

Legislative Assembly of Alberta

Title: **Thursday, April 21, 2005**

1:30 p.m.

Date: 05/04/21

[The Speaker in the chair]

head: **Prayers**

The Speaker: Good afternoon. Welcome.

Let us pray. As we conclude for this week our work in this Assembly, we renew our energies with thanks so that we may continue our work with the people in the constituencies we represent. Amen.

Please be seated.

head: **Introduction of Visitors**

Mrs. McClellan: Mr. Speaker, the Alberta Order of Excellence is the highest honour that the province can bestow upon a citizen, and today it's my honour to introduce to you and through you to members of the Assembly a distinguished group of Albertans seated in your gallery. They represent the 2004 inductees. I would ask yours and the House's indulgence to just say a few words about each of these distinguished people because their contributions to our province have been considerable. I'll ask them to stand as I call out their names.

Ann McCaig is a dedicated fundraiser and advocate for a wide range of Alberta organizations. Her focus has largely been on education and children. Over the years she has lent her tremendous energy and support to organizations such as the Alberta Children's hospital, the Alberta Adolescent Recovery Centre, the Banff Centre, and the University of Calgary.

Eric Newell is someone members will know as a leader in the development of Alberta's oil sands. Eric served as president, CEO, and chairman of the board of Syncrude before retiring in 2003. He is now chancellor of the University of Alberta. In addition to his work with postsecondary education, Eric continues to provide community leadership in areas such as workforce development, the aboriginal community, and the environment.

Bryan Perkins is a farmer who represents the best of Alberta's pioneering and entrepreneurial traditions. Bryan's innovative approach to his own operation near Wainwright has grown into a new model of farming that's benefiting hundreds of families across the province. Over the years Bryan has also made significant contributions to industry boards and organizations.

John and Barbara Poole are dedicated supporters of a wide range of social, educational, cultural, and environmental causes across Alberta and Canada. While a large portion of their work is done anonymously and without fanfare, I can tell members that there aren't many arts or postsecondary institutions in this province that haven't benefited from their support.

Mr. Speaker, accompanying these distinguished guests are members of the Alberta Order of Excellence Council. I would introduce council chair Dr. Bob Westbury, council members Bunny Ferguson of Edmonton, Jack Gorr of Three Hills, Harley Hotchkiss of Calgary, and Harold Storlien of Medicine Hat.

Mr. Speaker, I would ask all members to give these distinguished visitors a hearty welcome.

The Speaker: The hon. Minister of Advanced Education.

Mr. Hancock: Thank you, Mr. Speaker. I'm pleased to introduce to you and through you to members of the Assembly two very distinguished and respected Albertans, Dr. Sandy Mactaggart,

chancellor emeritus of the University of Alberta, and his wife, Mrs. Cécile Mactaggart. The Mactaggarts are no strangers to members of this Assembly. They are leading Edmonton businesspeople and philanthropists. Sandy is an officer of the Order of Canada and a member of the Alberta Order of Excellence.

The Mactaggarts are respected and admired throughout this city, across this province, and throughout Canada not only for their impressive and inspirational business success with Maclab Enterprises but, more importantly, for their vast charitable and philanthropic efforts, that have improved this community and our province in so many ways. Yesterday the Mactaggarts took their charitable efforts one giant step further with an impressive \$37 million donation of rare Chinese artifacts and collectibles to the University of Alberta. [applause]

Mr. Speaker, I can only then thank the House for the way in which they've warmly welcomed our respected guests.

head: **Introduction of Guests**

The Speaker: The hon. Minister of Municipal Affairs.

Mr. Renner: Thank you, Mr. Speaker. As you well know and as do all members of the House know, this Assembly works in partnership with municipal elected leaders throughout the province. Looking up into the members' gallery this afternoon, I'm very pleased to see that Mr. Bob Hawkesworth, president of the Alberta Urban Municipalities Association, AUMA, and his executive, who have been visiting with ministers throughout the Legislature Building over the past few days, have joined us for question period today. I would like to introduce Mr. Hawkesworth, who is a former MLA of this Assembly, and also as part of the delegation another former MLA, Mr. Ed Gibbons, councillor for the city of Edmonton, as well as all the other members of the executive of AUMA. I'd ask all members to join me in welcoming them. I'd ask them to stand and receive the traditional recognition of the House.

The Speaker: The hon. Minister of Agriculture, Food and Rural Development.

Mr. Horner: Well, thank you, Mr. Speaker. On your behalf I would like to introduce to you and through you 20 grade 8 students from Jarvie school, which is located in the Barrhead-Morinville-Westlock constituency. They are accompanied this afternoon by teachers Len Seatter and Mrs. Debra Jackson and parent helpers Colleen Chapotelle and Robert Cardinal, who is the brother of our distinguished Minister of Human Resources and Employment. Among the students is Alissa Cardinal, niece of the hon. minister. They are seated in the public gallery this afternoon. I would ask them to rise and receive the traditional warm welcome of this Assembly.

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

Mr. Stelmach: Well, thank you, Mr. Speaker. I wish to introduce to you and through you to members of this Assembly four very special guests seated in the members' gallery. They're members of the Department of International and Intergovernmental Relations. I would ask them to rise as I call their names: Ms Heather Edwards, Ms Kelly O'Donnell, Mrs. Holly Solinski, and Mr. Bin Lau. I'd ask this Assembly to give them a traditional warm welcome.

Thank you.

The Speaker: The hon. Minister of Human Resources and Employment.

Mr. Cardinal: Thank you very much, Mr. Speaker. It's my pleasure to introduce to you and through you to the members of the Assembly two Human Resources and Employment department communication staff who are seated in the members' gallery this afternoon. Fiona Wiseman and Jason Maloney are both new to Human Resources and Employment and are here to observe question period. I'd like them to rise and receive the traditional warm welcome of the Assembly.

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

Rev. Abbott: Thank you, Mr. Speaker. It is an honour and a privilege for me to rise and introduce to you and through you to all members 56 of Alberta's brightest and best students from Calmar school. These students are Mrs. Biddell's and Mrs. Wilson's grade 5 and 6 classes. Their guide today is Natalie Wilson, a former page of the Legislative Assembly and Mrs. Wilson's daughter. The parent helpers with this large group are Mrs. Karen Stepanko, Mrs. Crystal Fandrick, Mrs. Laurie Workun, Mrs. Pat Carson-Handley, Mrs. Michelle Erickson, and Mrs. Denschikoff. I would ask them all to rise and receive the warm welcome of the Assembly.

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

1:40

Mr. Elsalhy: Thank you, Mr. Speaker. Today I am really honoured to be welcoming two of my constituents from Edmonton-McClung who are seated in your gallery, Michael and Mary-Louise Mitchell, who are the parents of Chelsea Mitchell, who is an Assembly page with us and one of the most energetic and most helpful pages in this Assembly. They live in an area of Edmonton-McClung called Rio Terrace. It's an area in which I door knocked very heavily during the campaign, but in case I missed you, I would really like to invite you to visit me at the constituency office. If we don't talk about concerns or issues or suggestions, we can spend half an hour talking about Chelsea and how wonderful she is. I would invite them to stand up, and I would invite the hon. members to join me in welcoming them.

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

Mr. Flaherty: Thank you, Mr. Speaker. I wish to introduce to you and through you to members of the Assembly the Sir George Simpson grade 6, 30 wonderful students, and their teacher, Lindsey Anderson, and helpers or volunteers Annie Gouldson and Charlene Marklund. Would they please rise and receive the warm welcome of the Assembly.

The Speaker: The hon. Member for Edmonton-Beverly-Clareview.

Mr. Martin: Thank you, Mr. Speaker. I have two guests to introduce today. The first is Joanne Jarvis, who currently works as a guard at the Bashaw RCMP detachment and is involved with the Lutheran local council as a choir director for ecumenical services. She is accompanied today by Jim Graves, who ran for the NDP in the riding of Lacombe-Ponoka in the previous election. I would ask that Joanne and Jim rise and receive the traditional warm welcome of the Assembly.

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

Dr. Pannu: Thank you, Mr. Speaker. It gives me great pleasure to introduce to you and through you to this Assembly a very well-liked

and successful student leader, Paul Zits. Paul is the outgoing president of the Grant MacEwan College students' union here in Edmonton and has served as the chair of Alberta College and Technical Institute Students' Executive Council, known as ACTISEC. His continuing efforts to promote a more accessible and affordable system of postsecondary education is commendable and much appreciated. I'll ask now for Paul to rise and receive the warm welcome of the Assembly.

The Speaker: The hon. Minister of Advanced Education.

Mr. Hancock: Thank you, Mr. Speaker. It's my pleasure today to introduce to you and through you to members of the Assembly Hank and Sharon Hoekstra from my constituency of Edmonton-Whitemud. They're the proud parents of Elaine Hoekstra, one of our very talented and wonderful pages. Sharon is a kindergarten teacher at Earl Buxton elementary school, a great elementary school that also happens to be located in my constituency. She's been teaching for 30 years. Hank retired this past fall from nearly 30 years of service at the University of Alberta's instructional resource services centre. Mr. Speaker, they're seated in your gallery, and I'd ask that they please stand and receive the traditional warm welcome and thank you from our House.

Mrs. McClellan: Mr. Speaker, it's always an honour to introduce a school class, and, again, today I have the honour of introducing to you and through you to members of the Assembly students and teachers and parent helpers from Morrin school. Morrin is located just north of Drumheller. This group has as its accompanying teachers and leaders Bev Deschenes, Mr. Harvey Saltys, Hiruki Kanazawa, Mrs. Dawn Herd, Mr. and Mrs. Jim Richmond, Mrs. Susan Doyle, and Mauricio Rincón. I would ask, if they are in the Assembly, in the public gallery perhaps, to rise and receive the very warm welcome of this Assembly.

head:

Ministerial Statements

The Speaker: The hon. Minister of Advanced Education.

Mactaggart Art Collection

Mr. Hancock: Thank you, Mr. Speaker. I rise today and have the honour and privilege of acknowledging and celebrating the generous and impressive donation of rare Chinese artifacts to the University of Alberta announced yesterday by Sandy and Cécile Mactaggart, a donation that will serve as the foundation for the university's new centre for Chinese studies.

Over the years the Mactaggart family has demonstrated in countless ways their commitment to this city and to this province. They are among Edmonton's leading business success stories and have used that success to make their community a better place in so many ways. Yesterday they demonstrated their immense generosity and vision once again by donating a rare collection of Chinese art and artifacts to the University of Alberta, a donation which has been valued at over \$37 million and comprises the largest private donation to the University of Alberta in its history.

The collection includes over 700 items of east Asian art, textiles, and costumes. It will be housed in the University of Alberta's museum collections and will be named the Mactaggart Art Collection. The collection will provide the basis for the university's new centre for Chinese studies, which will house the world renowned expertise on Chinese culture and history.

Members will recall that in the Speech from the Throne the new access to the future fund is intended to support innovation and

excellence in postsecondary education, and the creation of this new centre for Chinese studies at the University of Alberta was specifically referenced in anticipation of this gift. We had the honour of having Mr. Mactaggart and his daughter Fiona here on the floor of the Legislature when the Speech from the Throne was read. In fact, it is fair to say that the promise of the access to the future fund played a role in ensuring that this collection, unique in North America and courted seriously by institutions in Toronto, New York, San Francisco, and elsewhere, remains right here in Edmonton, in Alberta.

This new landmark institute will help to promote greater understanding of the culture, language, and history of China, one of the world's largest and growing economies and a country with which Alberta has long enjoyed a special economic and cultural relationship. The centre will anchor current initiatives between the University of Alberta and China and take those initiatives even further. It will serve as an excellent means of strengthening academic research, business, and cultural ties between Alberta and China. It will also be a means for Albertans to learn more about China and to connect with Chinese people both here at home and abroad.

Given the increasing importance of international connections in the global economy and increasing importance that China is playing in that global economy, an economic opportunity, I can tell you, that is recognized in our government's new 20-year strategic plan, this centre for Chinese cultural studies will be a most valuable and strategic addition to Alberta's postsecondary system and to Alberta itself. Mr. Speaker, the Mactaggarts have been strong visionary advocates for this new centre for Chinese studies, and they've backed up that vision with a donation which will go down in history as one of the most generous and, I believe, meaningful donations ever made to a postsecondary institution.

The Mactaggarts and the University of Alberta – and I might say that the chancellor of the University of Alberta, Eric Newell, has joined the Mactaggarts today as he also joined the Alberta Order of Excellence inductees – and all of those involved in the planning and development of the centre for Chinese studies deserve to be commended for their vision and innovation. In the years ahead it will undoubtedly be seen as one of the world's best, if not the best, Chinese cultural institutes outside of China itself.

Mr. Speaker, once again, may we thank the Mactaggarts for their visionary contribution to this province of ours. [applause]

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

Dr. Taft: Thank you, Mr. Speaker. As with the Minister of Advanced Education, it is my great honour today to rise to acknowledge and celebrate the largest single donation to the University of Alberta in its entire history. The Mactaggart family's unprecedented donation of a \$37 million Chinese art collection is really a priceless gift to the people of our province. This collection is one of the finest in North America and includes paintings, calligraphy, scrolls, and silk robes. The collection will form the foundation of the university's new centre for Chinese studies. This exciting initiative will be the most impressive Chinese learning centre in Canada. The students, faculty, and community will benefit enormously from this first-rate facility. The centre will bring researchers from all over the world to study the Mactaggart collection's unique items.

I'd like to commend and recognize the family responsible for this extraordinary gift. Sandy Mactaggart was 11 years old when he was shipped to Canada as an evacuee during the Second World War. He went on to graduate cum laude from the Harvard Business School before coming to Edmonton in 1952 with his business partner the late Jean de La Bruyère.

1:50

The company they established, Maclab Enterprises Ltd., has contributed enormously to the landscape of this city, and it's founder, Sandy Mactaggart, has always been a triumphant supporter of postsecondary education, as has his accomplished and always-elegant wife, Cécile. From 1983 to 1994 he served on the University of Alberta board of governors and chaired the university's real estate advisory committee. He went on to donate the 257-acre Mactaggart nature sanctuary to the U of A and the city of Edmonton. Then in 1990 Mr. Mactaggart held the respected position of university chancellor for four years. For countless reasons Sandy Mactaggart was inducted as an officer of the Order of Canada in 1997 and into the Alberta Order of Excellence in 1998.

Cécile and Sandy Mactaggart along with their family have shown true vision in this unprecedented donation. They have recognized that our society's most important asset is its students. By contributing this selfless gift, they continue to make the University of Alberta a better place.

My thanks and the thanks of all MLAs to them.

The Speaker: I have received notification: the hon. Member for Cardston-Taber-Warner would like to participate. Unanimous consent would have to be given.

[Unanimous consent granted]

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

Mr. Hinman: Thank you, Mr. Speaker. It would be amiss to not be able to stand up and congratulate the Mactaggarts for this wonderful gift to the province and to the University of Alberta. It's a wonderful way to start off our centennial celebrations with such a gift to go into the next century, and philanthropists in the past have made a great part of Alberta. I'm grateful also, as all MLAs are, for such a wonderful gift and hope that that will help us as we go forward and to continue to trade and to work with the Chinese government and to continue to work and to make our world a better place. I'd like to thank them also.

Thank you.

head: **Oral Question Period**

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

Securities Commission

Dr. Taft: Thank you, Mr. Speaker. The Minister of Finance has called in the Auditor General to, in her words, dispel concerns about the Alberta Securities Commission. We don't need the Auditor General to dispel concerns as if this were simply a misunderstanding. We need someone who will get to the bottom of these problems. My questions are to the Minister of Finance. Given that the Alberta Auditor General has been the auditor of record for the Securities Commission and has repeatedly given the commission unqualified audit approval, will she do the right thing and bring in a genuinely independent out-of-province investigator?

Mrs. McClellan: Well, Mr. Speaker, unlike the hon. Leader of the Official Opposition I have the utmost confidence in the Auditor General, who, I might remind him, is an officer of this Assembly, and I find it distasteful, unusual that such a comment would be made in here of a person of such a respected position.

Dr. Taft: To the same minister: will she admit that the Alberta Auditor General has no credibility on this issue given that year after year his office has given the commission a clean audit report?

Mrs. McClellan: I would absolutely not agree with that statement. Again, I find it unusual and distasteful that an officer of this Assembly would be questioned in this way. The Auditor General of the province of Alberta has provided great service to this government and to this Assembly. His report will be presented to the Assembly through you, Mr. Speaker, and I have the utmost confidence in this gentleman's work.

The Speaker: The hon. leader.

Dr. Taft: Thank you. Again to the same minister: will she admit that the only reason she has asked the Auditor General to prepare one report for her and a separate one for the Legislature and the public is to keep the public in the dark about the real goings-on at the Alberta Securities Commission?

Mrs. McClellan: Well, Mr. Speaker, that speaks to how little the hon. Leader of the Opposition understands, one, my letter to the Auditor General, which I presented in the Assembly yesterday.

I am almost speechless at his attack – I have to call it an attack – on the credibility of the Auditor General.

Mr. Speaker, the Auditor General, as I indicated yesterday, was going to do an audit of the Securities Commission as part of his business. This was identified in January. On April 13 I wrote a letter to the Auditor General and asked him that in view of the lingering concerns out there, despite the report that was issued that identified that the regulatory process was being handled in an even-handed and fair way, identified that there were some human resource issues which are being addressed, Mr. Speaker, because of the importance of the Alberta Securities Commission to the business and investment community, if he would do his report in a complete and timely manner and that he would present that report to me and to the Legislative Assembly.

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

Dr. Taft: Thanks, Mr. Speaker. The situation for employees at the Alberta Securities Commission grows worse by the day. Senior management at the Commission have now hired KPMG to conduct a forensic audit of employee e-mails. This is just another example of the fearful and intimidating climate that ASC whistle-blowers, many of whom came forward in response to a request from the Minister of Finance herself, are being forced to work in. To the Minister of Finance: will the minister do the right thing, protect whistle-blowers who came forward in good faith, and order an immediate end to the KPMG witch hunt?

Mrs. McClellan: Well, Mr. Speaker, again the hon. Leader of the Official Opposition shows a great deal of ignorance of the manner in which this is being handled, and I would like to help him with that. The internal audit that is being done, the forensic audit, is to protect the security of the systems at the Alberta Securities Commission. In fact, he should be applauding that rather than suggesting that it's a witch hunt.

Mr. Speaker, this very same leader was the one that wanted me to table reports in this House, which I refused to do to protect the anonymity of these very employees.

The Speaker: The hon. leader.

Dr. Taft: Thanks, Mr. Speaker. Well, given that the KPMG witch hunt will give both the chairman and the executive director of the commission the names and e-mails of employees who have spoken out against misconduct at the commission, will the Minister of Finance ask the RCMP to investigate the e-mails of the chairman and the executive director?

Mrs. McClellan: Mr. Speaker, I am concerned about the integrity and the good reputation of the Alberta Securities Commission. As I have indicated time and time again in this Assembly, this is a very, very important institution to the business and investment community. I am going to continue to conduct this in a professional manner rather than making allegations and attacks against people where there has been no foundation laid.

The Speaker: The hon. leader.

Dr. Taft: Thank you, Mr. Speaker. To the same minister: what guarantees, if any, can the Minister of Finance give Securities Commission whistle-blowers that they will not suffer any reprisals for their efforts to bring attention to the problems at the Commission?

Mrs. McClellan: Well, Mr. Speaker, I think I have already proved to the employees of the commission that came forward that I will protect the confidentiality of them bringing it forward, unlike the hon. member who wanted the report with names and whatever in it laid before this Assembly. That is what he calls protection. I call protection respecting the confidentiality, respecting the anonymity, and I have not had any concerns from those employees that they are worried about coming forward because of repercussions from this minister.

The Speaker: Third Official Opposition main question. The hon. Member for Edmonton-Gold Bar.

2:00 Electricity Marketing

Mr. MacDonald: Thank you, Mr. Speaker. In 2002 TransAlta admitted to the U.S. Federal Energy Regulatory Commission that it used some of the same questionable electricity trading schemes that Enron used in California during 2000 and 2001. [interjection] He may laugh; consumers do not. These dubious tactics, dubbed "ricochet" and "megawatt laundering," unfairly drove up electricity prices. During that same time Alberta electricity consumers saw power prices triple. My first question is to the Minister of Energy. What evidence does the minister have that TransAlta did not use the same tactics here in Alberta to drive up prices?

Mr. Melchin: Mr. Speaker, he's comparing it to the same tactics of, I guess, another company, which at this stage no investigations have proven has done things to warrant manipulation of the market.

That said, clearly at that time when deregulation occurred, there were shortages of supply, the primary reason why prices increased. Today we actually have the converse. We have an excess of supply, were very successful at having brought on over 3,300 megawatts of power. Today consumers are enjoying the lowest non-hydro rates around the country.

The Speaker: The hon. member.

Mr. MacDonald: Thank you. Again to the same minister: given that the EUB told this Progressive Conservative government that TransAlta unfairly overcharged Alberta electricity consumers \$3.7 million in the year 2000, why were TransAlta's trading activities never the subject of a full, independent, public investigation?

Mr. Melchin: Mr. Speaker, there is continual monitoring of the marketplace. The market surveillance administrator continues to act on that behalf. If he has some specifics relating to something that goes back, he says, to 2002, I guess we'd ask that he forward it to us, and we'll take a look at it.

Mr. MacDonald: Mr. Speaker, the evidence is tabled daily.

Again to the same minister: is TransAlta a part of the investigation into market manipulation here in Alberta currently being conducted by the federal Competition Bureau, or is it just Enron and their activities to manipulate prices here in Alberta?

The Speaker: I'm not sure the minister can answer that question, but try.

Mr. Melchin: I'm not. I don't know exactly all the specifics; therefore, I won't.

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

Border Closure to Canadian Cattle

Mr. Mason: Thank you very much, Mr. Speaker. This government's inaction in getting the border open to cattle exports to the United States is very disappointing. First the government forgot to provide input during the first USDA consultation on border reopening last year, and then Alberta's \$400,000 man in Washington was not able to find his way to the Montana courtroom where R-CALF got its injunction in early March. Now the provincial Tories are being put to shame by their federal cousins, who are applying to intervene in the July injunction appeal. My question is to the Minister of Agriculture, Food and Rural Development. Why did the government fail to pursue the option of intervening in the appeal of the U.S. District Court injunction, which is scheduled for July 27?

The Speaker: The hon. minister.

Mr. Horner: Well, thank you, Mr. Speaker. It's unfortunate that the hon. member doesn't understand a lot of what's happened in the last two years, given this particular case. The Alberta government has been and will continue to be a provider of information and resources to the various numbers of groups and individuals who are working to help us open the border; namely, the United States Department of Agriculture, the United States government, the National Cattlemen's Beef Association, the Alberta Beef Producers association, the Canadian Cattlemen's Association. Those are the groups that have the best impact in these court cases because it's their courts.

We sympathize, and we appreciate the bid by our federal Conservative Party. The amicus brief application that was done previously failed in what I would consider, Mr. Speaker, a hostile courtroom. The chances of anything further than that are somewhat slim, so we are putting our resources into the appeal process, where we believe we're going to have a better effect.

Mr. Mason: Excuses, excuses, Mr. Speaker.

Why does the government remain on its collective duff instead of pursuing every available legal option to ensure that the views of Alberta cattle producers are actually heard in the U.S. courts?

Mr. Horner: Well, Mr. Speaker, obviously the hon. member has not spoken to the industry. We met with them last night and continue to meet with them on a daily basis. The Alberta Beef Producers, the Canadian Cattlemen's Association, who are the industry the hon. member is talking about, are working with us in partnership. We are exploring every available means to try to get the border open and every available means to be successful in the court case.

As to the Washington allegation, Mr. Speaker, I believe the Minister of International and Intergovernmental Relations would like to supplement that answer.

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. Why has this government chosen to blame bad science and R-CALF for this crisis instead of actually working to resolve the political and legal problems that have actually caused the problem in the first place?

Mr. Horner: Mr. Speaker, that's got to be one of the silliest questions I've heard in this House. We are working together with the industry, and we are working together with our American partners in this issue to resolve what is a North American integrated market problem. I believe that we're on the right track with the industry, working in partnership not only to sustain our industry in Alberta but to build it, to make it stronger, to make it more aggressive, to make it more flexible. I believe also that we're working in a cohesive effort with our American government counterparts in this issue against what is a left-wing, socialist, protectionist group in Montana using their own court system against us.

The Speaker: The hon. Member for Calgary-East, followed by the hon. Member for Edmonton-Manning.

ESL Funding

Mr. Amery: Thank you, Mr. Speaker. Northeast Calgary has a rich and diverse ethnic/cultural component. In most schools in my riding some have more than 70 per cent of their students coded as ESL students. In fact, in some schools over 30 different primary languages are spoken, and English is not one of them. The Calgary board of education earlier this week passed a motion urging our government to lift the five-year cap on ESL funding because this diversity leads to educational challenges. My question is to the hon. Minister of Education. Considering that by the minister's own admission Calgary has over 50 per cent of the ESL-coded students in the province, would the minister consider raising the amount of money he provides to students and school boards for ESL programs in Calgary?

Mr. Zwodzesky: Mr. Speaker, the intention of our ESL, or English as a Second Language, program is to help students become fully integrated into our K to 12 education system, and that is why two years ago ESL funding was increased by about 71 per cent. In the budget provided just last week, there is a further increase of another 30 per cent. So we are providing over \$40 million now for ESL programming to school boards. In addition to that, we've also provided a significant per-student funding increase as well, so the member should be happy to see that.

The Speaker: The hon. member.

Mr. Amery: Thank you, Mr. Speaker. Given that statistics and educators in the field of ESL program delivery have told us that the five-year cap on funding can limit their later success in school, would the minister lift the cap to provide funding as needed for individual students?

Mr. Zwozdesky: Mr. Speaker, the funding cap that was introduced last year came in at the same time that our renewed funding framework came in. Whereas it was deemed appropriate to set a five-year cap on the standard ESL program, so too was it deemed important to increase the rate of funding and the overall funds for standard ESL programming. However, if within that envelope of time the students in question haven't shown the appropriate progress that teachers feel and that families feel they ought to have shown, they certainly could be looked at for additional funding under our enhanced second language funding program.

The Speaker: The hon. member.

Mr. Amery: Thank you, Mr. Speaker. Could the minister tell the House what other supports are available for ESL students and their families so they can become productive members of our society?

Mr. Zwozdesky: I suspect, Mr. Speaker, that one of the best places to turn would be to the school principal and/or, in turn, to the school superintendent and see how the enhanced second language programming dollars might be employed to help those children in need. It was always the intention of the education system to see as full an integration as possible of these students within a three-year window. However, five years may be more appropriate for some. In other cases it might actually take longer than that because we know that in some cases students, unfortunately, come from a totally illiterate background, and that doesn't just mean English. It could be in the home language. They could have severe literacy problems in their home language as well. So we do provide additional funding under both scenarios, and we just instituted an additional package of monies. I think the total now is about \$357 under the enhanced portion over and above the standard.

The Speaker: The hon. Member for Edmonton-Manning, followed by the hon. Member for Leduc-Beaumont-Devon.

2:10 Workers' Compensation Appeals

Mr. Backs: Thank you, Mr. Speaker. Long-standing contentious claims with the Workers' Compensation Board continue to be a huge burden for many Alberta families. Previous ministers have at times dangled the carrot of hope before these many thousands of Alberta families by saying that something would be done. Then they backed away. My question is to the Minister of Human Resources and Employment. Will this government finally begin some meaningful process to at least move forward slowly on these long-standing contentious claims?

Mr. Cardinal: Mr. Speaker, that's a very good question, and the answer is reasonably short. It is a complicated issue, it's a challenging issue, but it is an issue that I feel and the organization, which is an arm's-length operation, feels the existing appeals processes that are in place can deal with the existing long-term cases that are out there, and they are being dealt with on an ongoing basis.

Mr. Backs: Most people don't believe that, Mr. Minister.

A further question to the Minister of Human Resources and Employment: will the minister have the Appeals Commission budget moved from being funded by the WCB to his general budget so that there's no connection between the two and so there's no charge to employers and workers for this arm's-length service?

Mr. Cardinal: No, Mr. Speaker.

Mr. Backs: A further question to the Minister of Human Resources and Employment: what is the government trying to do to reduce the incredibly long wait of more than a year and speed up actions brought to the Appeals Commission for workers' compensation?

Mr. Cardinal: Well, Mr. Speaker, that is not true because the appeals process that is in place is working very well. In fact, we do get very, very few complaints through the MLAs. The complaints have been reduced considerably. The existing process works very well as it is.

The Speaker: The hon. Member for Leduc-Beaumont-Devon, followed by the hon. Member for Edmonton-Decore.

Highway Construction

Mr. Rogers: Thank you, Mr. Speaker. Highway 19 is a very busy road that runs from Nisku to Devon and contains a lot of industrial and heavy traffic. This highway is a source of frustration for many of my constituents who use this highway to commute to their jobs in Nisku or Edmonton. In fact, there was a very serious accident just two nights ago involving a transport truck and a vehicle containing a young pregnant mother and her small child. My question is to the Minister of Infrastructure and Transportation. When will this highway be twinned in order to make it safer and more efficient for passenger and commercial traffic?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. As the hon. member knows and I'm sure is fully aware, twinning a road will decrease the traffic accidents by about 47 per cent, so you're seeing a significant decrease in traffic accidents by twinning a road.

Also, as the hon. member I hope knows, we have just done a functional inquiry on that particular road, and indeed it is nearing the level at which we will twin. There are some significant issues that we have to work on, one of them being land acquisition for the twinning, but certainly it has been suggested that that road will be twinned in the near future. The definition of the near future depends on a lot of things such as funding as well as the land acquisition costs that are out there.

The Speaker: The hon. member.

Mr. Rogers: Thank you, Mr. Speaker. A supplementary to the minister then: are construction priorities set in stone, or is there some flexibility and ability to change current construction plans?

Dr. Oberg: Mr. Speaker, in Alberta we have such a buoyant economy that we see a lot of needs changing, and we attempt to have at least a three-year plan or, potentially, a five-year plan. We actually do see priorities change. One of the issues, obviously, that is out there as well is funding. As funding becomes available, there will be more and more roads that are going to be paved, that are going to be twinned, that are going to be put into better condition.

So the short answer to the question is yes. Priorities can be changed, and we look at each one on its individual merits.

The Speaker: The hon. member.

Mr. Rogers: Thank you, Mr. Speaker. I thank the minister for those points.

My final supplemental: how does his department set priorities for these types of projects?

Dr. Oberg: Mr. Speaker, there are a lot of different ways that we can do it. First of all is condition of the existing road. What takes priority first is that if you have an existing highway that is deteriorating, we don't want to lose that particular infrastructure. Apart from that, the most obvious one is utilization. How many vehicles are actually utilizing this? How many people are actually utilizing this highway? There's a wide myriad of reasons and rationales as to why one particular road is put to the top, but those are probably the two largest ones that we use right now: the number of people and the condition of the existing road.

The Speaker: The hon. Member for Edmonton-Decore, followed by the hon. Member for Cypress-Medicine Hat.

Oil Well Drilling on Crown Land

Mr. Bonko: All right. Thank you, Mr. Speaker. The second clause of the EUB's Guide 56 well site application states that consultation with affected land stakeholders is required prior to clearing land. In addition, according to the EUB's Informational Letter 2001-5, section 11, clearly prohibits "preparatory or incidental" operations before a well licence can be issued. Rules have been broken. Albertans want answers. My question to the Minister of Energy: why did the government say that all the proper procedures have been followed by oil and gas companies operating at Sawm Lake when this was obviously not the case?

Mr. Melchin: Mr. Speaker, with respect to this clearing in particular, information we received at the time is that the mineral rights have been granted, the surface rights leases have been granted, so those permits have been in place. With respect to the well application we said at that time also that the well application licence was yet to come forward. We are going to continue, and we have been, as ministries, the three departments in particular, working cooperatively on this to ensure that all rules in place have been followed. If not, we will continue to enforce the appropriate standards.

The Speaker: The hon. member.

Mr. Bonko: Thank you, Mr. Speaker. Since Guide 56, schedule 4, states that consultation with the affected land stakeholders is required prior to development, why, then, were the Lubicon not notified about the loss of their traplines and hunting grounds?

Mr. Melchin: Mr. Speaker, we'd be more than happy, in particular if it comes into traplines and so forth, to gather that information and complete facts surrounding the issue and report in due course.

Mr. Bonko: My final supplemental to the same minister: can the minister table these documents completed by all companies operating at Sawm Lake, proving that all the steps, including the EUB's Guide 56, were met?

Mr. Melchin: Mr. Speaker, I think it is important that the EUB does act in making sure that all the rules and requirements are met; likewise among our various departments with SRD. We'll be happy to report complete aspects of the details of this case.

The Speaker: The hon. Member for Cypress-Medicine Hat, followed by the hon. Member for St. Albert.

Dental Assistance for Seniors

Mr. Mitzel: Thank you, Mr. Speaker. After giving so much to the province over the years, a number of seniors in my constituency – and there are many – remain concerned with the level of assistance they receive from our provincial seniors' programs. In particular, I've received complaints about the lack of assistance for dental care provided by the province. My questions today are for the Minister of Seniors and Community Supports. Can the minister tell the members of this Assembly which seniors will actually benefit from the new dental assistance program she announced on budget day?

The Speaker: The hon. minister.

Mrs. Fritz: Thank you, Mr. Speaker. We do recognize that dental health is an important part of healthy aging, which is why we have put in place a new dental assistance program for our seniors. There are approximately 267,000 seniors, which is 80 per cent, that will be eligible for this new program. Full coverage will be provided to seniors that have an income of up to \$20,000, full coverage for a couple with an income of up to \$40,000, partial coverage for seniors with an income of up to \$30,000, and partial coverage for a couple with an income of up to \$60,000. This program has a total coverage for seniors of \$5,000 over a five-year period, which is fairly significant. I hope that assists your constituents, hon. member.

The Speaker: The hon. member.

Mr. Mitzel: Thank you, Mr. Speaker. To the same minister: will signing up for this program be complex and involve more confusing forms for seniors to fill out?

Mrs. Fritz: Well, no, Mr. Speaker. Actually, it won't be complex. It's fairly straightforward and accessible for our seniors. We do have seniors that are in our Alberta seniors' benefits program. There are approximately 220,000, which then means that they have already signed onto the program. Also, we've been assured by dental offices that they will assist seniors with knowing who is eligible and how they can apply for the program. Those that are not already a part of our Alberta seniors' benefits program can call our seniors' toll-free line at 1-800-642-3853 in order to help them with the application process.

2:20

The Speaker: The hon. member.

Mr. Mitzel: Thank you, Mr. Speaker. Can the minister also tell us what types of dental services are covered by this program?

Mrs. Fritz: Mr. Speaker, I think it's important to know that the program came about with the assistance of the Alberta Dental Association and College as well as the Alberta College of Denturists. Their assistance helped us to be certain that the program is a basic dental service program. Included in that, hon. member, there are various services offered, which are diagnostic services such as

examination and X-rays; preventative services such as polishing and scaling; restorative services like fillings; oral surgery; endodontics, more commonly known as root canals; periodontics for gum disease treatment; and full and partial dentures.

Also, Mr. Speaker, seniors can receive more information regarding that list from their dentists.

The Speaker: The hon. Member for St. Albert, followed by the hon. Member for Edmonton-Beverly-Clareview.

Education System

Mr. Flaherty: Thank you, Mr. Speaker. I like to give credit where credit is due. After much pressure from parents, teachers, school boards, and the Official Opposition, the government has finally evolved its way to scrapping its achievement tests for grade 4 students in favour of more meaningful diagnostic testing. Since the government appears to be so open to our advice, I thought I might offer some more. My first question to the minister: given that the funding to public schools is scheduled to increase by little more than 3 per cent for years 2 and 3 of the fiscal plan, how does the minister expect school boards to implement diagnostic testing at the K to 3 level?

Mr. Zwozdesky: Mr. Speaker, the pilot test that was conducted last year in June was done entirely for the right reasons, and that was to try and help remediate those children who, unfortunately, did not do as well on their literacy and numeracy tests at the grade 3 level as was anticipated. So in order to not let three years go by before they were retested, a pilot program of testing was brought in. I have reviewed those pilot test results, and I've spoken with teachers and with parents and other administrators and trustees and so on over the past several months, but I don't ever recall having heard of this matter from the opposition. Nonetheless, I accept the kudo that this was an appropriate move to make at this stage.

The challenge now, Mr. Speaker, as the questioner has correctly identified, is to bring in some form of replacement, a new remediation program that would help these students achieve the degree of literacy and numeracy that we would all expect. There will be monies to help do that.

The Speaker: The hon. member.

Mr. Flaherty: Thank you, Mr. Speaker. To the same minister: why are private schools receiving a 17.4 per cent increase over three years when public school boards are only receiving 12.5 per cent? Public schools should be made the schools of choice, sir.

Mr. Zwozdesky: Mr. Speaker, the questioner has apples and oranges mixed up in the same basket, unfortunately. I don't mean to deride the question or the questioner.

The point is to make it clear that we provide about 60 per cent of 100 per cent of the funding for educational programming needs, and we provide zero funding for capital and plant and operation and maintenance needs for private schools. So to make that kind of comparison of statistics is simply unfair to both the public system and to the private system.

The Speaker: The hon. member.

Mr. Flaherty: Thank you, Mr. Speaker. To the same minister: when will the minister provide real direction on issues such as wellness, English as a Second Language, fine arts education, and

speech therapy so that boards, teachers, and families know that there's an educational plan from this minister?

Mr. Zwozdesky: Well, Mr. Speaker, there's a very sound educational plan that is yielding the best results in Canada. You might like to be reminded of that. In fact, when it comes to mathematics and reading and problem solving, generally literacy and numeracy, we rate either first, second, third, or fourth in the whole world. So obviously there's a plan, and obviously the plan is working well.

There will be additional information coming out in time for the health and wellness curriculum for September of '06. I'm working with the Minister of Health and Wellness on that now. There will be additional information as well, some of which has already gone out, but there will be more going out on the second languages programming as well as on fine arts – we just had a motion debated in the House to that extent – and on other important programming needs for all of our children because we want them to continue being the best.

The Speaker: The hon. Member for Edmonton-Beverly-Clareview, followed by the hon. Member for Highwood.

Community Policing

Mr. Martin: Thank you, Mr. Speaker. Earlier today concerned Albertans attended a memorial rally for the latest woman involved in street prostitution to be brutally murdered and left for dead near Edmonton. Now, obviously, we all want the police to get this killer or killers as soon as possible. My question is to the Solicitor General. The budget had no new funding for community policing in our major cities even though we've had a raft of these horrendous murders, at least in Edmonton. My question is simply this: why has the government refused to provide extra funding in the major cities for community policing, which would help protect these most vulnerable citizens?

The Speaker: The hon. minister.

Mr. Cenaiko: Well, thank you very much, Mr. Speaker. The budget provided over \$6 million to municipal services throughout the province with populations over 5,000. The two largest cities, Calgary and Edmonton, were looked as having the tax ability to provide the resources they need with regard to policing, but this year we provided almost \$15 million to the city of Calgary and over \$10 million to the city of Edmonton to provide funding with regard to policing services within the city of Edmonton. In addition to that, this year's budget provided 40 municipal officers in addition to the \$25 million that I just mentioned to provide an integrated response to organized crime. Part of that organized crime that the hon. member speaks about may include homicides and serious crime in the future.

The Speaker: The hon. member.

Mr. Martin: Thank you, Mr. Speaker. The point I'm trying to make is that we're saying: direct it to community policing. My question to the minister is simply this: would he not agree that community policing in these areas could help prevent the crimes to begin with and perhaps give us some leads on the previous murders?

The Speaker: The hon. minister.

Mr. Cenaiko: Well, thank you very much, Mr. Speaker. The \$10 million that we are providing to the city of Edmonton can be used

towards community policing initiatives if that is the choice of the city council and the Edmonton Police Commission. Those dollars are used for policing initiatives, for new resources, for their policing budget, and that's the determination that the city and the Police Commission have to make.

Mr. Martin: Mr. Speaker, beyond the policing I'd like to direct the third question to the Minister of Human Resources and Employment. My question is simply this: when will this government raise Alberta's woefully inadequate social assistance rates so that vulnerable women are never again forced to make the choice between letting their children go hungry or prostituting themselves in the streets?

Mr. Cardinal: Mr. Speaker, that's a degrading question. As you're aware, the welfare caseload at one time was over 97,000 cases, and a high percentage of those people were young, single, employable people using up those dollars. Through the welfare reforms we managed to move dollars; for example, children's services has a budget with a ministry, persons with developmental disabilities has a budget with a ministry. The rates themselves, the core rates, because we've changed the system so successfully that the persons that are really in need – the caseload at this time is only 11,000, and I have started reviewing the core benefits for those rates. In fact, they've gone through the process already, and we will be looking at them in the near future.

The Speaker: The hon. Member for Highwood, followed by the hon. Member for Edmonton-McClung.

Wild Rose Agricultural Producers

Mr. Groeneveld: Thank you, Mr. Speaker. Wild Rose Agricultural Producers has been active in Alberta for a number of years, operating under the banner as Alberta's only real umbrella farm organization. Funding has always been an issue for this organization. My questions are for the Minister of Agriculture, Food and Rural Development. Is the government considering a funding formula for this producer group?

2:30

The Speaker: The hon. minister.

Mr. Horner: Well, thank you, Mr. Speaker. I believe this issue has been raised and been around for the past 15 years or so and has been brought forward by the Wild Rose Ag Producers and its predecessor, Unifarm, over those number of years. It is an umbrella organization. It has, as I'm told, approximately 1,000 farm unit members, and certainly they have been quite vocal in raising the issue of their finances with this government, but as an umbrella organization we really do believe that it's appropriate that the funding for Wild Rose would rest with the commodity organizations and the producers that it represents. We would encourage Wild Rose to work with those commodity organizations and other groups and, certainly, the individuals that are going to support its ongoing work.

The Speaker: The hon. member.

Mr. Groeneveld: Thank you, Mr. Speaker. My first supplemental is for the same minister. If Wild Rose is unable to garner resources from its membership, is the province considering a check-off of licence plate sales to support its work?

Mr. Horner: Well, Mr. Speaker, a general check-off actually might be possible under the Marketing of Agricultural Products Act to provide funds for things like marketing and research purposes. However, the Wild Rose Ag Producers would have to demonstrate that the majority of the province's farmers agree with the concept before we would consider it. I understand that in previous years this organization has held a lot of public meetings and made some effort to gain some popular consent in rural Alberta, but we haven't seen that support materialize.

Mr. Groeneveld: My final supplemental, Mr. Speaker: if the Wild Rose Agricultural Producers feel that they are financially strapped to the point where they are unable to represent producers, who will speak for Alberta's farmers?

Mr. Horner: Well, Mr. Speaker, let me be very, very clear. The Wild Rose Ag Producers do have a voice with this government, and they have been heard. But there's also a whole chorus of other voices in this sector, and we're well served by them. There are volunteers and there are staff people in a lot of the commodity groups. We have, certainly, feeder associations, cattle associations, ag societies, even groups like 4-H, who all have a strong voice with this government and the rural MLAs that they represent.

In fact, early in my tenure as agriculture minister I convened a meeting of some 40 representatives of different farm groups so that we could sit down and talk about solutions and moving forward with the ag industry in Alberta. In fact, Wild Rose Ag Producers had representatives at that meeting along with the other 39 different organizations that we had at the meeting in Government House. It's a diverse industry, Mr. Speaker, with a lot of diverse industry views and a lot of diverse industry challenges, and we listen to all of them.

The Speaker: The hon. Member for Edmonton-McClung, followed by the hon. Member for Stony Plain.

Government Efficiency

Mr. Elsalhy: Thank you, Mr. Speaker. In a show of unbelievable arrogance the Minister of Restructuring and Government Efficiency said last week in the House that he hopes the government can "get so efficient that I can sit with my feet up." Well, taxpayers don't pay the hon. minister's \$123,000-plus salary so he can sit with his feet up. To the Minister of Restructuring and Government Efficiency: can the minister name five solid actions that he has taken since becoming minister that have made this government more efficient?

Mr. Ouellette: Mr. Speaker, I'm very sorry that the hon. member misunderstood my statement last time. I meant that if we could get everything very efficient and I didn't even have to have a job, that would be a good thing. But, you know, I would always – always – be working towards finding efficiencies for all Albertans.

Mr. Elsalhy: Given that the minister also said that "we run the smallest government in the country," how is it true with 24 ministries compared to Saskatchewan's 16 or British Columbia's 19, for example?

Mr. Ouellette: Mr. Speaker, there's an awfully big difference between the population of Saskatchewan and the population of Alberta. I think it's three times, to be exact, and we definitely don't have three times as many ministers. And the activity that's happening in Alberta is probably 10 times.

Mr. Elsalhy: To the same minister then: couldn't this government have spent the \$45 million it gave to horse racing more efficiently by reducing Alberta health care premium taxes for all Albertans instead of collecting \$1,056 every year from every family in this province?

Mr. Ouellette: Mr. Speaker, I think it's been said to the hon. members across that we don't give any money to horse racing. They actually earn their money, and they do a good job in Alberta. The minister of agriculture would like to supplement.

Mr. Horner: If I may, Mr. Speaker. The horse-racing industry has taken some hits in this House of late, and I wanted to bring the House's attention to the fact that this industry generates in our economy over \$295 million annually, provides over 7,000 jobs to Albertans. This is an industry that is valuable in this province, that contributes to the economy, and contributes to the lottery fund in this province.

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

Motorcycle Driver Licensing

Mr. Lindsay: Thank you, Mr. Speaker. There is an increasing number of motorcycle accidents in Alberta involving inexperienced operators that are causing serious injuries and deaths. My question is to the Minister of Infrastructure and Transportation. Based on the ever-increasing number of motorcycles being registered, is the minister considering a review of the legislation regarding the licensing of operators?

The Speaker: The hon. minister.

Dr. Oberg: Thank you very much, Mr. Speaker. Yes, indeed, we are considering that. As a matter of fact, we are actually doing that right now, and we hope to have the report done by the end of the year. What we're taking a look at is what is happening in other jurisdictions, both national and international, and then determining, quite simply, if there do need to be changes to the motorcycle licensing. Certainly, I have seen, especially this time of year when motorcycles come out, that there seems like there are an inordinate number of traffic accidents involving motorcycles. So it is time that we did take a look at it. We are doing it, and hopefully we'll have an answer by the end of the year.

The Speaker: The hon. member.

Mr. Lindsay: Thank you, Mr. Speaker. My only supplemental is to the same minister. Will the minister consider introducing legislation to make motorcycle operating safety training a compulsory component of the licence qualification process?

Dr. Oberg: Well, Mr. Speaker, I truly believe that that will be included in the review that we're doing, and that could indeed be an outcome of that review, so I'm not entirely ruling it out at all. I am leaving it to the people who are doing the review to bring the recommendations to me, and if, indeed, they are recommending legislation, then we will put in legislation. I have no problems in doing that. But we need to see what is being done in other jurisdictions, both national and international, and attempt to follow suit on this very, very important issue.

Physiotherapy Insurance Fees

Ms Blakeman: Mr. Speaker, there's an interesting correlation between health care reforms from the province and continued deals for the insurance industry. Neither bode well for Albertans. We get less health care; they make more profit. The latest is reduced fees paid for physiotherapy treatment by insurance companies under automobile insurance reform and a cap on the number of treatments. My questions are to the minister of health. Why did the government allow this reduction in treatment to Albertans injured in car accidents?

Ms Evans: Mr. Speaker, this is a question for the Minister of Finance.

Mrs. McClellan: Mr. Speaker, I think I addressed this question in the House some time ago, actually maybe as much as six or seven sitting days ago. What is first anticipated and attempted is a negotiation between the practitioners and the insurance companies. When they are unable to come to an agreement on fees, then we are asked to step in.

What I will tell you is that we have set the fees. This was some weeks ago. In fact, what we've tried to do in coming to a resolution of this difficulty when the insurance companies and practitioners themselves were unable to was to review what other fees were paid and to try to introduce fairness. We looked at WCB fees. We looked at what regional health authorities pay and other payers. Even though these fees are somewhat less than they were, they are the highest paid in Canada that we can find anywhere.

2:40

The Speaker: The hon. member.

Ms Blakeman: Thank you very much. Back to the minister of health again. The physiotherapists feel strongly that they were given an edict rather than allowed to negotiate these changes. Can the minister tell us what went wrong?

The Speaker: The hon. Minister of Health and Wellness.

Ms Evans: Well, yes, Mr. Speaker. I do not do insurers. I'm not sure whether or not that reference was, in fact, to the minister of health or to the Minister of Finance.

The Speaker: The hon. member.

Ms Blakeman: Thank you. Again to the Minister of Health and Wellness: is allowing a reduction in physiotherapy fees, likely forcing some therapists out of business, part of the government's health workforce planning strategy?

Ms Evans: Mr. Speaker, if we're not talking about insurers but if we are talking about what the Capital health and Calgary health region have done, I could advise that physiotherapy services provided in those areas are still provided to those who are low income who need the services. The dollars that are being expended on these allied services – which, incidentally, are supplementary to medicare kinds of coverages but at the discretion of the provinces and the authorities – are focused on providing the maximum coverage for those that are most in need.

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

Species at Risk

Mr. Strang: Thank you very much, Mr. Speaker. My question today is to the Minister of Sustainable Resource Development. The federal government's Species at Risk Act came into force on June 1, 2004. Did this affect Alberta's efforts regarding protecting species at risk?

Mr. Coutts: Mr. Speaker, the Species at Risk Act shows that the federal government supports the accord for the protection of species at risk in Canada that was signed by all the provinces in 1996. However, Alberta has strong legislation through our Wildlife Act. In our Wildlife Act we have the kinds of provisions that allow for nests and dens of threatened and endangered species to be protected throughout the year, and that's an additional protection. Among other things our Wildlife Act provides for huge penalties for poaching. So, actually, Alberta has been very active in managing its species at risk for over 25 years, and we've done it in a very responsible way. That's why we have the kinds of protection under the Wildlife Act that we do.

The Speaker: The hon. member.

Mr. Strang: Thank you, Mr. Speaker. My first supplementary question is to the same minister. Some people criticize Alberta for not enacting a stand-alone species at risk legislation. Is such a piece of legislation necessary?

Mr. Coutts: Well, Mr. Speaker, we believe that in Alberta we have something better than stand-alone legislation, and our efforts are a model for all jurisdictions across Canada. We have a number of amendments that have strengthened our Wildlife Act. You know, you can have all the legislation in the world. You need good legislation, but more importantly you also need the resources to go behind that legislation to make sure that you enact and enforce the legislation. In enacting the legislation, our wildlife officers are on the ground. We also do research with universities and that type of thing on endangered species. Also, our budget this year allows for another \$100,000 in addition to the \$300,000 that we have for species at risk, plus another \$300,000 for caribou work, which is vitally important for that endangered species.

The Speaker: The hon. member.

Mr. Strang: Thank you, Mr. Speaker. My second supplementary question is to the same minister. What successes has Alberta achieved when it comes to species at risk?

Mr. Coutts: Mr. Speaker, in the last 30 years we've restored the peregrine falcon, as a prime example, from less than 10 breeding pairs in 1970 to 48 breeding pairs in 2001, and we have hundreds of species that have three approved recovery plans and 11 recovery teams at various stages. So we have very good success with our legislation and our regulations.

Speaker's Ruling Referring to a Legislative Officer

The Speaker: Hon. members, I'm rather concerned about the first series of questions today in the House. I want to refer the House leaders for reading, please, between now and Monday to *Beauchesne* 493, all sections related to it, and to the booklet *House of Commons Procedure and Practice*, particularly the section on page 524, Reference by Name to Members of the Public. Now, it's very clear

that one should be very, very careful about any comments of any kind of a suggestive nature which may be questionable by others to individuals who are not part of this House.

In the first series of questions today, however, these questions were about an agent, an officer of this House. In the years that I've had the privilege of being in the chair, I do not recall any such line of questioning of any such type of suggestive behaviour. I've also been a member of this House since 1979, and I do not recall questions that even came close to the type today.

So I'm going to look at the Blues over the weekend, and I would invite all of the House leaders to look at them as well, as well as the citations in the text with respect to this. I'm also going to ask the chair of the Legislative Offices Committee to undertake a similar review herself as the officer in question is an officer of this Legislative Assembly, the Auditor General, and has no way of defending himself. This is serious, in my view.

head: **Members' Statements**

The Speaker: The hon. Member for Stony Plain.

Education Week

Mr. Lindsay: Thank you, Mr. Speaker. Next week, April 24 to 30, is Education Week. This year's theme is Public Education: Proud Legacy, Inspired Future, a theme that recognizes our centennial year.

In 1905 part of the establishment of our new province was the development of a school system and a unification of education efforts of schools, large and small, in all corners of the province. That year 121 school districts were inaugurated to serve students in both rural and urban areas.

For many years Albertans were served by one-room schools, that provided a place for learning for children and also served as a community centre for gatherings, town meetings, social functions, fundraising events, theatrical and musical events. Many new ideas and initiatives were launched within the walls of these early schools. Many young scholars found inspiration for a life of achievement in the arts, sciences, medicine, engineering, politics, business, or community service. Many a dream was fulfilled, many a romance began, many an antic was hatched, much laughter was heard, and some tears were shed in our schools over the years.

Mr. Speaker, these stories and the events of our centennial year in the classroom and in communities across Alberta will help students to reflect on the past and provide an opportunity to learn more about their province. At the same time as they see how the stories evolved and how people lived their lives and faced their challenges, they will be inspired to think about their own legacy to our history and their potential to shape our future.

I ask all members to take time next week to celebrate learning, to honour our students' achievements, to commend our teachers and school administrators, who contribute to our world-class education system, and to mark Education Week.

Thank you.

The Speaker: The hon. Member for Leduc-Beaumont-Devon.

Leduc/Grimma Partnership

Mr. Rogers: Thank you, Mr. Speaker. On April 19, earlier this week, at the Leduc-Nisku Economic Development Authority partnership breakfast in my constituency a joint declaration of co-operation was signed between the city of Leduc, Leduc county, and the city of Grimma in Germany. This breakfast was attended by almost 400 business and political leaders including the hon. Minister

of Education, the hon. Minister of Economic Development, Consul General Hans-Michael Schwandt of the Federal Republic of Germany, Honorary Consul Fritz Koenig, myself, as well as the mayor of the city of Leduc and the reeve of Leduc county, and many other city and county officials and staff.

The partnership began several years ago, Mr. Speaker, after the city of Grimma was flooded in August of 2002. Mr. Koenig toured the affected area and upon returning to Alberta secured some \$50,000 in financial support from the German-Canadian business association as well as \$25,000 from the government of Alberta. Through Mr. Koenig the Leduc-Nisku EDA invited Matthias Berger, the bürgermeister, or mayor, of Grimma to tour our region and enter into an economic partnership. However, it quickly expanded to include a full delegation of 23 political and business leaders from Grimma. This delegation was hosted at a luncheon by the Minister of International and Intergovernmental Relations and introduced to this House.

Mr. Speaker, the province of Alberta and the province of Saxony in Germany already have an established relationship of co-operation. The city of Grimma and the area comprising Leduc county and the city of Leduc have many similarities, including farming, a large industrial park, and an airport. This co-operation agreement is a great example of how Albertans continue to think outside the box and find opportunities throughout our global village to continue to enhance the Alberta advantage. Congratulations to Leduc county, the city of Leduc, Leduc-Nisku EDA, and our German partners for this great initiative.

2:50 **Stollery Children's Hospital**

Mr. Ducharme: Mr. Speaker, I'm happy to rise and inform the Assembly about an important fundraiser currently going on for the Stollery children's hospital. The Stollery Children's Hospital Foundation radiothon began yesterday, April 20, and continues today and tomorrow. Children, families, and health care professionals gather each year during the radiothon to share their experiences, showing what makes the Stollery a special place of hope and healing.

Last year's radiothon raised over \$1 million. Over 80 families and hospital staff shared their experiences on the air, and the community responded with 5,674 pledges in support of the Stollery children's hospital.

Mr. Speaker, over 80,000 patient visits occur at the Stollery children's hospital each year. Children come to the Stollery to receive the very best in state-of-the-art pediatric health care.

I would like to thank all the sponsors of the radiothon for their hard work in making this very important fundraiser happen. I also want to thank the Stollery Children's Hospital Foundation for its efforts in helping to save the lives of children. Without the efforts of the foundation the hospital would not be where it is today, a national leader in specialized children's health care.

The foundation raises money for miracles, Mr. Speaker, so I urge Albertans to call in and make a pledge. Let's beat the million dollars that were raised last year. To make a pledge, the local number is 407-5437 or toll-free at 1-866-407-5437.

Thank you, Mr. Speaker.

The Speaker: The hon. Member for Red Deer-North.

Protection of Children Abusing Drugs Legislation

Mrs. Jablonski: Thank you, Mr. Speaker. I believe in the power of members' statements, and I would like to thank the Speaker and the House leaders for the continued evolution of this kind of private members' avenue for expression in the Assembly.

Mr. Speaker, as you remarked last Thursday regarding the unanimous consent of the House to waive Standing Order 8(3) to allow for the consideration of Bill 202, the Protection of Children Abusing Drugs Act, this was an historic occasion. The all-party consensus was, to use your words, a great "example of parliamentary co-operation, the highest form of democracy."

I wish to sincerely thank all who had a hand in making third reading of Bill 202 possible. What is left to do is royal assent and proclamation. Before the end of the spring sitting, royal assent will occur. Hopefully, not too long thereafter the bill will be proclaimed into law by cabinet.

What happens between royal assent and proclamation is the good work of preparing Bill 202 to be functional in law and administration, and I ask all who are anxious to see the fruits of this bill to be patient as all stakeholders move assuredly toward seeing the first of many young lives saved by the empowered intervention of their parents, the resources of the province, and caring professionals. Mr. Speaker, what better work can we do here than this. Last Thursday we saved young lives.

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

Democratic Renewal

Mrs. Mather: Thank you, Mr. Speaker. I wish to address the topic of democratic renewal, one that is important to many of us in all parties on both sides of this House. I want to start with a fundamental of democracy, the franchise. In our secular, pluralistic society there are few things that truly bind us together except for our quest for security and material well-being. The exercise of our free will in voting is one of the few values that connects us all. The Canadian Charter of Rights and Freedoms includes a five-year limit on Legislatures and general elections as part of a list of democratic freedoms. It is on this freedom that I wish to focus.

Mr. Speaker, how can we assure that the ballot is truly a free expression of a public that is being consulted and not merely polled and manipulated? First to be looked at is the date we go to the polls. It is not government for the people if a vote is timed to favour an incumbent government's chances of re-election or an opposition's chance of unseating a government.

Second is the need to make sure that public funds are not used to favour one interest over another. To ensure this, a sitting government must bring down a budget well in advance of a scheduled election, with no additional expenditures, grants, or handouts while a campaign is on.

Third is the need for a public audit before a campaign begins. Knowing the state of the books beforehand will make it harder for a party to make rash promises to get elected and then renege on those because the cupboard is bare and harder for a government to stash away surpluses that can be doled out to cover programs not discussed in the election.

It is barely 100 years that we've had the secret ballot, less than that since we've had universal suffrage. Let us look on those past achievements as examples of and as a spur to a government that is truly of, for, and by the people.

Thank you.

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

Raymond Comets Cardston Lady Cougars

Mr. Hinman: Thank you, Mr. Speaker. It is an honour to stand and recognize the outstanding achievement of two high school girls

basketball teams in my constituency. The first is the Raymond Comets, who won the 4A provincial championships last month. The Comets represent a fine example of Alberta spirit: no challenge is too big, and never give up. The Comets hail from a small 2A school of 230 students. Nevertheless, they choose to compete in the 4A league and go up against the largest schools in Alberta. The Comets are a fine example of rural Albertans, people who accept challenges even when they are faced with overwhelming odds. The Comets were able to defeat E.P. Scarlett, a Calgary school with approximately 1,500 students, 73-64 in the final. This David and Goliath story shows just how much team spirit, good coaching, and dedication can achieve.

The second team is the Cardston high school Lady Cougars, who won their second straight 3A provincial championship. The Cougars won their first provincial championship 50 years ago; however, this time it only took a year to repeat the feat. The Cougars defeated Springbank community high school 77-69 in the final.

Both of these schools have very talented and dedicated athletes and coaches, who played a very vital role in their march to their respective championships. As Wayne Gretzky once said, "The highest compliment that you can pay me is to say that I work hard every day, that I never dog it." That is exactly what these young ladies and their coaches did this year.

I would like to express my appreciation to the players, coaches, and parents for the fine example of commitment and hard work. I am honoured to recognize the Raymond Comets and the Cardston Lady Cougars for their championship season.

Thank you.

head: **Presenting Petitions**

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

Mr. Backs: Thank you, Mr. Speaker. I have a petition from a number of good Albertans from the communities of Wetaskiwin, Camrose, Fort Saskatchewan, Ponoka, Evansburg, Mundare, and Edmonton. It reads:

We the undersigned residents of Alberta, petition the Legislative Assembly to urge the Government of Alberta to prohibit the importation of temporary foreign workers to work on the construction and/or maintenance of oil sands facilities and/or pipelines until the following groups have been accessed and/or trained: Unemployed Albertans and Canadians; Aboriginals; unemployed youth under 25; under-employed landed immigrants; and displaced farmers.

There are 104 on this petition.

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

Mr. Bonko: Thank you, Mr. Speaker. I'd like to present this petition of 106 residents of Alberta that urge the government to "declare the Grizzly bear an endangered species in accordance with recommendations made by the Endangered Species Conservation Committee, scientists and other wild life experts."

head: **Notices of Motions**

The Speaker: The hon. Minister of Education.

Mr. Zwozdesky: Thank you, Mr. Speaker. I rise pursuant to Standing Order 34(2)(a) to give notice that on Monday I will move that written questions appearing on the Order Paper do stand and retain their places.

I'm also giving notice that on Monday I will move that motions

for returns appearing on the Order Paper do stand and retain their places as well with the exception of motions for returns 24, 25, and 26.

head: 3:00 **Tabling Returns and Reports**

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

Mr. Eggen: Thank you, Mr. Speaker. On behalf of my colleague the hon. leader of the ND opposition I would like to table a letter from the Calgary Local Council of Women. The council would like to see the Alberta minimum wage raised to \$9 per hour to ensure a living wage for low-income workers.

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

Mr. Bonko: Thank you, Mr. Speaker. I have two tablings. One is the Alberta Energy and Utilities Board Informational Letter IL 2001-5. Five copies there.

The second one of five copies is the Alberta Energy and Utilities Board Guide 56, schedule 4, well licence application, to which I referred today.

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

Mr. MacDonald: Thank you very much, Mr. Speaker. I have two tablings today. The first one is a document titled: Is Your Public School at Risk? This is a document that lists over 20 schools, unfortunately, in the city of Edmonton that could be closed because of this government's cumbersome and out-of-date utilization formula.

The second tabling I have is a notice of amendment for Bill 201, Smoke-free Places Act. This is an amendment that will give this bill another chance at committee in this Assembly.

Thank you.

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

Mr. Backs: Thank you, Mr. Speaker. I'm tabling the March 2005 labour force statistics, actually from the government's report. It states that construction jobs are down 11,600 between the months of March and February in this province and 1,900 between March this year and March of last year.

head: **Tablings to the Clerk**

The Clerk: I wish to advise the House that the following documents were deposited with the office of the Clerk. On behalf of the hon. Ms Evans, the Minister of Health and Wellness, pursuant to the Health Disciplines Act the Health Disciplines Board annual reports, January 1, 2003, to December 31, 2003, and the same report for the period January 1, 2004, to December 31, 2004. On behalf of the hon. Dr. Oberg, Minister of Infrastructure and Transportation, aircraft charter documents, April 2001 to December 2004.

head: **Projected Government Business**

The Speaker: The Official Opposition House Leader.

Ms Blakeman: Thank you. Under Standing Order 7(5) I would ask the Government House Leader to please share the projected government business for the upcoming week of April 25 to 28, please.

Thank you.

The Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. On Monday, April 25, 2005, at 9 p.m. or as soon as Motions Other than Government Motions is completed, in Committee of Supply we have Economic Development on day 8 of 24. Following that, second reading of Bill 35, Employment Pension Plans Amendment Act, 2005; Committee of the Whole on Bill 37, the Financial Statutes Amendment Act, 2005; and third reading of Bill 5, the Family Law Amendment Act, 2005, and as per the Order Paper.

On Tuesday, April 26, in the afternoon under Government Bills and Orders Committee of Supply and the Department of Environment, day 9 of 24. In the evening at 8 under Government Bills and Orders Committee of Supply, Children's Services, for day 10 of 24. After the Children's Services estimates have been completed, Committee of the Whole on Bill 1, second reading on bills 36 and 29, and as per the Order Paper.

Wednesday, April 27, in the afternoon under Government Bills and Orders Committee of Supply, Infrastructure, day 11 of 24. Wednesday, April 27, at 8 p.m. in Committee of Supply Executive Council estimates in day 12, and thereafter third reading on Bill 37, the Financial Statutes Amendment Act, 2005, should it have proceeded to that stage, Committee of the Whole of bill 15 and 16, and as per the Order Paper.

Thursday, April 28, in the afternoon under Government Bills and Orders Committee of Supply, day 13 of 24, Human Resources and Employment, and as per the Order Paper.

Vignettes from Alberta's History

The Speaker: Hon. members, the historical comment for the day. On April 21, 1971, two retiring cabinet ministers were made honorary life members of the Alberta legislative press gallery. Provincial Treasurer and Member for Alexandra Anders O. Aalborg and minister of mines and minerals and Member for Lacombe Allen Russell Patrick were awarded the membership. Mr. Aalborg was a cabinet minister in the Social Credit government from 1952 to 1971 and Mr. Patrick from 1955 to 1971.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Marz in the chair]

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

head: **Main Estimates 2005-06**

Finance

The Chair: The hon. Minister of Finance.

Mrs. McClellan: Thank you, Mr. Chairman. I would like to introduce these estimates by introducing some very talented people in the members' gallery who are responsible for putting together the budget and the business plan for Alberta Finance. We have present with us Mr. Robert Bhatia, who is deputy minister of revenue. I understand that Deputy Minister of Finance Mr. Brian Manning is going to join us. We have Tim Wiles, our comptroller. We have Rod Matheson, treasury management; Lukas Huisman, ADM in revenue; Peter McNeil, chief administrative officer of revenue; Bonnie Lovelace, senior financial officer; Darwin Bozek, financial services; Juliette Blair, business planning and reporting; Richard Shelast, financial services; Linda Chupka, office of the Deputy

Minister of Finance; Richard Purnell, office of budget and management. I'm particularly pleased to introduce Nicola Sargeant from financial services, who is our co-op student. I welcome Nicola to what I'm sure will be an exciting afternoon. We have also in the gallery from my office Maureen Osadchuk and Jeff Haley.

Mr. Chairman, this is a pretty straightforward set of estimates. It's in support of a financially strong, sustainable, and accountable government. Our strategic priorities in our business plan will be focusing on a number of key areas, particularly our fiscal framework. Now that our province is debt free, we have to make changes to our legislation to ensure that the money that's set aside in our debt retirement account is locked in. Of course, we reference also in those changes the commitment to adding to our endowment funds, to our capital plan, and of course savings.

Pensions, Mr. Chairman: we've seen in this House policy changes that will better reflect the changing needs of plan members, administrators, and the industry as a whole.

Mr. Chairman, another item that we've debated in the House through legislation is the provincial/territorial initiative to establish a passport regulatory system in Canada. We are also making what some may call – and probably they are – housekeeping changes so that our securities legislation is in sync with Canadian jurisdictions. All of these things we think will ensure consistency for market participants and investors.

Mr. Chairman, we also intend to continue to maintain our tax advantage. Albertans and Alberta businesses pay the lowest overall taxes in Canada. We hear from time to time that if you take some very specific areas, there may be some tax discrepancy between provinces, but I don't think anybody can legitimately argue that Albertans do not pay the lowest overall taxes in Canada. We intend to continue that.

The heritage savings trust fund in this business plan begins to be inflation-proofed. As all members would be aware, there was a commitment to inflation-proof the heritage savings trust fund once the debt was paid. That obligation begins now.

I'm not going to go into a lot of detail in the various estimates. I thought I would try to pick out some areas that I thought would be of interest to members. Our overall budget in some areas is down. Where we have increased spending is in areas to implement our automobile insurance reform and the Automobile Insurance Rate Board. The Insurance Act enables recovery of costs from the industry: pension, insurance, and financial institutions. We still have to show that as an expense even if it is recovered.

3:10

The other area where we're increasing some spending, and I think members will agree it's an important area, is to enhance our investment capability, capacity, and quality assurance. This will allow us to invest in alternate asset classes and introduce specialized products to generate higher investment returns. Again, about 50 per cent of this is recovered from clients outside of government.

Further funding is in one of my staff upstairs' favourite places, improved compliance and audit coverage tax and revenue administration. This is in direct response to a recommendation from the Auditor General. An additional \$350,000 is also identified in the tax area, which is required to administer the tax-exempt fuel users program, or as we affectionately call it, TEFU.

Mr. Chairman, there are some further small additions in the investment administration division, and the increase there is offset by a \$7.8 million reduction in budgeted debt servicing costs. Statutory spending, pending legislative approval, will increase funding to the Alberta heritage savings trust fund for the access to the future fund and the Alberta Heritage Foundation for Medical

Research endowment fund. I think all members would agree that the Alberta Heritage Foundation for Medical Research is a fine example of what can be achieved by investing funds for tomorrow. Additional funds for the Alberta heritage foundations, of course, are also included in science and engineering research.

We have an increase for the Alberta Securities Commission, and that relates to the FTE increase to strengthen enforcement in capital market resources.

Revenues: the increase in department revenue is primarily from personal and corporate income taxes. That is not due to increasing taxes, of course, in this province, but it's due to a very strong growth in personal incomes, high energy prices, and healthy corporate profits.

The implementation of the tourism levy is also found in this budget, and it is to provide funding for tourism marketing and development, as tourism is a very important part of our economy.

Fifty-two of the 86, or 60 per cent, of the FTEs that are identified here for externally funded agencies. I'll mention those: the Alberta Pensions Administration Corporation, the Alberta Securities Commission, and the Alberta Insurance Council. Of the remaining, 17 respond to an Auditor General's recommendation on audit and compliance, and six are for the new rate board.

That is a very quick overview of operations and estimates. We can certainly go into these in more detail as you bring forward your questions. As always, I make the commitment that if I do not answer your questions in the House today for lack of time or, in fact, not having the answer at my hand, I will make the commitment to have that answer back to you in writing, and those responses will be back to you before our budget debates in this Assembly are concluded.

So, Mr. Chairman, I think that with those comments, I'll take my place and await your comments. I do want to just close hoping that all members present would acknowledge the hard work of the staff that are in that gallery. I don't think anyone will disagree that we had very tight time frames for putting together a very complex and large budget, and they did yeoman service. In fact, I was kidding, but it wasn't a joke, that the Easter bunny had to deliver the Easter treats to the Terrace Building this year and other finance and revenue offices rather than their homes. They do a great service for us, and I thank you, and I think all members of the Assembly do.

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

Mr. R. Miller: Well, thank you very much, Mr. Chairman. I'm pleased and, in fact, honoured to have the opportunity to rise today and speak on behalf of the Official Opposition to the budget estimates for the Department of Finance for this current fiscal year.

I, too, would like very much to make some introductions, Mr. Chairman. I would very much like to introduce my researcher, David Kincade, who has worked yeoman hours himself trying to prepare me and make me sound like I have some reasonable understanding of this document today. Unfortunately, David Kincade is the only researcher I have, and in fact I have to share my researcher with two other MLAs. He's busy today tearing into his next department, so I'm left to do this on my own.

I would also like, Mr. Chairman, to introduce my communications staff, particularly Josh Stewart. Unfortunately, I share Josh Stewart with about seven other MLAs, so he can't be here today. I would very much like to introduce my administration staff, who support me and make sure that the material that comes out of my office looks professional and represents the Official Opposition well. Unfortunately, I also share Mark with seven others. So none of those people can be here today. I appreciate very much the thanks that the

minister has given her staff, and I can only hope that some day I may have that number of staff working for me.

Mr. Chairman, it does beg the question, and this is the first question. I'm going to first of all comment on the fact that although I very much appreciate the absolutely astounding gift of the Mactaggarts to this province, the extra-long festivities today did cut into my time. I'll try to be fairly brief, and I'll try to hurry along, and I hope that I don't speak too fast for the minister, because that comment was made last night in budget debate. If I do, please let me know, and I'll give you some of these questions in writing.

I also very much appreciate her comments regarding getting answers back in writing. She has held to her word up until now. I appreciate that very much, and I expect that she will do the same again.

One of the comments I'd like to make is that because of the fact that we're not likely to see Finance come up in Public Accounts, some of my questions may actually be more appropriate for Public Accounts. If the minister can accommodate me, given that we won't have the opportunity to ask those questions in Public Accounts, I would very much appreciate that as well.

The first question I would have is: \$645,000 for the communications budget for the ministry, and I'm wondering if she could share with us just exactly how many staff are involved in communications with her ministry. In fact, Mr. Chairman, one of the questions that I had hoped to ask was which companies, which ad agencies the ministry uses. I'm not sure if that's something that I would be able to get an answer to as well, but if possible I would like to have that.

I mentioned last night in debate around Bill 37 – and I know that the minister has committed to answering it when we get to committee on Bill 37, but I'd like to get it on the record here as well – the very effective use of communications in her department. In particular, I'm referring to the fiscal plan, page 30, where there's discussion about the lifting of the cap of expenditures on resource revenue to \$4.75 billion from the current cap of \$4 billion. Interestingly enough, both in the press releases and then in this document it refers to the fact that “amendments to the Fiscal Responsibility Act will limit the amount of non-renewable resource revenue that can be used for budget purposes.” The wording, obviously, would lead the untrained eye to think that we're keeping things down whereas, in fact, what we're doing is lifting the cap by \$750 million. Again, on behalf of the minister I'd compliment the communications staff for their effective use of the English language in that regard.

3:20

Now, I just want to touch on taxes briefly. There were in this most recent budget basically no tax breaks for Alberta taxpayers. That certainly causes me some concern. One of the things that I had suggested – and I think it's perhaps in a motion that is on the list but won't likely see the light of day in this legislative sitting – is that we could consider lowering the flat tax from 10 per cent to 8 per cent given the fact that we're experiencing, you know, absolutely tremendous resource revenue right now and oil and natural gas prices are at the highest they've ever been. If we're ever going to give the citizens of this province a tax break, now might well have been the time to do so.

The other thing we could have looked at, of course, would be to lower the income threshold for low-income earners to once again give them some recognition for the fact that they've paid the price over the years in terms of cutbacks. Given the current fiscal situation that the province finds itself in, now would have been an appropriate time to do so, I think.

One of my colleagues from the NDP caucus mentioned the other day that when you include the health care premium tax that we

charge families in this province – and I think my colleague from Edmonton-McClung suggested that it's \$1,056 per family every year – you can actually find many situations where we're paying more tax in Alberta than Ontarians do. So it's certainly debatable as to whether, in fact, we do have the lowest tax regime in the country.

There's nothing in this budget that provides any relief for small business. I've mentioned before that I'm a small businessman, so I recognize the struggles that small business has in this province. It's not to say that it isn't a very good climate to do business in, but certainly there are challenges for small business, and corporate tax is one of them. There's nothing in here that addresses that. I'll speak to that a little more in a few minutes, Mr. Chairman.

A hundred and eighty-six million dollars collected in the coming fiscal year on the insurance premium tax. Again, I've suggested that if we want to give Alberta drivers a break and, in fact, if we were to eliminate that, it would benefit not just privately owned insured vehicles but small business vehicles as well, which everyone will know is a cause that I've been on this week.

The hotel tax, or levy as it's now called, the minister referred to in her opening comments. You will know or you can certainly check *Hansard* where I complimented the government for, in fact, reducing the rate of that tax and still finding a way to make sure that that reduction would result in more dollars for the promotion of tourism. However, at the moment it's not clear whether or not consumers are actually going to benefit from that reduction as we have several groups including the hoteliers' association in Edmonton musing over collecting a 1 per cent tax to promote themselves. So, in fact, we may not see any reduction at all. Although the Alberta government may collect less tax, the end result for the consumer might not be any different whatsoever.

I'd referred a few minutes ago to the lifting of the cap on resource revenue expenditures to \$4.75 billion, and it gives me one more opportunity to reference Bill 203, which is a private member's bill from our Member for Edmonton-Gold Bar which brings forward the Alberta Liberal's plan for a legacy act and would have seen 35 per cent of any surplus revenue put into the Alberta heritage savings trust fund, 35 per cent into the advanced education endowment, 25 per cent into addressing the municipal infrastructure debt, which we've calculated to be somewhere in the area of \$8 billion, and the remaining 5 per cent of any surplus to go into the arts and humanities endowment fund.

Just to use this year as an example – I know we don't have the final fourth-quarter results yet – it's looking like probably somewhere approaching \$6 billion in surplus. Using that number, Mr. Chairman, had we had the Alberta legacy act passed, you would be looking at \$2.1 billion this year going into the heritage savings trust fund and an equal \$2.1 billion going into the advanced education endowment fund, which, quite frankly, would dwarf the \$250 million that this government has committed to put into the fund this year. I think when you look at \$2.1 billion that could have gone into the advanced education endowment fund, you can see why we were suggesting that a \$3 billion cap is not really appropriate because we'd get there in a year or two without any question.

I'm going to move into the books now and just kind of whip through them, and I'll have some questions for you. I hope I don't go too fast, and as I said, if I do, please let me know. The first comment is that the revenue assumptions were based on a crude oil price of \$42 a barrel. I've gone on record as saying that I'm actually surprised that the minister chose to use a number as high as \$42. Not that I didn't wish she would use a higher number, because I suspect that something more along the lines of \$45 or \$48 might be more realistic, but I had expected, quite frankly, that she would be down around \$40, so I was pleased to see that.

For the coming two years, '06-07 and '07-08, we're using the figures of \$32 and \$31, and I'm not so sure, again based on some of the recent projections we've heard from industry analysts that are predicting a spike as high as \$105, whether or not \$32 and \$31 are going to be terribly realistic, but I will be the first to admit: who knows? I have said before, and I will say it again on the record in this House, that one of the reasons I'm an Alberta Liberal is because I became very, very frustrated in the late '80s, when the Treasurer at that time and the Premier were forecasting oil at \$30 a barrel and basing their budgets on \$30 a barrel when, in fact, we were looking at \$16 and \$17 world prices. So I would certainly much rather have this problem than that problem, and I'm not afraid to say that on the record. It's certainly much better to have money left over than to come up so short as we were doing back then.

The other thing that catches my eye when I'm looking at the economic assumptions is that this year we're basing the assumptions on a Canadian dollar valued at 83 and a half cents American, which is perhaps a little low based on what's happening right now, but we're certainly likely to hover somewhat above 80 cents, so it's probably reasonable. The following two years we're using projections of 85 cents. I'm not sure whether or not that's realistic. It might be. I suspect it's a little high, but certainly it does impact on the overall financial picture. In fact, most of you will recognize that if it ends up being somewhat lower, our numbers look better in the end because of the fact that we're a resource-based economy, so it may be one more way in which we can sort of lowball the bottom line and end up at the end of the year with an even bigger surplus than we might have predicted.

Mr. Chairman, I'd also like to just touch briefly on the heritage savings trust fund. I know the minister did as well in her comments.

Actually, first, before I do that, I'm going to just talk very briefly about the Auditor General's recommendations – and she did indicate that most of them have been accepted and that there is some money in the department's plan to address those – particularly, though, number 16 from last year's AG report, where the recommendation was made that for high-risk employer pension plans, in those situations, that

the Office of the Superintendent of Financial Institutions obtain:

- assurance from pension plans' auditors on the plans' compliance with the Employment Pensions Plan Act,

and also

- information on pension plans' governance structure and practices.

The minister has indicated in the fiscal plan that plans are under way to reach those recommendations by March 31 of 2006, and I'm just hoping that she can update us as to exactly where we are at with that because although it says that we'll get there by the end of this current fiscal year, I'm curious how far along that road we are at this point in time.

Also, the AG's recommendation 17 indicated "again." When they use the word "again" in the Auditor General's report, I'm assuming that means the recommendation had been there previously and hadn't been dealt with. I could stand to be corrected, but that's certainly the way I read it. They "again recommend that Alberta Treasury Branches ensure its lending officers comply with corporate lending policies." Certainly, in here it indicates that the government's response has been to accept that recommendation and that, in fact, most of the significant changes will be implemented by June of this year. But given the fact that we are now not much more than two months away, I would hope that we could be updated on that and just be assured that we will in fact meet that target since it's obviously not the first time that it has appeared in the Auditor General's report.

3:30

I'm going to move now to the business plans of the ministry, Mr. Chairman, and touch on some questions that I have there. The first thing that jumps out at me is business goal 1, which calls for "a financially strong, sustainable and accountable government." I'm sure we all would like to see that. Everybody in this House would like to see that.

In the performance measures it's referenced that when surveyed, the "percentage of Albertans who think they get enough information on the government's financial performance" – the last actual year that we have data for that was '03-04, and it was only 57 per cent of Albertans who felt that way. The target for this fiscal year is 70 per cent, which I suggest is laudable. My question would be: what plans does the government have, what plans does the minister have to get us there? Is there an advertising campaign involved, or do they have some other plans to get to that point?

Then I'm also wondering if we had actual measurements for 2003-04. I'm going to assume that there may be measurements coming for '04-05, but there was no target for 2004-05. So I'm just wondering. Not that there's necessarily a discrepancy, but it does cause me to question: did we decide at some point that we didn't need that information last year or that it wasn't valuable enough to include it as a target to improve on that number of 57 per cent in the last fiscal year? I'm not sure. So if the minister could provide some clarification on that, it would be helpful.

Goal 2, Mr. Chairman, calls for "a fair and competitive provincial tax system." When I was referring to that a minute earlier, I suggested that if ever there were to be a time when we should be considering a slight decrease in personal income taxes, I would have thought that it would be now given that, in fact, the government does have the money in the bank to pay off the debts as those instruments come due and given the fact that even in this budget we are projecting a 1 and a half billion dollar surplus. If we're ever going to make any move towards that, even just a small token move, at least some show of good faith to Alberta taxpayers, particularly low-income earners, that in fact they can benefit in this way as well from the so-called Alberta advantage, then I really believe that this would have been the time to do it. So I'm a little disappointed to see that we didn't take that step now.

The other thing is that strategy 2.1 on that same page refers to the implementation "as affordable" of the business tax plan, which, I mentioned earlier, would have reduced the corporate income tax from 11.5 per cent to 8 per cent. I understand that it's still a strategy that you're working towards, but perhaps you could provide us with a timeline; you know, whether that's something you hope to have in next year's budget or the year after. Or is it still sort of a pie in the sky thing that we hope to attain some day? Again, given the current fiscal situation, I would have thought that perhaps we could do it now.

I'm going to jump over a few and go to goal 8, which calls for "reliable and competitive financial and insurance products and services," and just highlight one line in there, where it says that "Finance will monitor the availability and cost of other general property and liability insurance for businesses, non-profit organizations and individuals." In other words, other than auto insurance here's an opportunity for the department to address some of the concerns, I believe, that I've been raising this week in the House as it relates to small businesses and nonprofits and the tremendous burden that they carry right now as it relates to all forms of insurance, not just auto insurance.

Goal 9 talks about having quality and competitive financial services available and accessible to all Albertans. In particular, it refers in here to the Alberta Treasury Branch and the services that

they provide to rural Alberta. I'm not going to suggest for one second that they don't provide a very valuable service to rural Albertans, but I did notice this year, when the Alberta Treasury Branches announced their expansion plans, that they're concentrating very, very heavily on expanding in, primarily, Edmonton and Calgary and other urban centres, with very little expansion planned for rural Alberta. Given the fact that we have suggested in the past that we're out of the business of business, I would have hoped that we would have moved into a situation where we were going to expand more in rural Alberta and address some of the concerns of those smaller communities.

Mrs. McClellan: I'm going to cover just a few of the items. It might help with questions that other members have. I'll try and be brief.

You asked how many communications staff I have in Finance. I hope you'll remember that we manage a budget of just under \$26 billion when I give you the answer. There are 6.4 FTEs in my communications department in Finance, and there are two staff that are assigned from the Public Affairs Bureau. That is the sum total of those wonderful people that try to ensure that people are understanding well what we're doing.

I appreciate your comments on Bill 37 and the limit: \$4.75 billion. I guess I like the wording that I used.

Taxes. I've got to take a little exception to you saying there's no tax break for Albertans because I think you're really ignoring that tax breaks that are in this budget are targeted, and they're targeted to the very people who most need those tax breaks. If you are a working family with an income of some \$32,000, \$33,000, I suggest to you that the employment tax credit that we implemented, increasing the number of children allowed under that from two to four, lowering the threshold from \$6,000 to just over \$2,000, was incredibly important to those people.

I guess that when I search my conscience and my thoughts, if you had to make choices, which is what this budget really was about, choices of investing in health, investing in advanced education, investing in infrastructure, which I think you've all agreed were good investments, investing in increasing benefits to AISH – and I have to really applaud our Minister of Seniors and Community Supports for the package that AISH recipients got because it is very complete. It is about more than just a cash benefit. When you look at the additional services and programs that they have eligibility for, I think she's done a fine, fine job in that area.

But it was about those choices. We did remove the health premiums from all seniors. Again, I think that for people who generally – I say generally – are on fixed incomes, this was a good move. To freeze the property tax for seniors, who again are quite often on fixed incomes and have trouble adjusting to these fluctuations in costs, I think was a good move.

So if I had a choice – and I did – of lowering perhaps the corporate tax rate a half a per cent or giving the tax break in the areas that we did and still being able to invest in those important programs, I believe we made the right choice. Of course, we all have the right to our own opinion.

To consider that because we're forecasting a surplus, we could have done a tax break is very unwise, and I think the hon. member actually would agree with that. You do not want to do a tax break unless you can ensure that those dollars will be there in the next year and the next year and the next year. The one thing you don't want is to be going back and forth on this or reducing programming spending to keep your tax break in place.

3:40

We have said very clearly that we will continue our program on reducing corporate tax to 8 per cent as we can. This year was not the

year. The 13.4 per cent to Advanced Education, the 7.1 per cent to Education, the increase to AISH recipients, the abilities to assist those who are more vulnerable in our society with tax breaks were, in our view on this side of the House, the right ones to do this year.

When we do introduce a tax reduction – and we will. I've said that I'm all for it. I pay taxes the same as everyone else in this Legislature. I'm right in the front of that parade. But when we do that, they will be sustainable, and they won't be at the cost of services to students or to people who need health services. So it was about choices. I think that was pretty transparent. I think I was pretty straightforward in that.

The 3 per cent insurance premium has come up. Again, look at it as part of a tax package that we can do. I'd like to be able to do that as well or, at least, lower it to the cost of providing the service. However, I want to ensure that if we do, that reduction actually flows to the consumer, and the ditch isn't filled. The hon. member himself raised the question as to whether the hotels are going to fill a ditch, an area that we removed ourselves from. So that's important.

You also mentioned a private member's bill, and I appreciate very much the principle of that bill. However, for me to support it and vote for it, there would have to be a change in the bill because I am in disagreement in one area. I think you tie your hands too much by putting specific percentages in because it may be that you need more money in capital. I raise the Fort McMurray presentation that was made, that we talked about in the House, where they have high growth and some big challenges. You may want to put it all in endowments in one year. You may want to put more in capital, less in endowments.

Certainly, our desire is to get those endowments to the full figure as quickly as possible, but I don't agree with tying your hands on absolute percentages because, you remember, we're talking about unbudgeted surpluses. We're talking about future surpluses and choices of where you put them. You may decide to put more in science and engineering, more in the arts and humanities, more in the scholarship funds, maybe, a novel thought, more in savings to actually gain a revenue stream for future years. So I agree with your bill. I don't agree with the percentages, but we'll have more discussion on that.

Forecasting oil and gas prices: well, an interesting exercise. I could go back in *Hansard* and go back in news clippings and point out to the hon. members how many times they were wrong last year, but that would be kind of a useless exercise, wouldn't it? We use the best information we have from the best analysts we have, the same people that you talk to, I'm sure. The only thing I was interested in was on the future years because, frankly, I can't find an energy analyst that's really comfortable about forecasting out in the second and third years, and I think you'd find the same thing.

I've said that this is a reality budget. It's transparent. It's straightforward. It's putting it on the line as we see it, and our best information from our analysts in all information was that the low 40s was probably a pretty prudent place to look at oil.

Now, I'm going to get picky here. If I heard this right – and I'm going to read *Hansard* over; I always do – 83 and a half per cent is too low. I heard that. I might not have heard it right – it might be lower, something like that – and 85 per cent might be high. I'm going to suggest that the hon. member is splitting hairs and getting picky.

Mr. R. Miller: I said that 83 and a half might be a bit too high.

Mrs. McClellan: Yeah. I'm not sure because you didn't tell me exactly where it should fall. But, again, we use the best information

we have. Today it was just under 81 cents. It fluctuates, but it has stayed maybe a little lower than I had thought it would the last couple of weeks.

Heritage savings trust fund: total agreement. We need to inflation-proof it. We need to continue to grow that fund and have those targeted investment dollars available for future years.

Auditor General, pensions. We're continuing those consultations. Our stated goal is still our stated goal of March 31, '06.

For the ATB we think that those targets can be met. I have no indications that they can't be.

We will continue to monitor other general property taxes and so on.

What I haven't entirely come to any conclusion on in my own mind is what you could do or should do or how much intervention or interference you have as the government into what is a private market. I've said consistently that we felt that we should enter the automobile insurance area under public liability and property damage because we say that you have to have those before you operate a vehicle, and of course we were finding that a number of people were not insuring their vehicles because of the cost of insurance. So we'll monitor it and go on from there.

You had the target on the number of Albertans who think they get enough information on our financial performance. The 2004-05 target was published in Budget 2004. That target was 70 per cent in '04, and we're still on target for that for '05 to '08. We don't have our actual results audited for '04-05, so I can't be any more specific in that area. It should be available in our annual report later this summer.

The last one quickly: ATB, cities expansion. I think if you look at the capital investment that ATB has done, they did the majority of their investment of capital in rural and now are attending to urban, which is an important part of their portfolio. Now, I'm not sure, when you say that we talk about not being in business, whether you have anything further to say on government participation in ATB or not, but I'll look forward to that in your next line of comments.

Thank you.

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

Mr. R. Miller: Thank you very much, Mr. Chairman. I can't believe how quickly 20 minutes goes by when you're having fun. Must be having fun.

The next question that I had for the minister. On page 247 of the business plans under Ministry Statement of Operations, net income from commercial operations, I'm curious what that is because I did mention getting out of the business of business. I see that in the last fiscal year, '04-05, the forecast was for a net income of \$155 million from commercial operations. That jumps to \$167 million in this coming fiscal year and goes all the way up to \$214 million in the years '07-08. I referred to being out of the business of business, and then I noticed the commercial operations. I would like some clarification from the minister as to exactly what commercial operations we're involved in that we're realizing a revenue of \$214 million by the year '07-08.

[Ms Haley in the chair]

3:50

Now, I did want to jump to the heritage savings trust fund and, in particular, talk about ethical investing for just a minute because this is an issue that I've raised before. In the business plan it talks about varying the allocation of assets to enhance returns, and it says, "Based on the outlook for financial markets, Alberta Investment

Management may vary the allocation of liquid assets to enhance returns.” Certainly, this is a concern for myself. We talked before about ethical investing and the fact that we currently hold about \$11 million worth of shares in tobacco companies in the Alberta heritage savings trust fund. My line of questioning a couple of weeks back in question period was to try to determine whether, in fact, there was any limit as to where we would put our investment or was it solely based on return on the investment. To this point the minister’s answer has always been that it’s return on investment that is the primary consideration when we make those decisions, and that causes me concern, quite frankly. I’d just like to be on the record as saying that at some point I would hope that we can move to an ethical investment model.

As an example, when we’re talking about tobacco companies, we know the damage that tobacco causes, we know the cost to the health care system and to society in general, yet here we are heavily invested in tobacco companies, reaping benefits from not only their success but then also taxing the product and putting an awful lot of money into the coffers that way as well. So that’s a concern I have, and I would hope that at some point we can address it.

Now, I’m going to try to quickly rip through some questions here because I know that my colleague from Edmonton-Centre has some questions that she’d like to get in as well.

In the estimates book on page 156 – I know that the minister has mentioned that the debt-servicing costs are down, but just for the record I want to remind all Albertans that this year, even though our debt is in theory paid off and we have the money in the bank to pay those instruments when they come due, we are still paying \$45 million in debt-servicing costs this year, and it’s a pretty big number. So, again, the communication staff, even if it is only 6 and a half of them . . .

Ms Blakeman: It’s 6.4.

Mr. R. Miller: . . . or 6.4, whatever the FTEs were.

Nevertheless, they’ve done a very good job in terms of managing to convince a number of Albertans that, in fact, we don’t have a debt anymore, and those of us in this Assembly know that we really do still have debt. We also have money to pay it off as it comes due, and that’s not a bad thing, but in the meantime we are paying this year \$45 million in debt servicing. It’s a substantial amount, and I want to be on record as having noted that in this debate.

On page 160 under Financial Sector and Pensions I notice that last year we spent \$4.2 million, and that I’m quite sure includes the \$1.4 million from the supplementary estimates which was for the advertising campaign on the auto insurance reforms. We’re down to \$2.827 million this year, which I believe the minister indicated reflects the fact that she has no plans to conduct a similar promotional campaign this time around. I’m just wondering whether or not her thoughts on that have changed in the last couple of weeks given some of the changes in the insurance industry and the reaction from the industry when the mandatory reduction was announced . . .

An Hon. Member: Rollback.

Mr. R. Miller: It’s not a rollback; it’s a reduction. We wish it was a rollback, but it’s only a reduction.

. . . and the fact that I’m hearing from some consumers that it’s still not enough given that premiums climbed anywhere from 20, 25 per cent all the way up to in some cases 45 or 50 per cent in the two years prior to the freeze in October of 2003. So I think that even though the minister was very kind in sending me a letter showing that the number of contacts with her department has dropped since the 5 per cent rollback and then now a further reduction, neverthe-

less I’m not sure that that’s an indication that people are necessarily completely satisfied. Perhaps they’ve just given up, maybe resigned to the fact that this little bit of a reduction is all that they’re going to get.

Another question I have. On page 162 under Statutory Programs the interest payments on corporate tax refunds – and I have to acknowledge here that I was blown away by this number – the forecast for the last fiscal year: \$30 million. It’s in this year’s budget to bring that down to \$20 million, and then it doesn’t have any estimate for the year after. Even \$20 million – I mean, obviously, I understand that if it was \$30 million last year, it’s good for us to try to get it down to \$20 million. But I would like some explanation as to why we ended up paying \$30 million in interest on corporate tax refunds, whether or not there’s something we could be doing better as a department to make sure that we get those refunds out quicker, or what. I’m not sure. But that certainly caught my eye.

Page 166, department statement of operations, under Income Taxes. The minister mentioned that we’re collecting more money in tax even though the rates didn’t go up, but one thing I did notice here is that personal income tax in this coming year has only gone up a hundred million dollars. That surprised me. Since we know that there hasn’t really been a reduction in income tax, and the government talks a lot about the number of new jobs and the fact that people are coming to Alberta from all across the country and even from Venezuela, apparently, to work here, I would have thought that our personal taxes would have gone up dramatically, and they’ve not. So I’m kind of curious about that.

In fact, since 2003-2004 there’s only a very modest increase in the amount of personal income tax that’s being collected. I’m a little surprised at that. If, in fact, we’re seeing the number of new workers that the government likes to reference, why isn’t that number higher? I would have expected it to be.

I wouldn’t mind a quick explanation from the minister, if she has time, as to what the statutory debt-servicing costs are because that number is \$238 million. So we have, you know, the \$45 million that I mentioned for debt-servicing costs, but then also there’s stat debt-servicing costs of \$238 million.

On page 169 under Heritage Savings Trust Fund we’re forecasting an investment income of that fund this year of only \$684 million, compared to just over a billion dollars in the previous year. Perhaps, if she has time, she can provide a quick explanation as to why that number has dropped so dramatically given the fact that the world economy seems to be on pretty solid ground right now.

On page 174 there’s a reference under Expense for the Alberta Insurance Council, special projects, this year totalling \$65,000. Last year it was \$34,000. I know that it’s not a big number, but it is more than double what was there last year. Those are the kinds of things that jump out at me as a layperson when I’m reading this document, and I wouldn’t mind an explanation as to what special project is being undertaken there.

Briefly, I’ll just comment on the FTEs. She mentioned that in the department they’re up 34 FTEs, which is somewhat less than 10 per cent. It’s probably about 6, 7 per cent. The Pensions Administration is going up 37, and ASC, 17. I’m not going to quibble with either of those because I recognize that in both cases we’re trying to enforce regulations and make sure that we have confidence in those two, the corporation and the commission respectively. Certainly, I’m not going to quibble with that because I’ve gone on record in the House as suggesting that we need stiffer enforcement in both of those areas. So I’m comfortable with that, but perhaps a little more explanation as to the 34 FTEs being added to the department itself.

With that, I will take my seat and look forward to some answers. Thank you.

Mrs. McClellan: I'm just going to reference that there were a lot of questions, and I think I can respond very well in writing. I know there are others anxious.

I do want to make a comment just in one area that's more of a policy area than a detail, and that's in ethical investing. I have not said that we should simply look at rate of return, but I think that's something that we really have to have some conversations and discussions on because what I may consider ethical investing may not always be agreed to by others.

I do want to say this, though. In the scope of our investment division we are not heavily into investment in tobacco companies, in the scope of the whole investment picture. Tobacco sales are a legal entity. We all know the damage that use of tobacco can do to people, but nobody has ever had the courage to take that issue head on; you know, maybe ban it outright. I don't know. Prohibition didn't work when it was tried.

4:00

I have had some experience in ethics as minister of health and working in health ethics. It's a field that really does require a larger discussion by a number of people and the investment community, perhaps, in the whole country to look at what is ethical. We can all pick something that we don't agree with or we don't like for philosophical, ideological, or personal reasons. So I certainly don't want it left on the record that this government is uncaring about the issue of ethical investing. We are very much.

The corporate tax refund: that was probably due to a very complex negotiation. As you know, the federal government collects our taxes, and we're sometimes vulnerable on their time frame on getting information, but I will make sure that you have the exact explanation on that and also on the statutory debt servicing because there is a difference between debt servicing and statutory debt servicing.

I think I will let the Member for Edmonton-Centre have a chance to get some questions in, and then we'll see where we go from there. Thank you.

The Acting Chair: Edmonton-Centre.

Ms Blakeman: Thank you very much. There are four areas that I wanted to cover with the minister this afternoon. They are risk, the issue of insurance for nonprofits, the health care premium tax, and funding for sexual assault centres.

Mrs. McClellan: That wouldn't be in my department.

Ms Blakeman: No, but I'm going to once again talk about your leadership and prevail upon you on that one.

So starting with page 243 of your business plan, I'm looking at goal 7, the proactively managed risk section. I note that the last actual data that is noted here as a performance measurement was \$15.8 million, and the target for this year is \$6.9 million. My question is: why is the risk more than double the target? If we could get an explanation on that.

The minister's staff has always been very good at getting those kinds of detailed questions answered in a very quick turnaround, and I've always appreciated that. But as with the other ministries I'm asking if we could please get that information before we have to vote on the appropriation bill in a couple of weeks. I'd appreciate that.

Second to that particular question then: what is the minister's plan or the government's plan to mitigate this risk? To my eye this risk is more than double the target. I understand you're working with figures that may not be up to date, so perhaps the '04-05 actual

figures are lower and start to come into line with the target. But, boy, that's way out of line. So why is that risk that high, and what is the plan to mitigate it?

Mrs. McClellan: Give me that page, please.

Ms Blakeman: Page 243.

Finally, I'm wondering if the ministry has looked at the potential cost to taxpayers for risks not being mitigated. Does that expose them to any real cost that could be mitigated in any way, and what are the plans for that?

So that's the series of questions under risk.

I know that the minister is not responsible, that there is no legislation that covers the mandatory provision of insurance other than for PL/PD for automobile insurance, but this is the only place that this issue can come up. I think that there is increasingly a crisis being created in the not-for-profit sector, and I am talking across the board: social service agencies, advocacy groups, arts and culture, sports and recreation. I have heard from all of them over the last 18 months. Actually, I think it was almost exactly a year ago I was at a media conference for HIV Edmonton, whose insurance had gone from I think it was \$4,000 to \$20,000 in a leap, and actually they were having trouble getting coverage at all.

I'm wondering if there's been any consideration by the government to looking at some kind of regulations or consumer protection that could be put in place by the government because the insurance companies seem to be trying to squeeze the nonprofits to the point where they give up and don't have insurance because it's so expensive for them to carry it. Maybe the insurance companies want out of the business of offering that kind of regular insurance to these groups. If so, they're going about it in a strange way.

But costs have risen. The costs that I've looked at have gone from double to fivefold, and these nonprofits, you know, get limited government funding and have to fund raise privately for the rest of their dollars to provide services. And I don't think I'd find anyone in here that would argue with me that these services weren't needed and valued. This is an enormous strain on them, and once again they're out there trying to fund raise dollars not to provide a service, not to provide counselling for a battered woman or recreation for a child or, you know, STARS ambulance service. No, no. They're trying to raise money to pay the insurance costs to keep the doors open. Here I'm talking about the regular public liability, you know, if you stumble on the sidewalk kind of insurance.

In some cases some social service agencies, particularly, for example, foster parents, are expected to carry a level of insurance to make sure that they're covered in case something goes wrong while they have children in their care, and that's substantial. The insurance that midwives are now carrying – I mean, in every case the insurance is just going up and up and up, and I don't know why it's happening.

This is the only minister that liaises on a regular basis with the insurance industry, and I don't know what to do anymore. There doesn't seem to be any stopping it. A few insurance companies have stepped forward and said, "Well, you know, we'll try and cover this particular agency." Okay. Great. What do we do about the rest of them? I'm not particularly in favour of more legislation, but I don't see that we see an end to this. When it starts to impact the service and opportunities for Albertans, then I'm going to raise it, and I've raised it.

So I'm looking for something, anything that this minister can try, any suggestions at all to see what we could do to be able to get a handle on this. Maybe the insurance industries have their government liaison people read *Hansard* will read this and come back to

me with some suggestions or explanations about why these rates are going up so much. This is creating more than a difficulty, and I think this is a consumer protection issue.

I know the government has made a choice not to eliminate health care premiums, which we view as a tax, but I have to put on the record the concerns raised to me by my constituents with their extreme unhappiness about this – what's the word for it? It's not a progressive tax; it's a flat tax because, you know, a family pulling in \$100,000 pays \$1,056 a year, and a family that's pulling in \$30,000 pays that same rate. It is an additional tax. It does cost the government money to collect it. It's not dedicated revenue for the department of health. It does go straight into general revenue. I still argue that it should have been eliminated, and so do many of my constituents. I was obliged to get that on the record with the minister to underline again how unhappy people are with this, and they do feel that it is – oh, what is the word I'm trying to get? – a discriminatory tax. It differentially impacts the middle-income earner much more than a higher income earner because it's essentially a flat amount of money.

4:10

The last issue I want to raise with the Finance minister both because she ultimately controls the purse strings – she leads the Treasury Board – and she is the lead female on that side. There's no question the power and influence the Minister of Finance holds with that caucus. [some applause] Heartily agreed to by a number of her colleagues. I'm once again appealing to her for some way to fund the operational funding of sexual assault centres in Alberta. I talked to her about this last year. We have not had any movement on it.

I know that the government feels that they offer some funding through the victims of crime fund. It's very limited funding. It only applies to counselling offered to people that are in the court system. I'm sure the minister is well aware that the percentage of women who have been sexually assaulted and the percentage of women who are seeking support from sexual assault centres, the ones that actually go through to a court process, is very small. And that's really the extent of the formal funding that these centres get.

Now, beyond that, they apply to Wild Rose, they apply to CIP, they apply to CFEP, they apply everywhere, try everything, and in some cases they are able to get funding through the department of health. But in each and every one of these, you know, clearly those programs are set up to say: don't come to us with ongoing operational funding; come to us with short-term finite projects. So they have to keep reinventing a new reason to apply for these funds. And we have the administrators of these centres spending all of their time trying to raise money through different project grants to fund this.

I don't understand – and the government has never been able to give me a good reason – why we don't fund the operations of these centres. So maybe you can convince me this year why you don't fund the operations of these centres, but it would have to be a darn good argument because I don't buy it. I think they've fallen between the cracks for years. I think they were lumped in with battered women's shelters for years, but they're not that. Then there was an attempt to sort of put them in with family violence and bullying. They're definitely not that. You know, they do have a higher percentage of stranger assault, but, yes, it also involves family members at times. It involves younger people and older people. They just don't fit in the categories the government's got.

I will appeal to this minister, and I have already spoken to the minister of health. Somehow this government has got to find a way to address this problem. As I say, I look to this minister with the influence that she has in this caucus to try and find some funding somewhere that would be ongoing operational funding for these centres in Alberta.

So those were the four issues that I wanted to raise with the minister. I think we're all aware of the number of people that want an opportunity to question her, so I'll leave that with her. If she wants to try and answer some of those now, that's great. If not, I'll accept it in writing after the fact.

Thank you.

Mrs. McClellan: Well, I'll be quite quick so that others can get in, and I'll write you something more detailed on the risk side, but generally it is because we expect higher settlements, and the cost of repair to damaged property, as you know, is increasing for repair and replacement. But I will give you a more detailed answer on that.

I wanted to just touch on a couple of areas because they're areas that I've been concerned about. Insurance costs for nonprofits: we all face that, whether it's our riding arenas, our swimming pools, our hockey rinks, our Cub Scout houses. You know, for a long time – I can speak to rural more than urban – the town carried these various groups on their insurance as a rider. Unfortunately, the concerns in that area in liability have increased so much that some towns, not all but many, have said: we can no longer carry you; you are going to have to get your individual insurance. Then it really gets high.

We had this issue with our ag societies, big time, and there are so many of those out there. What we were able to do in that area was get the ag societies to come as a group because there is a general association of those and then work with them through the department of agriculture, through the support area that we have for ag societies and then look for an insurer that would do a group insurance to try and make this manageable. It was difficult because the ag societies are all different sizes and shapes, and that's the strength of them and the beauty of them and the effectiveness of them: they reflect their community. So it was a tough one, but we were able to do that.

This is increasingly a huge problem. Once you have to start covering the costs of operation with the higher costs there, you either have to charge more for people who are using them, which makes them less affordable, or you're out there fund raising. And you're right; we get applications to every program we have for help in that area.

I think the one thing that you can do with groups that are common across the province is what we did with the ag societies: try and find a group type of insurance. There have been one or two companies that were pretty good to work with in that area. So I wish I had the answer because if I had the answer, I wouldn't have the question at home in my constituency. And you can well appreciate that I have a lot of them.

Now sexual assault centres. I'm not going to take a lot of time here, but I will have a discussion with both the ministers of Seniors and Community Supports and Health, and I will involve the Solicitor General as well in the discussion. I think you may have hit on the issue though. It's because it doesn't fit in any one of the particular boxes we have or compartments or lines. I know that they perform a very, very important service in the community. It has to be one of the toughest areas for anyone to either work in or have to seek help for, and I will certainly endeavour to carry on the discussions you've had with those ministers and see if there's a way that we can make them fit.

Now, I am assuming that the municipalities contribute to those, as well, through our tax base. I assume that when I'm here paying taxes, some of those dollars go to contribute to centres like that and other community services that we enjoy here. I would hope so. I guess what I need to understand better and, I admit, I don't understand well is just where they receive their funding today, and maybe you could help me out on that and what level of funding and from whom.

So I'm going to let somebody else ask some questions, and I'll give you some more detail in some of those other areas.

I'm not going to ignore the questioner, but I am going to slip out just for a minute. I'll be right back, and I'm going to ask my colleague to take notes while I'm gone.

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

4:20

Mr. Elsalhy: Thank you, Madam Chairman. I know some of the questions that I wanted to ask were previously asked and put on the record, but I can just maybe re-emphasize how important they are and maybe shed some more light on them.

One of the issues that was touched on was the issue of the health care premium tax. The hon. minister said that, you know, it wasn't a priority, that it wasn't deemed to be an item high on the agenda, and that, in fact, it's useful for providing all those health services, and so on. I agree that maybe we need to provide those services because Albertans deserve it. This is one of the richest places on earth. And \$1,056 per family per year seems like a lot of money. But when the government keeps bragging about how taxes can only go down in this province, and so on, I think this is one area that they could have attacked first, you know, because many people, not just from the opposition benches but many people on the street, if you asked them, would say that it's an unnecessary burden given the wealth and the richness of this province.

Also, the other question which was touched on was ethical investments. The hon. minister indicated that the definition of what's ethical or what's moral varies from one person to the next. I agree, although I and many of my colleagues disagree with investment in tobacco companies at all. Also, we disagree with investment in weapons companies and arms manufacturers, and so on. So I don't think it's really a matter of interpretation or personal values; it's just something that is either right or wrong. But having said that, I notice that of the eight companies that received the \$11 million investment, one is Canadian and seven are from the U.S. So if we absolutely have to invest in a tobacco company, why can't we invest more in Canadian companies than ones in the U.S.?

Now, my main question is really the trend that is obvious in off-budget spending. Every year the government, like my hon. colleague from Edmonton-Rutherford indicated, lowballs the estimates for prices for oil and gas, and then at the end of the year they post a huge surplus. Being a first-term MLA, I noticed that during supplementary supply we were okaying billions of dollars in supplementary supply. I put it on the record during that debate, and I'm going to repeat that today: it really is a deficit. As a businessman you have a budget. Myself, I have a budget. And then I stick to the budget, and if I'm really close to it, I'm proud of myself and the work I have done and my team. My accountant would not allow me to be off budget by more than maybe half of 1 per cent, which is acceptable, you know, in the business environment. But now this government is off the mark by \$1.8 billion or \$2 billion, and they bring it into the House, and we have to agree to pass the supplementary supply bill in a day or a day and a half or two days, and then that's it.

Mr. R. Miller: An hour and a half.

Mr. Elsalhy: Or an hour and a half even, and then that's it.

I don't think this is acceptable. I mean, we're lucky we have the surpluses, and we have the oil and gas riches, which is really an act of God. I mean, we're just purely lucky. The ruling Conservatives have this approach that it's illegal to run a deficit, and I commend

them on it. However, it's I think a matter of spin doctoring or, again, propaganda. We have people working in the communications departments, people working in the Premier's office to modify or present the facts.

Mr. R. Miller: Almost 300 people.

Mr. Elsalhy: Yes, the Public Affairs Bureau.

What we're doing here is taking all those riches from the surplus and putting them into the capital account and the sustainability fund. Then when we spend a little more than what we have budgeted for, we take it out of the capital account and the sustainability fund and inject it into these areas. And then, voila, we don't have a deficit or we don't show a deficit, but I really maintain that we do. We run deficits every year, and this is contrary to the accounting practices that the Tory government brags about.

My next question is with regard to investing in the heritage fund. I noticed that the hon. minister didn't think, again, that this was a top priority in this budget. I beg to differ because the oil resources and the natural resources that we have in this province will eventually run out. Now, I listened with keen interest I think it was yesterday when we discussed Energy, and the hon. Minister of Energy indicated that we have reserves to last us for God knows how many years, which is good. However, they are destined to be depleted, and they will run out. Unless we find alternative ways of producing energy and alternative sources of revenue and income, what we have as a boom today will be a bust tomorrow.

Why do we Liberals care about investing in the heritage fund? Like I say, it's investing for the rainy day. It's investing for a day when we have to rely on alternate sources of revenue. How much would we have invested? I noticed that last year the government budgeted the annual revenue at \$22 billion but ended up with \$26 billion, so that's a \$4 billion supposed surplus. Now, that would have meant that if we had forecasted this more accurately, we would have invested \$1.4 billion into the heritage fund.

Mr. R. Miller: It's actually a \$6 billion surplus because of the \$2 billion in supplementary supply.

Mr. Elsalhy: Well, here you go. So \$4 billion on the record, \$2 billion off the record. The total would be \$6 billion. That's 6,000 million dollars. That's nine zeros after the six.

So how would we compare against other jurisdictions which are similar to ourselves? I would compare Alberta to a place like Alaska or Norway. Alaska's petroleum fund, which began the same year as our own heritage fund, is almost triple our value. Norway's fund, which is 16 years younger than ours, has more than \$120 billion U.S. in their bank account. We are nowhere close to that. Are these people more prudent? Are they more worried about their future? Maybe, but I think we should be as well.

With Alaska, again, I pose this theoretical question to the hon. minister: would Alberta ever consider giving dividends to its people? We cannot expect cash handouts all the time, but I think what we are asking for is a fair share of the boom. The industry is producing. They are making money, and our surpluses keep growing. What does the average Albertan expect if we're not giving them a tax reduction, if we're not allowing them to pay what they consider fair on their utility prices, if they are paying through their noses at the pump? So maybe, possibly, consider the Alaskan model and offer them dividends. That's just a theoretical question, but it's really an intriguing one, and I would definitely appreciate an answer to this.

My next question is more of a policy question to the hon. minister with regard to the AISH payments and the health care premiums,

again, because I just want to know: who makes the call? Who decides whether we waive or do not waive the health care premiums? Would it be a recommendation from the minister of health; that is, around your caucus table? Would she say, "No, Madam Minister, we don't think we should waive the Alberta health care premiums"? Or is that a decision that is made by the Ministry of Finance based on revenues and estimates and expenses and so on?

Also, I know that you indicated that you are going to increase payments to AISH immediately by \$100 and then after that by \$50 the year after, and so on. Again, who makes this decision? Would it be the Ministry of Finance, based on budgeting considerations, or would it be the minister responsible saying, "No, I think we should only pay them \$100 dollars this year and \$50 the next and then whatever else the third year"? Who decides?

Also, the assistance for persons with developmental disabilities budget funding is increased by 4.5 per cent in 2005-06. Again, that's positive. That's commendable. But why only 4.5 per cent? Aren't we rich enough to double that?

I know some questions might not be readily answerable today, but I would definitely appreciate any feedback I receive from the hon. minister, and I thank you for your time.

Mrs. McClellan: I'm going to be brief and give you a detailed answer. You asked a question on health care premiums. Yes, \$1,056 a family is a lot of money, but so is the excellence in our health system. I haven't run across a lot of Albertans that pay health premiums that have accessed services that consider it a burden. Obviously, all of us would prefer not to.

4:30

I don't know if any of you had an opportunity to listen to the Stollery children's health centre radiothon that's on CHED today and yesterday and will be on tomorrow. I recommend to anybody to listen to some of those stories that parents tell about the young person who's had 11 surgeries, I think it was, in 12 years. Very sad, but isn't it wonderful that we have these facilities. I've heard nothing but praise for the people who work in those facilities and who access the services we have, especially children's leukemia. The strides that have been made in the very recent years, just very recent years, where there wasn't even a treatment just short years ago. I invite anyone who's used the health system to ask for a copy of their statement.

So, you know, I'm not making excuses for health premiums. I think it was designed first to pay 50 per cent of the cost of I think it was just doctors' services. It's one-ninth of our budget today of all health services that we provide. We provided just around three-quarters of a billion dollars for Health for additional dollars this year. Health premiums are around \$1 billion, just under, in revenue. Should we have gotten rid of premiums and not given Health that money? It was about choices, as I said. I want tax reductions as bad as anyone else, but when we do it, I want them to be sustainable, I want them to be affordable, and I don't want to cut necessary programs to do that. So it's choices.

Ethical? Moral? You made a very good point there. You have your beliefs. I don't think I'd be far off from agreeing with you on some of them. As I said, I think that's a bigger discussion that we all need to have.

Heritage fund investing. I've kind of covered that. We're inflation-proofing that now. It will increase each year. There is the opportunity to add to that if we have the dollars available.

Alaska and Norway. I hope you had that discussion when the Minister of Energy's estimates were up. I didn't hear it come up. We read a lot about Alaska and Norway, but we forget that you can't

compare oil and gas development and activity and recovery in this country, or at least in this province, with those two because they have a totally different product, a different cost associated with retrieving it. I don't think anybody is going to argue that the oil sands, which do have a higher cost of recovery, haven't been a huge benefit. At least, you shouldn't argue that there hasn't been a huge benefit if you live in Edmonton because this region really does feel a great deal of the advantage in that investment there.

So you could take somebody else's model in Canada – that's what I'd rather you did – where you have more similarities and say: does our model work better or does theirs, where they tax them heavily and don't have any development? I don't know. Obviously, I'm agreeing with the model we have, where we have a balance between good return and strong activity, because we all benefit.

Would we consider giving dividends to Albertans? Well, you know, what Albertans told us in It's Your Future is: "Don't send us a cheque. Lower our taxes. Make sure that we have the excellence in health services, the excellence in education programming. Make sure we help those who are most vulnerable in our society. But you can give me the dividend in my paycheque by lowering my taxes." I think that's important.

I do want to make a point because we talk a lot about taxes, and I wanted on the record to make sure that we all understand. There are some good graphs in these books to back this up, but if we taxed at the level of the next closest province to us, not the furthest out, not the middle but the next closest, we would collect \$7 billion more tax in this province. Well, we'd have \$7 billion more revenue, but conversely Albertans and Alberta companies would have \$7 billion less to invest in our province.

So I asked my department if that gap is narrowing. We have seen moves, and I applaud them, in other provinces and federally to lower taxes, although the federal lowering of taxes is sort of, well, the layaway plan – you really see the benefit in about five years – whereas what you see here is immediate. In fact, they tell me that the gap is widening, that we are maintaining and growing our tax advantage, not losing it. So that's important to know.

As I said earlier, you can be selective. I know one of the hon. members will get up and be selective and say: a family of this, this, and this in B.C. or Saskatchewan. But they forget to add that they have a PST added to their costs. They can't buy anything, virtually, that you might want to buy other than food without paying it [interjections] – I'm getting them going – and that's important. But you have to look at it on the family side, too, where we treat the spouse the same as the other partner. That doesn't occur in very many, if any, other provinces. That is also in here. So we have a significant tax advantage here. We want to grow that tax advantage. I think it's important.

You asked a question on AISH payments. I want to reiterate: don't look at only the cash benefit in AISH. That was important, and it's significant to those folks – that's for sure – but I think the other improvements that the minister made in access to other services, whether they were in health services or dental or drugs, other supports, are incredibly important as well. The ability to earn more money without it being clawed back I applaud heartily because I think there should be the ability for people to go out and earn money and not have it all clawed back. So when you look at the AISH package, I encourage you to look at the whole package because it's pretty significant.

Certainly, some of it is about budget as to how you implement it, but again it's making a package that's most beneficial. There was a great deal of work done by the review committee in consulting with the people who use those services, and generally I have heard back from them that they like what we've done. But the minister is

the one who designed the package through her consultation and made those decisions. Could she have done more if she'd had more money? Obviously, yes is the answer, but within the dollars she had – and that's the case in each department. They have the best information, the most knowledge, and they definitely are the ones that should make the decisions as to how to use the dollars that are allocated. They do make their case on the number of dollars that they get on the program that they want to provide, and that is debated long and hard, and it's quite an interesting exercise.

Ms Calahasen: She's tough.

Mrs. McClellan: She's not very tough; she's soft.

But I think that one of the things that we really tried to do in this budget on the tax side was assist the lower income earners. It was targeted, and I think Albertans told us that if there was limited flexibility, they wanted those dollars or those abilities to keep dollars, which is really what tax reduction is about, for our lower income people and people who are on fixed incomes.

You do know that on health premiums there is a sliding scale, and if you are at a low income, you don't pay. Now seniors pay none, but there is for the working family as well. Are those thresholds right? Are they, you know, as they move, right? We could debate that. We talk a lot in this about seniors and so on. I suggest that working families, especially young families that have two, three, and four kids, really needed this break as bad as anyone in our society. So that's where we chose to put it in this budget, when we had limited ability, and I don't apologize for that. I think that when faced with a choice, it was the right choice to make. I will give you some more detail in a written response.

4:40

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

Mr. Mason: Thank you very much, Madam Chairman. I'm pleased to get up and make a few comments and ask a few questions with respect to the estimates for the Finance department and for the minister.

I want to start out, I guess, with a few things about taxes, and I want to again distinguish the position of the New Democratic Party on corporate taxes from the position of the Liberal and the Conservative parties, who favour continuing with a plan for reducing corporate income tax. This plan was initially outlined by Steve West when he was the Minister of Finance just prior to the election in 2000, and it would have the corporate tax rate paid by the larger companies decline steadily from what was then 15 per cent to 8 per cent. I think we're somewhere around 11 and a half now, and there's not a further reduction in this budget, and that, in our view, is a good thing.

We do not support the further reduction of the corporate income tax in this province. We think that it's important that there remains a good balance between sources of revenue and tax burden, and we think that given the province's dependence on oil and gas revenue, which can be volatile, to reduce our standard tax base too far puts us at risk. I still recall the difficulty that the government found itself in when there was a sudden drop in oil and gas prices. A number of social programs had to be cut on a fairly emergent basis, and I don't think we should be putting ourselves in that kind of vulnerable position. So maintaining a reasonable tax base with balance and fairness is an important priority for us.

I notice that the Deputy Premier and Minister of Finance talked about that if Alberta tax rates were set at the level of the next highest

province, we'd have \$7 billion of revenue that would otherwise be available to Alberta companies to invest in Alberta. I think that I got that right. Except that the point I would like to make is that these are not necessarily Alberta companies, and they don't necessarily invest that money in Alberta. There's a certain amount of profit-taking that takes place by American companies in particular, which dominate our oil patch, and some of that money gets returned to parent companies. So I think that's an important point that needs to be made.

The other tax policy issue where we have a significant difference with the government and apparently at least some of our Liberal colleagues has to do with a rate charge in the flat tax, and we don't support the flat tax. One of the reasons that middle-income Albertans pay perhaps more than their fair share and certainly more than they might in some other provinces is because the flat tax benefits primarily very wealthy people, and the government has of course supplemented that with a significant increase in the personal exemption. We can't argue that the poor are being hammered by that. But the wealthy are certainly getting off very, very lightly and not contributing their fair share, and the result is that middle-income Albertans pay proportionately more. So we don't support the flat tax.

I guess the minister anticipated some of my comments with respect to the tax burden on people in the middle-income areas. Certainly, if you add in – and we got this out of the ministry statements directly. This is not original research. The budget documents show that middle-income Albertans can pay significantly more if you include the health care premiums than they would, say, in Ontario and somewhat more than in British Columbia. Health care premiums, of course, cost a typical family of four over a thousand dollars a year, and that's paid regardless of income, so that's a very flat tax. That's not even a percentage. That's an absolute payment. So I want to come back to that.

I want to address the minister's comments about sales tax as being an offsetting factor relative to what middle-income people pay. I think that's an incorrect placement of that question because the lack of a sales tax in Alberta was always attributed to resource revenues. It was not attributed to other aspects of the taxes that are paid, income tax and corporate tax. It was always argued that the reason Alberta doesn't have a sales tax, doesn't need a sales tax is because of the extra resource revenues that we receive. So I would argue that it's not correct to include that in the calculation.

I want to come to health care premiums because I'm a little bit puzzled about this. They are very significant. There are only two provinces in Canada that have them, including British Columbia. Of course, what really happens is that the provincial governments pay the health care premiums into the federal system so that effectively there are no health care premiums in eight of the provinces. But our take is very significant. It's not a billion dollars, but it's getting up there. This is not allocated towards health care specifically. It goes into general revenues, and of course if you pro-rate it, some of it pays for health care, some of it pays for roads, and some of it pays for other government programs.

Given the wealth of the province and the extra revenues that we have, I am at a loss to understand why the government stopped short of cancelling them for all Albertans. They did move in the right direction with respect to seniors. I think that was a good move. But the government can afford to do this. This is perhaps the least fair tax that is imposed, and it's not related to health care. It's a general revenue tax. So my question is: since we can afford to do it and since it's unpopular and, you know, since even some members on the other side have advocated this, why not just get rid of it?

I want to talk a little bit about securities, and I have a couple of questions. First, on general policy, and this relates to some of the

controversy whirling around the Alberta Securities Commission right now. I'd like to know what progress is being made in terms of establishing a national standard or a national organization to regulate securities, and I don't mean federal. I don't mean that the provinces should just turn this over to the federal government but, rather, establish a national agency. I know there are some discussions around that. I don't know how the minister feels about that. It really seems to me that in this day and age of rapid international investment and globalization and so on, the concept of each provincial government regulating securities in their own province is maybe a little bit outdated. I think we could just move towards a national regulatory framework there. Certainly, I'd like to be brought up to date.

4:50

I have another specific question with respect to some of the activities of the Alberta Securities Commission with relation to the present controversy. I don't share the view that it's inappropriate for the Auditor General to look into this; I think it is. That may not be the end of it though. Once the Auditor General's report is received, then I think that we need to assess whether or not there should be something that goes a little bit further. I am a little bit concerned about the forensic audit that KPMG has been asked to do in terms of leaks and so on.

The minister invited people who had concerns to, you know, get in touch, and I've got it here. On the 12th of April:

Well, Mr. Speaker, if you have actual examples of enforcement issues, I would certainly deal with those. I don't mean one or two, given the number of files . . . because I think everyone understands that you can have those concerns. What I would be most concerned about is if people brought concerns forward and they were not dealt with.

The minister basically asked for people to submit evidence. Now, legitimate security concerns on the e-mail system are one thing, but I'd like assurance from the minister that, you know, having invited these people to come forward, she's going to make sure that this forensic audit or other actions by management there do not punish people who heard what she had to say and responded in good faith. So that's that point.

I want to I guess deal a little bit with insurance. I'm curious about the decisions around asking for a voluntary reduction in rates and then why that became a mandated reduction of 6 per cent. Why was 6 per cent chosen when the report that was done for the insurance review board said that rates were 12.7 per cent too high? Why was the reduction only 6 per cent?

I'd like to know a little bit about the process that's going to be used for the rate review. There are going to be public hearings, but I note that these public hearings are set for summer months and are only going to be held in Edmonton and Calgary. There's a considerable process around these, so it's not the kind of thing where people with their private insurance rates in their family going up can go down to a hearing in Lloydminster or in Hinton or even Lethbridge or Red Deer or Medicine Hat and express their concerns. They're very formal. There are steps that have to be taken in order to be heard. They're in the summer, and they're only in Calgary and Edmonton. So I guess that's number one; I have a concern about the process. It doesn't look particularly accessible to me.

Secondly, I'd like to know from the minister what exactly the process is intended to do and what powers the review board has. Would they be able to roll back insurance rates even further or to recommend that? What sort of framework do they work in?

Those are the concerns. I could hector the minister about the advantages of public auto insurance, but I've done that enough. She knows what the right thing to do is. Nevertheless, I'll spare her today with a view to maybe getting out of here. It's such a nice day.

Thank you very much, Madam Chairman.

Mrs. McClellan: I'm going to just cover a few things. You're right. I do know the right thing to do, and it's not proven anywhere that I've seen that public insurance is a better thing.

In fact, much has been said about B.C.'s system and how much cheaper it is. You know, one of the problems you have when you drive as much as I do is you get a lot of time to listen to the radio. I was listening to a talk show and just have to share this.

An Hon. Member: Was it *Rutherford*?

Mrs. McClellan: I can't remember. It was an afternoon, I think.

There was a gentleman who came on. He had moved to Alberta from B.C., and he said, you know, that he had heard all the horror stories about the insurance costs in Alberta, so he hung on to his insurance as long as he could, right to the last day. Then he went and got his insurance, and he just kicked himself all over the place because he could have saved so much money by insuring in Alberta as soon as he got here. I mean, you can find that, and you will find somebody else.

Well, one of the things we've tried to say in this whole thing is that you've got to look at the driver, you've got to look at the record, and you've got to look at their driving habits and their patterns. It's easy for me to pick that person or you can pick somebody else who would pay less in B.C. or Saskatchewan, but the main thing is that Albertans are seeing a reduction in their rates. They are able to afford their insurance. It's a little like taxes. I always get a kick out of this. If something goes down \$5, it's minimal. If it goes up \$5, it's like, you know, Mount Everest. It's over the top. That's what we do in this business, I guess.

On the process this summer: it is pretty clearly laid out. I think there is an ability for people to put submissions in writing if they can't put them in any other way. This review was planned; the interim reduction was not. So the 6 per cent now mandatory was not planned. It was planned that any change in rate would have been this fall, but given the appearance and, subsequently, the knowledge of profit, which is not a bad thing – excessive profit is – it was determined that you would reduce the rates on an interim basis for those drivers. There will be an adjustment made again this fall if it's warranted, one way or the other, so if the 12 point whatever per cent still holds, that will happen then.

On the forensic audit that's happening, I heard you say that you agreed we had to be concerned about breaches in the security system. That is, as I understand from the commission, what they are reviewing. It would be very serious if the system was breached in any way because of the confidentiality of the material there, of course, and we want to maintain the confidence of the investment community.

People who have raised concerns do not have any fear of reprisals from me. I think they are confident that I will treat information that they want to share with me by e-mail or letter or by phone confidentially, but I do appreciate that people will come forward and, if they have concerns, have them addressed. I think the important thing that I said in that response in *Hansard* was that it isn't whether it's one or two companies that have a concern. The point is that if they have a concern on how their case was handled, that has to be dealt with. They may not get the answer they want in the end, but they have to feel that they have had a satisfactory review of that, and that's how you have confidence in the system. So I maintain that.

We're not going to ever quite agree on taxes. We know that, and I appreciate that. But I do think that you would agree that we should not lower taxes of any kind at the expense of programs, and that continues to be my point. Would I like to remove the health premium? Would I like to lower taxes? Yes. But given the choice of funding health this year and advanced education, which would be pretty near exactly the amount of the health premium reduction, I

couldn't make that choice in this budget time. Certainly we intend to continue to lower taxes in any way we can over the next while. B.C. and Alberta are the only ones that have health premiums, but I live very close to Saskatchewan, and they have a personal sales tax, which they consider goes to health and education. At least that's the way it used to be. I don't get over there much now, as much as I used to. Their personal tax was really dedicated to paying the costs of some of those important programs. So you can use words and semantics; the fact is that every province in Canada has services that they need to provide to their citizens, and we all, in each province, search for the best way to provide those services to our citizens. We have chosen this way.

5:00

I don't think anybody can argue that lowering taxes in Alberta hasn't paid dividends. The growth is substantial, the confidence in companies. We want companies to come here and do business. We want them to be profitable so they can pay their employees and invest further in our province. I said that \$7 billion – I said Albertans and Alberta companies because the \$7 billion I referenced, we all get the benefit from that. It's not just simply companies.

So I think, as I say, we've agreed that we're not going to philosophically or ideologically or in almost any other way come to a total agreement on tax policy. But I appreciate being challenged on ours. Every time you choose to do that, you make me think, and that's what it's really all about.

Securities. National standards. That is the aim. All of the provinces in Canada support the passport system, and the passport system is having national standards. It still allows you to do your regulation in your own province, but if a company anywhere wants to invest, they will know what the standards are. They would be consistent across Canada. The only province that does not agree with the passport system to date is Ontario. I'm not sure what they really want at this time. They haven't completely filled me in on that. So the passport system is, we think, a good system.

I have had the opportunity to talk to investment companies, banks, and if they start out saying, "we'd like a national system," and you ask them about a passport system being implemented successfully – would it be as good? – they generally agree that that would work. What they want is national standards, and they want national standards adhered to. I'm quite relieved that you don't want to just turn it all over to the federal government.

With that, I'll give you some more detail on some of that, and I'll let somebody else have a chance.

Thank you.

The Acting Chair: The Member for Cardston-Taber-Warner has been . . .

Mr. Mason: Thank you very much . . .

The Acting Chair: It's Cardston-Taber-Warner, hon. member.

Mr. Hinman: I won't be long enough, probably, to take up all the time.

I appreciate the opportunity, Madam Chair. There are a few things that I would appreciate to address. It seems like we're going over some things many times, and we probably will continue to do that because we all have diversity of thought here.

I want to start, though, by reading from page 238: "review policies to ensure a fair and competitive tax environment in Alberta." I'm very pleased with the steps that we have taken so far and the targeted tax reductions that have taken place, but I must say that I am concerned that we're not continuing to be as competitive as possible. In any competition when one sits on his laurels, it isn't too long

before someone passes us and we realize that we've lost the advantage that we've had.

So I would urge this government to continue looking at being as competitive as possible in our tax regime and not just saying that we are the best. If we can do better – and I believe that we really can – I would like to see those great strides being taken, including the reduction on corporate tax. I think that it has been proven throughout the world that whenever countries reduce their corporate tax, it is to the benefit of the citizens there because corporations are in the business of making profits, and if their taxes go up, so does the expense to the people. So I'd urge the government to fast-track to the 8 per cent as I believe New Brunswick is leading us now in that area in attracting business to that province.

I just want to touch base on the auto insurance for a minute. We seem to be batting this back and forth. The government this week announced that they're going to have a mandatory 6 per cent rollback. I don't see any reason why in that 6 per cent rollback – the minister has mentioned many times that if they took the 3 per cent off, how would they ensure the consumers would reap that benefit? I think it would have been just as easy for the minister to announce a 9 per cent rollback and tell those corporations that that 3 per cent was in the government, and we could have received that \$171 million back to the people. If they can mandate 6 per cent, I think 9 per cent would have been just as easy to do, and it would have been a benefit for all Albertans.

I've really had to struggle, I guess, with the development of a new ministry to have Restructuring and Government Efficiency. It does not seem efficient to expand in order to look at trying to reduce that, and the money that's being spent there and the extra bureaucrats that are being hired and the wages and things there, I think that each ministry has within itself the ability to be efficient and should look at reducing that. It seems like it's almost a confession that we don't know how to analyze our own area and we're going to get someone else to. I think that we can be more efficient through having internal audits and looking at those areas.

This government continues to increase. My understanding is from the budget that we're looking at 1,000 new bureaucrats. I don't believe that they're necessary. I think this government should be looking very strongly at attrition and trying to reduce the size. We have the highest number of bureaucrats per capita anywhere, I believe, in North America now. I believe that's getting close to 150 to 1, and that's not something I want to be proud of and say that we're leading here in Alberta.

I guess an area I want to talk about a little bit is just with health care. One of the things that doesn't seem to have been brought up recently is this question on how many health care cards we have out. We just went through an enumeration recently. I thought this government would maybe be looking at that and tracking down, and perhaps they are, and if they could tell us that they are doing that, but it is a question on whether we have a lot of health cards out there. I've heard some very extreme numbers, as high as 80 being issued to one individual. Perhaps with our recent enumeration we could somehow be efficient and check that. We've made great strides with the Alberta driver's licence, and perhaps we could look at something to continue that security and do that with the health care system. If there is a lot of fraud going on there, let's identify it and make the health care really be working for all Albertans.

We've talked many times, and Albertans are always appreciative of the one-time spending that we have, whether it's in infrastructure or whatever area that it is. When we recognize a problem, and I think that Albertans are – well, they understand enough that if, in fact, we were to have a surplus, there would be nothing wrong with one-time tax cuts, even if it was only perhaps for one year. But I think history has shown us that when tax cuts are implemented, even though the cuts are taken there, revenue actually increases. That's

been shown in many places in the world, and I would urge this government to take some leap of faith with that, whether that's in education property taxes to leave the money in the people's pockets, or I would really continue to urge on health care premiums, that we would see the increase in tax revenue even though we've reduced it. We would therefore be further and faster and more efficient than other areas in the world at what we're doing.

I've been disappointed again in that there seems to be very little to address the packing industry. This government understands and we see the benefit of those whether you want to say relief in tax royalties, in capital expenses in the oil and gas industry and exploration in minerals, and I really feel that it would be no burden to taxpayers. I realize that part of this is a major fight with Ottawa, and I feel that Alberta could lead much stronger debate with Ottawa in demanding some tax reform to spur business, especially in the cattle industry.

5:10

I mentioned on another occasion about during the drought period and how those ranchers were given a break in not having to immediately replace their inventory. Things like that would really help the cattle industry. I know many, many feedlots last year that went out and had to buy cattle because if they didn't, they were going to have to pay because of the reduction in inventory. I feel that this is a battle very worth taking to the feds and getting a concession there and perhaps even waking them up because they're naive to the problem. I would love to see that go forward.

It would be very nice to see concessions to capital money going into the packing industry. We talk about value-added products and how that helps our economy. You talk about the horse-racing industry earning \$45 million. I'd like to see this government become innovative and see a way for the beef industry to earn \$45 million by increasing capital expenses in packing plants or something else. Let's be innovative and give Albertans the opportunity to invest in some good business that really is for the benefit of all Albertans.

An Hon. Member: You can't race cattle.

Mr. Hinman: Oh, you've never chased one.

I want to talk a little bit about the heritage trust fund and perhaps what could be an Alberta opportunity. We know that history repeats itself. It wasn't that long ago, in the '80s, when we went through horrendous interest rate spikes. Something that alarms me to a great extent here in the province and throughout Canada now are the short, open-ended mortgages that people are faced with when buying their houses. The incentive is to go short-term, perhaps only one to three years, to renegotiate those terms. When I was young and working with my father, a 20-year mortgage, locked in, was standard in the industry, and they wouldn't even consider going shorter. That's not even accessible in our market today.

We have two banking institutions here in the province, the Alberta Treasury Branches and the credit unions. If we were to put the money from the heritage trust fund, perhaps like we've done in the past and felt it was to our detriment, where we locked in long-term loans out of province, if in fact that money was to go into our local banks with the mandate that it was to go to long-term mortgages for housing and locked in at 6 or 7 per cent, that would stop inflation, which we're sure to see around the corner. We don't know when. It would really help disperse that bubble that could come in the real estate industry. So I would be very pleased to see something for Albertans to be able to go in and lock in a 15- or 20-year mortgage at the ATB or credit unions here in the province.

I guess that the thing I want to go back to again is the federal government. If we fail to stand up for ourselves, we'll fall for

anything. It seems like we're falling for the leadership of the federal government to spend, spend, spend and more and more programs. Our equalization payments are huge. It's no longer, I feel, equitable that this is simply a transfer of wealth from one area to another with no accountability to Alberta on where that money is going. I would like to see a strong Finance minister that would really go to the table . . .

The Acting Chair: I hesitate to interrupt the hon. member, but our time has expired on this. 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 following question after considering the business plan and proposed estimates for the Department of Finance for the fiscal year ending March 31, 2006.

Agreed to:

| | |
|---|---------------|
| Expense and Equipment/Inventory Purchases | \$123,381,000 |
| Nonbudgetary Disbursements | \$69,651,000 |

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

Hon. Members: Agreed.

The Acting Chair: Opposed? Carried.

The hon. Deputy Government House Leader.

Mr. Zwozdesky: Thank you, Madam Chair. I would move that the committee now rise and report the Department of Finance and beg leave to sit again at another time.

[Motion carried]

[Ms Haley in the chair]

The Acting Speaker: I call on the Member for Lac La Biche-St. Paul.

Mr. Danyluk: Thank you very much, Madam Speaker. The Committee of Supply has 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, 2006, for the following department.

| | | |
|---|--|---------------|
| Finance: expense and equipment/inventory purchases, | \$123,381,000; nonbudgetary disbursements, | \$69,651,000. |
|---|--|---------------|

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

Hon. Members: Agreed.

The Acting Speaker: Opposed? Carried. So ordered.

The hon. Deputy Government House Leader.

Mr. Zwozdesky: Thank you, Madam Speaker. It's been a very, very interesting and thought-provoking afternoon with very much information exchanged on both sides of the House, all of which provided greater clarity for the emolument of all members, and because of that, I move that we now call it 5:30 and adjourn until 1:30 p.m. on Monday, April 25.

[Motion carried; at 5:17 p.m. the Assembly adjourned to Monday at 1:30 p.m.]

