

Legislative Assembly of Alberta

Title: Tuesday, April 11, 2006

8:00 p.m.

Date: 06/04/11

head: **Committee of Supply**

[Mr. Marz in the chair]

The Chair: I'll call the committee to order.

head: **Main Estimates 2006-07**

Municipal Affairs

The Chair: I'd call on the hon. Minister of Municipal Affairs.

Mr. Renner: Thank you very much, Mr. Chairman. It's my pleasure this evening to move the estimates for the Department of Municipal Affairs for the fiscal year 2006-07, and I'm also looking forward to presenting and discussing the three-year business plan for 2006-2009.

Just before I get started, Mr. Chairman, if I could, I would like to introduce some of the staff that have joined us in the members' gallery this evening: Deputy Minister Dan Bader; assistant deputy minister, local government services, Brian Quickfall; acting assistant deputy minister, public safety division, Ivan Moore; executive director, financial and information technology services, Peter Crerar; communications director, Jay O'Neill; and many have met my executive assistant, Richard Westlund.

The Chair: Hon. minister, I was requested to have some introductions before you start. Would that be okay?

Mr. Renner: Sure.

The Chair: Is it agreed to have Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

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

Mr. Lukaszuk: Thank you, Mr. Chairman. It's indeed a pleasure to introduce to you and through you to members of this Assembly a fine group of young people, the 114th Lorelei Cubs. They are today assisted by leaders Mr. Joe Hart, Mr. Scott Wilson, and Mr. Mike Sokoluik. I would ask them to rise and receive the warm traditional welcome of our Assembly.

head: **Main Estimates 2006-07**

Municipal Affairs (continued)

The Chair: The hon. minister.

Mr. Renner: Thanks again, Mr. Chairman. I want to also welcome the Cubs here. I was in Cubs a long time ago. In fact, it was so long ago that I was in Cubs that we still had green uniforms and short pants. So that was quite some time ago.

Mr. Chairman, before I move on to the rest of the report, I was in the process of introducing my staff, and I know that they've heard me say it before, but I want to reiterate how proud I am of not only the executive staff that are with us this evening but all of the employees in Municipal Affairs. No matter where I travel all over the province, whether it be to municipalities, to various associations,

I get nothing but compliments about the professionalism of everybody that's working in Municipal Affairs. I think it is worth noting that this is an organization that really is truly committed to their stakeholders, to our municipalities and to Albertans, and I want to publicly acknowledge that before I go on any further.

Mr. Chairman, I'll start my presentation by providing an overview of the '06-09 business plan. This will illustrate the basis for our spending estimates. Our '06-09 plan hasn't changed much from our '05-08 plan. In most cases it's been fine-tuned to reflect opportunities and challenges that have been identified. We've identified four opportunities and challenges that have affected our business plan.

The first is our relationship with our municipal partners. The ministry has an opportunity to play a significant role in making services provided to Albertans more effective and efficient. The key role to this is enhancing the relationship between government, municipalities, and municipal organizations. The Ministry will be working with its municipal partners to identify ways to enhance these relationships through various mechanisms, such as the Minister's Council on Municipal Sustainability.

One of the challenges we've identified has to do with growth. With growth intensifying in many areas of the province, municipalities are in some cases struggling to address this growth. We've heard from our stakeholders that they want us to work with them to address broad planning and coordination issues. This will help us to both maximize opportunities and minimize disputes.

Tied into this is the challenge of municipal financial sustainability. The rural development strategy hit the nail on the head when it pointed out that while some municipalities are growing, others are facing economic and demographic decline. Municipal Affairs needs to work with other ministries to determine what the province might do to work with these primarily small urban and rural municipalities to assist them in exploring ways to deliver services within the constraints of their resources.

The final challenge that we've identified deals with public safety. The safety of Albertans is a priority for Municipal Affairs, and we're working extensively with our many partners to enhance the province's ability to mitigate, prepare for, respond to, and recover from disasters and emergencies. Part of this process involves completing a risk management which will include all hazards from weather to terrorism to environmental incidents. We will also continue to work specifically on hazards to critical infrastructure as well as high-priority issues such as pandemic influenza and business continuity planning.

Continuing in the public safety vein, the province's safety codes and standards need to continue to be reviewed and revised. This is in response to industry innovation and to ensure that buildings and equipment are constructed and operated safely. An opportunity for us in this area involves working with Alberta's fire service to develop a framework to assist in better co-ordinating the fire service operations across the province. This will provide communities with the option of choosing service standards that most appropriately meet their local needs. With the ongoing support of partners the ministry is committed to addressing new opportunities and challenges, accommodating new technologies, and developing effective solutions to meet the changing needs and priorities of Albertans.

In terms of our strategic priorities our first priority focuses on provincial/municipal relationships. The key here is to work with our municipal partners to reassess and better define the roles and responsibilities of municipal governments and their relationship with the provincial government. Increased clarity regarding roles and responsibilities will enable each order of government to more efficiently and effectively deliver the services for which it's responsible.

We'll also help determine the most appropriate funding vehicles attached to these roles and responsibilities. The role in this case is an understanding that clearly delineates which order of government is best suited for delivering which services.

Our second priority is emergency management. Local and world events have emphasized the need to enhance existing provincial government emergency management. We also need to further develop provincial and local capabilities to deal with major emergencies and disasters. While we have a solid emergency management framework in place here in Alberta, my Environmental Protection Commission's report into last year's train derailment at Wabamun pointed out the need to focus on this for enhancement. The report made several recommendations where we could improve our collective preparedness and responsiveness to emergency situations. Addressing these recommendations is a priority for Municipal Affairs. We will continue to work with our partners to ensure that our citizens and infrastructure are safe from all hazards and that response and prevention activities are planned, practised, and co-ordinated.

Our third strategic priority has been modified a bit from last year's business plan. It's been changed from land-use policies to using and respecting the land, but the goal is still the same: an updated set of land-use policies that are co-ordinated with and supported by affected provincial ministries and municipal stakeholders. We'll achieve this by working with other ministries in the context of land-use framework to ensure that the land-use policies remain appropriate. This will ensure that policies meet the challenges and needs of municipalities and Albertans in a way that balances the interests of all parties.

Our fourth strategic priority is to focus on intermunicipal partnerships. We will continue to encourage and facilitate partnerships involving joint planning, innovation, and common opportunities for things like shared resourcing and the delivery of services and programs. This approach provides opportunities to deliver services more effectively, which will help municipalities make the most of limited resources. Our goal is an increase in the number of municipalities working co-operatively to improve service delivery, including partnerships established through the regional partnerships initiative.

Our fifth strategic priority deals with safety system enhancements. I mentioned the growth that's occurring across the province. Part of dealing with this growth is to review the province's safety legislation to ensure that it's current and responsive to changing needs. This review is already under way and includes a move to introduce harmonized objective-based codes in the building, fire, and plumbing disciplines through national and international code standards.

I also mentioned our work to establish a unifying framework for Alberta's fire services. We feel that this will provide a strong foundation for innovation in the fire service as well as the ability for fire departments to deliver fire services that meet individual community needs. This ties in with our goal of continuing to meet national and international safety code standards.

Our final strategic priority is newly identified and deals with municipal growth pressures. I think you'll find that this issue runs through much of our work in the coming years. Municipal Affairs will continue to evaluate the impact of high growth on municipalities, including infrastructure, land-use service, and revenue needs. This will help us to assist in building the capacity of these municipalities as well as improve the co-ordination of the government's response to growth-related challenges. We want to ensure that high-growth municipalities in the province are better able to anticipate and meet growth-related challenges. This should result in a reduction in the number of disputes caused by development

pressures and help ensure that Alberta's continued economic growth is not impeded by a lack of infrastructure and services.

8:10

In terms of our core businesses they have remained the same; namely, an effective, responsive, co-operative, and well-managed local government sector; financially sustainable and accountable municipalities; a well-managed and efficient assessment and property tax system in which stakeholders have confidence; a comprehensive safety system that provides an appropriate level of public safety; an emergency management program that enables effective mitigation of, preparation for, response to, and recovery from major emergencies and disasters; and in relation to the Municipal Government Board an independent system that administers appeals and issues timely and impartial decisions of high quality. As you've heard, we've set ourselves an ambitious course, and I have no doubt that we're up to the challenge.

So now that we've heard a little bit about our future, I'd like to identify some of the spending estimates attached to our plan. For '06-07 expenses and equipment/inventory purchases we're seeking approval on a total of 140 and a half million dollars. This is an increase of \$13.4 million, or about 10.5 per cent from our '05-06 budget of \$127 million. Our revenues for '06-07 are expected to be approximately \$28.1 million.

Municipal Affairs is made up of two main divisions: local government services and the public safety division. I'll start with the local government services. This division is responsible for \$111.2 million of our total '06-07 expense. You'll note that this is the lion's share of our budget, but with 356 municipalities and more than 1,900 elected officials to support, it's a big job that requires commensurate funding.

Mr. Chairman, \$86.6 million of the division's amount is for grants to municipalities and other local government entities. The final \$24.6 million is needed for nongrant initiatives, which I'll describe for you. Funding for the local government services division supports key initiatives such as supporting the Minister's Council on Municipal Sustainability to explore issues around municipal sustainability and to enhance provincial/municipal relationships; supporting strategic projects related to the evolution of provincial/municipal relationships and provincial/municipal planning co-ordination to support economic and population growth; supporting the municipal excellence program and other initiatives to improve the knowledge of municipal administrators and elected officials; providing improved linear property assessment by using the Alberta linear property assessment system; conducting detailed assessment audits of municipalities to help ensure that municipalities are being assessed fairly and consistently; supporting municipalities through facilitating and encouraging intermunicipal co-operation and self-directed dispute resolution; and, finally, administering the municipal internship program, which works with Alberta's municipalities to train future municipal administrators.

The expense total for local government services is rising to \$111.2 million from \$99 million, an increase of \$12.2 million, or 12.3 per cent. This is primarily due to the addition of interest costs on a loan to Wood Buffalo that was made earlier this year to help with some of the infrastructure needs as well as increases to the grants in place of taxes program, which I'll talk about shortly. In terms of program amounts, specific to \$86.6 million.

Local government services administers the department's five major grant programs for municipalities. The unconditional municipal grants program provides grants to municipalities for their general use and to help offset some of the costs of restructuring municipalities. This program also provides funding for the regional

partnerships initiative. The estimate for this program is \$17.6 million.

The second program is the grants in place of taxes program, which I referred to earlier. This program provides grants in place of municipal taxes on certain property owned by the government. There are currently more than 6,600 properties that fall under this program, including things like the northern and southern Jubilee auditoriums and the new Calgary courthouse. The estimate for this program for '06-07 is \$36.7 million.

Financial support to local authorities funds a number of initiatives in support of municipal associations, mediation, internships, and the ME First energy savings program. The estimate for this program is \$16.4 million.

We also deliver the very popular municipal sponsorship program, which supports municipal innovation and co-operation as well as projects that improve municipal government practices. The estimate for this program for '06-07 is \$13.7 million.

Finally, we have the municipal debenture interest rate program, which subsidizes the interest rate paid by municipalities on certain high-interest debenture borrowings from the Alberta Capital Finance Authority. The estimate on this program, which is being phased out as these high-interest rate debentures mature, for this year is \$2.2 million.

I'm reading this somewhat like an auctioneer because I'm afraid that whoever wrote my notes got a little bit optimistic about how much I could actually say in 20 minutes, so you'll have to excuse me. If it's going a little fast, we'll get into it a little later, I'm sure.

Next we have public safety, which accounts for \$14.7 million of the ministry's estimates. Funding in this division supports key initiatives such as implementing the action plan approved at the January 2005 federal/provincial/territorial meeting of ministers responsible for emergency management. It includes things like establishing a national emergency response system and establishing a critical infrastructure protection strategy for Canada; developing an annual process for conducting a provincial all-hazards risk analysis, which will provide relevant information to provincial emergency management stakeholders with the goal of forming mitigation, preparedness, response, and recovery strategies; supporting the Fire Services Advisory Committee and its project partners in their work on the Alberta risk protocol, the ARP project, which will help municipalities identify risk levels and appropriate levels of response within their communities; partnering with fire departments to deliver the fire services training initiative, which gives firefighters from across Alberta access to high-quality, certified training at regional centres located throughout the province; providing emergency management training to municipal officials and ground search and rescue training to emergency response personnel to enhance their ability to prepare for and respond to emergency situations; and continuing to monitor the Safety Codes Council administration of the underground petroleum storage tank site remediation program, which was created to help municipalities and small retail operators clean up their contaminated sites.

Also part of our estimates is the Municipal Government Board. The board is responsible for deciding property, linear, and equalized assessment appeals. They also deal with a limited number of subdivision appeals, annexations, intermunicipal disputes, and other matters referred by myself or by cabinet. The estimate for the Municipal Government Board for '06-07 is \$3.1 million, which reflects their commitment to hearing and issuing decisions within the legislated time frames despite increasing volumes and greater complexity in appeals.

Finally, we have ministry support services, which provides the two divisions as well as my office with legal, financial, information

technology, communications, human resources, business, and administrative support. They're a hard-working group, and the '06-07 estimate for this area is \$10.4 million.

I hope I've been able to clearly illustrate to you what it is that Municipal Affairs does and how we plan to make use of our estimated budget for this year. We have a very strong business plan as well as a variety of excellent programs and initiatives, and when you combine the two, you will see that we are indeed working towards Municipal Affairs' mission, which is to "ensure Albertans live in safe, well-managed communities . . . served by open, effective, accountable and well-managed local governments."

With that, Mr. Chairman, I'm pleased to answer questions.

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

8:20

Dr. Taft: Thank you, Mr. Chairman. I thank the minister for his rapid-fire comments there. He delivered them right on time, and I'd better watch my own time here.

The minister and I and probably everybody pretty well in the Assembly will agree that this is a very important department, that the structures we provide for municipalities to manage their responsibilities, to indeed manage their destinies is so important. The tools they have, the supports they're given, the resources they're provided to do the job are vital.

Our caucus has travelled extensively around Alberta this year, and we've visited, of course, the two big cities. We're in Calgary extensively. I'm in Calgary almost weekly, sometimes two or three times a week. We've gone to all of the sort of middle-sized cities: Grande Prairie, Red Deer, Medicine Hat, which is the hometown of the minister, and Lethbridge. I'm going to reserve some special comments for the regional municipality of Wood Buffalo and Fort McMurray in a moment. Of course, we're going through the smaller cities like Olds, for example, and Lloydminster and all the many smaller cities and towns constantly. Just yesterday I was in Hinton and Edson and Spruce Grove and Stony Plain and so on and, of course, enjoying all the counties and municipal districts in between.

We're meeting with many, many of the councillors, sitting down listening to them, as the minister does, and learning what their concerns are and what their success stories are, and there are some wonderful success stories that I really like to encourage. I'm most impressed, for example, with the efforts of Red Deer city council to eliminate homelessness. I think they've set a goal of zero homelessness in Red Deer by the end of this decade. I think that sort of thing is terrific. I do note that a number of Alberta cities – Calgary in particular and, close behind, Edmonton and a number of other Alberta cities – have been listed as some of the best cities in Canada and for a couple of places in the world on a couple of lists.

Mr. Renner: Lloydminster.

Dr. Taft: Yeah, Lloydminster is another one – that's right – the minister points out.

So we have lots of success here, but there's no question that there are some enormous challenges. I did say a moment ago that I wanted to reserve a special comment for Wood Buffalo and Fort McMurray. I'll go there right now.

In the last year I've been up there three times. Almost our entire caucus was up there two weeks ago today and yesterday, and other MLAs have been up there repeatedly. Fort McMurray and the regional municipality of Wood Buffalo, like every part of Alberta, face challenges of growth, but having been up there a number of times, you can feel the difference in the stress that the growth faced

by Fort McMurray is imposing as opposed to the growth in any other part of Alberta.

I was telling the people of Fort McMurray, the city councillors and the school trustees, that they have as much as anything a communication problem to communicate to the rest of the province how big their challenges are. I toured Syncrude last summer. We toured Albion sands a couple of weeks ago. These are projects. The Albion sands project outside Fort McMurray was a budget of I think about \$6 billion for phase 1. I told them that people don't understand what \$6 billion is. You've got to communicate that because other municipalities, as much as they're facing growth, aren't facing that kind of growth.

I thought about it for a little while, and I called back to our research staff. I said: what's the value? What's the value of the Calgary skyline? What's the replacement cost of that photo you see of the Calgary skyline with the Calgary Tower and Bankers Hall and the Petro-Canada tower and so on? You could replace that skyline. You could replace all the class A office space in Calgary for less than one phase of one oil sands plant, for less than \$6 billion. The total investment in downtown Calgary, which is going through an oil boom in the last 10 years, is barely half of \$6 billion. It's barely \$3 billion.

When Fort McMurray talks about the challenges they face, they're facing the challenge of something like 10 Calgary downtown skylines being built over the next decade there supported by an infrastructure built for probably 60,000, accommodating 75,000. That's not happening anywhere else in Alberta. That's not faced by the people of Red Deer or Medicine Hat or Edmonton or even Calgary.

So I have tremendous respect and sympathy and understanding for the challenges faced particularly by Fort McMurray and Wood Buffalo, and I would encourage this minister to look at special means beyond just a loan. I think it's a \$130 million or something loan for the city of Fort McMurray, which drives them further into debt. I think that they are now per capita the most indebted municipality in Canada. We need to go beyond that, and we need to recognize that that region is in a league completely separate from anywhere else in this province, in this country, and we need to rise to that challenge.

I also sometimes get concerned because as we go around talking to councils, you hear the rivalries, and you sometimes hear resentment even. I hear people say: well, the rest of Alberta is sucking money out of Calgary to pay for school facilities or this or that or the other thing. When you go to rural areas, they say that the big cities are sucking the oil wealth out of these areas to build those big office towers and so on. I would ask all of us to remember that we're in this together as Albertans, and it's not just a matter of rural areas sucking the wealth out of the big cities or the big cities sucking the wealth out of the rural areas or what have you. We're all in this together, and we need to come together as Albertans and, indeed, as Canadians. If we do that, we can achieve remarkable things.

The challenges that we hear about from municipalities of various kinds across the province frequently stem from growth pressures. The minister himself made a particular note of the growth pressures facing the cities, and those pressures turn up in the form of labour shortages. Again, the most extreme case is probably Fort McMurray, where they've had to approve a work camp inside the limits of the townsite of Fort McMurray in order to attract labour to work on municipal infrastructure, but that's true in Medicine Hat too. There are labour shortages and challenges in Medicine Hat and in Lethbridge and across the whole province that's having inflationary pressure on municipal governments, particularly their infrastructure demands, and it's causing various other challenges for them directly and indirectly.

The infrastructure problems and challenges faced by Alberta are immense. This government is taking some correct steps. We need to consider the possibility in the Wood Buffalo region of just biting the bullet and saying that this is a city that all odds indicate will be 125,000 people in the next five or six or seven years; let's get on today with building infrastructure for a city that size so that by the time the infrastructure is built, by the time sewer treatment and water treatment and roads and recreational facilities and so on are all there, the population and the scale of the infrastructure will meet because right now we're years behind, and we're always aiming too short. But infrastructure challenges plague cities and towns and municipal districts across the province. Calgary struggles. Edmonton faces big challenges as well.

Another thing we hear about a lot – and the minister mentioned these – although I would like the government to move much more quickly and aggressively on this, is the need for a land-use strategy. The conflicts between one form of municipal government and another – Red Deer city, Red Deer county; Grande Prairie city, Grande Prairie county; Calgary, Rocky View; et cetera, et cetera – are destructive. There's not a systematic way to manage them. There's not a clear set of rules. There's not any real strategy in place province-wide that imposes a set of rules and a structure for municipal districts to sort these issues out, to say: here is appropriate land use for Rocky View, and that's not appropriate for something else. So we need to work very hard on accelerating the government's efforts on land-use strategy. There are models to follow. These are issues that have been addressed in U.S. states and in a number of other provinces. We're behind the eight ball. Let's get out in front of it.

8:30

There are some other particular issues. I mentioned Red Deer city's goal of eliminating homelessness. I wish that all municipalities would get serious about that goal. I am concerned with the extent of homelessness that I see now, for example, when I'm in downtown Calgary, where I am, as I mentioned earlier, very, very frequently. It's a problem in that city. It's a problem in this city. It's a problem in Grande Prairie. We need to get serious about homelessness.

We need to get serious about policing. We need to revisit and continue to revisit – and the minister isn't the only one responsible for this – policing issues and policing funding formulas for municipalities.

There are water challenges of various kinds, both drinking water supply, regional water systems across municipalities, and water treatment/sewage treatment challenges.

Recreation challenges. Living in the neighbourhood I live in and representing the constituency I represent, the river valley flows right through the constituency, and it's within a few minutes' walk of my house. There was a time when that was a leading park globally. I'm sad to say that too often now as I walk through the river valley park in Edmonton, it looks shabby. The pathways aren't in good repair. The fences aren't in good repair. There's too much litter. By and large the facilities are now years and years old, and that's a problem.

There is incredible opportunity, though, as well, and I'd love this government to seize the opportunity. I would love, of course, to lead a government that seizes those opportunities. The River Valley Alliance, that proposes a wonderful park system from Devon through to Fort Saskatchewan, needs to go ahead. Let's get on with that. Let's recognize that that's a wonderful asset that touches many municipalities and would help them all. That same kind of thinking needs to be brought to municipalities across the province, whether it's Fish Creek in the south or development of Nose Hill or development of parks in Grande Prairie or where have you.

Arenas as well are a challenge. We far too often see our arenas overtaxed, overused. They're pushed to the limit, operating at midnight or later, not just for ice hockey but for lacrosse and, of course, for indoor soccer. Why is it that we can't provide enough arenas for our citizens?

Finally, I will mention the arts in general and the huge role that the arts play in making our towns and cities special places to live, adding the richness to urban life that takes it from being just existence to having purpose and pleasure and beauty. Our support for the arts in this province lags terribly. It's an embarrassment, and it needs to be corrected. We could do so much with relatively little in Alberta through stronger support of the arts.

That's kind of a broad oversight of some of the issues, some of the challenges, some of the opportunities that we see for municipalities.

I'd like to turn specifically, as the clock runs down on my time here, to some questions. Perhaps first and foremost on the minds of many municipal councillors are questions around taxes and tax opportunities. They often speak about the need for more tax tools. There's discussion of various options. You know, we've all heard the calls of one degree or another for the province to abandon the school property tax and open up tax room for municipalities. We're not in favour of an entire abandonment of the school property tax. A hard cap at the 2004 level, \$1.2 billion as I recall, would be an outstanding step and then a gradual rollback but not a complete elimination.

My question to the minister – and I think he's probably prepared or willing to engage in a little bit of back and forth. This is such a fundamental question. What options has this government considered and either is still considering or has eliminated for providing municipal governments with more tax capacity or tax ability? Do you want to respond to that? And then I'll ask a few more questions.

Mr. Renner: I'm more than happy to answer the question. I just want to address a few of the comments that the hon. Leader of the Opposition brought forward in his discussion. I think he makes some good points, and there are some areas that I want to just briefly discuss.

He points out, and quite rightly, that there are challenges. Municipalities throughout the province are facing challenges. Some are facing challenges related to growth. Others are facing challenges related to the lack of growth and a declining tax base and declining infrastructure. To some extent it maybe could be accused of spin, but I prefer to think of these challenges more as opportunities. When we identify where there are challenges, rather than looking at these as impediments, as barriers, let's see if we can see them as opportunities, find some ways that we can actually engage in and create success out of these opportunities. Let me give a couple examples of that. There was a good deal of discussion around Fort McMurray, and no one can deny that there are tremendous "opportunities" in Fort McMurray, very real challenges.

Before I forget, I want to acknowledge that the MLA for Fort McMurray certainly has kept this minister and all ministers more than aware of issues related to Fort McMurray. Like many other ministers I've had the occasion to visit Fort McMurray on a number of occasions.

There are some things that we can do. One that the hon. member referred to is bridge financing. Let me talk just a little bit about debt and debt limits and the concept here. As the member quite rightly pointed out, Fort McMurray is growing at such a rapid pace that to provide infrastructure for today's population is almost redundant. By the time it's completed, it's obsolete. You really do have to build into the future. There is the fact that municipal infrastructures, particularly rate-based infrastructure like water and sewer and those

kinds of investments, are self-sustaining, and they needn't be part of the overall debt structure of a community. Yes, they're part of the debt, but they're not tax-supported debt. They're rate-supported debt.

The difficulty that you have when you overbuild something is that today's ratepayers can't afford to pay for what tomorrow's ratepayers essentially will be paying for. That's the reason that we go with bridge financing. We provide the necessary funding to make the significant investments today. We defer the need for capital repayments against that loan. We also cover – and it's included in my budget – the interest on that loan, and that's deferred for a period of five years. During that five years the project is completed. The population has increased. Then the rate-supported debt is quite within order. They're in a similar situation to any other municipality that's dealing with rate-supported debt from utilities. So I think that there is a reasonable plan in place there.

8:40

The other thing that I've said when I've met with the council in Fort McMurray is that there's a unique situation in Fort McMurray in that they are a community that will basically be created over a period of 10 to 15 years, and ultimately they could well become the third-largest city in the province of Alberta. They will certainly rival Red Deer, Lethbridge, and Medicine Hat. They're already there now, and there's no doubt that they will exceed those populations. But those other cities had 75 or 100 years to develop all of that infrastructure that the member talked about, parks and recreational facilities and all of these kinds of things. Through that 100 years there have been various provincial and federal programs that have assisted municipalities to develop that infrastructure, albeit a little bit at a time, but over a period of time most municipalities have been able to provide a lot of those kinds of facilities.

I've suggested to Fort McMurray that that may well be something that I can do on their behalf, to put together an inventory of this kind of infrastructure that would be comparable to places like Red Deer or Lethbridge or Medicine Hat that is lacking in Fort McMurray and then have a look at how the infrastructure in these other communities was financed and work with them on that. Some of it was financed through local taxes. Some of it was financed through various grants, through various contributions from the private sector.

I think that a case can be made and will be made that this is something that the provincial government should very seriously consider along with the federal government in dealing with an emerging new community and bringing that emerging new community up to the similar kind of standards that the existing communities already have. It's fast-tracking all of this funding that formerly took place over 50 years and putting it all into five or 10 years. That's the reality that we're facing in Fort McMurray. So I think that there are some opportunities for us to work with to deal with these challenges, but we have to look at it through some more innovative ways.

On the relationships that the member talked about, there's no doubt that we are having an increase in the number of intermunicipal disputes. Many of them have to do with land planning issues. Many of them, frankly, deal with the almighty dollar and who's going to get assessment and tax revenue on what and who's paying for whose residents to do this. I think this is another reflection of the tremendous amount of growth that we've experienced here.

We had a system in place in years past, regional planning commissions, that dealt with the planning side of things. Frankly, the regional planning commission system didn't work very well, and I certainly don't think it would work well today at all because the concept of a regional planning commission was that rural areas should serve as land banks for the gradual planned growth of urban

areas into greenfield development. A message that I've been sending to municipalities – and it's as a result of the changes to the Municipal Government Act in 1995 – is that all municipalities are now equal. There is no definition in the Municipal Government Act of urban and rural municipalities. Every municipality has the right to grow, and they are exercising that right. What they don't have a right to do is to impede their neighbour's right to grow, and that's where we're running into some of these conflicts.

We do have something in place now that's called an intermunicipal development plan. They're optional. Under legislation they're one of those that municipalities may enter into. That's something that I think we need to have a good look at, and I've actually floated the idea with some municipalities, to find out if there is a way that we can incorporate something like an intermunicipal development plan and have it with a little bit more teeth than an optional program. As soon as something is optional, you also run into problems in resolving disputes and enforcing something. So that's something that we'll be looking at.

That leads me to the Minister's Council on Municipal Sustainability. Now, that's the council that I've had the members here in the Assembly and introduced them. Everyone on that council is very excited about the potential that we have to solve some of these issues that we've been discussing tonight. We've got the mayors of both large cities, the mayor of Edmonton, the mayor of Calgary, along with the president of the AUMA, representing the urban municipalities, and the AAMD and C, representing the rural municipalities, as well as myself, so it's a council of five. Those five members have taken on a number of different working groups. We will very shortly be taking those working groups out into the broader cross-section of both public and stakeholder discussion to deal with these very issues, one that the member referred to: opportunities for municipal revenue sources. That gets specifically to the question that you asked. Long preamble.

At this point I am not constraining the council to explore any sources. As long as we have a full discussion, I don't see anything wrong with discussing something. I'm not saying that at the end of the day we're going to accept everything, but I think we have to have a full and thorough discussion not only with the municipalities but with taxpayers. So there will be discussion on additional sources of taxation that have been discussed in the media, primarily by the mayor of Calgary but by others. By all means, the school tax issue is part of this on how we could implement some kind of a phase-into for municipalities, phase-out for the province. There are all kinds of things that we can discuss.

One of the working groups is just looking at the revenue side, total and separate from the expense side, because the expense side is another working group. That's the roles and responsibilities. That's the part that's critical. Until we define what the roles of municipalities are, what the responsibilities of municipalities are, how much it should reasonably cost to run a municipality, I believe it's pointless to start to match up the various sources of revenue. It's somewhat like: we'll just keep throwing money at it until the problem goes away. Well, if we haven't identified the problem, we may never have enough money. So we've clearly said that the roles and responsibilities have to be done in conjunction with.

The third major working group that we have is the relationships group. I'm very, very pleased that that consists of the mayor of Edmonton working in conjunction with Don Johnson, the president of AAMD and C. They're working on this whole issue of relationships and how we can put in place the necessary procedures so that municipalities can work together, can get into regional – not regional governance. Let me make it abundantly clear that I am not saying that we should be forcing amalgamations on people. What I've

consistently said, ever since I became minister, is that I think that there really are some opportunities for regional delivery mechanisms. I see, for example, around the city of Edmonton here St. Albert buses, Edmonton buses, Strathcona buses, all driving around in downtown Edmonton. It seems to me that there should be some efficiencies in having some kind of a regional transit system.

Those kinds of things I think can be very seriously explored in addition to the other area that the member talked about, and that has to do with recreational facilities and how we would have a look at how we deal with those kinds of facilities. Again, what is the role for the province, what is the role for municipalities, and how can municipalities, particularly those that are coterminous, put some of these things together? The river valley project that the member mentioned sounds quite intriguing. I haven't heard a lot about that project, and I would like to hear more. I'm sure that there are many, many other projects that are similar.

We do have success stories. We have municipalities that will come together, put in multi-use facilities, and have two or three municipalities that work together on a project. They're not constantly fighting, but we need to – and I think that's the role of Municipal Affairs – put in place the incentives and the opportunities that municipalities should be encouraged to find a win-win solution. It's to their advantage to work together to form partnerships. I think it's to their advantage, and it's to Albertans' advantage if we get them doing that.

So I hope that answers your question, and I'm certainly prepared to deal with anything else.

8:50

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

Dr. Taft: Thank you, Mr. Chair. Thank you. I appreciate the minister's comments. I was hoping for something more specific on the list of possible tax tools, but the explanation I got is that you're going to be waiting for the council or the committee to put those to you. I hope it doesn't take too long.

I'll go through just several other questions that the minister can note as I go through them. While we're still on funding, we hear, not just from municipal councils but from all kinds of organizations, tremendous frustration over the one-year planning cycle. I wish that it could get stretched out to two or three years so that some of the inefficiencies of just getting one budget and one round of reporting done and having to turn immediately to start the new one might be improved so that there's longer term stability and reliability on provincial funding. I'm wondering if there are any plans by the minister or the government to develop a more stable and predictable funding framework, such as some kind of a three-year budget cycle that was very solid as opposed to just the current business plans, which are, frankly, unpredictable from year to year.

The question of ambulance support comes up as we go around. There's still uncertainty around how that's going to play itself out. It's a complicated issue although it's been on the government's agenda for some years. So I'd be curious for this minister's perspective since municipalities are one-half of the equation along with regional health authorities – then there are in some areas, I guess, third parties getting into ambulance service as well – any elaboration he can provide on the progress and direction to the transfer of ambulance services or not from municipalities to regional health authorities.

The minister talked and replied to my comments about land-use planning, and we all recognize how crucial and urgent that is. I'll be interested to see what ideas come out of the committee on sustainable municipalities. I can't remember the exact title but something like that.

The whole notion of smart growth. I personally am coming to the conclusion, as I read more and more, that environmental issues are going to be overtaking us in ways that we have not experienced in the past. Climate change, for example, and pressures to reduce energy consumption, to reduce urban sprawl, to protect land and water, wetlands, all of that; I think those pressures are going to become absolutely immense in the near and middle future and will be permanent.

So we might as well, in my view, anticipate that and really get focused on smart growth and reducing the impact of urbanization on the natural environment, doing things like the minister spoke about: supporting urban transit systems that really work well. Every great large city in the world has a really outstanding urban transit system. We're getting in that direction in Calgary, ironically a city that's also incredibly spread out, but we need to go further, and I think we need to make plans and then fund those plans with some real leadership from the provincial government.

Water links into the issue of smart growth, and I'm wondering if there's been effort and attention paid, for example, to using watersheds as planning units in municipal planning and land-use issues because they define so much of the nature of development and land and use and that kind of thing.

A different concern around environmental impact comes from the petroleum tank program, which has been on the government books for some years now and I think had the right idea behind it. Am I correct in saying that there's no more funding for the underground petroleum tank storage remediation program? The minister is nodding yes, and I think that is a real shortfall. As I go around this province, the number of abandoned petroleum sites that I see, far too often in prime locations, is a problem. It's a blight in some of our cities and towns. I think this government needs to show some leadership. I look and have to ask, at a time when many petroleum companies are making enormous profits, why the public has to carry so much of the cost and the burden of contaminated gas station sites, and there is any number of those in Edmonton and Calgary and other locations.

I have also made a point of talking to owners of small gas stations who are really struggling because they can't dispose of their businesses. They can't sell their businesses because of the contamination, and the petroleum tank remediation program no longer exists. I would encourage the minister to take a serious look at this program and at least consider ways in which the petroleum industry can be held accountable for sites which it used to draw enormous profits for many, many years. It's a concern, and I could go into dramatic, vivid examples, but I won't elaborate further, to give others a chance to jump into the debate.

The minister talked about emergency preparedness and emergency management responses, and I think I'd give him marks for acknowledging that there were real problems exposed through what happened at the Wabamun spill. We need to learn from those because there will be other spills, there will be other environmental disasters and emergencies, and we need to be much better prepared next time.

It is astonishing to me, actually – after the Wabamun incident I began thinking about this. There was an irony there. I had just arranged to spend a week holiday at Lake Wabamun when this spill occurred, and my holiday went up in smoke because I ended up at any number of meetings with the Member for Edmonton-Gold Bar and others. Afterwards I thought about the amount of train track in this province that runs by water, by lakes and rivers, and it is a miracle, almost, that we haven't had more of those kinds of emergencies and potentially much worse. You know, if that spill had occurred along a river, where the oil was washed downstream into intakes like in the Bow River valley upstream of Calgary, we could

have had a very much more serious problem. So we do have to be ready, and I will support the minister's efforts in improving emergency preparedness in this province.

I will send the minister information on the River Valley Alliance. It's quite an extensive plan. It's being developed for the North Saskatchewan River valley, so I'll make sure that the minister gets that information.

I'm just looking through my own notes here, and I'm thinking that while there are many, many issues on municipal grants and a whole host of other issues, I'll leave some of those for other members to take up. I gave the minister several questions there. If he can respond to those now that would be great, and he can also respond to them in writing.

Thank you.

The Chair: The hon. minister.

Mr. Renner: Thanks. Well, those that I don't get a chance to respond to early, I will respond to in writing. First of all, I want to talk a little bit about the timing of the minister's council. The Provincial Treasurer actually alluded to it in question period this afternoon in that we made it very clear that there is a relatively short timeline. We would like to have the information, recommendations, through the minister's council by late this summer. That allows us to then move into our government planning process this fall, with the intention of having any possible legislation that's required for implementation introduced in the spring session of 2007, about a year from now. So that's roughly the time frame.

9:00

Now that being said, with issues such as the education property tax, one thing that I have said that doesn't often get reported is that when the government is in a position to consider significant tax cuts, I want to be the minister at the front of the line with the solution that says: Finance minister, here is how you can do it. Let's not forget that the Municipal Affairs minister is going to be competing with a number of other ministers. We hear often from individuals saying: well, why don't you get rid of the health care premium? There are all kinds of suggestions on ways that the government can cut taxes, but if we're going to do this and we're going to do it responsibly, it cannot be a one-time tax cut. We can't do it for one year and then go back on our word in subsequent years. So this has to be something that we can be relatively assured is sustainable in the long term.

I really do think that the only way that we're going to be successful in transferring any significant amount of education property tax from the province to the municipalities is to have a win-win-win. There has to be a win for the taxpayer because the average taxpayer isn't going to see it as much of a tax break if they just write the cheque to a different government. So there's going to have to be some way for the taxpayer to save some dollars in this. There's also going to have to be some way that the province is going to benefit from this. Otherwise, I don't have the advantage that other ministers have when they're standing up with their tax-cut proposals. So I'm looking for that win-win-win, and I'm hoping that we can get there somehow.

The one-year versus three-year. We have a three-year business plan, and albeit there is some flexibility, particularly in the third year, I think we do an amazing job of trying to stick to the three-year business plan. Most of the discussion, when it came to putting together this business plan, was related to the third year, not the first year, because we were basically bringing that forward from the previous business plan. Municipalities also have an opportunity to

work in three-year business plans, and some of them are beginning to do that now. I think that it would benefit the municipalities as much as anyone if they would also convert their operations to a three-year business plan.

The Chair: Hon. members, the side conversations are getting fairly loud. I'd appreciate it if you would settle down.

Mr. Renner: The ambulance I can't really comment on other than, as the member knows, the grants for ambulance have been extended for one year. That is the responsibility of the Minister of Health. I have not been advised on what her plans are. Obviously, as Minister of Municipal Affairs I'll be working with municipalities to assist them in whatever transition there happens to be, but I'm not in a position to advise the member tonight on where that is leading.

The land planning. A comment was made, and I've heard it repeatedly, that we have to be concerned about urban sprawl. I don't deny that we have to consider what the impact of unrestrained urban growth is, but I've suggested to some that we don't right now have as much problem, in my opinion, with urban sprawl as we have with urban fringe development. The rural areas, I think, are as much to blame as the urban areas because we're seeing such a huge proliferation of development in that urban fringe area. That is also putting pressure on the relationships. We've got to deal with the urban situation, but we can't overlook the fact that the rural municipalities need to take some of the responsibility and accept some responsibility for this development as well.

Let me just briefly comment on underground storage tanks. The member is absolutely right that this is a program that ran out of funds before it ran out of underground storage tanks. There is an ongoing demand, and should another source of funding become available, I'm more than willing and my officials are more than willing to carry on with the program. We haven't been able to identify that source of funding.

Let me also make something very clear. A number of the sites that we see around the province are owned by small businesses and small retailers, and those are the ones that this program was designed to assist. I'm hoping that at some point, whenever that happens to be in the future, we're able to have a similar program to assist these same folks. We never intended and I certainly would not anticipate any future programs to be intended to assist the major oil companies. The expectation is that they would look after their own.

The problem is identifying the small retailers. It's fine to say: well, the small retailers can't afford it, and big oil companies should look after it. With some of these small retailers it's just about impossible to identify which of the oil companies should be responsible. Once we've been able to deal with the small sites, once we've been able to deal with the municipal sites, then I really think that we can start to put some pressure on the large oil companies to deal with their own sites. There are a significant number of retailers that were and continue to be owned by the major companies. Those ones this program does not deal with. Those are the ones that I would really like to put some pressure on.

In this world you can't identify and say: if you're big, you must clean it up; if you're small, you get to wait. So that puts all that much more pressure, I think, on our department and our government to find some alternative funding of some kind to deal with these small sites, to deal with the individuals, many of whom acquired property that they didn't even know had tanks involved with them. We do need to deal with those, and once we have dealt with those, I'm going to be working with my colleague the minister of infrastructure to put some additional pressure on some of the larger oil companies to clean up their sites because we do have some signifi-

cant problems, particularly in the downtown cores of small-town Alberta. Much of those are sites that are owned by the larger oil companies.

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

Mr. Martin: Thank you, Mr. Chairman. I have a few comments and some questions as we go along. The minister was talking about sustainability. There's one thing that I think is a pet peeve of mine, having been on the public school board. I'm not sure what we can do about it, but I think something has to be done because in many parts of the world they aren't realizing that this is a problem, even in the United States. I'm talking about urban sprawl, especially in our two major cities, Edmonton and Calgary.

For all the reasons that we can talk about, the environment, farmland, what often happens – and this is what puts some pressure on these major cities – is that developers want the expansion. The expansion goes further and further to the edges of the city, and then there's a demand for all the services almost immediately. That comes in terms of schools; it comes in terms of the other services that people want. The city governments are unable to deal with this.

Of course, around Edmonton we have, you know, the competition. The minister alluded to it, that it would be better if we could cooperate and work together on this. Even in the United States they've realized that they've made a mistake with sprawl. Certainly, Europe has learned this lesson. We may think that we have all this land use forever, but we're going to have to come to grips with land use. I wonder if the minister has any thoughts about that and thoughts about what is happening in terms of urban sprawl. We talked about Fort McMurray. I can tell you that on the school board that created a real problem. There was the pressure then: oh, well, you've got to close schools down in the inner city. That leads to, you know, decay in the inner city, which is to nobody's benefit because the population is going out there. So I think it's a serious problem in the two major cities, and I would certainly be interested in the minister's reflections on it.

9:10

Of course, we have mentioned it to the minister of infrastructure, and Municipal Affairs is involved in that. We know that we have – and the minister has alluded to it – an infrastructure deficit. Again I would argue that we got preoccupied with the economic deficit and forgot these other things. So we are playing catch-up to some degree, Mr. Chairman.

I go back to the question period today about the education tax. I'm not going to spend a lot of time on this. I think there was a perception at least before this minister that that would at least be frozen at some point. I know that we can say that we've cut the increase, but the fact is that it's still a 2 per cent increase. That is an irritant to the municipalities, as the minister is well aware. He's talked about it. With all due respect, the minister is talking about – and he's right – that you can't take a tax and cut it one year and bring it back the next. It has to be sort of looked at as a permanent solution. I agree with that, but I would also suggest that in this latest budget we give out roughly \$370 million in an overheated economy to a corporate sector that is doing very well, thank you very much. That is money that could have been used, I think, to help out in certain tax breaks like the minister was talking about.

You know, when we get into it – and I'll just allude to it; the Leader of the Opposition did too – I don't know what the answer is specifically, but the minister said that he had a committee, I believe, set up to look at the whole revenue side of it. I take it, then, that that committee is looking at some form of revenue sharing if possible, or

they're looking at all options: gas taxes, whatever. I think he mentioned that there were five people on it: the two mayors of the cities, the presidents of the AUMA and the rural municipalities, and the minister. I wonder if he could just expand on that a little bit if there are some options that they are looking at. Revenue sharing – and there are various forms of revenue sharing; it's a term that we throw out – has been in the discussion phase for a long period of time. Municipalities would like – and the minister is well aware of this – some avenue so that they're not always coming cap in hand to the provincial government, some form of revenue sharing that's theirs so they can budget. I take it that that's what that committee is looking at, so if he could expand on that.

Just a few questions and then a few more comments if I can. I was just sort of curious about the increase in financial support to the local authorities. I believe that that's up \$9.5 million. What I'm curious about, of course, is: what is this money being spent on, and why such a large increase when last year's forecast is well below the budgeted amount? Last year it was forecast at \$6.9 million, and the budget allowed for \$9.6 million. Now we're back up to \$9.5 million. So some explanation of those figures: \$9.5 million last year, but we only spent \$6.9 million. I guess I'm wondering if that's the same situation. Why the overbudget?

I want to talk just briefly about the emergency preparedness of municipalities. It seems to me, Mr. Minister, that we consistently underestimate the amount each year that will be needed for disaster recovery. I know that last year was exceptional. I think that it was \$170 million plus last year, but if we look back – correct me if I'm wrong – we underbudgeted beyond reasonable anticipation. I'm wondering if it is not in this case better – and I hate to say this across the board with this government – when we're dealing with emergencies, to overbudget rather than underbudget each year.

The other question to respond to. The Environment ministry took most of the criticism raised for the government for the Wabamun response, but I would be interested in the minister's comments. Did we learn from this? How does the minister respond to criticism that citizens involved in the cleanup didn't know that toxic substances had been released for five days, and what role did this ministry play? Most of the discussion, I know, was with the Minister of Environment, but it goes over two ministries. I'm wondering: what role did this ministry play in response to the Wabamun disaster? Have they learned anything? What role should this ministry play if something like this happens in the future?

The other thing deals with emergency preparedness. There's been a lot of discussion in this Legislature, Mr. Chairman, about coal-bed methane. It's a serious source of concern for public safety, and I wonder if the minister has some responsibility or is working with the other ministries in terms of some potential problems there. At least some citizens are talking about it, and it would seem to me that if there is a serious problem that it would again fall partly into his department. It stands to reason that with increased development there's going to be increased risk. Given that there is increased oil and gas development within or near municipalities, the question I'm asking is: are we going to increase and not just maintain municipal safety? What are the plans if something serious happens again?

On a little more positive aspect they like to talk about the ME First program, Mr. Chairman. The ME First program was launched in September 2003, and it's a great idea. ME First is a four-year, \$100 million interest-free loan program administered by Climate Change Central that is designed to help municipalities. My understanding is that it is to achieve energy savings, reduce greenhouse gas emissions, and replace conventional energy sources with renewable or alternative sources. I would say that that's a very good idea, and I'm glad that the ministry is doing this. I might say to the

minister that perhaps it's time for an expansion of this program. I think it comes to an end in 2007. I would hope that we're looking at expansion of this program beyond that deadline.

I'll just throw out that maybe we can look at the United Kingdom. What they're doing is similar. They have a more expanded program. Obviously, it would be more money, but hopefully in the long run it would save money. In the United Kingdom they include individuals' homes and business owners, not just municipalities. They're helping public buildings such as schools and churches as well as private residences to buy equipment such as solar panels. By subsidizing the mass purchasing of such equipment, the British government hopes not only to decrease harmful pollution but drive down the costs of such technologies by driving up demand and therefore supply. It's good for the environment, and hopefully it could be something that is economically beneficial for the province. I think we've got the right start here with the hundred million, so I would ask the minister if they're looking at expanding that, similar to Britain and all the things that they're doing, to other public buildings and also if that deadline could be extended beyond 2007. I think this is something that is a very good first start, and I commend the ministry for doing that.

9:20

Of course, while we're on sustainability, I think we all realize that the more public transit we have and other infrastructure designed to lessen automobile use – that could also be included in the program. Automobile exhaust represents a major and growing source of not only greenhouse gases but also pollution. Now, I know that you're not going to get everybody out of their cars overnight, probably most of us, but I think this program could be the start of a catalyst in terms of that direction, the ME First broadening. Just a suggestion to the minister that we take a look at it.

I guess that while I'm asking that, does the minister expect to increase the amount available for the ME First program in looking at some of these other suggestions that I'm making? I think it could be a very, very powerful program and a very good one, and I think there are examples of where it has been expanded, as I said, in the United Kingdom that we could take a look at.

Ambulance service was mentioned by the minister. This has created a problem, I recognize. A few weeks ago there was a discussion in the House about a motion brought forth by a government member, Motion 504, calling for and encouraging municipalities to "provide minimum standards of fire, rescue, and recovery services." It's a good idea, but it made no provisions for additional government funds for these services. You can't do that without the government funds.

This became a political issue, as the minister is well aware, in terms of the ambulance system in Edmonton. The figure that comes to mind is \$55 million, and then they backed off, and now Edmonton has serious problems with their ambulances, growing pressure. I know that it's probably true in Calgary and others; I'm just more aware of it in Edmonton. I have it here that in Edmonton the present paramedics union is warning that if things continue at this pace, patients with non life-threatening conditions may soon end up waiting for up to 45 minutes for an ambulance.

Now, the city of Edmonton has responded. Mayor Mandel is now prepared to go halfway and suggests that council should spend \$1 million to hire 11 paramedics. But, again, I think there's some responsibility here. Certainly, with the government announcing they were taking it over through the health regions and then backing off, now it's created, I think the minister would recognize, problems in the cities. That comes from other monies that they would be taking from other areas. So I wondered if the minister would comment on that and if there's anything down the way.

Mr. Chairman, to conclude, because I think there are other people that want to get in, I'll just come back to where we started and talk specifically about the revenue sharing. There's got to be some way. I recognize that the province gave \$3 billion for infrastructure over a three-year period across the province, but with all due respect that's, again, catch-up. The ministry, I believe, just as part of the budget announced that \$10 million to municipalities, and I think they appreciate it, but when you look at 123 municipalities, it's not going to solve a lot of their problems. I'm sure that they receive it and will take it and will use it very valuably, but I think we have to look again at a more sustainable area. Maybe revenue sharing is not the right word, but some way that they can organize their own affairs without having to come cap in hand to the government.

I hope sincerely, Mr. Minister, that the committee that you're working on does come up with some good suggestions and that we can get it through this government because, frankly, that's another level of government. They can handle their own situations well. They have elected people that can run it, I'm sure, just as well as we can the Legislature, but it would be easier for everybody if there was some way that that can be done. So I wish the minister luck. That could be a very important committee, and I hope that they do come back with some form of revenue sharing that will work.

Thank you, Mr. Chairman.

The Chair: The hon. minister.

Mr. Renner: Thank you, Mr. Chairman. I'm going to go through most of the questions, some of which I will refer the hon. member to my previous answers, specifically with respect to sustainability and land use. I don't know that there's a whole lot more that I can say there.

On the issue of school tax. If I understood correctly, the member was suggesting that there are some opportunities that were in this budget with respect to income tax that perhaps could have been applied to the property tax. I guess it's necessary again to talk about this long-term sustainability. The difference between an income tax and a property tax is that an income tax is very elastic. As people earn more income, they pay more tax. Conversely, if we ever have a crash and people earn less income, we collect less tax.

Mr. Martin: I was talking about the corporate tax.

Mr. Renner: Same thing. Same thing. In fact, corporate tax is even more elastic than personal income tax because corporate income rises and falls dramatically, and on a recovery corporations even can carry forward losses from previous years. So we can go for a stretch where we have very little corporate income tax if we go through what we went through in the '80s. We have to be cognizant of that.

Property tax, on the other side, is a good tax, and why municipalities use property tax is because it's very inelastic. Property values remain relatively constant over time. Businesses continue to pay property tax even if they're not profitable. They don't pay any corporate tax, but they pay property tax because they still have assets. I'm not saying that it's not possible to trade one off against the other, but there are pros and cons, and frankly I'm not so sure that municipalities would want to get into the corporate tax game because of the elasticity of that form of revenue.

Good question on the support to local authorities. About a \$9 million increase there this year; \$7 million is for interest on the Fort McMurray loan, a \$137 million loan. It's about \$7 million a year in interest. It has to come from somewhere, and unfortunately it comes from my budget. The other 2 and a half million dollars is for a special infrastructure grant that was provided to Banff and Jasper to

help them deal with the unique circumstances there of having a significant tourist population that requires services that are not necessarily covered when we look at per capita grants. They have a relatively small permanent population but need to serve tourists whose numbers are massive. So we put in place a program that will provide 2 and a half million dollars a year for the next I believe five years, Member. I'll confirm that. But it's 2 and a half million dollars this year, anyway, and that's where the \$9 million comes from.

You asked what the role of our ministry and Emergency Management Alberta was at Wabamun. Frankly, it was very little. Our role historically has been one of co-ordinating. We are there to provide services when requested by first responders, and that's the municipalities. Our role is to put in place disaster services plans and to assist municipalities to implement those plans. As a result of Wabamun, as a result of the recommendations that came forward from the environmental commission, we are going to be reinventing ourselves at Emergency Management Alberta, creating an independent agency that will be much more proactive. While we never want to forget that it is the municipalities primarily that are the first responders, always will be, the role of Emergency Management Alberta will become more directive. So rather than being passive, waiting for someone to ask for services, we'll have people on the site that are assisting municipalities and directing them and if necessary advising them what services they need even if they haven't requested it. It's something that we'll have to develop some goodwill over time. We don't want to give anyone the impression that we're simply going to rush in and take over and do everything, but we do see the necessity to be more proactive.

9:30

At the same time Environment has put in place a special SWAT team within Environment that will deal with the environmental impact. That wouldn't be the responsibility of EMA. They'll be there. They'll be there with their people in the same way as Health would deal with health matters. So EMA will continue to be a facilitating organization, but we envision it as being much more proactive and less passive than what it has been in the past. We don't want to get into a situation like we witnessed with the hurricanes in the southern U.S., where everyone was standing around waiting for someone else to ask for assistance. We want to have people there that will be pointing out where the assistance is and acting if necessary but not in a threatening way or a way that would suggest that the local authorities don't have the capacity to deal with the situation.

ME First. Frankly, hon. member, I've been very disappointed with the ME First program. I, like you, think it's an excellent program. Unfortunately, I think we have a number of circumstances that have been working against the ME First program. The most important is that the interest rates are so low right now that municipalities are reluctant to borrow just to save the interest. Many municipalities are debt averse and prefer to pay as you go for these kinds of things. That's part of the problem, particularly in the rural and smaller municipalities. They just don't see the savings to them in borrowing and receiving an interest-free loan. They would rather pay cash.

The other problem that we have with the program is that it's a five-year term on the loan. If you're going to do something that is a large capital project, it's pretty hard to be able to amortize that over five years. Even interest-free principal payments are a little unmanageable for a larger project. We have accommodated a few municipalities with larger projects by calculating and distributing the interest-free portion over a longer period of time, but there are some

restrictions on the program that, I think, have contributed to the lack of take-up on this program.

Nevertheless, we do have a \$4 million expenditure for this year, and we have recently made some announcements of projects that have gone forward. I think that given enough time municipalities may see some opportunities here, but I'm beginning to think that there may be some other directions with which we can more significantly assist municipalities than through this program. Maybe there are some ways we can partner either with the federal government or with other sources to provide some direct grant money as opposed to interest-free loans, which just don't seem to have the take-up that one would expect.

I talked earlier when the Leader of the Opposition talked about ambulance, so I won't deal with the ambulance issue.

The issue of resources. Again, I thank you for your comments. I am looking to have the minister's council come forward with some ideas. My reluctance to start to put specific concepts and suggestions on the table is that I don't want to pre-empt the work of that committee. I don't want them to find it necessary to have a huge debate about something that I put on the table tonight that they may have already considered and decided is not feasible, is not workable. I'm willing to wait, and I ask the hon. member to wait till this summer, until we get those ideas and concepts back. I certainly make the commitment that there will be ample opportunity to discuss those that manage to stick to the wall and look feasible to go forward.

Thank you.

Mr. MacDonald: Mr. Chairman, I'm going to cede my questions at the moment, but I will get back on your list, please.

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

Mr. Taylor: Thank you, Mr. Chairman. I appreciate the opportunity and the offer from the hon. Member for Edmonton-Gold Bar to let me go first. I do have, really, some questions around one specific area. This relates, of course, to one of the ongoing issues that I hear about from constituents on a very, very regular basis: market value assessment. Calgary-Currie is by and large an inner-city residential constituency in Calgary. I'm sure the minister is well aware of what has been happening to property values in the city of Calgary over the space of the last year although this issue with market value assessment has been going on for a number of years now.

I'm not sure how to argue this one because, on the one hand, I recognize that when it comes to assessing properties for the purpose of calculating property taxes, the market value approach is probably the least worst system we've come up with yet. I can't call it the best system. Yes, I mean, there's a sense of fairness and equitability in market value assessment that you can't really find in other approaches that have been tried, but we're far from perfection on that issue. Were this the place to get into this debate – and I'm not sure that it is the time and the place to get into this debate – I would perhaps be arguing rather passionately that we need to move right away from property taxes altogether. Let's not just talk about the school portion but moving away from the whole notion of property taxes and looking at new ways of allowing municipalities to raise the revenue they need to cover the expenses that they have. But I think there's another time and another place to go into that in detail.

For the present I'm going to accept that we're stuck for now with market value assessment as the least worst way we have of calculating what property taxes should be. I'm going to accept that that does come with a number of problems, two key problems, really, from the point of view of an inner-city constituency. I think my colleagues

from Edmonton would probably agree more or less that the situation is much the same in the city of Edmonton as well, but it can be particularly acute in Calgary with what has happened to property values in recent months and recent years. First of all, you have a fundamental inequity. You know, the Leader of the Opposition talked earlier about needing to all be in this together and not play one area off against another. I understand that, but the reality is, of course, that areas do play themselves off against other areas.

Part of the problem with the way market value assessment works right now, of course, is that in a city like Calgary residents of desirable inner-city communities where property values are going through the roof – I mean, I'm sure that a house in my constituency, any particular house that I chose, would be worth more now than it was five minutes ago, when I got up to speak; that's how fast property values are rising there – are paying relatively high property taxes. Of course, most of the benefit of that is happening out in the fringes of suburbia, so they're driving back and forth on bumpy roads, they're tripping over cracks in the sidewalks, and they're suffering water main breaks, that sort of thing, for the privilege of living in an inner-city community and paying high taxes.

That's a basic inequity, I think, that exists across the board as far as my inner-city constituency is concerned. Within that context, there are, of course, many, many specific examples of in most cases seniors on fixed incomes who've lived in their house, in their neighbourhood, in their community, in my constituency for decades. They bought the house when it was perhaps worth \$15,000, you know? Today they have developers knocking on their door on a regular basis offering them half a million dollars to sell their property so that the developer can knock down that bungalow and put up two half million dollar infills in its place and double his investment. In many cases we're dealing here with a senior who may be widowed, who's probably living on a fixed income, who on paper is very well off provided that she sells the property. But she doesn't want to sell the property. She wants to stay there for the rest of her life because it's her community; it's her place; it's what she's known.

9:40

If she were to sell it, she might get a half a million dollars for the property, but there's no way she'll get back into the neighbourhood, you know? So she's faced as well, desiring to stay in her house in her community, with ever-escalating property taxes to the point that it gets for some seniors on fixed incomes exceedingly difficult to pay these taxes. You can see it in the week to 10 days after the assessment notices go out in Calgary. You can see across Calgary-Currie by the appearance of new for sale signs that the folks are having trouble with that.

Within that context, I'd like to ask the minister – and I'd like him to refer to line 2.3.1 on page 344, assessment services. I see a decrease of almost \$2 million from last year's forecast of \$9.2 million, almost \$9.3 million, to the estimate for '06-07 of \$7.4 million, which is slightly above what the minister budgeted last year but well below what the minister is now forecasting that his department will actually spend on assessment services. I might be out in left field here – I don't know – but it seems to me that assessment services are pretty darn important because it's their job to ensure that Albertans have as effective and efficient a system of assessment and property taxation as we can under the circumstances. The minister will correct me if I'm wrong, but I think it's the function of this branch to properly apply tax rates to properties' assessed values to determine the taxes payable by the owner of that property. We all know that municipalities rely, perhaps much more heavily than they should in an ideal world, on property taxes as their

main source of revenue. If I'm on the right track, it's critical that this branch do its job right, and I'm wondering why the decrease in the budget of assessment services.

That is essentially my question with, as the minister referred to earlier, a long preamble. So I'll sit down now and wonder if I can get an answer to my question from the minister.

Thank you, Mr. Chairman.

The Chair: The hon. minister.

Mr. Renner: Thanks very much. Well, this time I'll give you the short answer and then the long postamble. How's that? The reason for the decrease in assessment. First of all, Municipal Affairs doesn't do the assessments in the city of Calgary. The only assessments that Municipal Affairs does are linear assessments. We do pipelines, wells, utilities, power lines, those kinds of assessments, so that wouldn't affect the individuals that you're talking about. In fact, we have increased the manpower in that area for some of the reasons that the member has identified, and that was a \$202,000 increase; \$142,000 is an increase responding to increased salary settlements. The decrease of \$2.2 million, for a net decrease of \$1.8 million, is because we have estimated a significantly lower cost of legal fees related to property assessment appeals in the upcoming year. It doesn't have anything to do with our ability to deliver quality work. It has more to do with the fact that we've come through some appeals, and we are anticipating that we won't have to have as much of a resource in our department allocated to dealing with appeals in the future.

Let me talk a little bit about this issue of market assessment. As the member said, least worst way. I've heard it put that way, and in some ways I tend to agree with him. Property tax is a somewhat regressive tax, and if we could replace it with something else – I don't disagree with the member that it would be nice if we could replace property tax with something of a less regressive nature, but we haven't come up with that yet. I'm hoping that some of the work of the minister's council that we referred to earlier may come up with some ideas there. Frankly, I'm not optimistic. I think we're stuck with property tax for some time.

The market value assessment is somewhat reflective of the value of assets. It works particularly well. You do have some anomalies in a place like Calgary where you get one neighbourhood that's really spiralling compared to the rest. For the most part property values in municipalities are relatively comparable within the municipality. Where you run into some real disparity is when you try and compare the values in Fort McMurray to the values in Taber, Alberta, for example. The same property would have a huge difference in value from a market value assessment.

If all the property taxes were used within that municipality, it really wouldn't make any difference because they've set a mill rate based upon the needs associated with the municipality. If we all have high-value houses, then we just set a low mill rate and collect the same amount of money. If we all have low-value houses, and we need the same amount of money, we set a higher mill rate, but because our houses are less, we end up paying the same amount of taxes, so it works out really quite well on a municipality basis.

Where it gets a little complicated is with the education property tax because we're setting one mill rate across the province, and then we get into putting into place some modifiers to try as best as we can to equalize those high-growth areas, those high-rate areas and try to have some comparables with some of the other areas in the province. I'm the first one to admit that the system is not perfect, but we attempt. Like the member says, it's probably the least worst way of doing it.

I do have some suggestions for you to deal with your constituents. One, I just want to remind all members that the government has frozen the education property tax portion of seniors' taxes. If a senior owns a home in the area that the member has been discussing, that tax rate has been frozen at last year's tax rate. That's part of the Seniors budget when we get to it. There will be an allocation in the Seniors budget to cover the cost of those tax increases.

There also is the ability of a municipality to defer taxes on any property. A deferral is not like it costs the municipality because it almost works like a reverse mortgage. It's not a reverse mortgage. It's not that the individual has to go to a bank and negotiate a loan. It's a deferral. There are interest costs associated, but the interest costs are relatively low compared to what you might find on a reverse mortgage, and the administrative costs are relatively low. The province of Alberta basically finances municipalities, so if they had a huge number of these that they were dealing with, I assume that they would be coming to us and asking them to finance these on their behalf, so their cash flow remains even. The amount of taxes that would be payable in relation to the value of the property is relatively insignificant, and I don't think that it would materially affect the value for the sale at some point in time. I think it really is, particularly in some of these very high-growth areas, something that is viable and should be and could be explored.

I'd certainly be willing to assist the member or his constituents in dealing with the city of Calgary to see if we can't get some of these things going because I do really feel for some of the difficulties that some of those individuals are in. Certainly, there are ways that it can be resolved. Oftentimes it's more than just the tax issue that is causing some of the problems. We all know that other costs are going up. Utility costs are going up. There are inflationary pressures on some of these. There may be other reasons why they find it necessary to sell their home. But if they're selling their home purely and simply because they feel they can't afford to pay the taxes, there are ways that we can deal with that.

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

9:50

Mr. MacDonald: Thank you, Mr. Chairman. At this time I appreciate the opportunity to participate in the estimates debate for the Department of Municipal Affairs. Certainly, we see that the budget for Municipal Affairs has increased by roughly \$13 million over last year. A lot of the highlights have been outlined by previous speakers, but I have some issues in regard to this department. Consumers certainly have issues in regard to this department each and every time they open their power bill or their natural gas bill.

We know, Mr. Chairman, that the Municipal Government Act gives municipalities the authority to charge these fees on electricity bills and natural gas bills. The whole idea of this is to charge these fees for the use of land upon which an electric distribution system is located as well as the exclusive right to charge these fees through the Municipal Government Act. How are these fees set? Well, the Municipal Government Act allows municipalities to make an agreement with the utilities, as I said, to charge and collect these fees. Certainly we need to pay heed to the Canadian Federation of Independent Business and what their recent study from last November said about these fees. I think at this time we can have an alternative way for municipalities to fund their programs. This fee calculation varies across the province.

Now, I'm just going to talk quickly about natural gas rates, and this is as of January 1, 2004. In the city of Calgary it's 11 per cent of total charges before GST. In Edmonton it's 32 per cent of

delivery charges. In Red Deer it's 17 per cent of delivery charges. In Lethbridge it's 32 per cent of delivery charges. In Medicine Hat, the minister's hometown, as we heard earlier, there is no franchise fee agreement for electricity and natural gas, which is unique as the only city with its own gas and electric production and distribution facilities. The citizens of Medicine Hat are prudent. Certainly, they saw through this whole deal of electricity deregulation and natural gas deregulation, which has connected our domestic price to the North American market. They're very, very wise, the citizens of Medicine Hat. So they have no fees. I find it ironic that our minister – and I wish him well in his endeavors with the department now and in the future – is from the city where there are no municipal franchise fees on gas and electricity bills. But that doesn't mean, Mr. Chairman, that I don't want to do anything about it. I certainly would appreciate it if he would work if not at eliminating these fees, at least at getting some sense to this.

I think we should have a look at electricity now. We talked about natural gas. In Calgary, again, the fee as a percentage of total charges on the electricity bill is 10 per cent. In Lethbridge it's 9 per cent. In Fort McMurray it's 6. Leduc is 4. Edmonton is 4. Red Deer is 3.8. Camrose is 2.1. Medicine Hat again is zero. The calculation of these fees is all over the map depending upon which area of the province you're in. How much do local governments collect in fees? The City of Calgary took in \$130 million in 2004, accounting for close to 10 per cent of its total revenues. The city of Edmonton collected \$55 million, the city of Lethbridge \$8 million, and the city of Red Deer \$3 million. In per capita terms Calgary relies more on these revenues than the other cities.

I don't think this is a fee. I've been referring to it as a fee. It's a tax. It really is a tax in my opinion. The Canadian Federation of Independent Business in their thorough investigation and report on this matter asks: where is the accountability?

If the intent of this fee or the tax is to compensate local governments for access to their lands, there is simply no rationale for linking this compensation to a commodity price. One of the principles of fair taxation is that the tax be visible. Although it is true that the fee is now broken out as a separate line charge on utility bills, it can be argued that consumers in Calgary for example do not know that the fee increases with the price of electricity or natural gas . . .

Now, the Canadian Federation of Independent Business goes on to say,

. . . assuming that they are actually aware of the charge in the first place.

That is interesting.

It is extremely unfair that while businesses, and households, feel the crunch of [paying] high energy prices, they are unknowingly paying more to their local government. When municipal governments attempt to increase property tax rates, there is generally much public discussion and debate over whether an increase is required or, at the very least, over the size of the increase. In the case of franchise fees and local access fees, government revenues quietly increase while consumers are left to face high utility bills.

The EUB has expressed its support of delivery charge based fees for natural gas. In 2002, the City of Grande Prairie filed an application with the EUB to change its natural gas franchise agreement. The fee would no longer be based on total natural gas charges but on delivery charges. In its decision on the matter, the EUB found that the change was in the best interests of all stakeholders. The EUB stated that delivery based fees provide more stability for customers and that it supports this methodology.

Similarly, the . . . AUMA has created standardized electricity and natural gas franchise agreements which base the fee on a percentage of distribution or delivery charges. All municipalities can use the AUMA's template agreement when they negotiate agreements with

utilities. When it released the natural gas agreement, the AUMA noted that the choice of methodology was a key element of the agreement.

Now, I would like the hon. minister to consider the conclusions and recommendations that the CFIB has provided. The CFIB recommends that

the Government of Alberta take the initiative to put in place a common fee calculation methodology that ensures that electricity and natural gas consumers are treated similarly across the province and that local governments do not profit from high electricity and natural gas prices.

They also recommend that

local governments, especially those that impose high rates, find ways to lower fee rates and reduce their dependency on municipal franchise and local access fee revenue. Those municipalities who currently charge fees on total charges should voluntarily and immediately abandon the practice.

Also, another recommendation:

Governments should examine all aspects of franchise and local access fees, including but not limited to the following:

- Properly investigate whether the charges are actually a form of hidden taxation and comply with Supreme Court decisions in this area;
- Examine whether the amounts charged to consumers reflect the true intent of the fees.

When the local governments have to rely on this as a revenue source, that tells me that this provincial government is not funding municipalities adequately. I would certainly like an answer in regard to this from the minister. I thank him for listening. This is an important matter.

Mr. Renner: While I would have liked to give the answer, unfortunately the member took so long asking it, I don't have any time left to give the answer, but I'll try and give the very short version. I'll give the member the same answer that I gave the CFIB when they came to see me, and that is that, like the CFIB, the member is bringing his question forward to the wrong body. This is a decision that is made by the locally elected councils, not the province.

It's interesting that we should be talking tonight. A number of members have brought forward the suggestion that we need to explore alternative sources of revenue for municipalities, but I can tell the hon. member that the last thing I want to do is begin to approve additional sources of revenue for municipalities and then have the province be held accountable every time they decide to raise their taxes. That should be their responsibility, not our responsibility.

10:00

While I can understand that there are some concerns that individuals have, all I can say is that you need to take it up with the elected body that's authorized to deal with them, not the elected body that authorized them to levy these taxes in the first place. I think it's appropriate that they do have the opportunity to raise these, and the member has quite rightly identified the reason that they were put there in the first place. If they're not being used the way that they were intended, then I think the city councils and the mayors need to be held accountable, not necessarily the Minister of Municipal Affairs.

Let me just very briefly talk about the city of Medicine Hat.

The Chair: I hesitate to interrupt the hon. minister, but pursuant to Standing Order 58(4), which provides for not less than two hours of consideration for a department's proposed estimates, I must now put the following questions after considering the business plan and proposed estimates for the Department of Municipal Affairs for the fiscal year ending March 31, 2007.

Agreed to:
Expense and Equipment/Inventory Purchases \$140,468,000

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

Hon. Members: Agreed.

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

Mr. Stevens: Thank you, Mr. Chairman. I move that the committee do rise and report the vote on the estimates of Municipal Affairs and beg leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

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

Rev. Abbott: Thank you, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2007, for the following department.

Municipal Affairs: expense and equipment/inventory purchases, \$140,468,000.

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

Hon. Members: Concur.

The Deputy Speaker: Opposed? So ordered.

head: **Government Motions**
 Committee Membership Changes

17. Mr. Stevens moved on behalf of Mr. Zwozdesky:
Be it resolved that the following changes to the following committees be approved by the Assembly: on the Select Standing Committee on Public Accounts that Mr. Griffiths replace Mr. VanderBurg as deputy chair, that Mr. Groeneveld replace Mr. Oberle, that Dr. Brown be added; on the Select Standing Committee on the Alberta Heritage Savings Trust Fund that Mr. Johnston replace Mr. McFarland; on the Select Standing Committee on Legislative Offices that Mr. Strang become deputy chair, that Mr. Mitzel replace Mr. Ducharme; on the Select Standing Committee on Privileges and Elections, Standing Orders and Printing that Mr. Oberle replace Mr. Groeneveld; on the Select Standing Committee on Private Bills that Mr. Webber replace Mr. VanderBurg, that Mr. Rogers replace Mr. Oberle; on the Special Standing Committee on Members' Services that Mr. Knight become deputy chair, that Mr. Lindsay replace Mr. Horner, that Mr. Lukaszuk replace Mr. McFarland.

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

Mr. Stevens: Question.

The Deputy Speaker: Are you ready for the question on Motion 17?

Hon. Members: Question.

[Government Motion 17 carried]

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

Bill 28
 Local Authorities Election Amendment Act, 2006

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

Mr. Liepert: Thank you very much, Mr. Speaker. Keeping with the business of the House tonight on municipal affairs, it gives me a great deal of pleasure to rise and move second reading of Bill 28, the Local Authorities Election Amendment Act, 2006.

The Local Authorities Election Act is an important piece of legislation that prescribes the standards and processes for the election of municipal councils and school board trustees.

Before I go into the bill, I'd like to give a bit of background. As most members will recall, in the 2004 municipal election in ward 10 in Calgary there was voter fraud in the use of special ballots. That prompted the Minister of Municipal Affairs to appoint Mr. Bob Clark to conduct an inspection. His report made 16 recommendations, some of which are incorporated into the amendments that are before us tonight. Following that report the Minister of Municipal Affairs appointed an MLA committee to hold meetings throughout the province regarding the act. I was a member of that committee along with the Member for Lacombe-Ponoka and the Member for Vermilion-Lloydminster. A total of 18 public meetings were held in eight locations throughout the province. We heard 66 presentations and received 89 written submissions.

There were several recurrent themes heard throughout the public sessions and in those submissions, but overall what we heard, Mr. Speaker, was that the current process is generally working well, and significant reform is neither wanted nor desired. Some of the themes that we did hear are that the legislation should be more enabling and not prescriptive, that it should provide the flexibility to municipalities to address local circumstances. We also heard that returning officers' responsibilities should be focused on running the elections and not policing them, and that resolution to the problems in the city of Calgary in their municipal election should not result in a cumbersome and onerous process for other municipalities. Finally, and probably most importantly, we heard that voter apathy and low voter turnout are concerns, and any proposed amendments should support enhancing voter participation and involvement.

Mr. Speaker, in support of the feedback from public consultations Bill 28, the Local Authorities Election Amendment Act, 2006, will improve the act in the following ways: by providing an elected authority with the discretion to make a bylaw regarding the use of voter identification, including the type and number of documents that may be required to verify identification and age; allowing the returning officer to set aside special ballots that are received that the returning officer believes may be in contravention of the act and then to report the alleged contravention to a person or persons who will have been appointed by the minister to determine the validity of the ballots.

Another provision will be allowing the candidate the discretion to appoint an official agent who may act in an official capacity on behalf of that candidate. The bill makes a person who is convicted of an offence under the Local Authorities Election Act, the provincial Election Act, or the federal election legislation ineligible to be a candidate, an official agent, or a scrutineer for a period of 10 years. It also makes candidates, not returning officers, responsible for

issuing identification to campaign workers. It will allow an elected authority with a population of 10,000 or more to set the number of signatures required for nomination up to 100 and the amount of deposit up to \$1,000.

Several other provisions will allow an elected authority, in addition to a candidate or elector, to challenge an election before the courts, will allow a local jurisdiction the discretion to provide written voting instructions in languages other than English at voting stations as required, will allow an elected authority the discretion to have a candidate's campaign disclosure statement audited, and will eliminate the requirements to vote at an advance poll.

Mr. Speaker, this bill is an example of the government's determination to respond to the differing needs of Alberta's municipalities. It is important to emphasize that the amendments have been developed through consultation with Alberta's local governments, school boards, and citizens. Through the many discretionary provisions elected authorities will be able to better provide for the needs of their citizens by encouraging public participation in the election of their representatives at the local level.

In conclusion, these proposed amendments overall will promote integrity and public confidence by providing more security and transparency in the election process.

That concludes my remarks, and I look forward to the debate on second reading. Thank you.

10:10

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

Dr. Taft: Thank you, Mr. Speaker. I appreciate the opportunity to speak to this bill in second reading. It's a bill that cuts to the heart of our democratic process. It's a bill that has a messy genesis, shall we say. It comes out of a very, very serious controversy involving allegations of election fraud on a substantial scale in a municipal election in Calgary. I think there are still outstanding questions about that scandal and still, I believe, court cases pending. I think we need as an Assembly to pay particular attention to these kinds of scandals and misdeeds because they do cut to the heart of how the democratic system works, and that's through a legitimate, open, honest voting system. So this is a very, very important piece of legislation, addressing a very important issue.

For democracy to have legitimacy and for elected members to have legitimacy themselves, the citizens, the voters in any society need to have confidence that their election processes and mechanics are working properly. Unfortunately, those election processes and mechanics broke down pretty badly in the last municipal election in Calgary in a scandal that involved a number of people, including potentially relatives of a member of this Assembly. This is a very serious situation. We have to pay attention. We have to clean these messes up. If we do not do so, then we are allowing a threat to democracy itself in this province to grow.

One of the reasons that this kind of legislation is so important is that we are watching voter participation rates drop election by election, and they are particularly low in municipal elections. There are undoubtedly many reasons for that, but I am sure that one of those is a sense that the process may be less than entirely legitimate. So we need to reinforce the legitimacy of the process, to clean the process up if we're to reverse the decline of those voter participation rates.

It's worth noting that irregularities don't just occur in municipal elections. We ourselves have raised a concern about irregularities in a provincial election, the last provincial general election, in which votes were cast in Edmonton-Ellerslie – ballots were cast on election date by voters who weren't even in the country and physically were not capable of voting. We've raised those concerns, and we've not had them adequately addressed. We have allowed a provincial

system of election to develop that is open to abuse in ways not unlike the abuse that occurred at the municipal level. That's also a very, very serious issue. In closely contested elections illegitimate ballots can make a difference between the proper and duly elected person attaining office or somebody who could attain office through improper means. Those are things you think about in banana republics where elections are rigged and ballot boxes are stuffed. To think that that culture is beginning to intrude into Alberta is very, very worrisome.

I'm also concerned about this legislation allowing too much discretion to local municipalities. I think that if we're serious about democracy, we need to impose consistency and we need to require a province-wide cleanup of our voting system. While there are many, many good steps in this legislation, I do have one particular concern, and that is that this allows too much local discretion. We could end up, in fact, with a patchwork not unlike what you see in the United States in federal elections there. We were all, I think, astonished to learn what a patchwork and mishmash of electoral processes there are in the U.S., which were exposed in the presidential election of the year 2000, when we discovered that it took some states days and even several weeks to tally up their election results. Some states could do it quickly; others could do it slowly. There were serious questions of distortion of the outcome in a number of states, including Ohio and Florida.

So we cannot take for granted the integrity of our voter system. We have to be vigilant. We have to be assertive. We have to set the highest possible standards to ensure that democracy survives with full legitimacy. While this bill does address some of the issues successfully – at least, it allows municipalities the option of addressing some of the issues successfully – I am concerned, as I said a few moments ago, that it is allowing too much discretion to local authorities.

Certainly, I know that the Alberta Urban Municipalities Association and I think also the AAMD and C are onside with this because they don't want municipalities treated like children of the provincial government. They want to be able to control their own voting systems, and I hope it's the subject of some debate in this Assembly. I can see that all the members are hanging on every word I'm saying, listening closely. We have to ask ourselves if we don't in this Assembly have a responsibility to set the bar high on a province-wide basis to ensure that every voter in every election in every voting station in every corner of this province can have confidence in the same level of integrity of their voting system.

So, Mr. Speaker, I will leave my comments for second reading. With that, I will summarize them by saying that this is important legislation addressing a very messy situation, that it allows the right step to be taken, which is commendable, but I raise for all of us to consider the question if this legislation should not in fact require some of those steps to be taken and not simply allow them.

With those comments, I'll wrap up my debate on second reading of Bill 28. Thank you.

The Deputy Speaker: Before recognizing the hon. Member for Edmonton-Beverly-Clareview, might we revert to Introduction of Guests?

[Unanimous consent granted]

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

The Deputy Speaker: The hon. Minister of Restructuring and Government Efficiency.

Mr. Ouellette: Thank you, Mr. Speaker. It gives me great honour

tonight to introduce to you and through you to all members of the House a good friend of mine up in the members' gallery that happens to have Easter break right now. He's a very good math teacher in the town of Innisfail, and I think he's been doing that for between 25 and 30 years. He has quite a large grain farm just down the road from my house. I'd like Earl Dreeshen to stand and be recognized by the House.

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

Bill 28
Local Authorities Election Amendment Act, 2006
(continued)

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

Mr. Martin: Thank you, Mr. Speaker. Again, a lot of the questions that I have I'll save for the committee stage.

Obviously, how we elect representatives, whether it be provincially, federally, municipally, is very important. The Leader of the Opposition talked about it. We know that there is a great deal of cynicism. There's a great deal of apathy. I think the hon. member bringing forward the bill indicated that. When we have a situation as we did in ward 10, unfortunately that does just add to the cynicism that people have. Frankly, nobody wins when that happens. Nobody wins because it doesn't matter which side of the House you're on. If people have that feeling, then it goes into all politics.

10:20

This is an important part of it, and I would say to the mover of the bill that I've had some discussion too. I think the hon. Minister of Municipal Affairs and the member bringing it forward indicated a while ago that the concern heard overwhelmingly by the committee was not to adopt a one-size-fits-all approach. As they indicated, what works in ward 10 in Calgary won't work in a small village, and to try to impose those things would be very difficult. I also heard that in talking to some people in the rural areas. They thought that if it got too top-down, it would actually discourage people – I think that's what the member is saying – from voting. I can live with that. I can live with that, but maybe we don't need an overall approach, the same for Calgary and Edmonton as for Delia if I could use that as an example.

I do have a couple of questions at the start. I'm not going to go through the whole thing. I recognize the importance of special ballots to our electoral system. After all, a great many people would not be able to exercise their right without special ballots. I have a few questions, that perhaps the member can come back to after, on the provisions made for special ballots in the proposed amendments.

The one question I have. The Leader of the Opposition talked about problems provincially, but it's my understanding that the provincial returning officers do require contact with the person requesting a special ballot. With a request placed on behalf of someone, for example an ailing parent – they're only processed once the provincial returning officer has assessed or actually contacted, written or telephoned, including enumeration if necessary, the ailing person that wants a special ballot. Correct me if I'm wrong, but I see no such stringent measures of contact for municipal authorities. Nor is there any contact policy through e-mail requests. It seems to me that this would be logical. We should have some idea that they do have the authority to actually represent the person that may be ailing or whatever. I'd like the member to comment on that.

The inspection report found that while there are improvements that might be considered for website application, the design, operation, and security of the system of programs were appropriate and were in line with the standards and procedures used by other jurisdictions today. That was on page 46. But here's the conundrum that I see because of the ward 10 thing. Knowing that the ward 10 inspection report also revealed that the major factor contributing to the irregularity was the use of the website application process to receive, complete, and submit special ballots in the names of unknowing electors, I guess this is the crux of it. There are a lot of good things to this bill, but this is sort of the key to the matter in terms of ward 10.

How can this legislation, then, add the right to apply for special ballots through e-mail? In other words, are there technological changes that will be brought in before e-mail requests for special ballots continue? I'd want to know this. Through the e-mails seems to be the problem in this particular instance in ward 10. I want to know how this bill, then, solves that particular problem, still using the e-mails. I think that's the crux, really, of what it's all about. If I can be convinced that that problem is solved and can't happen again, then I certainly would support the bill.

There are some other minor questions that I might have in the committee stage. It seems to me that I still don't understand how this particular part of it – we still have the special ballots through the website. That was where the abuse occurred. Now, with this bill, how will that abuse stop? I think that's really the key thing that we're trying to deal with this at this particular time.

Thank you, Mr. Speaker.

The Deputy Speaker: Hon. members, Standing Order 29(2)(a) is available for those who have a question or comment.

Seeing none, anyone wish to speak to the bill?

The hon. Member for Calgary-West to close.

Mr. Liepert: Question.

[Motion carried; Bill 28 read a second time]

Bill 25
Securities Amendment Act, 2006

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

Mr. Knight: Well, thank you, Mr. Speaker. It's a pleasure to stand today to move second reading of Bill 25. In fact, with the recent couple of days that I've had, it's a pleasure to stand anywhere. Mr. Speaker, I'm moving Bill 25, the Securities Amendment Act, 2006.

The purpose of this legislation is threefold: to enhance protection for investors, to broaden the passport system of regulation, and to allow further harmonization of Alberta's securities regulation with other provinces and territories.

First, Bill 25 would introduce civil liability provisions allowing secondary market investors to sue public companies for issuing false or misleading information. Investors in the primary market who buy shares from public companies, for example as part of an IPO, already have that legal right. Bill 25 enshrines in legislation the same statutory right of legal action for secondary market investors.

I can't understate the significance of these provisions. More than 90 per cent of all securities trading takes place in the secondary market. This includes Albertans with RRSPs, pension plans, and other personal investments. Mr. Speaker, if this bill is passed, Alberta will be working with its provincial and territorial counterparts to improve investor protection across Canada. Ontario

implemented essentially identical legislative changes on December 31, 2005, and other jurisdictions have indicated their intent to do the same.

Regulators have consulted widely on this issue over the last several years, and we believe this legislation strikes a balance between issuers concerned about frivolous lawsuits and the need to enhance investor protection.

Mr. Speaker, I also stated that this legislation will further harmonize Alberta's securities legislation with other provinces and territories. Bill 25 amends or repeals a number of provisions within Alberta's existing Securities Act. The repealed provisions would then be placed into national instruments or national rules regulating securities trading. This helps ensure that our securities legislation remains modern, streamlined, and harmonized with other jurisdictions, particularly Ontario.

Alberta is the second largest capital market in Canada, and it is important to show leadership and keep our legislation up to date. Harmonization and simplification of securities law is essential not just for Alberta but for Canada to compete in a global marketplace.

Now, certainly I'm aware that there are calls for a national securities regulator. Whether that might happen one day, Mr. Speaker, I cannot predict, but at this time the provinces and territories with the exception of Ontario are not prepared to commit to that step. Regardless, the changes we are making in concert with other jurisdictions are required to improve securities regulation across the country.

Last year this Assembly passed Bill 19, the Securities Amendment Act, 2005, which facilitated the creation of a passport system for securities regulation. The passport system was implemented in September last year, giving businesses a single window of access for capital markets across most of Canada. Bill 25 builds on that milestone in provincial/territorial co-operation. These three broad initiatives, taken together, are important to our ongoing efforts to improve securities regulation across Canada. Alberta remains committed to working with other provinces and territories to improve investor protection and enhance the efficiency of Canada's capital markets.

I urge all members of the Legislature to give their support to Bill 25. Thank you.

10:30

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

Mr. R. Miller: Thank you very much, Mr. Speaker. It's my pleasure to rise this evening and lead off debate on behalf of the Official Opposition on Bill 25, the Securities Amendment Act, 2006, in second reading. I'd like to begin by thanking the Member for Grande Prairie-Smoky for his comments this evening in second reading, and I'd also like to thank the Finance minister for allowing the staff from the Department of Finance and from the Alberta Securities Commission to visit the offices of the Official Opposition and provide a very thorough briefing on this bill to us. Included in that briefing was what is known as the three-column document. It's something that hasn't always been made available to this critic, but it seems as if we've developed an environment of collaboration and co-operation with the Finance minister, and I appreciate that. I do believe that it leads to better debate in this Assembly and, ultimately, better legislation for all Albertans. I hope that it's a sign of more to come.

In general, Mr. Speaker, I support the intention of this amending bill. The comments that have been made by the mover tonight pretty much reflect what I understand is the intention of the bill in terms of what it would accomplish. However, I would be remiss if I failed to

mention my perpetual concern with the all-too-common practice of this government to repeal parts of legislation and move them into regulations, thereby allowing future changes to be made away from the public eye and outside of the watchful guardianship of this Assembly.

Mr. Speaker, there have been comments in the media about the size of this particular document. It's a big bill, perhaps the biggest I've seen in the time that I've been in this Assembly, yet when you flip through it, the majority of what you're looking at are sections that are being repealed and then pages of legislation that are referred to in that repealing. I'm certainly not a fan, as I say, of repealing legislation and putting it into regulation.

Having made that comment, I guess that if there was ever a case where I could live with that action, with the idea of repealing sections of legislation and putting them into regulation, it might be in this particular situation. That is because, as the mover indicated in his comments this evening, the intention and, in fact, it would appear to me, the result of this bill being passed would be that it will bring us in line with other jurisdictions, particularly Ontario. If that makes it easier for Alberta business to operate and seek capital in the market, then that is a good thing for all of us, I'm sure.

The minister also referred to the fact that this will allow investors in the secondary market to sue public companies operating in Alberta if, in fact, they provide false or misleading information; so again consumer protection. You won't hear this critic speaking against that, that's for sure.

Mr. Speaker, there was some comment to the fact that currently we have 13 security market regulators in the country and not one, not a single market regulator. There was a lot of talk about that last year as we saw some of the goings-on at the Alberta Securities Commission and how that reflected badly on Alberta, yet there's a general understanding on this side of the House as to some of the advantages of continuing to have an Alberta Securities Commission. Certainly, it provides local companies faster access to public equity. Alberta companies, with that possibility, of course, are less likely to fall by the wayside to central Canadian companies, and it allows us to maintain increased local control. Those are good things.

However, of course, having a multiregulator environment causes a number of challenges, Mr. Speaker. Companies operating in several different provinces have to deal with several different rules, and while I understand that the passport system has made tremendous strides towards addressing that situation, we do still have a situation, particularly with Ontario, as the Member for Grande Prairie-Smoky acknowledged, where they're not quite in line with everybody yet. So this does create sometimes conflicting and confusing regulations for investors and for companies that are seeking that capital investment.

I suppose, Mr. Speaker, that others also would suggest that a multiregulator environment increases fees and reduces enforcement. So while this is a step in the right direction or a further step in the right direction, as the Member for Grande Prairie-Smoky suggested, Bill 19 last year took us some way down that road, and this is maybe the next step down that road. It does fall short in some areas, particularly in areas that would address some of the problems or concerns that were identified last year, as I said, when we were going through some of the challenges and struggles at the Alberta Securities Commission.

Things that I particularly would have liked to have seen in this amending bill are things that would, for example, Mr. Speaker, prevent Alberta Securities Commission employees and board members from trading in companies that are being investigated. The opposition would like to have seen some regulations prohibiting Alberta Securities Commission and employees and board members

from trading in companies that are listed with the Alberta Securities Commission and would certainly like to see some rules that would restrict MLAs from nominating candidates for commission at the Alberta Securities Commission.

Those are some of the concerns as it relates directly to the Securities Commission.

Also, Mr. Speaker, we've indicated before that moving towards a passport system fails to provide a single enforcement regulator and, again, what that means is perhaps a different level of enforcement or a different application of regulations across the country. That can lead to confusion for investors and, of course, for companies as well.

There's some concern that a passport system might allow market regulators to pass the buck on enforcement files. As an example, the Alberta Securities Commission might investigate a small part of an irregularity and then pass another portion on to a different regulator. One investor advocate has indicated to us that this pass-the-buck system actually risks leaving an investigation incomplete.

Another concern that I would raise is the \$1 million cap on the administrative penalty. Mr. Speaker, it's no secret that there are literally hundreds of millions and at times billions of dollars' worth of trading done with some companies, and a \$1 million cap on an administrative penalty might not be enough, depending on the circumstance. So as we move to committee stage, that would be one of the questions that I will likely be asking.

I'll just highlight some of the good things that I see in this and the reasons why I'll be supporting the bill, two in particular. We talked about investor protection. Currently, people that purchase stocks through the secondary market, as an example, through stockbrokers or online day trading themselves, don't have the opportunity to sue those public companies if there's false or misleading information provided. You only have that opportunity right now if you're purchasing through the primary market; i.e., buying directly from the company. As the minister indicated, in excess of 90 per cent, I think, of trading is currently done through the secondary market. It's time that we caught up with Ontario's lead, and certainly it looks like this amending bill will allow us to do that.

I mentioned a little bit about the move towards a passport system and the fact that there is certainly some value to be gained by harmonizing our security legislation with rules that the other provincial jurisdictions are using as well.

10:40

So I think, Mr. Speaker, that this will be the sum of my comments for this evening. I look forward to having the opportunity to address this bill at the committee stage so that we can dig into some detail on the many, many pages – I think it's a total of 72 pages – of the bill as it sits in front of us.

I thank you for the opportunity to have spoken to it in second reading.

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

Mr. Martin: Thank you, Mr. Speaker. Let's just say that going through the bill is like reading not a very exciting book. It would be interesting to know if the hon. member has read it all through and understands all of it. [interjection] Yeah. Right. He does, he says. We'll take his word on it for now.

I just want to make a few comments. Certainly, we would all support, I think, the protection for secondary market investors. We have to because let's not forget that the Securities Commission here in Alberta has had a very rough go of it in the last number of years and has lost a lot of credibility, and when they lose credibility, this

is not good, as we'd all recognize, for the economy, especially for small investors in the province.

I might say that while we've had a discussion here in the Legislature about the Securities Commission, not so much this session but in the previous sessions, when I was working in the private sector, there was a lot of discussion back then, you know, eight, nine years ago, about things that were happening with the Securities Commission. They've had, perhaps, not as bad a reputation as B.C. before it, but certainly it was out there. I hope that this particular bill solves some of the problems. Certainly, as I said, things like the protection for secondary market investors, where they will have the legal right to sue public companies: I know that's been somewhat of an issue here with some investors that I've talked to. The minister talks about Ontario enacting similar legislation, and I'll come to that.

We've had some discussion with the Alberta Securities Commission, about protecting secondary market investors. They talk about – and this is one that's a little more disconcerting to me – the second major reason to move legislation to regulation in order to facilitate cross-jurisdictional alignment of policies: they claim that it's more difficult to do this within legislation. Therefore, they're moving these items from legislation to regulation to make them more flexible nationally. These regulations are national rules that carry the weight of law. Therefore, according to the SEC there isn't a loss of oversight in just the switching of who is doing the overseeing.

Well, that may well be the case. I guess that at this point we have to take their word for that. But, again, that begs the question that we're talking about. When we take a document like this and move it back into regulations, how do we ever know if there's something occurring that we should be talking about in this Legislature because we have responsibility? I know it's nice to have the system there. Perhaps it does work better if people can work behind closed doors. But it does beg the question that we should have the responsibility here because, ultimately, we are responsible for it. I understand what they're saying, that they can do this quicker, they can do it better through regulations, that it's easier than trying to juxtapose different legislation. But I would ask the minister: where is that tipping point?

That brings me to the point, and the member alluded to it, that for the life of me I don't understand, with all the problems we've had with these various securities commissions. I remember 15, 20 years ago in British Columbia all the talk there, and we've certainly had our problems here in Alberta. You've said that it may come down the way, but I don't know why we don't move towards a national security regulator as has been called for by the Canadian Council of Chief Executives among many others. The reason I say that is that it's not a federal act. It would be the provinces working together the same as this bill is attempting to do. It seems to me that that would make the most sense rather than moving everything to regulation, that we'd have a national security regulator. We would all be working under the same rules then, and all investors would be protected right across Canada.

I think the member is right that Alberta, with our economy, is probably the second biggest one after Ontario, but it's a global economy now, and what we know of small investors, it could be in two or three different areas. That's the purpose of this bill. I know that, but it seems to me it would have been much better to say: okay; we still have provincial jurisdiction. It's not the federal government but the provinces getting together – we'd have a lot of clout on it, being the second biggest one – and having the same rules laid out as recommended by a lot of people that do the investing. For instance, a national securities regulator would surely have gone much further than requiring the ASC director of enforcement, Mr. Petch, simply donating to charity the profits made from unethically traded stock.

If that was national, that wouldn't have happened, I don't think. The rules would have been there.

The member did say – and I was encouraged by that because I thought this government had sort of ruled it out, you know, that we can't do that, that it's national, that it's sort of the federal government. It's not the federal government. It would be the provinces working together. I think that would make a lot more sense and would be easier than this 162-page book, moving it back into regulation.

So I really would suggest – I know that it's not going to happen here with this bill – that the government take a good look at this. Correct me if I'm wrong, but I think Ontario would support a national securities regulation. I don't know where the other provinces stand, but if Alberta put their weight behind it, being second biggest, I think you'd see it come about. So I really would suggest, Mr. Speaker, that we begin to take a look at that because most investors that I've talked to think that this is the way to go. It makes the most sense.

Thank you, Mr. Speaker.

The Deputy Speaker: Hon. members, Standing Order 29(2)(a) is available for anyone.

Seeing none, does anyone else wish to participate in the bill?

Does the hon. member wish to close?

Mr. Knight: Question.

[Motion carried; Bill 25 read a second time]

Bill 26

Mandatory Testing and Disclosure Act

[Debate adjourned March 23: Mr. Strang]

The Deputy Speaker: The hon. Member for West Yellowhead still has 13 minutes.

The hon. Member for Edmonton-Centre.

Ms Blakeman: Thanks very much, Mr. Speaker. I am pleased to be able to add a few comments to the second reading debate of Bill 26, Mandatory Testing and Disclosure Act. Oh, that's right. This was moved by West Yellowhead on behalf of Calgary-North Hill.

This is the second time that this Assembly has seen for the most part the ideas in this bill because it had an earlier incarnation as a private member's bill which, in fact, passed in 2004. My understanding is that there were some concerns that were raised aside from the ones that were raised during the debate of the bill, additional concerns that came to light after it, and that this bill is now coming forward as a government bill and has attempted to address the deficiencies that existed in the previous one.

I remember from the time of the debate that there was a lot of support from emergency personnel, so police officers, firefighters, correctional workers, emergency workers, basically anyone that was in a job where they could come into contact with someone who may have a blood-borne infection – HIV, AIDS, hep C, that sort of thing – where they might get contaminated by close encounters with people, and it was intended to assist them.

10:50

The problem that I had with the previous bill was that it just was too open to interpretation and abuse by others. I think at the time I brought forward issues that were raised by EGALE, which is the Equality for Gays and Lesbians Everywhere. This is a national organization, but they were concerned that the legislation as it

existed could be used to target homosexuals. I think that in my reading of this bill now, those concerns have been for the most part addressed because we're not hauling people off to draw the pint of blood out of them to be tested. There is an administrative function that's now coming in between. I think that's probably what was new in the bill and what will make it successful.

I wasn't very supportive of the previous incarnation because I felt that it could be used to target specific groups of people, maybe not always members of the GLBT community but urban aboriginals or prostitutes or any number of other people who could be sort of targeted as a group. It was just too open for interpretation on that one, but I'm aware that a number of my colleagues did in fact support the bill.

I note that this bill is now based on the Uniform Mandatory Testing and Disclosure Act, which is coming forth from the Uniform Law Conference of Canada, and they are recommending it for enactment by all of the provinces and territories. In a quick scan I see that Ontario did pass similar legislation in 2002. There was a private member's bill. It was actually an opposition member's bill, I think, at the federal level, which I don't think ever really got very far. I believe that there's currently discussion in B.C. about similar legislation. So, obviously, this is moving to the front burner if it isn't already there, but it's addressing a situation that many people have identified.

When I go back and look at the Ontario legislation, it requires mandatory blood samples from individuals who expose victims of crime or emergency workers and good Samaritans to bodily fluids. Now, the difference there – I'm sure everybody picked it up as I read that phrase – is that Bill 26 as it stands does not include victims of crime but I think does spell out the other categories.

The rationale for the legislation in Ontario was that it would reduce the number of preventative drug treatments that emergency personnel are required to take, including drugs that have side effects. For people that suspect that they may have been exposed to HIV – and hep C is a different treatment – this is not a pleasant experience. You are basically exposed to a cocktail of drugs. There are fairly significant side effects, and it is uncomfortable, painful for some, myriad side effects. It is not something that you want to be doing lightly or want to do unless you're pretty sure you're going to need to do it.

Part of the issue is: why would we subject these emergency workers who are doing good for all of us? They truly are performing a public service as firefighters or police officers or emergency personnel. You know, they're doing us a great public service, and for us to then place them in a situation where they're not only inconvenienced but have health implications to deal with, we really need to try and avoid that if at all possible, and certainly we want to. I hasten to say that if it's serious and if they need that, then absolutely they should get all the assistance that we can possibly offer them, but if it's possible for us to not have to expose people to that, it would be better.

That was the Ontario legislation.

The federal legislation was from a member of the opposition. It did pass first reading but went to one of their committees for review, and it died on the Order Paper. It did have strong support from some sectors and very strong support from others. We had support from police forces and the paramedics, but the Canadian Bar Association came out against it with some of the same concerns that I was raising. The Canadian Bar Association felt that the federal legislation would not withstand a Charter challenge and would lead to systemic discrimination against certain groups of people. The former federal Privacy Commissioner had serious reservations about what was then Bill C-217 and the issue of mandatory blood testing

in general. He identified a really good test to use, and I'll come back to that later.

The situation that we have right now is that there are only two instances where the authorities can take samples without consent. Those situations are testing for alcohol where there are reasonable grounds to believe that there is impaired driving and DNA samples related to prosecution for certain serious offences. There's a seriousness and a weight to both of these examples. They're both under the Criminal Code, and they do have an expectation that there are reasonable grounds of serious criminal wrongdoing.

Overall, I like this bill much more, Mr. Speaker. I think the intentions of the bill are good. The intentions of the previous bill were good. I just felt it was very flawed in the way it approached it. I've talked already about our need to protect the people that protect us, and I think that is carried through in what's being proposed here. As always, I hope that we're attempting to balance the rights of all people, and that can be difficult. I don't feel that it was achieved in the previous version of the bill, but I think there's more success this time out. You really are trying to balance that infringement. Let's face it; when you're talking about taking blood, you are piercing – I'm sure that there's a legal word for it – the corporeal body. You're piercing their skin to get that blood. You really are assaulting them. You could put it that way. So you've got to be very careful that you're doing this in circumstances where you're very confident that this is going to withstand a number of tests, that you would not be infringing on someone frivolously.

Unfortunately, despite what's anticipated in this bill, it's still likely that we would have to have those emergency workers commence with that cocktail of drugs just to be able to protect them, but if there's a way that we can save a few and balance so that we're able to pass this legislation with good heart, then I think it's worth doing.

We need to be aware that it takes time to get the order that is anticipated and described in the bill and to carry out the testing. As always, we've got to be aware and very cautious that there can be false positives and false negatives. Getting a negative result the first time doesn't mean that somebody is free and clear. They could be in a window or an incubation period, or it could just be a false negative, and we've got to be alive to that. I think there's a minor danger here with the negative test that they could do more harm than good by creating a false sense of security.

11:00

Rev. Abbott: Question.

Ms Blakeman: Oh, I'm getting great enthusiasm from Drayton Valley-Calmar. I think he wants us to stay much later and debate much more. Thank you so much. I always appreciate that support from that back corner there. It inspires me and wakes me up, gets me energized. It could be a good night.

I was talking about a negative test sometimes doing more harm than good and that it can create a false sense of security, which in fact is not accurate and can delay treatment. So we've got to be careful about that.

I'm going to go back now to the four tests that the federal Privacy Commissioner suggested when we're anticipating infringing on someone's privacy. The tests were: is the bill necessary? Is this particular action necessary? I think my personal version of that is: is there a problem? Maybe I can prevail upon the Member for Calgary-North Hill to give some additional information on the statistical need for this bill. How many times in a year do we have emergency workers who believe they have been placed in this position? Is it happening, you know, 10 times a night, 10 times a

shift, or once a month? What is the level of demand for this? I think that would be interesting to know, and it helps us judge whether we need to even be bringing something forward that could impinge on somebody's privacy rights if there isn't that large a demand. I'm sure that the member has done the research, and I'm sure that he'll be happy to share it with me as to what the magnitude of the problem is.

The second test was: is the bill effective? My version of that is: is this going to solve the problem? If there is a problem, is this going to do it? What we're seeing here is that it would take time to get an order and carry out the testing; the results are not conclusive, and a negative result doesn't necessarily mean the person isn't infected.

Test three: how much of an invasion of privacy is the anticipated action that's being proposed in the bill? More questions to the member: how many people refuse a blood test when they're asked to give it? In other words, how many times would we have to use this legislation to enforce it if the blood would not be given voluntarily? How often could it be used? How many people could be impacted by it?

The fourth test from the federal Privacy Commissioner was: are there less invasive alternatives to use for the same circumstances? On this one the . . . [Ms Blakeman's speaking time expired] Oh, that's really disappointing. I'm willing to support this and continue the debate in Committee of the Whole.

Thank you.

The Deputy Speaker: Standing Order 29(2)(a) is available for anyone.

Seeing none, does anyone else wish to participate in the debate?

The hon. Member for Calgary-North Hill to close debate.

Mr. Magnus: Thank you, Mr. Speaker. Just to address a couple of the questions that the hon. Member for Edmonton-Centre had earlier this evening. One of the things that was looked at – and she did mention the gay community and that she had talked to a gal in some of other groups. When the stakeholder group was first created, they had firefighters, paramedic professions, the Alberta Medical Association, the College of Physicians and Surgeons, the regional health authority, medical officers of health. The Alberta Advisory Committee on AIDS and the Alberta Community Council on HIV were all included in this. I was privy to a couple of those meetings, and they seemed to think that this would frankly work at this point in time.

One of the other comments that she made about the drug treatments not being pleasant: that's absolutely accurate. What happens to these people when they do become infected or if they think they have a possibility of being infected is that they must go for the drug treatments because there is no alternative. One of the nice things that this bill does is it simply makes the first place they go the communicable diseases database, so hopefully none of this will take place in any event.

One other question that she had was about protecting those who protect us, but I'd like you to take note and pay careful attention to a provision within the act that also protects the source individual in a great many ways throughout this bill. So it's not just the person who's the victim; it's also the person who's the source of the problem.

How many times is it refused when people are asked to give it? Well, right now there's no law in place that allows them to take it, so consequently we can't give you the numbers on how often it's refused. I will check that, and I will check *Hansard* tomorrow to see if there are any other questions in there.

With that, Mr. Speaker, I look forward to committee stage on this bill, and I close debate on second reading.

[Motion carried; Bill 26 read a second time]

Bill 27

Vegetable Sales (Alberta) Act Repeal Act

[Adjourned debate April 10: Mr. Horner]

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

Mr. MacDonald: Thank you very much, Mr. Speaker. The highlights of this legislation indicate that it will remove the Vegetable Sales (Alberta) Act into enabling regulations as vegetables are now graded nationally.

Certainly, when one looks at this bill and one considers that there is so much legislation and government business that goes behind closed doors, it doesn't hurt. There's no harm in having this bill moved through the Legislative Assembly Act and having it repealed. One only has to think of some of the other matters that sort of routinely go through this Assembly, and there is no public scrutiny. When there's no public scrutiny, sometimes, Mr. Speaker, one looks in the past, and they realize that they have maybe made mistakes.

Now, I go back, Mr. Speaker, to November of 2001, when in miscellaneous statutes we transferred millions and millions of dollars worth of land from one government department to another. That's land that was purchased over the course of time mostly in the early '80s for the ring roads in both Edmonton and Calgary.

So there is a benefit to moving legislation through this Assembly and not through miscellaneous statutes. There was a time when it was thought that perhaps it's possible that this bill be repealed through the miscellaneous statutes, but in light of that example that I just quoted from November of 2001, I think it's a good idea that we let all hon. members of the Assembly have a look at all the legislation.

Thank you.

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

Mr. R. Miller: Well, thank you very much, Mr. Speaker. My pleasure to rise this evening and speak to Bill 27, the Vegetable Sales (Alberta) Act Repeal Act. I had the pleasure of listening to debate last evening when the hon. Minister of Agriculture, Food and Rural Development spoke to this bill in second reading, and there was a lot of hooting and hollering and fun poked at the minister and the piece of legislation and a lot of light made of vegetables and the sale of such. I find it ironic that it's left up to the Member for Edmonton-Rutherford to defend the honour of vegetable growers and market gardeners in Alberta, but here I am.

11:10

Indeed, Mr. Speaker, the manner in which vegetables are sold has changed almost as much in 100 years as the technologies with which they are grown. Let us not forget that the beloved Lois Hole, the former Lieutenant Governor of Alberta, had her roots in vegetable gardening. [interjections] Somebody's listening. That's good.

The market garden that the Holes operated on the south-facing banks of the Sturgeon River in St. Albert is still there today. I think all members are aware of her book, *I'll Never Marry a Farmer*. I could go on and on, but it's important that people be reminded that that's where Lois came from.

Mr. Speaker, land in Edmonton's northeast features some of the very best number 1 grade loam to be found anywhere in North

America. This is grade A growing soil which has been and continues to be under attack by urban sprawl and the construction of Edmonton's badly needed and much anticipated ring road. Ironically, this is some of the same land, at least, that the Member for Edmonton-Gold Bar referred to a minute ago, which has been in the news an awful lot in the last few days.

Mr. Speaker, this primary agricultural land has supported many successful family farm operations such as Kuhlmann's Market Gardens & Greenhouses, Brenneis gardens, Visser Farms, Wallish Greenhouses, Simon's market gardens, Laskiwski's market gardens and greenhouses, and, of course, there are many more. Such diverse crops as kohlrabi, turnips, broccoli, cauliflower, peas, carrots, cucumbers, squash, pumpkins, string beans, cabbage, famous Alberta potatoes, and I could go on and on. These are all grown right here around Edmonton. Don't forget, Mr. Speaker, famous Taber corn. I'm sure there's probably a member in here who would be thrilled at my mentioning Taber corn. Sunflower seeds are grown in southern Alberta, and I'm not really sure whether or not sunflower seeds are a vegetable, but I thought that I would mention them just the same. Of course, we've got sugar beets grown in the southeast part of the province. Some wonderful market gardens operate in the mighty Peace Country, and, in fact, Mr. Speaker, there are even vegetable gardens in Hay River and Fort Smith, north of the 60th parallel in the Northwest Territories.

In the early 1900s, Mr. Speaker, people living in urban centres often had large enough lots that would allow them to grow their own vegetables. For decades those who did not or could not grow their own often had a personal relationship with their local supplier, and they would travel directly to the farm to purchase their produce, milk, eggs, and/or meat. In the '60s and 1970s pick-your-own farms were all the rage, and city folk could make a family day of an outing to the country and buy their fresh produce at a steep discount.

Now I'm going to beg your indulgence for just a minute as I read from an article in the May 27, 2005, edition of the *Edmonton Journal*, Mr. Speaker. This is about the history of farmers' markets. It says

Before 1973, only four farmers' markets existed in Alberta: Calgary, Edmonton, Lethbridge, and Medicine Hat. The Edmonton City Market was Alberta's first farmers' market and was established in 1900, but despite many years of success, farmers' markets did not initially flourish in this province.

In 1973, Alberta Agriculture announced a new grant program for the establishment of farmers' markets in Alberta under the direction of then minister of agriculture the Honourable Hugh Horner.

Yes, Mr. Speaker, that is the father of the current minister of agriculture, and I'm surprised that the minister didn't acknowledge his father's contribution to farmers' markets when he spoke last night. Mr. Speaker, it continues:

Under the new program, farmers' markets began to flourish and by 1975 there were 35 farmers' markets in the province. In 1994, the Alberta Farmers' Market Association became incorporated and today there are between 110-120 farmers' markets in Alberta . . .

Farmers' markets provide an opportunity for urban residents to purchase goods direct from agricultural producers and consequently offer a supplementary income source for producers. They also serve as incubators for new businesses allowing them to test out new products and establish markets before growing bigger. For communities, farmers' markets are a social event, a gathering place, and a shopping venue.

Now, Mr. Speaker, unfortunately far too many children growing up in our cities today believe that carrots come from the grocery store, and they have never had the opportunity to learn anything different. It is my sincere hope that with projects like the City Farm in northeast Edmonton children and their families will once again have the opportunity to visit and experience the farm first-hand by

growing and processing food, caring for animals, and simply experiencing nature. Perhaps along the way they will develop a greater appreciation for vegetables and the sale of vegetables.

Thank you.

The Deputy Speaker: Hon. members, 29(2)(a) is available.

Seeing no one, does anyone else wish to participate in the debate?
Are you ready for the question?

Hon. Members: Question.

[Motion carried; Bill 27 read a second time]

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

Mr. Stevens: Yes. Thanks, Mr. Speaker. We've made some very good progress tonight, and I know that some of the members have some plans afoot. We certainly want to give them an opportunity to do whatever between now and the stroke of midnight, so I would ask that we adjourn the House until 1:30 tomorrow afternoon.

[Motion carried; at 11:16 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]