemental, Mr. Speaker, to the same minister: how can the school boards honour the minister's own commitment and implement the Learning Commission's recommendations by reducing class sizes when the budget increases they are getting will be barely enough to cover inflation, let alone improve classroom conditions by reducing class size?

Dr. Oberg: Mr. Speaker, the day when \$250 million is not enough, the day when \$250 million is just seen as a drop in the bucket is a sad day for Alberta. Two hundred and fifty million dollars, taxpayers' dollars, is still a tremendous amount of money, and that's something that everyone in this Legislature needs to remember.

Access to Motor Vehicle Information Database

Mr. Lord: Mr. Speaker, my constituents and indeed many Albertans are very concerned about reports that the War Amps organization is going to be denied access to motor vehicle information. My questions are for the Minister of Government Services. Could the minister inform this Assembly what his department is doing to ensure that the War Amps organization is going to be able to continue their very worthwhile operations in Alberta?

Mr. Coutts: Well, first of all, Mr. Speaker, let us say one thing. The War Amps organization is a very credible organization that really helps and assists young people not only in this province but across this great nation of ours with prostheses, and they do that by getting donations for the very valuable key tag service that they've provided for a number of years.

Charitable organizations have not been able to get access to the motor vehicle database, but about a year ago I met with War Amps, and they were able to convince me that they were a special case from the service that they provided.

What we did at that particular time was we made a special exemption, which was basically a compromise, for War Amps to gain access and retain access to the motor vehicle database for a period of two years. They can take the names and the addresses of Albertans who have successful drivers' licences and people who would benefit from the key tag service that War Amps has, and they would be able to put that in their database for the next two years. As a matter of fact, we're working today with War Amps on developing a form of consent. The form of consent would then be added to their database after the year 2006. We're staying within the privacy concerns of Albertans and protecting that.

Mr. Speaker, War Amps has not been denied access to the motor vehicle database.

Mr. Lord: Mr. Speaker, again to the same minister: could the minister explain why Impark and other private-sector parking companies will be allowed access to the motor vehicle information database?

Mr. Coutts: Mr. Speaker, I want to clarify that Impark will continue to be denied access to the driver information because of customer complaints, and an investigation continues into those customer complaints and the practices that Impark used in violating the Fair Trading Act. Other private parking companies will be granted motor vehicle information only on the basis of implied consent, and that is by posting clear parking lot signage on the consequences of illegal parking. Names and addresses will only be released if – if – proof of payment is not displayed in accordance with the posted instructions. These restrictions will ensure that consumers, customers who park in those lots, are clear on the terms and the conditions on the parking there. If they agree to park there, they are consenting to those consequences if they do not abide by those terms. We will continue to audit private parking companies and to make sure that their requests for information comply with the terms of the contract.

2:00

Mr. Lord: My final question, Mr. Speaker, again for the same minister. I'm wondering if he could explain to this Assembly what his department is doing to address concerns by private investigators who are also concerned that they'll be put out of business if they can't access this database.

Mr. Coutts: Mr. Speaker, it's not only War Amps and not only private parking companies and public parking companies that get this kind of information, but we're working with all stakeholders across this province to make this transition easier and to ensure that there's compliance with these new, tougher regulations that were asked for by the Privacy Commissioner and the Auditor General.

Private investigators do a great deal of work for clients, such as banks and lawyers and insurance companies, and all they'll need to do is get consent from their customers in the event that their motor vehicle information is needed. That's the operative word. We're only going to give out information for purposes of that company to do business.

Banks and insurance companies who hire private investigators will have to ensure that the investigator has been approved by my department and licensed by the Alberta Solicitor General. We have made arrangements to release information to the bank or to the insurance company for use by that investigator working on their behalf.

To conclude, these scenarios are as much of the information that is available and needed for the motor vehicle related incident or if it is needed for a court proceeding.

Automobile Insurance Reform

(continued)

Mr. MacDonald: Because this government would rather fly than drive, they are completely out of touch with Alberta drivers. The backgrounder released with last November's announcement about auto insurance reform stated that "age, sex and marital status will no longer be factors in setting premiums." My first question is to the Premier. Is it true that this government is going to break this commitment and will in fact allow discrimination to continue on the

basis of age, sex, and marital status when setting auto insurance premiums?

Mr. Klein: Mr. Speaker, quite the contrary. I'll have the hon. Minister of Finance respond.

My directions and certainly caucus's agreement were quite clear relative to the fundamental policy surrounding this issue, and that is that we want to end the discrimination for young good drivers who happen to be male and older male drivers. We want to end that discrimination – that's what the legislation is all about – and at the same time to make sure that those who are injured are fairly compensated.

Mrs. Nelson: Well, Mr. Speaker, the only discrimination that will be brought into play in this new reform package, quite frankly, is the difference between a good driver and a bad driver. Then there will be discrimination. If you're a good driver, you're rewarded. If you're a bad driver, you're going to be penalized.

Mr. MacDonald: Edmonton drivers are going to be discriminated against.

Now to the Minister of Finance: is the government planning on setting maximum base premiums so high that insurance companies will be able to continue to use all the discriminating factors they use now?

Mrs. Nelson: Well, Mr. Speaker, the actuarial assessment that has been in place for a long time has been based on regions within the province. Clearly, under this package it has shown that there has been a difference between the rural communities and the two major centres. That has been based on experience, the driving experience and the claims experience, within those jurisdictions. As the major centres become more equal, their driving experience, we assume, will follow suit, and we will see parity between them.

Mr. MacDonald: Again to the Premier: will the Premier admit that, yet again, this government's auto insurance plan or their proposals will have so many loopholes that once it's introduced, most Alberta drivers will be no better off than they are today, that in fact many will be worse off as a result of your tinkering with our auto insurance premiums?

Mr. Klein: Mr. Speaker, again, I would remind the hon. member that they wouldn't even have an issue had we not created the issue to address a serious problem that involved discrimination against young male good drivers and older male good drivers. We want to end that discrimination.

I can't for the life of me see what they are upset about or why they are questioning these motives. These motives are good. You know, there's always difficulty with regulations and to make them as tight and as firm as we possibly can. What we're working through right now is the regulatory aspect of the legislation and the policy.

Mr. Speaker, I don't know; maybe the hon. member can answer this question. In areas where they do have state or socialist insurance, I don't know if one area, Regina for instance, pays the same as a driver in Saskatoon. I don't know that for sure. Perhaps the hon. member can enlighten me, or maybe I'll find it on the web, hopefully. Maybe he can enlighten me too. I don't know.

Animal Disease Surveillance

Mr. Snelgrove: Mr. Speaker, much attention has been given to the border opening for products from livestock under 30 months of age.

Most producers are able to provide documentation as to the birthdate of their animals, some as accurately as purebred registration certificates, only to find that the 30-month age criteria is irrelevant and that the actual benchmark is the appearance of the animal's third tooth. Many animals develop this tooth as early as 24 months. My question is to the Minister of Agriculture, Food and Rural Development. Was the Alberta government involved in the determination of this criteria, and why do they continue to use the 30-month terminology?

Mrs. McClellan: Mr. Speaker, the use of the third tooth to determine the approximate age of the animal is an international agreement, part of animal disease surveillance. It is accepted internationally and endorsed in Canada by the Canadian Food Inspection Agency, so directly we did not have any input into developing this. However, we have accepted it as an international standard.

One of the difficulties is that you have differing standards around the world. You have different ways of documenting age of animals, and this is seen as consistent. There's a second method you can use, and it's called ossification, but in that case the animal has to be slaughtered or dead.

Mr. Speaker, there's no question that this tooth can vary in its eruption in different ages of animal, but it is the most practical method we have. We call it denturing or mouting of animals. It's not new.

I just want to point out to the hon. member and to all hon. members that there are two reasons that you use this. One is that under that age you do not have to remove the specified risk materials, so you want to know the age of the animal because over 30 months there is a removal of SRMs. The second thing is that we cannot export the meat from an animal over 30 months, so we have to have a way of determining an age that is accepted by our international buyers.

The Speaker: The hon. member.

Mr. Snelgrove: Thank you, Mr. Speaker. To the same minister: given that many producers find after the fact that their product has been hugely discounted by the packers under the premise of the mature designation, even in cases where the meat is sold in Canada and grades triple A, what process is available to the producers to guarantee that the packing houses are not simply using the mature designation to rip off the producer and, ultimately, the consumer?

Mrs. McClellan: Well, Mr. Speaker, every producer that brings an animal into the market wants to make sure that they're getting the most value out of that animal, but grade of that animal and dentition, or the third tooth, are not related in any way. Although it's unlikely that you would get an over-30-month animal grading triple A, it is not that age that determines the grade of the carcass. The packer uses that, if they are a federally inspected packer, to do two things, as I indicated. They know they can export that meat into the international marketplace, and they also know that they do not have to remove the specified risk materials.

2:10

Mr. Speaker, it's important to understand that the seller and the buyer will determine what you get back. I mean, if you take an animal in to market and you're dissatisfied with the grade or the price, you take that up with the person who's purchasing it. But there is no question that some processors, especially large packers that are killing many animals a day, may charge a producer for bringing in an animal that's over 30 months in a group because they

have to segregate that animal, and there can be additional costs.

Mr. Speaker, the grading of that carcass and the dentition work that's done to determine the age of the animal for removal of SRMs or export are not related in any way.

The Speaker: The hon. member?

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

Education Funding

(continued)

Dr. Massey: Thank you, Mr. Speaker. For many school boards there will be no reduction in class sizes and there'll be no progress on the Learning Commission recommendations with respect to class size this September. In fact, in some urban and suburban districts class size will likely increase. My questions are to the Minister of Learning. How much money was allocated in the budget specifically for the commission's class size recommendations?

Dr. Oberg: Mr. Speaker, this is déjà vu all over again. In the Commission on Learning there were two issues that were looked at, and, as I've said in this House before, they were essentially contradicting ideas. One idea was the whole issue of class size where they put in class size numbers that we have agreed to. What they said on the second side of things is that we should institute the funding formula.

The funding formula gives the school boards the ultimate flexibility. In all fairness, the school boards have the ability to use 95 per cent of the dollars that they will receive as they see fit. There is 5 per cent that is left over that is targeted for the Alberta initiative for school improvement, the SuperNet, and student health.

Mr. Speaker, in direct response to the hon. member's question, as you can tell by my explanation, there was no money that was put directly to class size. There was, however, \$250 million that was given to schools, basic K to 12 education. Of that, \$192 million went directly to school boards. The majority of the other \$58 million went for increases in teachers' pensions, and the second thing was increases to the curriculum, where we're working on bigger and better curriculums.

So in direct response to that, there has been the potential for \$192 million to go to class size if that's the school board's priority.

The Speaker: The hon. member.

Dr. Massey: Thank you, Mr. Speaker. That's absolutely wrong.

The question is to the minister. Given salary grid cost increases close to 2 per cent, inflation, and the arbitrated settlement, how with an average 5 per cent increase does the government expect urban and suburban school boards to begin reducing class sizes?

Dr. Oberg: This is quite unbelievable. A 5 per cent increase in education in Alberta is not heard of anywhere else in Canada. British Columbia: zero – zero – per cent for three years. Saskatchewan: probably looking at a decrease in education funding. Mr. Speaker, in this province our government gave \$250 million to the K to 12 education system, which is an absolutely huge amount. Not only did we give \$250 million; we have budgeted \$650 million over three years for the basic K to 12 education system.

The Speaker: The hon. member.

Dr. Massey: Thank you, Mr. Speaker. If the money is adequate,

why has this minister in this letter made a crude attempt to muzzle school boards should they speak out on this issue?

Dr. Oberg: Mr. Speaker, I'm not aware of what letter the hon. member was talking about. I would assume that it is a letter that went to school boards clarifying the actual amount of dollars that they received, and I will give you an example. In the Assembly this week the hon. Member for Red Deer-West, I believe – Red Deer-North; directions were never my strong point – asked me a specific question about this, and what the school board had done is stated that, yes, there was \$330,000 or thereabouts put into aboriginal education. There was another \$230,000 or \$240,000 that was put into special-needs education.

Mr. Speaker, what the school board forgot to say is that those funds are flexible. There is nothing tied to those funds. In essence, they can use those funds however they see fit, and that's what we expect school boards to do.

Global Telehealth Technology

Mrs. Fritz: Mr. Speaker, health care is being reformed already by rapid changes in telecommunications. I understand that a respectable hospital in Boston is sending its X-rays and radiological films to India for reading and diagnosis. I also understand that that cost is approximately \$10 U.S. in India as compared to \$150 U.S. in Boston to read that same film. Apparently, this saves not only money but time for the patient. So my question today is for the minister of health. Is your department giving consideration to using telecommunication to access services outside of Canada for radiological diagnosis in order to save time and cost in patient care?

Mr. Mar: Mr. Speaker, Alberta's health system already does make effective and efficient use of information technology in sending and reading radiology images from remote locations. We have one of the most extensive telehealth systems in the world. We have some 25 teleradiology sites here in the province, and through that, we are able to send X-rays and ultrasounds and other diagnostic images from remote locations in the province for reading in major centres such as here in the city of Edmonton or in the city of Calgary.

Mr. Speaker, we do not send any of these out of province at this time, but I think that in looking at the applications, the hon. member raises an issue that ought to be looked at. I think that the key issue, though, is that we must ensure that the standard of care, in this case the standards of reading films or X-rays, would have to be maintained. I'm not familiar enough with what the results of those readings would be in other jurisdictions. I've tried my best to verify the place where this practice takes place. I've been advised of it, but I cannot confirm which facility in Massachusetts is using this, nor can I confirm the price differential between the reading of films in Boston versus reading them in another jurisdiction.

The Speaker: The hon. member.

Mrs. Fritz: Thank you, Mr. Speaker. Further to that, then, I'm wondering if the minister's department is using health care providers outside of Canada for any patient services.

Mr. Mar: Mr. Speaker, we do spend a small amount of money in seeking services that are not available here in Alberta and in some cases not available in Canada. There are certain lab results that are very sophisticated that we do not have the volumes with which we can do them here in this province. Certain genetic tests, for example, we do send out of country to the United States. The total cost of that is in the magnitude of \$100,000.

We do send Albertans out of province to other parts of Canada sometimes when we don't have a particular service here in Alberta. Last year, Mr. Speaker, we spent \$4.3 million on out-of-country hospital care, mostly in the United States, although on occasion we do send people to jurisdictions other than the U.S.

So the answer is yes. We do rely upon out-of-country services, practitioners. We always need to satisfy ourselves that the service is not available in Alberta and that it is of a recognized high-quality calibre of service.

The Speaker: The hon. member.

Mrs. Fritz: Thank you, Mr. Speaker. My final supplemental is to the same minister. Does your department or any of the RHAs have policies in place to ensure – and not just to consider but to ensure – that Canadian standards are met when buying patient services in a global market where the costs are lower?

2:20

Mr. Mar: Mr. Speaker, I think it is of primary consideration that we maintain very high standards in our delivery of service. So if a service is available through some other means that is less expensive, we would not do that at the cost of decreased quality of service.

Calgary Ring Road

Mr. Bonner: Mr. Speaker, on more than one occasion the Premier has suggested that tolls might be implemented to cover the cost of the future southwest leg of the Calgary ring road. The Alberta Transportation news release, however, makes no mention of any tolls. My questions today are to the Minister of Transportation. Can Calgarians look forward to paying a toll on a future southwest Calgary ring road?

Mr. Stelmach: Mr. Speaker, the hon. member is referring to a question that came from the media at the signing of the agreement in principle that will eventually transfer land from Tsuu T'ina nation to the Crown of Alberta for the purpose of a ring road. The question was: will this road be tolled? The reply by the Premier was: we're looking at all kinds of options. There are some policies tied to tolls, and with a toll you must have an alternate route. If you are going to toll a new road, you must have another road that provides the same type of service. That was further to the Premier's comments at that particular time.

Mr. Bonner: To the same minister, Mr. Speaker: given that this ministry is considering implementing tolls for this ring road, is it also considering making this a P3 project?

Mr. Stelmach: Mr. Speaker, in this Assembly I did mention that if our inaugural project, being the southeast leg of the Anthony Henday in the city of Edmonton, works well, if it brings savings to the provincial taxpayer, we will certainly look at that option for further development of the ring roads in Alberta.

Mr. Bonner: To the same minister: has the government shifted its policy on tolls, and will it now begin to implement tolls on new highways constructed in the province?

Mr. Stelmach: Mr. Speaker, no. There have been no policy changes. We always had a policy, as long as I was minister of this department, that tolls could not be implemented unless there was an alternate route.

Also, tolls on roads don't particularly work in every instance and every application. There has to be a significant amount of traffic on that particular road to pay for the construction and the maintenance of that road in the future. I don't know how much traffic will be in the southwest, but on the other roads that we're looking at in terms of the ring road, we'd probably only cover about a third of the cost, and then once you subtract the collection costs, it decreases the revenue even further.

The Speaker: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Peace River.

Health Care Reform

Mr. Mason: Thank you very much, Mr. Speaker. As set out in an Ottawa speech by the Minister of Health and Wellness yesterday, the Tory government's vision is a bleak one of a stripped-down public health care system that only protects Albertans against catastrophic health costs. This is the very opposite of our national vision of a comprehensive public health insurance system that covers all health services. Far from being a Cadillac, this government's vision is one of an old beater sitting up on blocks in the yard. My question is to the Minister of Health and Wellness. Why is the minister outlining a vision of health reform that, far from being the original vision of medicare, takes us back to the bad old days before medicare?

Mr. Mar: Mr. Speaker, I wish to correct the hon. member on most if not all of the content of his preamble. The reality is that when medicare was first introduced in the province of Saskatchewan, Tommy Douglas – and I know that he has read extensively on matters that Premier Douglas had spoken about – contemplated that medicare would be about hospital care and physician care.

I don't want anybody to be left with the impression that the hon. member would leave, that we're trying to strip down medicare to its bare basics, but we do have to return to what its original roots were and what the original principles were. The reality is that many of the things that we do in the health care system today could never have been contemplated by the founders of medicare 40 years ago. There are things that we can do today that were not even available five or 10 years ago.

Our point as a government is that we need to reform our system because it's not sustainable. There are those who will say that it's sustainable because expressed as a percentage of gross domestic product, it hasn't really changed. Well, gross domestic product isn't like money in the bank that you can spend; revenue is.

Mr. Speaker, here is the stark reality across Canada: 8 to 10 per cent is how much health care has been increasing in provinces across this country each year for the last 10 years. Revenues over the same period of time have grown 2 to 4 per cent. So something has got to give. That's why it's not just the provincial government of Alberta that's interested in reform of the health care system. It's the reason why a New Democrat government in Saskatchewan would commission Ken Fyke to do a report for them. It's the reason why the Claire report was produced in the province of Quebec. It's why similar reports have been done in British Columbia and Atlantic Canada.

Mr. Speaker, we're doing our very, very best to ensure that we remain true to the original principles set out in medicare and still reform the system. We don't deliver health care the same way that we did 40 years ago. Our public policy and the structures in which we deliver it must therefore change. It must keep pace with medical technology and drugs and other things that are being done today that were never even contemplated 40 years ago.

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. Well, given that the minister's speech says, "It will be a system that provides core services in the original spirit of medicare," will the minister now define for this House very broadly what core services he has in mind?

Mr. Mar: Mr. Speaker, that is the subject matter of our discussions right now in preparing a document that we can place before the Alberta public before the end of June. That's been the commitment of the Premier of this province and ours. I think that looking at how services are delivered in other jurisdictions will provide us with some demonstration of how things might be different and how they can change effectively.

I think that the hon. member would be well served to learn about health care systems in other parts of the world, and I think that one of the great difficulties is that he and other people like his supporters would only look to the United States and say: our choices are the United States or Canada. Our choices are not nearly so stark. We have a broad range of choices.

So we will look at other health care systems throughout the world, and we will come back with the best solutions that we can find that would be applicable to Alberta within the spirit and the principles of the Canada Health Act and its original principles.

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. Well, given that the minister's speech says, "No one should face financial hardship because of catastrophic illness or injury," can the minister tell the House just when people should face financial hardship in our health care system?

Mr. Mar: Mr. Speaker, I think it's very rare that an NDP member of the Legislature would quote a Conservative minister of health. But I think the principle would be well understood by most Albertans that there should not be catastrophic health suffered by an individual that results in a catastrophic financial burden. That's exactly what Tommy Douglas talked about on the floor of the Saskatchewan Legislature in 1961. I doubt if anybody asked Mr. Douglas at that time: what does that mean? I think it's well understood, the driving force of the principle. I think that's understood well by Albertans.

The Speaker: Hon. members, in a few seconds from now I'll call upon the first of seven hon. members to participate in Recognitions.

Hon. members, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: 2:30 **Introduction of Guests**
(reversion)

The Speaker: The hon. Deputy Speaker.

Mr. Tannas: Thank you, Mr. Speaker. I'm pleased today to introduce to you and through you to members of the Assembly 36 participants in the Forum for Young Albertans. They are accompanied today by Tanya Dyer, Erin Smith, Richard Fix, Aurther Lee, and Selena Craig. These fine young people come from a number of high schools across Alberta and are spending the week learning about the Legislature, the inner workings of the government, and

will participate in a model parliament. Many of our members have met with these students, which has offered both parties an excellent opportunity to discuss the traditions and procedures of this Assembly and the role of the MLA. I would ask that our honoured guests, who are seated in the members' gallery, do rise and receive the traditional warm welcome of this Assembly.

head:

Recognitions

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

Robert Dixon

Mr. Snelgrove: Thank you, Mr. Speaker. I would like to recognize today a very special young man from my constituency, Mr. Robert Dixon from Mannville, who was named this year's recipient of the 4-H Premier's award. He was selected out of 129 candidates during the annual 4-H selections program held in Olds last weekend.

Mr. Speaker, the Premier's award is the highest honour the Alberta 4-H program bestows on a member. The award recognizes young Albertans that demonstrate strong project management, leadership, and communication skills plus dedication to their community.

Robert embodies all of the above-mentioned traits and most certainly exemplifies the can-do spirit of 4-H. I'm extremely proud that this talented young man will be representing our province and our 4-H program as he travels to numerous events across Alberta during the next 12 months.

As the Premier's award winner Robert also takes on the role of 4-H ambassador. He will be joined by 13 4-H'ers who were also chosen during the selections weekend based on their leadership skills, their enthusiasm and commitment to their communities and rural Alberta.

A great deal of credit should be awarded to his mother, Barbara. As well, this achievement will also rekindle with fondness the memory of his late father, Bruce Dixon, himself an accomplished 4-H'er.

Please join me in congratulating Robert and all of the ambassadors and young 4-H members on their wonderful achievements.

The Speaker: The hon. Member for Whitecourt-Ste. Anne.

Liberation of Holland by Canadian Soldiers

Mr. VanderBurg: Thank you, Mr. Speaker. Today marks a very special anniversary for both the Member for Edmonton-Manning and for me. Fifty-nine years ago today Canadian soldiers liberated my family and millions of other Dutch citizens from the German occupation in Holland. Also on that date members of my family that were incarcerated in German work camps were freed and started their journey back to the Netherlands.

Mr. Speaker, the Dutch people both here in Canada and in the Netherlands have not forgotten this historic day and the Canadian soldiers who freed them. Growing up as the son of Dutch immigrants, I learned at a very early age the importance of May 5, 1945. My parents would proudly fly both the Dutch and the Canadian flags to remind the people in Whitecourt that the VanderBurg household had not forgotten.

Thank you.

D-Day Commemoration

The Speaker: Hon. members, on that note just given by the hon. Member for Whitecourt-Ste. Anne, in the next few days all hon. members of the Assembly will receive an invitation from me about a very, very significant and major event that we will have on the

grounds of the Legislature on June 6 of this year. That will be the 60th anniversary of the D-Day landings, and we're inviting as many of the veterans who actually participated in that landing on June 6, 1944, to be present. We will have a flyover with F-18s and helicopters and the whole thing, and it will be a huge, huge event. So when you get the memo, please read it.

The hon. Member for Wetaskiwin-Camrose.

United Farmers of Alberta

Mr. Johnson: Thank you, Mr. Speaker. I rise today to recognize the United Farmers of Alberta, who recently opened a brand new 18,000 square foot state-of-the-art facility in Camrose. Designed to be a one-stop shopping facility for area farmers and ranchers, this new store reaffirms UFA's commitment to rural communities not only in my constituency but throughout Alberta. Since 1909 the UFA has helped build this province, advocating for farmers and rural Alberta through its influence on provincial politics, and its stamp on Alberta remains to this day.

In the early years of Alberta the UFA was integral in campaigning for the rights of the family and equality for women. As well, they took up the challenge of promoting equal access to education and health care for rural communities, and because of their efforts the province of Alberta created a department of health and a system of public health nurses to help deal with rural health issues.

Currently the UFA is travelling around the province with a history in motion display reminding Albertans about the 95-year history of the UFA in action. The launch of this display occurred in Camrose at the opening of their new regional service facilities.

Thank you.

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

International Midwives Day

Ms Blakeman: Thank you, Mr. Speaker. Today I rise in recognition of the 14th annual International Midwives Day. The concept of having a day to honour midwives was born at the 1987 International Confederation of Midwives conference in the Netherlands, and the first International Midwives Day was celebrated on May 5, 1991. It is now observed in more than 50 countries.

Unfortunately, I make this recognition in support of fewer midwives in Alberta each year. This is due mainly, I think, to a lack of funding. A decade ago the Alberta Association of Midwives had 150 members who were hoping that midwifery would become publicly funded. The profession lost some members when official registration of midwives began in 1998 and additional government fees added to their costs. More midwives have been driven away by the continuing lack of coverage under Alberta health care.

B.C., Ontario, Quebec, and Manitoba all publicly fund midwifery services under their health care plans, and Alberta must consider going this route, especially in light of a severe shortage of obstetrical doctors in Alberta.

My congratulations to those midwives who continue to practise. Thank you.

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

Hope Foundation of Alberta

Mr. Hutton: Thank you very much, Mr. Speaker. I had the privilege of attending the Hope Foundation auction gala this past weekend. This year's event raised funds for the Hope Kids, that provides personal growth for individuals, families, and professional caregivers.

I want to recognize the honorary chair of the event, our Minister of Children's Services, who was auctioned off for a considerable amount of money. I'd also like to acknowledge the Minister of Health and Wellness, who performed at the event as Elvis and Don Ho.

It was a Hawaiian event, Mr. Speaker, and I participated in the live auction and had the shirt off my back auctioned, and this lovely Hawaiian shirt was purchased by Dennis Erker from FE Advisory Group with the caveat that I wear it in the House today. So, Dennis, here it is.

Thank you and congratulations to the Hope Foundation.

Thank you, Mr. Speaker.

The Speaker: Well, I appreciate that explanation because I thought it was the Hutton tartan.

The hon. Member for Edmonton-Castle Downs.

Mr. Lukaszuk: How do I follow that?

European Union

Mr. Lukaszuk: Mr. Speaker, this past weekend Hungary, Poland, Czech Republic, Slovakia, Slovenia, Estonia, Lithuania, Latvia, Malta, and Cyprus joined the European Union. These states of central Europe and Mediterranean countries joined 15 existing members to make the EU one of the strongest trading units in the world.

Membership in the European Union inspires political stability, economic openness, and fiscal responsibility. The expanded EU helps the countries gain a stronger economic footing to compete in the global economy.

The expansion also creates the largest internal market, accounting for some 450 million citizens and based on a single set of trade rules and an open economy with a high standard of rules. The EU negotiates major trade and aid agreements with other countries while at the same time allowing free transfer of goods and freedom to provide services among the member countries.

Alberta's Minister of Economic Development is always looking for new and emerging markets throughout the world. Alberta should be prominently featured in the expanded EU to take advantage of business opportunities and importing and exporting agreements.

Thank you.

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

Code of Silence Award

Mr. MacDonald: Thank you, Mr. Speaker. I rise today to recognize and congratulate this government for being one of five finalists for the code of silence award. This award recognizes only the most secretive governments and government agencies in Canada, and I'm sure the Alberta government feels that it is an honour just to be nominated.

The government won this distinction by the way it handled a FOIP request related to the Stockwell Day lawsuit. When Justice McMahon ruled on the matter he stated, "Access to information legislation is a means by which people get that information from sometimes reluctant government hands." He also said, "The right of the people to require that government account to them is fundamental to a strong democracy."

In conclusion, I'd like to say to the Premier and his government: congratulations for being nominated for this great honour, and best of luck winning the code of silence award on Saturday. First prize will not be a surprise.

head: 2:40 **Presenting Petitions**

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

Dr. Pannu: Thank you, Mr. Speaker. I have a petition here that I'd like to present signed by 80 Albertans petitioning the Legislative Assembly to urge the government of Alberta to

not rescind the tax exempt status of Alberta Blue Cross because such taxing will significantly increase the premiums of the Canadian National Railways Pensioners' Group Health Benefit Plan and will have an adverse effect on all Alberta Seniors because the Alberta Seniors' Benefit which is administered by Alberta Blue Cross will be faced with increased costs.

Thank you, Mr. Speaker.

head: **Tabling Returns and Reports**

The Speaker: The hon. Member for Edmonton-Castle Downs.

Mr. Lukaszuk: Thank you very much, Mr. Speaker. I have two tablings this afternoon. First of all, I would like to table the appropriate number of copies of a letter sent by David Lock, Blood Tribe deputy chief, Inspector Graham Abela from the Taber Police Service, and Chief Marshall Chalmers, president of the Alberta Association of Chiefs of Police. Each of the letters expresses support from these associations for Bill 204, the Blood Samples Act.

Mr. Speaker, my second tabling is a letter from Michael Rennich, chair of the Alberta Union of Provincial Employees local 003, representing correctional officers and correctional service workers. The letter talks about the need for legislation requiring persons in custody who have assaulted police officers or correctional officers to submit blood samples. The letter also states that the union local supports the bill.

Thank you.

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

Dr. Massey: Thank you, Mr. Speaker. I would table the required number of copies of a letter from the Minister of Learning to the chair of the Red Deer public school board and copied to a variety of educational organizations across the province chastising that board for going public with its financial concerns.

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

Dr. Pannu: Thank you, Mr. Speaker. I rise to table the appropriate number of copies of an Edmonton school board publication, a document called *KeyNotes*, showing that the board was disheartened to learn that it would not receive any provincial funding for the construction of new schools.

Thank you, Mr. Speaker.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Shariff in the chair]

The Deputy Chair: Hon. members, we'll call the committee to order.

head: **Main Estimates 2004-05**

Infrastructure

The Deputy Chair: As per our Standing Orders the first hour will

be dedicated between the hon. minister and members of the opposition, following which any other member may participate. The hon. Minister of Infrastructure.

Mr. Lund: Thank you, Mr. Chairman. Before I begin, I would like to introduce staff that we have in the gallery, starting with my executive assistant, Jeff Paruk; then the assistant deputy minister in charge of capital projects, Malcolm Johnson; our director of finance, Jim Bauer; and the communications director, Mark Cooper.

Infrastructure's three-year business plan and the 2004-05 estimates indicate how we plan to contribute to the delivery of government programs by carrying out our core businesses. I know that all of you are very familiar with the responsibilities of Alberta Infrastructure, so I thought I would just give you a very high-level overview of our core businesses.

Infrastructure's core responsibilities are, one, to provide policy direction, planning, and expertise and capital funding for schools, postsecondary institutions, health care facilities, and seniors' lodges; two, administer the school plant operations and maintenance funding; three, build and maintain nearly 2,200 owned and leased facilities that support government operations, including the Swan Hills treatment plant; four, to provide accommodation, leasing, and realty services for government; five, manage the government's air transportation and vehicle fleets; and six, administer the natural gas rebate program.

Before I get into the specifics of our '04-05 estimates, I would like to outline the new and ongoing capital initiatives. The capital plan for Alberta Infrastructure will see levels reaching \$2.64 billion over the next three years in areas such as health, school, and postsecondary facilities as well as numerous centennial projects to celebrate Alberta's centennial year. Of that amount, \$1 billion of spending will occur during the '04-05 fiscal year. The following will highlight areas of spending from the perspective of the capital plan as well as the business plan.

[Mr. VanderBurg in the chair]

First of all, health facilities. New funding of \$71 million for health facilities has been allocated in '04-05 to begin new projects such as the expansion of the main building, redevelopment of the emergency department and the intensive care unit at the Foothills hospital in Calgary. In addition to funding for upgrades, new space in the Capital health region will accommodate 170 new acute care beds. In '04-05 \$273.1 million has also been allocated to continue work on 52 major health facility capital projects across the province. These include such projects as the redevelopment of the Royal Alexandra hospital in Edmonton, the Children's hospital in Calgary as well as a large number of ongoing maintenance projects.

School facilities. New funding of \$42.2 million for school facilities has been allocated in '04-05 to begin 17 new projects such as school replacements in Onoway, Drayton Valley, and Peace River and new schools in Calgary. In addition, \$178.6 million has been allocated in '04-05 to continue work on 647 major school facility capital and maintenance projects in communities throughout Alberta which were previously approved in the capital plan.

Postsecondary facilities. New funding of \$53 million for postsecondary facilities has been allocated in '04-05 to begin new capital projects to accommodate major new programs such as the Augustana/University of Alberta merger in Camrose, the NAIT apprenticeship project in Edmonton and Grande Prairie, and the University of Calgary bachelor of science project.

In addition, some \$161.8 million has been allocated in '04-05 to continue work on major postsecondary projects such as the health

research and innovation centres at the University of Alberta and the University of Calgary and the natural resources engineering facility in Edmonton and many other maintenance projects.

Now I'd like to share with you the specifics of our '04-05 estimates, \$1.6 billion targeted for '04-05. Alberta Infrastructure's total budget increases by 29 per cent, from \$1.25 billion to over \$1.61 billion, enhancing funding for Alberta's new and aging infrastructure.

2:50

Of the \$1.61 billion, \$1.54 billion was allocated to our operations and equipment and inventory purchases budget with the balance of \$73.5 million going to capital investment; \$598 million is for lights-on costs and includes caretaking, grounds maintenance, utilities, and routine repairs. [interjections] Right; lots of money. Of the \$598 million, \$349.5 million will support the day-to-day facilities operations of some 1,470 schools. To keep more than 1,900 government-owned buildings open, \$125.8 million; lease funding of some \$101 million for 1,766 leases to accommodate government programs in 290 leased facilities; \$21.6 million to continue the operation of the Swan Hills treatment plant.

The budget for preserving infrastructure across the province is some \$298.3 million, of which \$107.7 million is for preserving health care facilities, \$123.1 million for school facilities, \$38.8 million for postsecondary facilities, and \$21 million for government facilities, with the balance of \$7.7 million going to seniors' lodges and environmental services for site remediation and servicing.

To expand, replace, or add to the existing infrastructure, we have some \$527.6 million, of which \$236.5 million is allocated for health care facilities expansion, \$97.7 million for school facilities, \$176 million for postsecondary facilities, \$12.5 million going to centennial legacy grants – the legacy grants program will provide funding for municipalities and not-for-profit groups who wish to undertake major public accessible capital projects in commemoration of Alberta's 100th anniversary – with the balance of \$4.9 million going to government facilities and the land services program.

The remainder of the operating budget is going to address ongoing commitments which total some 108.2 million dollars. The ongoing commitments include the day-to-day administration costs, program support costs, and noncash items such as amortization and consumption of inventories. Fifty-five per cent of the \$60 million is for noncash items such as amortization and consumption of inventories, with the balance designated for support services and air and vehicle transport services.

The equipment and inventory budget of some 4.9 million dollars will go towards purchases of the Swan Hills treatment plant as well as vehicle and air transportation services.

The capital investment portion of our budget is approximately \$73.5 million. Of this amount, \$63 million will go towards funding such projects as the level 3 biocontainment lab, the Leduc business incubator facility, the refurbishing of the north and south Jubilee auditoria, as well as the many centennial projects that are planned or underway. The remaining \$10 million will primarily be used to purchase land required for the transportation and utilities corridor.

I believe that the budget estimates for this year will allow us to meet our business plan's goals and help maintain the government's commitment to financial responsibility. So I would be happy to take questions that you may have. If we can't answer them this afternoon, we will get you the answers in writing in the near future. Thank you.

The Acting Chair: The Member for Edmonton-Glengarry.

Mr. Bonner: Thank you, Mr. Chairman. I'd like to start off by thanking the minister and his staff for being here today and for their

input into the debate on Infrastructure and also thanking the minister for his opening comments. I look forward to his responses. If some of the questions are technical in nature, require further time, if he would provide those answers in a written form and answer those questions that he has the information here today.

In looking at the core business section of Infrastructure and particularly as the minister outlined them today, core business 1, "Partner with health regions, school boards, post-secondary institutions and seniors' lodge foundations to support the delivery of government programs." Now, in goal 1, "Provide leadership and funding for the development and preservation of health care facilities and the preservation of seniors' lodges," I notice that one of the words here that is extremely important to me is the "funding."

When we go to goal 2 in core business plan 1, we go on to say, "Provide leadership to preserve and deliver effective and efficient facilities in support of life-long learning." Now, no mention in here of funding for facilities in support of lifelong learning. So my question to the minister would be: is this a significant shift from what we've enjoyed in this province since 1905 when it comes to government funding of public schools, or does the delivery of "effective and efficient facilities in support of life-long learning" also include the funding for the building of those facilities? That was one thing that caught my eye just as you were outlining your core business section.

As well, Mr. Chairman, we have in this province somewhere between a \$6 billion to \$9 billion infrastructure deficit, and this indicates that there are already many serious infrastructure issues in Alberta that highlight the steep price to be paid for not addressing repair, rehabilitation, and replacement of existing infrastructure, let alone addressing the needs that this province has for its rapid growth and the growth that we expect to have in the future. The Canadian Society for Civil Engineering through their technology road map project estimates that municipal infrastructure in Canada is a \$1.6 trillion asset. So in order to protect our infrastructure assets here in the province of Alberta, I'm wondering: what additional price do Alberta taxpayers have to pay for neglecting our assets over the past decade?

The minister in his opening comments indicated that Alberta's infrastructure budget is increasing by 6.6 per cent to over \$1.6 billion in 2004-2005. The minister's capital investment in 2004-2005 will be \$205 million, an increase of \$142 million over 2003-2004. The highlights include funding of \$598 million for operations, \$298 million for preservation, and \$528 million for expansion.

In looking at page 223, operating expense and equipment/inventory purchases, the ministry support services rose by almost \$975,000 over 2003-2004. If the minister could please indicate what reasons there were for these increases to occur.

When we look at infrastructure operations, preservation, and expansion, it rose by over \$93.5 million. Which projects will this money be going toward? Given that in 2003-2004 the ministry was over budget by \$232 million in this area, can the minister indicate reasons why this will not happen again in 2004-2005?

3:00

Meanwhile, equipment/inventory purchases for infrastructure operations, preservation, and expansion have gone down by almost \$16 million. What was the reason for overspending in 2003-2004, and if the reason for this is because of the use of P3s, how much more is it costing them in the questions above? The capital investment in infrastructure operations, preservation, and expansion has risen by over \$32 million. What projects will these additional funds be going toward?

In program 1, ministry support services, the operating expenses for

the minister's office rose by \$5,000, while those for the deputy minister's office rose by \$11,000. Could the minister please indicate why these additional funds were required? The operating expenses for strategic services rose by \$79,000. Again, if the minister could please outline why these additional dollars were required.

The operating expenses for information management also rose by \$809,000. If he could please indicate why there was such a great increase in the operating expenses for information management.

The operating expenses for shared support services rose by \$71,000. If the minister could please outline to us: what are the shared support services, and why the increase?

As well, why were there information management expenses in 2003-2004 related to equipment/inventory purchases and none for 2004-2005?

Program 2, infrastructure operations, preservation, and expansion. Why have the infrastructure expansion expenses for seniors' lodges decreased by almost \$3 million given the aging demographics of our population? It would seem that as we have an increase in aging in the demographics of our population, we would require more expansion of what is presently there.

As well, if the minister could please indicate why there are no operating expenses for energy rebates in 2004-2005? Has the program ended? Will there not be any more energy rebates? Just what has happened to that program, please?

The expenses for program services have increased by over \$600,000. Once again, if the minister could please outline why there is an increase of \$600,000 for program services.

Why have expenses for the amortization of financial transactions increased by over \$2 million in this particular reporting period? I would have expected that as we pay down the amortization on various projects, this would be an area where we would expect this particular amortization to be less. As well, with the fact that interest rates have been relatively stable over the past year, why would there be an increase and not a decrease?

Also, if the minister could outline which capital and accommodation projects account for the over \$24 million increase in infrastructure capital investment in 2004-2005. As well, if the minister could please indicate why the capital investment for land services is decreasing by over \$10 million in 2004-2005.

When we look at the statutory program, it indicates that almost \$127 million in capital investment has been earmarked for alternatively financed projects when this method of financing hasn't even been proven to be cost-effective to the taxpayers. We can talk more about this as we go along, but I think the prime example of why this is such a great concern to us is the fact that, initially, when the Calgary courthouse was announced, it started out to be a project that was going to be in the \$170 million range.

Under capital projects in the province, which was put out by the Ministry of Economic Development as late as March 31, 2004, it indicated that the cost of the new courthouse was going to be \$170 million. Then we saw that the cost of the courthouse had increased to \$300 million, and then in the latest estimates this has soared to approximately half a billion dollars. So, again, there is great concern in the province over the cost-effectiveness for alternatively financed projects.

I will get into that a little bit more, but this particular question refers to the \$127 million in capital investment that has been earmarked for alternatively financed projects. If the minister could also indicate why there are no specifics on these projects such as what they are and how they've proved to be cost-effective. Again, we want to get away from this whole attitude that a P3 is simply nothing more than a credit card where government charges today and taxpayers pay over the next 30 years. It is a question that continues

to bear heavy certainly on the minds of Alberta taxpayers, who are looking at having to pay for these projects over the next 30 years.

As well, what Albertans are very, very concerned about with P3 projects, particularly if we're looking at the P3 model to build the southwest Calgary hospital, is: what guarantees of service are going to be provided to the patients in those hospitals, particularly as we move down the road and the costs of the hospital increase as they have under whatever model we use, to ensure that there's going to be a level of service in that hospital and that that service to the patients will not be compromised to keep the profit margins of the private provider in place? Again, people are very concerned about the quality of the services that will continue over the life of a P3.

I also would like to ask the minister a question regarding the change in capital assets. New capital investment in centennial projects has increased by over \$20 million. Which projects will this money be going toward?

3:10

[Mr. Shariff in the chair]

In the 2004-2007 Infrastructure business plan the mission is "Through leadership and technical expertise, provide effective, efficient, innovative and timely infrastructure and services." This comes from page 278. Alberta Infrastructure's vision is also to provide Albertans with "innovative, quality, and sustainable public facilities." Of course, with our current situation where we have a huge infrastructure debt, the ministry isn't there yet.

Students at Bow Valley high school in Cochrane have had to go without water and sewer facilities for over four years now. That and a number of other safety issues in and around the school have been the result of disputes between private developers and the town. The province certainly hasn't stepped in to make sure that the students are getting the services they need so that they can focus on their studies and do well in school.

Certainly, when we look at the minister's definition of "effective, efficient, innovative and timely infrastructure services," if the minister could tell us how this situation that is presently occurring in Bow Valley high school, where water has to be hauled into the school and the waste products removed in the same manner – how can we say that we have effective, efficient, innovative, and timely infrastructure services when after four years we still have not been able to hook up the sewer lines between the school and the lines that are there? I would urge the minister to certainly make this a priority situation to get those lines hooked up so that this particular school will not have to experience any more delays in being able to use city water and, as well, to have their sewer services hooked up so that they can be operational.

The other situation that this has certainly led to is that Bow Valley school for four years now has not been able to water any of its fields, and certainly the grass that was growing there at one time has died because of the lack of water. It is essential that somebody step in and solve this problem. We cannot allow students to go to school under these types of conditions. Would the minister look at the possibility of intervening in this situation, getting the sewers hooked up, getting the city water so it can be used, and work out between all parties involved how the issues at hand are going to be resolved?

As well, another issue is the access road to the school. The plans had indicated that it would be paved, and it has not been paved. I would like to know what steps the minister will commit to to ensure that this school's infrastructure and services are improved so that they at the very least have permanent water and sewer services, adequate playing fields, and a safe access road.

Under core business 3, goal 6: "Efficiently manage the govern-

ment's air and vehicle fleets to provide safe, reliable and responsive services in a fiscally responsible way." We find this on page 278. Can the minister explain how the billing-back process works when departments book flights on government planes?

The Deputy Chair: The hon. minister.

Mr. Lund: Thank you, Mr. Chairman. I'll have to apologize to the member, but I was having difficulty following him as he was going through asking very specific questions in different areas. Of course, when you start talking about projects, I don't have that in front of me, so we'll have to get back to you in writing in the future.

I didn't catch all of what you were saying about if there was a shift in the prioritization of schools and the amount of money that we're spending, and I take it that's new versus preservation. No, there's not a shift. I just want to make sure that we understand that.

As far as the infrastructure debt that has built up, yes, we acknowledge that and we have talked about it. Of course, doing the audits on all of the buildings that we're responsible for – the K to 12 schools, the postsecondary, the health facilities – we've got now a very good understanding of the condition of the buildings and what has to be done. We've advocated all along that we need to make sure that we're preserving what we have – it doesn't make a lot of sense to let that go into disrepair – but since the province is so dynamic and growing so fast, we're also faced with having to build new on the school side.

Of course, as you can appreciate, part of the problem we're running into is the fact that a lot of schools now are in the wrong place, and you can't just up and move them. We have to make that balance, and of course one of the things that anybody that's served on any school board recognizes is the fact that it's not easy to close a school. So we're looking at how perhaps we could work our way to see fit to give school boards more latitude in the closure of schools and things like allowing them to plan a number of years ahead so that they could let their parents know that this school is going to be closed. I don't think it would be nearly as dramatic when the time would come.

The rebate program. The gas rebate program is the one that I believe you're referring to, the fact that there's nothing in the budget. The way the sustainability fund is set up, that funding – and it occurred this past fiscal year – is where the money came from, out of the sustainability fund. It wasn't a budgeted item. So that's what would happen coming up in the next fiscal year. If in fact the formula is triggered, then the money will come out of the sustainability fund. So it's not a budgeted item as far as the year coming up.

The amortization – and I think you touched on the \$2 million increase – is because of the increase in the value of the capital that we're responsible for. It's a percentage of the total value of the capital. So it's got nothing to do with the interest rate. That's got nothing to do with it. It's simply that we've added more capital; therefore, our amortization is higher.

The courthouse. As I've mentioned before in the House in answers to questions, the \$170 million was just for a provincial courthouse. That was not for a structure that would put all three courts together in one location. That was for just the provincial. So don't confuse that number with what we were dealing with later on.

3:20

Yes, the costs did increase as we were going along. The fact is that the cost per square metre was going up. You've got to appreciate that building a courthouse is not a normal thing that we're into all the time, so we did underestimate some of those costs. But when

you go to the last number that you refer to – I think you said almost half a billion dollars; well, the number that was kicking around out there was even slightly higher – that is not the cost of the structure. That's the net present value when you take it over the 30 years and back it up to net present value.

One of the unfortunate things that we do in government is if we finance something ourselves, pay cash for it, we never show net present value. We never do that. So it's very, very misleading when you try to compare that number with the actual cost. What I tell you we will be doing is that we will be showing that number regardless of how the courthouse is financed. I know that it's a tough one for people to get their minds around, but that \$530 million is not cash. That's not money spent; that is a book value of the asset, net present value. You've got to take it out over the 30 years and then back it up. That's it on the courthouse.

Your comments about the P3s. I don't believe for one minute that any patient going into a hospital – and I want to talk about hospitals because that's the one you referred to – is going to ask the question: now, who owns the bricks and mortar? They don't care about that. They don't care who owns the bricks and mortar. They don't care how the bricks and mortar were financed. What they care about is the health services in that structure, and we've never talked about doing anything but maintaining the current system with the delivery of service in that structure.

I think you were concerned about the maintenance of the structure and the cleanliness and those types of things and that they would be somehow below standard, and the reason that the operator would do that would be to make money. Well, when you write the contract, you clearly describe the standard that has to be met. If there's a default, if in fact the operator would be not living up to that contract, then, of course, there would be penalty clauses, and the easiest thing to do is simply withhold payment. If you have to in order to accomplish what is necessary and what's in the contract, you would put in your own operator. I don't get a bit worried about that bogeyman because that's easily covered off.

As far as the cost of the money, we have found through our work on the Calgary courthouse that, yes, the private sector can't borrow the money quite as cheaply as we can, but it's only 40 to 80 points above. If government is backing it, they're able to get that kind of a rate. Well, I can tell you that the risk that you transfer over there to the owner, designer, builder, operator is well worth those few points.

Of course, the process that we have established is, first, there has to be a business case for the project. Then if that is approved, if it's a P3, it will come to our department, and the expertise that we have internally – if it's a health facility, then we involve Health; if it's schools or learning, we involve Learning people; plus Treasury; they're all involved – has to be satisfied that it's good for Albertans. Then we move it outside to a totally private-sector committee, and they scrutinize it. They have to approve it, and they have to be able to show that, in fact, this is a good thing for Albertans. It's got to be efficient; it's got to be cost-effective. We insist on having the full lifetime cost of that structure and the operations. So when you look at the whole operation, I believe that with the safeguards we've got in place, you won't see any of them going ahead that aren't good for the public.

Now, you talked about the Bow Valley school in Cochrane, and we agree with the comments you made that it seems very difficult to understand how a school could go four years without having water or sewer, and of course the paved road is, I think, not as large a concern as the fact that they don't have water and sewer. Unfortunately, that school was built when there was a fight going on between municipalities and the developer. One of the things that

we're putting in place now to try to prevent this kind of thing from ever happening again: before we will give a school board the money, we have to approve the site, and approving the site means that the services will either be to the site or there will be a commitment from the municipality to put them to the site.

The ground. We will insist on testing having been done so that we don't run into the situation like we had at Edson where over \$400,000 had to be spent to satisfy the ground after they had decided where the building was going to be built. I can give you other instances where we've run into those problems. Even right here in the city of Edmonton there was an overrun in excess of \$100,000 because they found when they went to start testing the soil that in fact they had to put pillars down to bedrock. Well, we need to know those things before the advancement of the money, so they'll be taken care of.

But it's not the Department of Infrastructure's responsibility to provide any services outside of the lot. We provide the services from the property line to the structure but not outside of the property line. While some might say that has changed, no, it isn't a change. What has changed is that years back if a school board decided to build a school in a certain location and the services weren't to the property, they simply went ahead and built it and then requisitioned the municipality. That's how it used to work. I mean, I was there; I've done that, so I know how it worked.

Now, of course, the province is responsible for the school, so what we've said is, "We provide the services from the property line to the building; end of story," and I'm adamant that we stick with that.

You asked what we might do. I've been in discussion with the Minister of Municipal Affairs and with the Minister of Learning to talk about the Cochrane situation, and we will hopefully find a resolution to it, because it's very unfortunate that the students in that school are the ones that are paying for this squabble that was there before that had nothing to do with us.

Thank you, Mr. Chairman.

The Deputy Chair: Hon. members, before I recognize the hon. Member for Edmonton-Glengarry, may we briefly revert to Introduction of Guests?

[Unanimous consent granted]

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

The Deputy Chair: The hon. Member for Cardston-Taber-Warner.

Mr. Jacobs: Thank you, Mr. Chairman. It's an honour for me today to rise and introduce to you and through you to the members of this Assembly some students from the grade 9 class at Mountain View school and some of their teachers and leaders. Many of my colleagues have stood to recognize students from their schools in their constituency, and they have said that their schools were probably the brightest, smartest kids to ever come here and so on and so forth. I won't say that my students aren't, but what I can honestly say about these students is that they probably travelled from the most southerly school of any group that's ever come to this Assembly. It's a school that's right on the Montana border. I welcome them here today, and I would like to acknowledge their principal, Mr. Ken Peterson, and a teacher, Mr. Jamie Quinton; parents Mrs. Connie Quinton, Mr. Royce Leavitt, Mrs. Marina Leavitt; and their class president, Kaleen Roe. I would invite them to rise and receive the warm traditional welcome of this Assembly.

Thank you.

head: 3:30 **Main Estimates 2004-05**

Infrastructure (*continued*)

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

Mr. Bonner: Thank you very much, Mr. Chairman. Just a couple of comments before I continue with my questions for the minister. Again, getting back to, first of all, Bow Valley school, I certainly wasn't asking the department to put those services in, but after four years some type of mediation process has to occur in order for what has remained to be done. It would appear with what is taking place in that particular area that the parties involved who are responsible are not getting anywhere.

I think it's incumbent, whether it be Infrastructure, Municipal Affairs, whoever it may be, that maybe it might be a co-operative effort among ministries to rectify this problem, because four years to operate a school without running water is unbelievable, absolutely unbelievable. So I would certainly urge the minister to see what he can do in order to fulfill the role as mediator or see that somebody does to get this completed.

As well, when we are getting back to the Calgary courthouse, just a couple of comments there. I'm looking at an article in this magazine called *Open Mind*. The title of the article is Pursuing P3 Potential. In the last paragraph they talk about the three companies who were invited to participate in the request for proposal stage.

It took three months to receive the [request for proposal] submissions, which included detailed architectural designs as well as financial and operating proposals. The submissions were carefully assessed during a three-month period, between June and August 2003. In September, negotiations ensued with two teams in order to assess which would become the preferred proponent. In October, GCK was declared the preferred proponent and it has been negotiating ever since with the provincial government to reach financial close.

This to me almost seems backwards in the way we do business in that we got to this stage and we didn't have a commitment on finances. So when we get to that situation, then, certainly, I think we can continue to look at cost overruns or at least increases in prices. I don't know what the ministry has in its procedures which eliminates people who are bidding on a P3 project and lowballing their bids in order to get to this stage and then, once they are accepted, to have to incur the cost overruns, as we have seen in this particular situation.

I want to thank the minister, as well, for his explanations on the questions that I had presented to him in the first section of the debate. As my first set of questions was ending, I was asking the minister: can the minister explain how the billing back process works when departments book flights on government planes? How much has the Department of Infrastructure billed other departments for the use of the government aircraft?

As well, in 2003 there were 1,600 flights taken on government planes. Who was responsible for approving all those flights? What is their position in the ministry? Do other government departments play any role in approving flights, or is it all done through the Ministry of Infrastructure?

Does the Ministry of Infrastructure make the determination of what value there is in flying a government plane compared to commercial, or does the requesting department make that determination, or is the determination made at all?

On page 75 in the Alberta Infrastructure annual report 2002-2003 why were there authorized dedicated revenues of \$1.7 million but actual revenues were only \$887,000? Will the minister provide a detailed breakdown of where this \$887,000 in revenues for air transportation services came from in 2002-2003? As well, can the

minister tell us whether any of this \$887,000 in revenue was from individuals or corporations outside of government? In other words, was the total of \$887,000 all paid from other government departments, or was some of it from other outside sources?

As well, if the minister could please indicate to us in dollars how much the government aircraft are expected to depreciate over the next five years. I think that, particularly in one or two cases, the planes are getting to be fairly old. Are there any plans with the ministry to replace any of the aging aircraft?

On page 81 of Alberta Infrastructure's annual report there's a line item for revenue for air transportation. This line item is for \$1.991 million. In Executive Council's annual report for 2002-2003 there's also a corresponding line item for expenses incurred by others for air transportation. That number is also \$1.991 million. Can the minister explain this \$1.991 million? Is this for Executive Council flights? If the minister also could, please, tell us who pays for Executive Council flights. Also, is there a different process followed for Executive Council compared to other government departments in paying for their flights?

I would also like to take the opportunity, Mr. Chairman, to make some comments and ask some questions in regard to infrastructure debt. This is found on page 279 of the business plan. While the ministry has recognized the challenges facing its department with regard to growth and an aging infrastructure, it has not identified effective solutions that will not place Albertans' essential buildings and services at risk. Its capital plan addresses only a small number of priority needs, realized primarily on the risky funding scheme of public/private partnerships, or P3s. On page 279 P3s are identified as a reality here in Alberta. However, it remains very much an experiment, particularly when it comes to private companies building, maintaining, and operating normally public facilities.

The department itself states that it is "challenged with determining the merit of each proposal. Each partnership . . . requires extensive evaluation and expert analysis." We find this on page 279 of the business plan. This certainly is an interesting statement because it recognizes the challenge of assessing whether a P3 proposal brings value for money to taxpayers.

We believe that this is particularly true for essential public services, which have traditionally required the protection of the government to ensure that their integrity is upheld. Schools, hospitals, courthouses, and highways are crucial infrastructure that directly impact the quality of life in Alberta. These facilities require stringent quality controls to maintain and enhance services, accessibility, and accountability. In such cases the government is accountable to the taxpayer whereas the private sector is not.

3:40

This begs the question as to why the government has decided to pursue P3s for priority needs when this government has failed to produce any evidence that P3s are cost-effective for Albertans, when there are so many apparent downfalls to using a private/public partnership to build, maintain, and sometimes operate a traditionally public facility. So my question to the minister is: what studies has the Ministry of Infrastructure conducted or consulted to ensure that P3s could provide value for money here in Alberta? If the minister would please not only name the studies but, as well, table them here in the Assembly.

Could the minister please explain how P3s save taxpayers' money given that the Alberta government can finance public capital much cheaper than any private corporation?

As well, in the building of P3s, private corporations have to protect themselves against sudden cost increases, so certainly there is a level of protection that is built into their bids. I think the best

example we have today – and it's been mentioned many times in this House – is how you can't even get a price for steel which will be held to for much more than seven days as things currently exist in the world today. Certainly, I think one of the reasons that we have the situation that has arisen is the massive explosion of infrastructure projects in China that are galloping along at an unprecedented rate.

My next question to the minister: is he concerned that there is private control of public buildings and how there is going to be a reduction in the public's control of its own buildings and services? Certainly, when we look at, for example, if a P3 model were to be used to construct a hospital, such as the examples we've had in England, which were dismal failures by the way, what is this particular ministry going to do differently in order to make certain that we don't fall into the same pitfalls that England experienced in their P3 hospitals? I believe there was a P3 hospital in Surrey, British Columbia, that certainly fell victim to the lack of controls of the government in its operations. If the minister could expand on that, please.

How do P3s provide any savings for taxpayers when the private sector also builds a profit into the final cost and consultation and legal fees can reach phenomenal rates?

As well, along the same lines, if the minister could please provide us with the cost for consultation and legal fees that have presently occurred in the proposal for the Calgary courthouse.

Given the profit factor with regard to private companies involved in P3s, can this not result in lower overall quality on projects when firms try to maximize profit margins by cutting corners? I think of our example of the Hamptons school in Calgary, which was constructed with residential grade building materials and not commercial grade. Less than three years after its completion the school board was required to spend \$150,000 on upgrades and repairs because of a lower standard of building materials.

As well, I think the Calgary courthouse, again, is a prime example of how P3s can be plagued by cost overruns at taxpayers' expense when projects are poorly managed and contracts are poorly framed. How can the Alberta taxpayer be assured by the government that there is an effective and efficient way of evaluating costs to Alberta taxpayers?

The government has an advisory committee on alternative financing, and a number of these people on that committee are from the private sector, so certainly there has to be some type of evaluation used by the department to make certain that there isn't a bias in choosing a P3 over the traditional way of doing business. If the minister could please indicate how this decision is made as to whether there is a benefit to doing the project either through the traditional methods that we have followed in this province for many, many years or whether we choose the P3 model.

How do we know that where P3 projects do demonstrate savings, it is not due to staff cuts and layoffs, service cuts, new or augmented user fees, and lower quality of services?

I think that if we want to look at an example where I certainly get many questions from people, it's where we have moved to a private company for road maintenance and particularly on highway 2. We know that highway 2 is a much-used highway in this province, that the amount of traffic and the amount of heavier loads that travel that route have certainly increased over the last decade, yet there is great concern that the condition of the highway is not being maintained, that the condition of the highway has been compromised. So certainly with a P3 model there is great concern, as I indicated. There are a number of different things, whether they be staff cuts or service cuts or whatever, that people are very, very concerned with.

Again, when we look at P3s, by handing over essential public services to the private sector, the government will lose in-house

expertise, effectively diminishing its capacity to provide this service again. We thus become more vulnerable to private-sector interests or more dependent on P3 schemes.

I think that probably the great example we did have, not only in this province but world-wide, was when we had a tremendous downturn in the economy in the '80s, and everybody was downsizing. One of the strategies companies like GM and IBM used to combat this downturn was to lay off management. What both of those companies found was that they had lost their corporate knowledge when they did this, and both of the companies indicated that it probably took them in the neighbourhood of 10 years in order to get that corporate knowledge back. Because of the loss of that, there were great inefficiencies in those companies.

3:50

It is certainly one of those situations that we want to avoid, because I know that over the years in our departments here in the government of Alberta we've I think been blessed with civil servants who were extremely good in their particular areas, and I think that as we move more and more to a P3 model, as I indicated earlier, we do stand a risk of losing those experts from government.

Thank you, Mr. Chairman.

The Deputy Chair: The hon. minister.

Mr. Lund: Thank you, Mr. Chairman. Well, I could spend the rest of the afternoon on P3s, but I guess it probably would not resonate in the minds of the opposition, so I won't for the rest of the people that clearly understand them. [interjections] Oh, you want to hear more? Okay.

It's interesting to note, Mr. Chairman, that their kissin' cousins in Ottawa have done something that's kind of interesting. They've appointed Liberal MP John McKay as the Prime Minister's point man on P3s. He just recently made a comment about government operations and the need to bring the whole system into the 21st century. Mr. McKay went on to describe those opposing modernization – namely, public/private partnerships – the public-sector unions and the NDP, as being locked in a Marxist-Leninist dialogue of the 1960s: strong rhetoric from a government about to call an election. He then went on about the federal government's preferred method of private-sector involvement being through P3s, public/private partnerships. So that's what came out of the federal government.

It's also interesting to note that the new Liberal government in Ontario, when they were in opposition, of course denounced what the government was doing about setting up any kind of P3. They called it something different when they came into office, but they proceeded with the same process.

Then our friends over on the other side of the country in B.C., when a number of us met with a number of their cabinet ministers, were very anxious that we work together with their minister of public works in order to promote P3s, and this is coming from another Liberal government.

So I guess it's fair to say that some of them have seen the light; others don't.

The member talked about the process. Well, let me describe the process as far as the Calgary courthouse is concerned. The first thing we did is we called for an expression of interest, and there were some 125 individuals, groups that responded to that. From that, then, we put out a request for qualifications, and there were – I don't remember – nine or 10 that responded to that request. Out of those, we narrowed it down and determined that there were four firms that were qualified to enter the race as far as the request for proposal was concerned.

We got the request for proposals in, and there were three companies that responded to that. Then we broke the projects into seven different components. Seven different components. We had people assigned from the outside as well as people from the departments that looked at each one of those components. But, Mr. Chairman, it's really important to understand that the different proponents were not identified. They had A, B, and C. That's how the proponents were identified.

We had all these different groups. For example, the group that was looking at the design: that's all they looked at in the three projects. They scored each project, and we went on down the line. That clearly showed two that were better than the one, so the one was dropped. Then there were negotiations started with those other two. Out of that, finally one was chosen.

In this whole process we had appointed a very, very honourable and outstanding individual by the name of George Cornish, who was at one time the commissioner of the city of Calgary, a very outstanding individual, and he and a couple of other people were charged with making sure that this was fair, that it was open, and that everything was above-board. He came back with a report and said that it was squeaky clean, that there was nothing untoward about the whole process, and that everybody was treated fairly. As a matter of fact, it was interesting because we got comments back from people that didn't get into the last round, and they admitted that the process was fair and it was open, and they were not concerned about that.

The opposition continually talks about the increased price of the structure as we went along. The fact is that the cost per square metre did not go up from the choice of the – actually, after we had chosen the two to stay in the race, those prices did not change. There were a number of other things that changed that ended up boosting the price, but it was not the construction costs. Of course, as I explained earlier today, the number that the opposition keeps referring to, over half a billion dollars, is the net present value, which is not a cash outlay.

So I hope that we've got something a little clearer on that whole process. I'll get back into this P3 thing a little later on, but because he raised the Calgary courthouse – I'll just leave it at that at this time.

The billing that you referred to on the aircraft – I think you talked about the approval and who flies on the planes. The way the system works is that Infrastructure is responsible for the aircraft. When the Premier books a plane, his department books it, and we don't get involved except that the manifest comes over to us. If a member of Executive Council wants to use the aircraft, then it comes to us for our approval. If a department wants to use the aircraft, the deputy minister has to approve it. That's how the approval system works.

Internally, then, when it's a department that books, we charge back to the department. That's where the \$887,000 that you talked about for revenue came from, other departments paying us back.

The breakdown that you see, the \$1.99 million – I'm sorry; I didn't follow exactly where it is. That number rings a bell for me, and \$1.9 million was the cost last year for the aircraft for Executive Council. Okay? Executive Council. There are a number of other items in there, amortization and capital, bringing it up to the \$3.4 million. So there's about \$1.5 million left over that is departments, and the \$887,000, I believe, is the number from the other departments.

Who flies on the government planes? Well, we've got those guidelines, and I know that we gave them to – I guess it was maybe the press, but I thought you had a copy of those. First of all, all MLAs can fly on those aircraft. Certainly, the opposition has availed themselves of that, maybe not lately. You don't have any members outside of Edmonton, so you don't have the same reason. But when

you had an MLA in Calgary, he flew on those planes. When you had a member from Fort McMurray, he flew on the plane. So it's open to MLAs.

4:00

Who else can fly? Well, spouses can fly if there's room, only if there's room. If a spouse flies with a member to a function that they've been invited to and it turns out that on the way back there's another government member, then no, they can't fly back. We'll get you the whole detail on that, but that's basically the way it works.

You asked about the age of the aircraft, and you asked about depreciation over the next five years. Let's just get you that number. I don't know it off the top of my head. Airplanes depreciate very fast, and they kind of level off, and then they take another dip. I happen to know because I owned one. The age of the aircraft, the 200s: one is an '80; one is an '81 model. Then, of course, the 350 is a '97 model, and the Dash is somewhere in between there. I don't know the age right off of my head.

You asked about the replacement. Well, that's a tough one because, like I just finished telling you, the depreciation is rapid, levels off, then rapid. Unfortunately, we're getting to that rapid stage again. One of the things that happens when you get so many hours and so many years is you have to do what's called a vessel test. That means they've got to strip the whole plane down, pressurize it, and test the skin. Of course, metal testing goes on in the whole structure of the aircraft to make sure that there are no cracks or weak spots. So once you get to that level, that's fairly expensive, and it's costly to us because, of course, then we have to charter while the plane is down. We try to book it when it's not in, like, a firefighting season or that sort of thing, but it's not always that easy to do that.

Now, you talked at length once again about P3s. You were so worried about that horrible, horrible word "profit." Well, what do you think that a contractor that bids on a project – do you think he's doing it out of the goodness of his heart? No. How about the architect? Did they do it for the goodness of the heart? No. They've all got profit built in even if we are going to pay for it and we put out a bid. There's profit in all of those, and you have to have profit. People have to have profit. They can't operate if they don't have profit. So to be all bent out of shape about profit being in a P3 – well, yeah, sure there's profit. But there is if you do it in any other way too.

The profit that I think you pretend you're worried about is the profit on the money that they borrow. Well, not necessarily. You mentioned steel, which is a very good one. I was glad you mentioned that because the fact is, like with the courthouse, the prices go back to September, I think, before the steel went way up, and those prices are still holding. Well, guess what? That risk is all being transferred over to the private sector. If we were now putting out the tender, we would be faced with those increased prices.

So what's difficult to assess in these projects is: what is the value of off-loading risk? I've asked the Auditor General. I think we've discussed it in Public Accounts more than once. What is the value of off-loading risk? That's a tough one to quantify.

Also, another one that's tough to quantify is if you get a structure built, say, two years earlier than you would if you were waiting for government financing. What's that worth? Well, that depends on the structure. It depends on a whole number of things, and those have to come into the calculation when you're assessing: is this a good deal for Albertans?

You mentioned some of the projects that have gone sour. How would we do things differently? Well, I think I've described numerous times the process – and I won't go through it again – but the fact is that all of those safeguards are built in there, and at the

end of the day we've got to be able to show that it's good for Albertans.

The quality of the structure. That's easy to monitor. There are different classifications of materials and structures. You write that into the contract. Very simple. Of course, if you find that they're not living up to the contract – it's lovely when you ask for some equity in the contract. That would be one way of ensuring right up front that: okay, you put some cash on the table, and if there's a problem, we dip into the cash and we rectify it. There are just so many ways that we can make sure that we're getting the quality of structure that we demand and that it would be similar to what we would build ourselves.

I think you're not giving nearly enough credit to the private sector in their innovation and the ways that they can do things that maybe are something that we can't access. What I'm thinking of is larger companies, particularly. When you talk about this steel thing, don't you think that a lot of them had already contracted a lot of steel? You bet they had. A lot of them had because they know they're going to use a lot this summer. They contracted that way back last year. Can we access that when we go out to a bid? Not likely. But we could access it where we were into like a P3.

I really take exception to your comments about the outside committee, because on that committee we have outstanding individuals. They are leaders in their communities, they're very strong on the financial side, and they understand business. To say that they somehow would be biased, that some would be not capable – I'm not sure what areas you were describing, but let me tell you that we have total confidence in those people that are on that alternate finance committee. They're there only because of their outstanding abilities, so I really feel bad that you would take a run at them.

Thank you.

The Deputy Chair: The hon. Member for Whitecourt-Ste. Anne.

Mr. VanderBurg: Thank you, Mr. Chairman. A couple of things. First and foremost, I want to thank the minister and his department for recognizing the need for a new facility in Onoway. The facility that is going to be replaced was built in 1921 for a cost of \$11,500. The Onoway community serves about a thousand students. So I'd like to thank you for recognizing the need in that community.

The second point that I wanted to raise – and I haven't heard it in the presentation that you made – is related to the federal building just down the street. What's the plan that your department has to dispose of or sell this building?

Mr. Lund: Mr. Chairman, it's kind of a perennial question that the member asks annually, and I want to thank him for that because we don't want to forget.

An Hon. Member: It keeps you on your toes.

Mr. Lund: Exactly. As one hon. member said, it keeps me on my toes, and that's good.

We are currently trying to assess all of our options and what we might be able to do with that building. It's a cost to us to maintain it and keep it, so I can assure the member that we haven't forgotten it, but it's difficult to really get something moving on it. I guess I can just advise him to stay tuned.

4:10

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

Dr. Pannu: Thank you, Mr. Chairman. I also want to thank the

minister for his introductory comments and thank the department staff who are present in the gallery and taking notes.

I want to just shift the focus for a moment slightly in the questions that I ask the minister. Minister, I was looking at the 2004-2007 fiscal plan, and under the Auditor General's Recommendations there's the Infrastructure department mentioned on pages 148 and 149. For the sake of convenience and for reference I draw your attention to it, recommendations 26 and 27, and the response of the government, the department, to the recommendations.

Let me first, for the benefit of the other members in the House, read the Auditor General's recommendations. Recommendation 26 deals with terms and conditions of construction grants, and the Auditor General's report says that

we recommend that the Ministry of Infrastructure communicate, and require grant recipients to formally accept, the terms and conditions of construction grants. The terms and conditions should include:

- an accountability framework, including roles and responsibilities
- the consequences of failing to adhere to the terms and conditions
- reporting requirements
- the Ministry's right to audit.

Then on the right-hand side column opposite that recommendation of the AG is the response of the department. It accepts the recommendation, but it's the language of the acceptance section that I have some questions about. To me the language is tentative, and I would like the minister to clarify therefore what's stated there. "The Ministry does have grant agreements in place for grant funding for lodges." It specifically refers to lodges here and then says, "The Ministry will look at implementing similar agreements for all grant programs for 2004-05." So I take it that with the exception of lodges such arrangements have not been in place in the past.

The ministry says that it will look at implementing rather than saying that it will implement. I wonder if the words are used deliberately, and if so, what's behind that deliberate use of the words just "look at" rather than making a commitment to implement and if there are reservations what those reservations are. I'd appreciate knowing.

Then in the next sentence the statement says, "The Ministry will also look towards harmonizing its reporting requirements across all programs, recognizing that varying levels of reporting currently exist." So that's, I think, fine.

Mr. Lund: What page are you on?

Dr. Pannu: Page 148 in the capital plan 2004-2007, the smaller booklet of the three related to the budget. I'll certainly be happy to wait for a minute if we can locate it for you. The Deputy Premier has it? Yeah, that's the one. It's page 148 when you get him a copy.

The Deputy Chair: You may proceed, hon. member.

Dr. Pannu: I'll just give another few seconds to the minister.

Mr. Lund: Okay.

Dr. Pannu: Well, Mr. Minister, I find it amusing that you and I are on the same page for a change.

It's the right-hand side, the response of the ministry and the department. The tentativeness of the language is what I'm asking you to comment on. The second sentence in the response is that "the Ministry will look at implementing similar agreements" rather than saying: will implement those recommendations. Then later on in the latter part, the last sentence related to recommendation 26, is that

"management will consider implementing an audit requirement for major projects where this requirement does not already exist." There's a difference between considering and doing. Again, is there some problem that's in fact anticipated in making a commitment that it will happen? So clarification, primarily.

Let me go to the next recommendation as well, 27. Again I'll read into the record the recommendation itself. This deals with the monitoring of construction grants. The Auditor General's report says:

We recommend that the Ministry of Infrastructure strengthen its monitoring processes for construction grants.

We also recommend that the Ministry make all construction grant payments through the Consolidated Cash Investment Trust Fund (CCITF) bank account.

The response from the ministry, again reading just the last sentence, is: "The ministry is also currently assessing the use of CCITF accounts."

My questions. At what stage is the assessment process with respect to the recommended use of that particular account? Is the ministry proceeding with using that fund as recommended by the minister?

I would prefer if we go back and forth this way with a small set of questions and then answers.

Mr. Lund: Just because we say that we're looking at it doesn't mean that we're not doing it. The fact is that we believe in working with the Auditor General to make sure that whatever we do meets with what the Auditor General feels is required.

You have to also appreciate that there's another partner in this. In number 26 it was primarily talking about the lodges and how they were handled. So we are working with the Auditor General, and just because we don't say that we're doing it – we're not exactly sure. Maybe there's a better way of accomplishing the same thing. That's all that means.

The Deputy Chair: The hon. Member for Calgary-Currie.

Mr. Lord: Thank you, Mr. Chairman. I'm pleased to rise to ask a few questions.

Dr. Pannu: Mr. Chairman, we had an agreement to go back and forth.

The Deputy Chair: Okay. Did you want to just go back and forth for maybe five minutes or so? Is that okay?

The hon. Member for Edmonton-Strathcona.

4:20

Dr. Pannu: Thank you, Mr. Chairman. Now, the minister has spoken a fair bit on P3s as one of the central pillars, it seems, of the policy of the government. My specific questions. It has come to my notice that a P3 route is recommended by the government to various SIOs, supported infrastructure organizations. That's the term that is used, I guess, in the documents.

The west Lethbridge school construction case is an interesting one. There appears to be pressure coming from the government for the school board to proceed with a P3 route for the construction of that while there is broad-based opposition in the community of Lethbridge. The minister, I'm sure, is familiar with that. That raises the larger general question of: is there more or less a mandatory set of requirements now, or near mandatory, for all SIOs to do a certain percentage if not all of their new projects to the P3 model? If there is a mandatory requirement or at least a strong expectation from the Infrastructure department or from the side of the government?

My next question is: does the government use funding decisions

as leverage to make sure that the party, the SIO, involved on the other side says yes to the P3 route, even though there may be opposition either on the board or, certainly, in the wider community that the board represents, such as the school board in this case in west Lethbridge? So that's one question. Maybe I should ask a couple others too.

My next question is on P3 evaluations. When the proposals are evaluated and then one proceeds with them, are there specific policies which guarantee a certain margin of profit to investors? I'm not at all worried about whether profit is a dirty word. That's not the question. The question is: does the government oblige itself, does the government commit Alberta taxpayers to a certain minimum return on the investment? If that is the case, what is that? You know, these things are not public. People don't have access to that information, and there are concerns all around. Why go that route if it's going to cost more?

One of the questions that's always asked is that a private investor would expect a certain return on the investment which is market based, I guess. Investment project A expects to get 16 per cent. If they then decide to go to project B, which is a P3, would they not expect at least the same kind of return? My question to you is not about what the rate of profit is that's built into the decision-making from the Infrastructure side. First of all, is there a policy of guaranteeing a certain minimum profit rate, and if that is so, then what is it? If it's not there, then what's in the P3 route for a private investor to come along and invest in this and accept some of the conditions and limitations that a P3 project would entail for the private investor?

So perhaps we can get some answers to those two questions.

The Deputy Chair: The hon. minister.

Mr. Lund: Thank you, Mr. Chairman. To say that there's a percentage that we're going to demand be built with P3s: no; not at all. We never ever indicated that that would be the case. Each one will be assessed on its own merit as it comes along, because it's got the process that it's got to go through internally, and then the outside committee will have to evaluate it. It has to show that there's a benefit to the Alberta taxpayer to go that route.

I think that there's a great misunderstanding about P3s. The west Lethbridge is going to be a P3 because the city has said that they're going to put a library with those two schools. So that's a P3. Okay? The city is going to finance their own. We might be financing the schools. What I have said to the schools is that there are investors that are interested in being a part of this whole thing, so don't discard them. Maybe that's part of the process, that there be outside financing. That might be part of the process. But remember that it's a P3 because the city is there.

Another prime example: in Drayton Valley there's going to be a public and a Catholic school, and the town is putting a facility in the middle. That's a P3. We may very well be financing; we don't know. We're telling the school boards to go ahead and look at the options. We're not saying that that has to happen, but in the case of Drayton Valley they're working very hard to make it happen.

It just dawned on me that maybe where you're getting really hung up is the difference between equity and financing. Equity: if a contractor or someone is putting money into a project, yes, they expect to have a rate of return, no question. But remember that when equity is put in there, that's also an area that we can access if, in fact, there's some kind of default. It also works as a contingency in the whole project, because any time that we build a project, we have to have a contingency. Well, over in the private sector it's called equity.

Now, the other, financing. They go out and they buy a bond. So

we have access to that money through the proponent of the project. That's how it works. As far as making a profit on that money they borrow, no, that's not what it's about. That's what it will cost us to repay the bond, whatever that interest rate is. Yeah, somebody's making money on the interest rate, but that's no different than if we invested.

One of the things that we need to do is get our head around: what is money worth? I would be very interested to go back now and look at the heritage trust fund. Go back 10 years and look at the rate of return on those dollars, even though we had a disaster in 2002. I suspect that you will find that the rate of return on those dollars was even greater than the 5.5 or 5.4 per cent that you can currently buy a 30-year bond for. I suspect it's more than that, that we made more.

So, really, does it make sense that we then would take money that could go into the heritage trust fund or take money out of the heritage trust fund to pay for a structure when, in fact, you can go to the marketplace and get the money cheaper? You know, I think we've got to really look at those kinds of things when we're talking about this financing. If you doubt my word about what it costs for bonds, you can go to the marketplace today and find out what it costs for a 30-year bond. It's around that 5.5 per cent. Check and see what the heritage trust fund made. I suspect it made more.

The Deputy Chair: The hon. Member for Calgary-Currie.

Mr. Lord: Thank you, Mr. Chairman. I rise to ask a few questions of the minister as well. He's certainly taken quite a few of them today, so he can get back to me later if he's not able to answer all of them.

My first question. I guess I'm kind of wondering about – and the minister and people may recall – the School Construction and Operating Costs Committee that the minister put together. I was very pleased to be on that as the chair along with my colleagues the members for Whitecourt-Ste. Anne and Edmonton-Meadowlark, and the Member for Calgary-Shaw also helped out quite a bit on that committee. We did quite a bit of work and analysis on that committee some years ago and submitted our report a couple of years ago to the minister.

There were a number of recommendations in that report that I'm curious about. I guess the main one was that we sort of identified savings of potentially up to 25 per cent on costs of building new public schools, obviously something very desirable. At the time, and with the new century school program, we were quite excited with the notion that we might be able to save \$250 million on new schools. Of course, I'm aware that the minister does not actually build the new schools. We don't build them; it's up to local school boards whether or not to actually build the schools. I know that the minister was very, very supportive of that report and its recommendations and asked his staff to send it to the school symposium and incorporate the results into the school symposium.

4:30

I have not really heard anything back from that report ever since. I haven't seen recommendations moving forward, and the results of the school symposium which I read made no reference whatsoever to any of the recommendations that we sort of came up with.

So I'm wondering if the staff in the minister's department perhaps had some issues or problems with that report that found it too difficult to implement. I'm wondering if the minister could perhaps give our committee some advice or recommendations on how we might move some of the recommendations in that report forward. If the problem is getting local school boards to actually act and implement some of those potential recommendations, perhaps we can do some more work on that.

The second question I'm wondering about, of course – in that report we did talk about partnerships with developers, particularly in new subdivisions, to get new schools built in new subdivisions and how that might be envisioned. Of course, when we talk about public/private partnerships, in my mind at least, from my studies on the issue the most beneficial area to look at in terms of potential partnerships was in fact with developers building new schools in new subdivisions.

I mean, there are many, many partnerships proposed within and without government. Of every hundred that are proposed, probably only five or 10 may ultimately ever be put together. But, ultimately, they work when each partner is able to bring something to the table that the other partner cannot bring or has no ability to bring. In other words, there's added value from each partner in the proposal.

Certainly, in a new subdivision where a developer finds that the people buying his houses are anxious to see a school in the subdivision and are willing to pay more for the houses in that subdivision if there were a school, clearly the developer is in a position to bring cash, money to the table that the government has no ability to collect otherwise. That's what makes that type of partnership so potentially beneficial to study in terms of a public/private partnership that would really work on behalf of everybody. That was one of the things that we explored.

I know that in Calgary it met resistance from the schools boards. They hadn't really been in favour of looking at this proposal in the past. They were quite resistant to it. But I did notice that as more and more discussion came out publicly about this kind of approach, they seemed to be slightly warming to the idea at least, and they did come forward with a number of sort of obstacles they'd identified in terms of legislation and shared responsibilities between our department and their department, et cetera, that seemed to be creating some obstacles.

I'm wondering if the minister could maybe speak to that, whether there's been any movement or updating. Have we cleared all the obstacles away such that local school boards could in fact enter into partnerships with developers in new subdivisions, you know, legislatively? I understand that there are still political issues and other friction, but I just wanted to see if the minister knows that we've cleared the legal hurdles to allow it.

The third question I'm kind of wondering if the minister could speak to is the use of old schools and schools that have been closed down or ordered as surplus by local school boards where there have been expressions of interest by alternative organizations, charter schools, other organizations. It appears that there's considerable resistance to local school boards actually allowing that. They tend to perceive them as competitors.

I guess my perspective is that those are public assets, public property, and not to be used, I think, in a negative competitive manner by public school boards that are just trying to prevent the use of these public assets in a manner that would be much more beneficial to our children. So, you know, I'm a little concerned about some of the directions I've seen there.

The final question I'm wondering about – I've been asked, because of the publicity around airplane flights and so on, how much money I am spending, et cetera, or costing the taxpayers, and I've sort of looked at it and said: well, if not one single MLA flew at all in a given year, clearly we'd still have to pay for the plane, the hangar, the pilots, all the rest of it. So there's an operating and a fixed cost on this. I'm curious what the fixed cost component of any particular flight might be. In other words, if only one person flew one flight in a whole year, what would the cost of that flight be? You know, if one person flies on a plane, it costs X number of dollars, but if 20 people fly on the same plane, it seems to me that

the other 19 are flying for free. There is no incremental additional cost.

I'm wondering if the minister has done any breakdown or thought about, you know, breaking down the incremental, the marginal additional costs of more people flying or less people flying and the fact that I don't think it really costs the taxpayers much, if anything, to have more people flying than less if, in fact, most of the costs are really just the fixed costs of keeping an airplane fleet in the first place.

I'm wondering if the minister could maybe speak to those four questions if possible.

Thank you, Mr. Chairman.

The Deputy Chair: The hon. minister.

Mr. Lund: Thank you. The hon. member and his committee did very good work. Actually, we fed the report and the recommendations into the school symposium, and then out of the school symposium we had four subcommittees that worked on all of the recommendations that came out of the symposium. I have to admit that I couldn't go back and identify a recommendation that came out of the symposium that came directly out of the hon. member's committee's work. We'll commit to having another look and see if we can't find some of that.

You talked about the new schools in new subdivisions, and we're on the same wavelength. As a matter of fact, when we first talked about P3s, when I met with the developers, I suggested that this would be the ultimate P3 if we could get it accomplished.

Some of the problems we've run into – and you alluded to some of it with the school boards. They're really, really concerned about so-called queue jumping. I don't agree with them. I try to point out to them that, really, what that means is that if you could get a school built by a developer in a subdivision that doesn't cost us money, we could do something over here that actually speeds up in a different area to accomplish their priority list.

That was one bit of the problem, and it still is there. Although credit to the Calgary public board, of course they've gone out now and seem to have embraced the P3 concept. So I'd be very, very anxious if we could get one working.

One of the other difficulties – and the developers raised this right away. The urban municipalities seem to still insist on taking the 10 per cent. That's what the act says that they can do, and that's what they want. I have talked to them and suggested that, well, really, all we need to do is take out the footprint of the school so that you can allow that for another use down the way. If you're going to build, say, a K to 4 school, 25 years out you probably aren't going to have enough people to fill it, so then you convert it to another use.

Unfortunately, we're having some difficulty with getting that kind of agreement. They want to have that 10 per cent either be designated as recreational or school and owned by the city. They don't want to have this part that would be left out of the 10 per cent owned by the developer. Of course, then that would mean that it could be redesignated as something else other than school or recreation or park, those designations.

We haven't got by that hurdle, and that's a problem. The hon. Minister of Municipal Affairs and I have had numerous discussions about this and how we might try to move that agenda forward.

4:40

The closed schools are a tough one for us because we do not own the school. While I don't like doing it, I've on two occasions basically directed that certain things would happen with a closed school. It's something we don't like doing, because we like to work

with our partners as opposed to enforcing things, but hopefully we'll get a better understanding. I don't disagree with you that it's public money. I think that we need to look at the best use for that facility and forget about who owns it or who happens to have the say on it.

I'll have to get back to you with those numbers as far as the breakdown of the fixed cost. We've got those numbers, and I just didn't have a chance to go through this enough to pick them out for you right off the bat. But we'll get them for you.

Thank you.

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

Ms Carlson: Thank you, Mr. Chairman. Very pleased to be able to have the opportunity to ask a few questions on this afternoon's estimate debates. First of all, Mr. Minister, I'll ask you about the Jubilee renovations both in Calgary and Edmonton. We understand that there have been a number of cost overruns there and that originally, as I understand it, your share of the contribution was \$32.8 million. It looks like now the project on the provincial side is going to cost \$50 million. So that's a 53 per cent increase between the two Jubilees.

We'd like you to tell us why such a high cost overrun and why those overruns are still occurring and what you're doing to sign off on any of the contracts to try and minimize the costs involved there?

Mr. Bonner: Will they be completed on time?

Ms Carlson: Yes. Will they be completed on time? So if you could answer that too.

That ties into my next line of questioning, which is on the Auditor General's report. The recommendation that we saw from the Auditor General was that "the Ministry should strengthen its processes for managing construction grants." This directly relates to what has happened with the Jubilee. So if you could comment on what steps you've taken to strengthen that process and how many more cost overrun surprises we may be seeing in the next year.

My colleague from Edmonton-Strathcona talked about recommendation 26, where the recommendation was that the ministry "communicate, and require grant recipients to formally accept, the terms and conditions of construction grants," and it included a list of what that should include. The part that my colleague didn't talk about that is of concern to us is whether or not you've established an accountability framework for regional health authority grant recipients, tying it into this particular recommendation? Are you going to specify consequences for noncompliance? Do your approval processes now contain compliance reporting and auditing requirements?

We're looking for you to be able to fully evaluate whether or not you're receiving value on the capital projects, and that would be a worthwhile exercise to make public so that the people of the province can see that too. Do you make those evaluations consistently, and if so, will you make them public?

Recommendation 27 in the Auditor General's report is recommending that the "Ministry of Infrastructure strengthen its monitoring processes for construction grants." Have you standardized the accountability and involvement for every type of capital project, and can you demonstrate value for money on fast-tracked capital projects? What kind of criteria have you developed to determine whether or not a project should be fast-tracked? Is there a ceiling on cost overruns in that particular case?

Are you documenting the review of the grants that you give? Can you tell us how the ministry is ensuring that its approval is sought for every contract greater than \$100,000? Does the ministry make

all construction grant payments through the consolidated cash investment trust fund bank account to protect the grant from any losses?

Another recommendation that we saw in the report was that "the Ministry of Infrastructure implement a process to ensure that contracts with construction managers protect the Ministry's interests as a funder and are cost-effective." If you can give us an update on what you've done to comply with that recommendation. Particularly, I'm interested in whether or not you have a framework for contract management and accountability now built in where risks, roles, and responsibilities are laid out and any contract revisions are in writing and signed off by both parties.

Recommendation 28 was also to do with the Ministry of Infrastructure, and it recommended that "the Ministry of Infrastructure, working with other ministries, improve the security of government buildings and the safety of people who use them" and then listed a series of things that they would like to see enacted such as identifying resources and implementing increased levels of security on buildings determined at risk, monitoring compliance, stuff like that. So if you can tell us what you've done to establish minimum security standards for all of the buildings and communicate with those in the buildings – are you doing a risk assessment on those buildings? – and any other information you have with regard to that, it would be helpful for us. I know that you must be working in conjunction with other ministries on this, and if you can tell us what your role and responsibilities are and essentially what their responsibilities are, that would be helpful.

Of course, I couldn't end my line of questioning without asking an environmental question, so if you could just update us on what you're doing to green up the buildings. I know that you have some projects underway to make sure that buildings are retrofitted, and if you can give us an update on what's happening there.

My last question has to do with the building just north of here on 107th Street and I believe it's 99th Avenue. I think it was called the federal building at one time. If you could give us an update on what's happening there. I understand that it's still vacant. Are there any plans for you to sell it or retrofit it or whatever you might be planning?

Those are my questions. Thank you.

The Deputy Chair: The hon. minister.

Mr. Lund: Thank you, Mr. Chairman. I'm not sure where you're getting the information on the Jubilee auditoria, that there have been consistent overruns, because that's not the case. What happened is we did an estimate and then went out for tender, and the tenders came back, and they were 47 per cent or something like that over what we estimated. So, of course, right away that raised a whole bunch of questions. How on earth could it be that far over?

You don't modernize or renovate facilities like the Jubilee auditoria every day, so we underestimated the cost of a lot of what was going to go on there. You must recognize that to get the proper acoustics in a building like that, there are only a few people in Canada that are contractors that are capable of doing it. Those curtains, for example, are hung at an angle. They've got to have the right angle; they've got to have the right tension; they've got to be the right material. That's just one example. The lighting gets to be extremely expensive. For the seating the plan was to redo the whole interior and take out all of those seats and put in new ones. We were short on that. The list of areas goes on, but it was not that it was a creeping increase. It's just that when we put out the tenders, yes, there was a big increase.

We're going ahead with the project. We're going to find the funds

to do it because we committed to the project some time back. Before we put out the tender, we had committed. The reason that we had to commit quite a while ago to doing it was because, as you know, there are a number of organizations that have programs that operate in those facilities, and they're booked years ahead. They had to go and find alternate venues at a big cost, so for us not to go ahead would have put many of them in a very difficult position. Quite frankly, those buildings have been there and served us well for a number of years, so it's time, and no better time than when we're coming to our centennial, to upgrade them. So we will be going ahead with that.

4:50

You asked a lot of questions about the Auditor General, and rather than trying to go through them all – you were asking them as fast as you could read them, and I couldn't write that fast – what we'll do is get the answers back to you in writing.

You talked about what we are doing to green up. Well, when you get to Ottawa, you can tell them how the Alberta government was the one that went out and got contracts for green power so that 90 per cent of our power, starting in 2005, will be green. Incidentally, we didn't have to pay an exorbitant price for it as well. So that's one thing we're doing.

The retrofit program that you referred to is still ongoing, and as you know, this building last year completed the retrofit. I don't have the number of projects that we've completed right in front of me, but we'll get them to you. It's been a very good program and has accomplished a lot.

I commented on the federal building earlier. Now, I'd like you to tell me: do you want us to sell it? What do you want us to do with it? We'd love your input.

Thank you, Mr. Chairman.

The Deputy Chair: The hon. Member for Edmonton-Castle Downs.

Mr. Lukaszuk: Thank you, Mr. Chairman. Just a couple of questions for the minister. The procedures surrounding building of schools is of some interest to me and, definitely, my constituents. As the minister may appreciate, many individuals make decisions on where to purchase property or where to move based on an assumption that a school will be built in a given neighbourhood. Using a case in point of Edmonton-Castle Downs, residents have been moving into that particular neighbourhood for some 20 years now under the assumption that a high school will be built in Edmonton-Castle Downs at one point or another. Well, two decades of development have passed by and not a sign of a high school at this point.

I know that the minister has been meeting with the school boards and is in continuous contact with the school boards. I'm wondering: what is the procedure? How are the decisions made on where and when we're building schools? How does the minister's office interact with school boards on the issue of making decisions where and when schools are built? How do we deal with constituents who have made decisions on where to purchase properties and where to raise their children relative to a school being built? How do we interact with those requests?

Thank you.

Mr. Lund: I want to thank the Member for Edmonton-Castle Downs. Yes, we have been meeting with the boards of education in the city of Edmonton. The whole process as far as when a school is going to be built: first of all, the boards of education every year give us their three- and five-year capital plans. Of course, we require that

they prioritize their list. Then we take that information, internally go through all of the projects, and scale them according to a very rigorous criterion, and they come out with a number. Then, of course, that gives us the ability to prioritize them on a provincial basis. So we come down as far as the money will work and build and approve those projects.

I meant to mention this earlier and just now thought of it again. I think it was the Member for Edmonton-Glengarry that had asked about the preservation issue. I've asked the staff to do an inventory of all of the preservation projects and what it would cost us to not only just do the preservation – in both Calgary and Edmonton we've got quite a few schools that are very low utilization – but what it would cost us to in five years do the modernization and rightsize these schools. So we get our utilization up; we get our operating costs down.

I raise that now because that kind of fits into one of the problems like the Edmonton public board has as it relates to another high school in Castle Downs. In the north part of the city they've got Queen Elizabeth that's running. Even though they closed off half of it, I believe it's still only in around 60-some per cent. Then they've got M.E. LaZerte, that is running well above the hundred per cent, and these two schools are not that far apart. Then in the south sector of the city they've got huge demand down in the southwest, and the schools down in that area are very full. So it's a difficult situation that they've got. They recognize the need for a high school in that very north part of the city in the Castle Downs area. They recognize that, but we'll have to work our way through it.

The Catholic separate board, too, has a situation where their utilization is still below the 85 per cent that we're asking for, and of course they'll be opening their new high school over in the western part of the city very shortly. As a matter of fact, I believe it's next fall that it starts taking students.

What is going on now is that the Edmonton Catholic separate board is very close to needing another school in the north part of the city. As a matter of fact, I wouldn't be surprised, when we see their three-year plan come back, that they may very well have that as number 1 or 2.

We also know that the Capital health authority is interested in doing something over in that area, and to me this picture is starting to really look very attractive. If you could have a separate and a public and a health facility in the middle, it would really go a long way to accomplishing a number of things, including the cross-ministry initiative that we're going to be pushing even harder for the benefit of students: Children's Services, because we need to have the health facility or health component, mental health and other health. We need to have the Solicitor General's department be involved, the Attorney General's department, and then of course the educational component on either side of it. So that's where we're at as far as the situation in the north part of the city.

I know that the hon. member, while he didn't mention it right now, was asking me the other day about funding for private schools. Well, we do not fund the capital or operating and maintenance of private schools. They get some Learning funding – I believe it's 60 per cent of the instructional – but we don't have a part of that.

5:00

The Deputy Chair: The hon. Member for Edmonton-Glengarry, and then I'll recognize the hon. Member for Edmonton-Strathcona.

Mr. Bonner: Thank you very much, Mr. Chairman. Just a few more questions. The federal building just north of the Annex was mentioned earlier. It would be very expensive to clear the asbestos out of that building, and it certainly has very, very old mechanical

systems in it for air circulation and heating and whatever. Could the minister please tell us if he's had any proposals at all for perhaps even a P3 project where people would come in and renovate the building and the province would lease that space back from those particular people or enter into the P3 in some type of arrangement whereby that office space could be used by government?

When I'm looking at the annual report for Infrastructure, I see that we are currently leasing 290 buildings and roughly 5.5 million square feet of facility space. So if there were a P3 in that particular situation, would it be possible for the cost savings – I think we pay somewhere in the neighbourhood of a million dollars a year right now just to maintain that building and pay the heating and costs. Those are certainly costs that could be saved by the government owning the building. We could be saving dollars in the cost of leased facilities that we now use in the 290 buildings.

Has there been an analysis done as to whether this type of arrangement could possibly work so that we could make that building operational again? I do realize that it would be a very expensive process, but in the end would it be beneficial to us to enter into this type of agreement?

As well, along the lines of government-owned properties, we have over 1,900 buildings that are owned. Could the minister please indicate: what is the value of those assets to the citizens of Alberta?

Another question that came up when I was talking to people – I was looking as well in *KeyNotes*. It's a publication put out by the Edmonton public school board. In here it goes on to say:

"We respect and recognize that Calgary has a need for new schools," explains Board Chairman Svend Hansen. "But our students need and deserve new schools as well, particularly in emerging neighborhoods. Frankly, we were surprised by this decision."

Of course, the decision that they're referring to is the dollars that Calgary received for seven new schools and that Edmonton public did not receive any monies for new schools in this current budget.

I think we all recognize what a leader Edmonton public is in education, that they've done, I think, a very good job at trying to become efficient. They certainly realize the strain it puts on their transportation costs when they have to bus students from the suburbs to existing schools rather than building new schools in communities as the city expands.

They receive a tremendous amount of calls regarding: "Why aren't there schools in this new area? When we moved in, there were provisions and land set aside for new schools. We were assured that these new schools would be built, and now we've been here a number of years and still no schools." Certainly, it is a huge problem.

I know that they are trying to the best of their ability to make efficient use of the existing schools. They also see the disruption it causes families and communities when they have to bus students out of the community. They also view schools in their communities as community centres, and they're used for many different purposes. They have gone into the whole idea of sharing resources, of looking at clusters. They've been very creative.

Getting back to the quote from *KeyNotes: Partners in Education*, how is it that Edmonton public, for one example, received nothing in the year, yet Calgary received funding for seven new schools. Certainly, what they look at is reliable, sustainable, consistent funding so that they can have their business plans and complete their business plans as well.

I do have a few questions on performance measures for core businesses, and I'm referring to core business 1 on page 281. Only 64 per cent of health facilities are targeted to be in good condition from 2004 through to 2005. Why is this ministry not targeting an increase for that particular measure?

As well, those schools that are in good condition are targeted to decrease in 2006-2007. Why is the percentage of schools in good condition so low, at only 51 and 55 per cent, and why the decrease in 2006?

Performance measures for postsecondary institutions are the most disturbing of all. In 2004-2005 only 39 per cent that were built before 1988 and 45 per cent of all facilities are targeted to be in good condition, and those institutions built before 1988 which are slated as being in good condition are targeted to decrease through to 2007. Page 283 is where I got those figures.

My first question is: why are those percentages so low? Why haven't postsecondary institutions been prioritized given their sorry state? Why are those institutions built before 1988 which are slated as being in good condition targeted to decrease through to 2007? As well, why isn't the percentage of all facilities in good condition targeted to increase through to 2007?

As well, when we are speaking about facilities, why are government-owned and -operated facilities that are rated as being in good condition targeted to decrease through to 2007 to a low of 42 per cent. Again, why are the utilization and functional adequacy performance measures for all these facilities targeted to decrease in 2004-2005 and then remain constant through to 2007? Those figures are from page 284.

When we look at energy consumption, why is the energy consumption in government-owned and -operated facilities targeted to remain the same from 2004 through 2006? Is there no way that we can look at making these facilities more energy efficient? As well, why does the ministry not rate the cost-effectiveness of the air transportation services it provides through performance measures along with the ones that we find on page 286?

Finally, Mr. Chairman, to the minister: why are the performance measures for the client satisfaction survey on service delivery not targeted to increase through to 2007? I got this information from page 287.

In closing, Mr. Chairman, I'd like to thank the minister and his department certainly for providing us with the information on these many questions today, and I look forward to his answers.

Thank you.

5:10

The Deputy Chair: The hon. minister.

Mr. Lund: Thank you, Mr. Chairman. The federal building doesn't cost us a million dollars. Probably less than half of that a year is what it costs us to keep that building. We don't know for sure exactly how much asbestos is in that building, but we do know that the cost of renovating would be very substantial.

Have there been proposals? We've never called for any proposals. There have been some come to me unsolicited, and quite frankly they were so costly that we couldn't even consider them.

For anybody who thinks that we're just hung up on P3s, that they're going to work in every situation, there's an example that we didn't even take forward because I don't think they would have passed the test quite frankly. We don't have a need for that building at this point. You know, it's easy to justify it when there's a need for something, but when you don't really have the need for it, it's tougher to spend the money on it.

I didn't keep my notes well enough here, but I do know that you were talking about the decrease in good condition to fair condition. We look at our three-year business plan, and we look at the numbers that we have in our budget, and this is the result. This is what's going to happen. We're being very honest, straightforward. Because of the age of the buildings we know that if we don't spend more money, this is the result. We're being very honest that that will be the result unless we spend more money on them.

As far as the efficiency is concerned, you have to remember that as old buildings deteriorate, the cost goes up. So when you don't see a decrease in the cost of operating those buildings, that's directly related to the age and the condition of the building. You know that from your own experience in operating your house, and these buildings are no different. I really commend the department for being very honest and straightforward, and that's why I signed off on this. This is the result unless we spend more money on preservation.

The Deputy Chair: I hesitate to interrupt the hon. Minister of Infrastructure, but pursuant to Standing Order 58(5), which provides for the Committee of Supply to rise and report no later than 5:15 p.m. on Tuesday, Wednesday, or Thursday afternoons, I must now put the question. After considering the business plan and proposed estimates for the Department of Infrastructure for the fiscal year ending March 31, 2005, are you ready for the vote?

Hon. Members: Agreed.

Agreed to:

| | |
|--|-----------------|
| Operating Expense and Equipment/Inventory Purchases | \$1,537,000,000 |
| Capital Investment | \$73,489,000 |

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.
The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I'd move that the Committee of Supply rise and report the estimates of the Department of Infrastructure and beg leave to sit again.

[Motion carried]

[Mr. Shariff in the chair]

The Acting Speaker: The hon. Member for Whitecourt-St. Anne.

Mr. VanderBurg: Thank you, 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, '05, for the following department.

Infrastructure: operating expense and equipment/inventory purchases, \$1,537,000,000; capital investment, \$73,489,000.

Thank you.

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

Hon. Members: Agreed.

The Acting Speaker: Opposed? So ordered.

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

Bill 31
Highways Development and Protection Act

The Acting Speaker: The hon. Minister of Transportation.

Mr. Stelmach: Thank you, Mr. Speaker. I'm pleased to move second reading of Bill 31, the Highways Development and Protection Act.

This act will consolidate and modernize the existing Public Highways Development Act and the City Transportation Act and provide a single legislative framework for the planning, development, and protection of the provincial highway network.

Alberta highways are vital to our economy. They are key to the safe and efficient shipping and receiving of goods, and they also connect to all other modes of transportation: air, marine, and land.

Why is this act needed? The current legislation which governs highways, the Public Highways Development Act and the City Transportation Act, date back to the 1970s and have not been reviewed or updated in a long time. Many things have changed since these acts were established. Our population has almost doubled and has put enormous pressure on provincial highways. With greater population growth comes the need to manage development near highways as well as to manage access to the highway.

This act is also needed to address the fact that the province now has jurisdiction and control over the former secondary highways, so the transfer of these highways from municipal to provincial jurisdiction will be included in this act. It's also taking over the responsibility for key route highways through cities such as Deerfoot in Calgary and Anthony Henday in Edmonton.

Another reason, of course, is to clarify and consolidate legislation which pertains to highways and development adjacent to highways. Clarification is needed for municipalities, developers, and others about which legislation to use under which circumstance for road closure or access removals on highways. This act will define which act governs each particular situation.

As well, because of population growth and motor carrier industry demands we needed a higher classification of highway, roads called freeways, which are similar to the U.S. interstate system. These are high-speed and high-volume routes which are the only way on and off the freeway via interchanges. We have to protect these freeways. The routes, of course, are more efficient for long-distance travel because we can travel at a steady speed without having to stop for traffic lights. But, of course, we need the space to build all the accompanying interchanges, and the new legislation will protect what property owners or utility companies may do on land located 115 metres from the centre of the highway.

Alberta Transportation knows the importance of planning for highway development. One example is the extreme cost of buying out an established business or a home to make way for a road or interchange, and that is why we are moving to freeway classification. Those will be highway 1 from one end of the province to the other, highway 2 from Fort Macleod to Edmonton, and highway 4 from Coutts to Lethbridge, and highways 43 and 16. We want to make these routes free flow in the future, and we need legislation to preserve and protect the provincial highway network.

5:20

I'd like to say that we have consulted with urban and rural municipalities, utility companies, land development and real estate associations, home builder associations, and short-line railways. There was an advisory committee set up between AAMD and C, AUMA, and Alberta Municipal Affairs. We certainly raised and discussed many issues, and these issues were taken back to their memberships and brought back for discussion. Their input was extremely valuable and helped shape the legislation that you have before you.

As I mentioned before, the act will provide clarity and consistency in the legislation governing the administration and protection of

provincial highways, establish a new classification of highways called freeway, and there is one situation, Mr. Speaker, and that is that for noncompliance there will be an increase in fines if someone builds something on the highway/freeway.

As well, closure of a highway. At the moment a highway can only be temporarily closed to accommodate construction and maintenance. With us taking over the jurisdiction of many of the secondary highways – many of these secondary highways run through small municipalities and, as a result, to close them for a parade or perhaps some other event like a 10-kilometre run, et cetera, we need special permission, and they're not addressed in current legislation.

With that, Mr. Speaker, other than designating and clarifying highways in cities, which will have to be done through agreement with the city and the department, I'm sure that there will be numerous questions coming forward as this legislation proceeds, but it is

timely, and again our goal in Alberta Transportation is to consolidate as many of the acts as necessary and bring them up to date.

Thank you.

I also move to adjourn debate on this bill.

[Motion to adjourn debate carried]

The Acting Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I'd move that we adjourn until 8 this evening, at which time we reconvene in Committee of Supply.

[Motion carried; the Assembly adjourned at 5:22 p.m.]

