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First Session

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The Honourable Kenneth R. Kowalski, Speaker

Legislative Assembly of Alberta

The 27th Legislature

First Session

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[Errata, if any, appear inside back cover]

Legislative Assembly of Alberta

7:30 p.m.

Monday, April 21, 2008

[The Speaker in the chair]

The Speaker: Good evening. Please be seated.

Under the changes that were made the other day, there's a slight modification to our Routine. We're now starting at 7:30, and the second adjustment that was made the other day was that the time allocation for debate on motions is now 55 minutes plus five minutes for the presenter to conclude as opposed to the 65 minutes from before.

Motions Other than Government Motions

The Speaker: The hon. Member for Battle River-Wainwright.

Personal Income Tax

501. Mr. Griffiths moved:

Be it resolved that the Legislative Assembly urge the government to study the feasibility of eliminating personal income tax in the province and replacing it with a consumption tax.

Mr. Griffiths: Thank you, Mr. Speaker. It's a pleasure to rise today for the debate on the first motion to be introduced in this the 27th Session of the Legislative Assembly. Motion 501, eliminating personal income tax, is an idea that's been brewing in my mind for many years. I want to assure the public, any public that is listening today, reading this tomorrow, that this is not strictly about eliminating income tax. I also want to assure all members of the public, and most importantly a member from across the way who put out a press release that had inaccurate information, that I am not strictly proposing a sales tax. In fact, the exact motion reads, Mr. Speaker: "Be it resolved that the Legislative Assembly urge the government to study the feasibility of eliminating personal income tax in the province and replacing it with a consumption tax."

Now, I truly hope that members, before they express themselves aptly with boos and whines and voices of opposition, listen closely to the rationale for such a study, that they consider all of the implications that are raised, and that they give this concept a full and fair hearing. I hope that others such as the member across the way debate the motion I presented rather than raising straw dogs that can be burned down easily.

Now, Mr. Speaker, when it comes to tax policy, there are four widely accepted objectives that any tax policy should have. The first is simplicity. You see, the more complex a system is, the more likely the system is to be manipulated by those who want to pay fewer taxes and the harder it is for the average taxpayer to manage the system appropriately to ensure that he or she is only paying the tax that he or she is supposed to pay. That is the essential reason for moving to a 10 per cent flat tax in this province and having our tax forms as one page on the federal tax form: simplicity. But what could be more simple than no form at all? What could be simpler for taxpayers to understand than that when they buy a good, they will pay a tax on that good? No forms, no accountants – provincial forms anyway. Just a simple rule that if you're going to consume, you're going to pay a tax, and a fixed tax at that.

The second objective, Mr. Speaker, of a tax policy is fairness. This is a very complex issue for all governments, and many different governments and public servants disagree remarkably on exactly what this concept means when translated into real-world policy.

Would fair mean that everyone should pay the same amount, like getting a bill for \$2,000 from the government every year, regardless of income or ability to pay, so that all have equal responsibility to contributing to the government? Or does it mean that all should pay the same percentage of income, that the comparative contributions are equal, much like we have now, where every taxpayer pays 10 per cent of what they earn? Or does fair mean that those who can afford to pay more should pay more and more of their income the more income they earn? Well, I believe that nothing would be fairer to taxpayers than to allow them to decide how much tax they pay when they decide how much stuff they're going to consume.

Mr. Speaker, the third principle of a sound tax policy is revenue sufficiency. I really do love this policy and this principle of tax policy. It sounds so straightforward, yet almost every government in the nation except for ours is taxing in a way that is not sufficient to meet the expenses it incurs from the programs it provides. So they run deficits, which lead to debts, which is still a tax; it's just a tax on the next generation. Governments have to provide fewer programs or tax more, and the public has got to realize they can't demand both more programs and less taxes.

I'm glad to say that a shift from personal income tax to consumption tax appears, from the studies I've done, to be virtually revenue neutral. There would be no shortfall of revenue to the province to provide this program. If there is, it would be more than offset by the extra revenue the government seems to collect year over year that produces our constant surpluses, specifically the revenue from Alberta's personal income tax. A flat tax rate of 10 per cent for the budget year ending March 31, 2008, is projected to be just over \$7 billion. A provincial sales tax of 10 per cent for the fiscal year ending 2008 based on the projected retail spending in Alberta would bring us to within 5 per cent of that \$7 billion mark.

Now, Mr. Speaker, the fourth principle of a sound tax policy is efficiency. This principle means that tax policy should interfere as little as possible with individuals' choices within the private marketplace. It means, however, that tax policy should encourage people to earn money and to invest rather than take leisure or consume goods. Income tax, where money is taken off people's cheques before they even get the cheques, discourages them from wanting to work more and invest more and actually encourages them to work less and take more leisure time and consume more goods. In fact, I find it quite absurd on occasion that some economists continue to talk about how consumer consumption is a positive sign in an economy without considering some complementary measure of the income and savings growth for consumers. Without a growth in income and savings a rise in consumption is a temporary boost to the economy that will eventually disappear and cause a contraction in spending as credit purchases must be paid off.

Mr. Speaker, the tax that reflects all four principles of good taxation – efficiency, fairness, simplicity, and revenue sufficiency – is a consumption tax, but those reasons are not the only reasons for encouraging the government to explore the feasibility, which is what this motion presents, of eliminating personal income tax and replacing it with a consumption tax. There are many others.

Moving from a consumption tax would have the potential of eliminating all of the income tax bureaucrats that have to process income tax forms, chase down audits, and hunt down cheaters. In fact, this type of tax would eliminate all cheaters and tax evaders because there's no way around a simple pay-at-the-till tax. It would eliminate all the games that can be played, which often give an advantage to the wealthy, who can afford to hire expensive tax accountants and lawyers, by eliminating all of the tax loopholes and writeoffs that so many average taxpayers are not aware of, not privy

to, and which are incredibly unfair. For those reasons, a consumption tax is widely acclaimed as the most open and transparent form of taxation.

Now, imagine just for a moment, Mr. Speaker, how this motion suggests a study of replacing income tax with a consumption tax. If that were to come true, no more provincial income tax. Workers would be allowed to keep all of their entire paycheque. Working students would be able to keep all of their entire paycheque. Seniors would be able to keep their entire pensions to help themselves for retirement. Prosperity would grow.

Now, I know that members across the way will suggest that all of that difference will be made up when poor and middle-income pay taxes on basic essential goods. Mr. Speaker, I would suggest, as would most others, that items such as food, school supplies, clothes, and books and items such as used cars and even used houses could be exempt from the consumption tax so that all of the basic items of life would not have a tax and not needlessly burden those on lower incomes and make them pay higher proportional taxes.

Mr. Speaker, such a change is also an environmentally friendly one. North Americans, including Canadians, are far and away the highest consuming people on the planet. We consume stuff, and we consume more and more stuff all the time. As I mentioned previously, income tax is naturally an incentive to earn, invest, and produce less and consume more. A consumption tax would have the exact opposite effect, encouraging people to save, encouraging people to invest, pay down debts, and to consume less stuff. A consumption tax, not only a fair, transparent, and open system, is also a green tax that may help lower our consumption rates and strengthen our environmental awareness. As governments spend more and more available resources on cleaning up consumption, it seems only right that the tax dollars used to clean up that consumption discourage it in the same breath.

Finally, Mr. Speaker, moving to a consumption tax would help generate new funds and new money into this province as tourists that come into this province would help contribute to the tax burden across this province rather than just those that work here and earn an income.

7:40

To me the most exciting added bonus of moving to a consumption tax and eliminating income tax, Mr. Speaker, is that it would attract more businesses, more employees, and more professionals like doctors and nurses and dentists that we need so badly in this province, who would see no income tax as such a huge boon to their businesses, to the opportunities availed to them. I know some members will suggest that with a consumption tax they may come here and work and earn a living, but they'll move off or buy their product somewhere else, but every other jurisdiction in this country has a consumption tax, so there would be no competitive advantage to that. We would have people coming in and spending their money here. I think it would be fantastic to explore this, consider the options.

I look forward to the debate. Thank you, Mr. Speaker.

The Speaker: The hon. Member for Calgary-Varsity, followed by the hon. Member for Airdrie-Chestermere.

Mr. Chase: Thank you very much, Mr. Speaker. To begin with, I want to indicate that I have tremendous respect for the Member for Battle River-Wainwright, and I thoroughly appreciate how he worked with me on the motion for a unified family court and how it was amended to be a unified family court process. Being part of history where an opposition motion gets passed unanimously was a

wonderful experience that I hope to see other members of the Official Opposition and the third party experience.

However, having passed that bouquet along, I don't believe that this particular tax reduces the complexity that it was intended to. The reality is that if you can't afford, you can't consume. I realize the member opposite was suggesting certain exemptions. He mentioned food, which is an obvious exemption. He mentioned certain school materials, which both of us, having a background of school teaching, can see the importance of. We know very well that school boards and parents have had a great deal of difficulty paying the school fees. The schools that are in the wealthier districts have the option of having parents attend casinos whereas those in the less socioeconomically successful areas don't have that luxury of fundraising for basics through casinos. However, would the exemptions, for example, apply to pharmaceuticals and medicines? The people who are least able to afford food as a result frequently live in poverty circumstances, and medicine and costs are of great concern.

Last week in this House I mentioned that over 65,000 children were living in poverty, and government subsidies in the form of welfare only cover a portion of that poverty. It certainly doesn't raise individuals out of poverty, and until we have a living wage, that isn't going to happen.

However, with regard to the second concept – and that was fairness – this doesn't meet the fairness test because it is very much the same sort of universal application as our current health care premiums, which are based on a blanket amount for each family member. They do not take into account a person's economic capability to pay. Again, the province does forgive the people at the lowest end of the scale. It gives a break for fixed-income seniors. It does provide a break for the poorest of the poor. But with this type of consumption tax, again, like the flat tax, it's the middle class that ends up facing the brunt because the people who are in the worst of the poverty circumstances – and unfortunately, that refers frequently to new immigrants who have recently fled war-torn circumstances. It affects the individuals such as temporary foreign workers although to what extent their taxes are collected remains still, I'm afraid, somewhat of a mystery to me. But one group that gets hit very hard in the poverty area is the First Nations, and that's whether they live on-reserve or off-reserve. They frequently sort of get caught between a desire for self-governance and the limitations placed upon them in terms of the federal government and what we pick up as a province, which isn't a whole lot.

I am concerned that the flat tax, which this particular consumption tax is modelled after, basically allows the people at the upper end of the scale, and probably a larger number of those individuals, to escape what a progressive tax would actually take into account, so again it's the middle classes that make up the majority of taxpayers and who therefore, as a group, would be the largest consumers who are going to end up feeling the effect of this particular replacement tax, if you like, this consumption tax. At some point, whether it's small business or middle class individuals, I would like to see a benefit that goes directly to those individuals, and this consumption tax doesn't do it.

In terms of affordability I would think, and hopefully the member opposite or one of the members who will be speaking in favour of this motion will set me straight, but I didn't hear a mention of clothing, for example, being exempted, you know, whether it's children's clothing or work clothes. Possibly this will be part of what will eventually become a very long list of exemptions, which by its length will rule out the simplicity portion of what this is intended to do.

The Americans have rather a neat approach to taxes with regard to mortgages. You can claim, I gather, a significant portion of your payment on a mortgage as a tax deduction. Now, that would . . .

Mr. Mason: Look where that got them.

Mr. Chase: It was subprime.

But the thought is that that would be more likely to help people with obtaining their first mortgage or their first home than what is being suggested in this consumption tax. If you can't afford to purchase a home even if food is exempted – and I haven't heard among the list of exemptions that potentially your first mortgage would be exempted from a tax situation. Again, if that's something that could be incorporated into this motion, I would be more supportive of it.

What we're seeing is that while there is a very honest attempt to relieve the tax burden that Albertans are facing, it is that very small percentage at the bottom and a significant percentage, based on our Alberta boom, whose ability to avoid paying income taxes will make our current set of public works, the taxes that go towards building the roads, building the schools, building our hospitals – I see the amount going out to support those public institutions through what I would prefer to see as a progressive tax being further reduced.

7:50

Currently, in our economy we are still a one-trick pony in our dependency on oil and gas. The government has attempted to deal with this. For example, they refer to it as tweaking, but the government has made major changes to recognize, as Liberals do, that gas has had a great deal of difficulty, and it requires some special circumstances and some breaks until such time as it returns. However, the billion dollars of forgiving which then considered an investment is a billion dollars that isn't going to go to daily needs: buying school textbooks, purchasing medicine, building our much-needed southeast hospital. Instead, we're going to continue to hide the fact that we've got an ever-growing debt, which results from P3s, et cetera.

Thank you, Mr. Speaker.

The Speaker: Hon. members, I do believe you've got about 34 minutes left, and I've got eight speakers on the list.

The hon. Member for Airdrie-Chestermere, followed by the hon. Member for Edmonton-Highlands-Norwood.

Mr. Anderson: Thank you, Mr. Speaker. I wish to first endorse and support the motion by the Member for Battle River-Wainwright. I, too, believe that the government of Alberta should look into studying the feasibility of eliminating our provincial income tax and using a consumption-based taxation system in its place, with a provincial sales tax being the likely substitute revenue generator. I would hope that it would be worth at least studying this and that we could be open-minded enough as members of this Assembly, regardless of what our preconceived notions might be in relation to this motion, to at least study the feasibility of it because there are a lot of studies out there that seem to indicate that this is an idea whose time has perhaps come. So I think it is incumbent upon us to at least look at it and see if that would be true in the Alberta context.

I shall advance as supportive evidence for my remarks today the October 2000 report from the Canada West Foundation entitled *A Better Alberta Advantage: A Proposal to Eliminate the Alberta Provincial Personal Income Tax*, authored by Dr. Roger Gibbins, as we know, one of Alberta's foremost and well-respected public policy experts. As well, I point to the October 2000 study entitled *Tax*

Reform and Economic Growth in Alberta by Dr. Bev Dahlby, professor of economics at the University of Alberta, as well as the study entitled *Replacing the Alberta Personal Income Tax with a Sales Tax: Not Heresy but Good Economic Sense* by Dr. Kenneth McKenzie, professor of economics at the University of Calgary. The above studies were also contributed to by Brian Felesky of Felesky Flynn LLP; Dr. Jack Mintz, then president and CEO of the C.D. Howe Institute; David Perry, then president of the Canadian Tax Foundation; Dr. Roger Smith, then VP of research at the University of Alberta; and David Williamson of PricewaterhouseCoopers. So, again, this idea is not new; it has been studied in great detail by many distinguished individuals.

In summary, there are several important reasons why we as a province should look into the feasibility of substituting a consumption tax system for our current provincial income tax system, Mr. Speaker. Such a study, if undertaken, might verify the findings of the previously mentioned studies, particularly that adopting a consumption-based tax system would promote savings and investment in capital as well as the paying down of personal debt rather than our current system, which is indifferent to consumption and, in essence, promotes debt financing. It would promote hard work and productivity rather than penalize productivity as income tax does. It would serve to attract highly skilled workers and entrepreneurs from across Canada and the United States, looking for lower income taxes and a jurisdiction that rewards innovation and hard work rather than the majority of North American jurisdictions that, in effect, tax innovation and hard work. Alberta would remain price competitive with all other Canadian jurisdictions, who already have a PST consumption tax. The difference would be that the combined income tax rate in Alberta would become significantly lower, therefore attracting the types of workers and families that we want to attract to this province given our skilled labour shortage.

It would benefit our environment as well by again rewarding efficiency and thrift while taxing consumption and waste. It promotes economic choices for families and individuals as they would be able to choose to a large extent when to pay tax. If circumstances required them to save more and pay off more debt at a given time, they would be more free to do so. If times were good and they wanted to consume more and buy more, they would be taxed accordingly.

PST regimes, as the member reminded us, are notoriously far more efficient in that it's harder to get out of paying them than income tax regimes are. In income tax regimes high-income earners have the wherewithal to shelter much of their incomes to avoid taxation, while the middle class and working families generally do not. I would remind my colleague the hon. Member for Calgary-Varsity that middle class families today get hammered by income tax. They wouldn't as much under this system that is being proposed in these studies.

The aforementioned studies, aside from concluding what I've just outlined, also concluded that a consumption-based tax system would also increase growth in the economy relative to an income tax system because individuals would invest in human and physical capital at a faster rate under such a regime.

Now, a couple of caveats to my remarks. If the government decides that we should in fact further study this potential tax reform, I would suggest a few small parameters, many of which have already been mentioned. First, any change must result in an immediate net tax benefit to the majority of Albertans, especially low-income Albertans and families. This, of course, may mean provision for a PST rebate for low-wage earners, much like the current GST has in place. Also, any changes should be easy for business to deal with.

Other provinces, for example, have harmonized their PST tax with the federal GST so as to make it easier for businesses to implement it.

Also, if a PST is instituted, it would need to be competitive with or even lower than the rates of other PST rates in other provinces so that we would not incentivize people to go across the border and buy their products in another jurisdiction. Further, a PST should not apply to businesses, meaning they should not have to pay it but instead pass it on to consumers as they do now with the GST. Also, any changes should be revenue neutral, meaning the current spending could be maintained, if we wish to, at current levels. Of course, I would hope that we can keep total government spending increases to the rate of inflation plus growth as we go forward, but that is a debate for another day. Finally, it should ensure that if a PST is used, it does not apply to essentials like food or rent, which has been spoken about, as these items are already exempted from the GST. We could do the same.

So, Mr. Speaker, those are my remarks in supporting the motion from the member representing Battle River-Wainwright. I hope this Assembly will also support this motion and vote to study this issue in more detail as I feel it has at the very least the potential to significantly better the lives of Alberta's workers and families, diversify the economy, and raise the Alberta advantage to even greater heights.

Thank you.

The Speaker: Thank you. We've approximately 28 minutes; seven speakers on my list. The hon. Member for Edmonton-Highlands-Norwood, followed by the hon. Member for Calgary-Egmont.

Mr. Mason: Thank you very much, Mr. Speaker. It's a pleasure for me to rise and speak to Motion 501, the so-called consumption tax. I want to indicate to the House that I find this motion very interesting in that it comes forward tonight so soon into our session following the election. It may not surprise hon. members that I don't think that the motion should be approved, and I do not agree with the hon. Member for Battle River-Wainwright in his approach.

Mr. Speaker, I will keep my remarks quite short tonight. It's pretty clear to me that this consumption tax, otherwise known as a sales tax, is simply a method of shifting the tax burden in our province. With income tax and, preferably, with a progressive income tax, which we no longer have in this province, having substituted a flat tax, people who have high incomes and lots of additional cash pay more, and middle-income and lower income people pay less. However, under a consumption tax, or a sales tax, people are taxed according to what they buy, so it shifts the burden away from wealthy individuals and wealthy families further onto middle-class and lower income people. Now, I know that this particular approach is a favourite theory of right-wing economists in the United States and here in Canada; nevertheless, it is very clear that a sales tax like the GST or a provincial sales tax is a regressive tax.

8:00

Now, the hon. member suggests that this tax will bring in enough revenue to offset the revenue from income tax that we receive. If you combine the personal income tax and the corporate income tax in the province of Alberta, last year it brought in approximately \$7 billion. That means a provincial sales tax would have to bring in an equal amount. Now, the hon. Member for Battle River-Wainwright has said – and he and I talked about this a little bit this afternoon on the radio – that he believes we could exempt things like housing, things like clothing, things like food and all of the necessities of life

that every family, regardless of their income, has to purchase. If he does that, what's left, and what rate of tax will have to be imposed on what's left in order to make up \$7 billion? I would submit that we're talking about a very, very steep provincial income tax rate in order to generate \$7 billion, having exempted all of the necessities of life. So, Mr. Speaker, I believe that this motion is ill advised.

The hon. member also talked about reducing bureaucracy. Well, when I fill out my income tax forms, it's federal income tax, and then there's a sheet for the provincial income tax. The fact is that most of the bureaucracy that deals with income tax is federal bureaucracy, so what exactly are we going to eliminate? If we're going to exempt a variety of goods, what sort of bureaucracy is necessary in order to collect a provincial sales tax?

Mr. Speaker, I know that proponents of this would like to call it a consumption tax, not a sales tax. But if it walks like a tax, if it quacks like a tax, if it swims like a tax, then it is, in fact, a sales tax. That's exactly what it is.

Mr. Speaker, in closing, Alberta has always prided itself on the fact that it has no sales tax, and that is because we have revenue from our oil and gas through royalties which offsets the requirement for that. Albertans have never supported a sales tax. Albertans have taken great pride in the fact that we do not have a sales tax. If the hon. member and if this House want to go in the direction of a sales tax, then I believe that the people of this province will be very, very concerned and indeed very, very angry. It is, in fact, one of the things that has set Alberta apart.

Now, suppose, Mr. Speaker, we do want to eliminate income tax in this province. There's another way. We could simply charge royalties on our oil equivalent to that of other jurisdictions in the world. We still have amongst the lowest royalty rates anywhere in the world. Other jurisdictions have revised their royalty rates in light of sky-high oil prices, and Alberta has fallen well behind even such noted socialist states as the Republican-run state of Alaska. If we can't even keep up to the Republicans in the United States, then indeed we are letting our citizens down. I would suggest to members opposite that if they do want to eliminate income tax, there is, in fact, a way to do it, and that is to charge reasonable royalty rates on this incredibly valuable resource, of which we possess an enormous amount.

Mr. Speaker, with that I would like to conclude my remarks. Thank you.

The Speaker: The hon. Member for Calgary-Egmont, followed by the hon. Member for Lethbridge-East.

Mr. Denis: Thank you very much, Mr. Speaker. Just before I begin my remarks, I'd just like to remind the hon. Member for Edmonton-Highlands-Norwood about the number of NDP provincial governments that have consistently supported sales taxes.

Dealing with the matter at hand, Mr. Speaker, I too have great high personal regard for the Member for Battle River-Wainwright, particularly as the dean for the under-35 caucus that we have, but I must rise to oppose his motion. No one will accuse me of advocating for higher taxes. In fact, I'm quite proud of our government's record of strong financial management over the past several years. In particular, I'm also proud of the move to eliminate health care premiums this time around.

For insight into this question, Mr. Speaker, we have to look to the past, and I point, actually, to the government of William Aberhart, which brought in the Ultimate Purchaser's Tax Act in 1936, which imposed a 2 per cent tax on all commodities purchased other than those for resale. This tax was thrown out the next year by the same government that created it due to immense public outcry. This sales

tax was never reinstated. To this day we know that Alberta is the only province that doesn't have a sales tax.

Mr. Speaker, I spoke this afternoon with a group that does advocacy for small business, and I asked them what the number one complaint was amongst their members. The answer was GST compliance or PST compliance outside of Alberta. In this inflationary time in Alberta this tax will add to inflation. I also note that the additional costs incurred by small businesses will be passed on to – guess who? – the consumer.

Mr. Speaker, I also point out to you that this motion comes at a time when governments across the country are reducing their consumption taxes. Most notably, our federal cousins have reduced the GST to 5 per cent.

Mr. Speaker, this moves our taxation policy in the wrong direction. We've tried it. We've been there. We've done that. I oppose this motion.

Thank you.

The Speaker: The hon. Member for Lethbridge-East, followed by the President of the Treasury Board.

Ms Pastoor: Thank you, Mr. Speaker. A very interesting concept, and certainly I would be probably more than happy to support it should it be progressive. I'm always interested to see that the word "progressive" is sometimes left out of the Progressive Conservative's answer to things.

One thing that I think when I hear the word "consumption" – and I do agree with the member from across – is that we do consume far too much junk. We consume it, we throw it away, and it ends up in our landfills. We're almost on a treadmill because our economy is so dependent on consumerism. If we have decreased consumption, it increases the pressure on our manufacturing. They then decrease their staff because we're not buying enough. We then increase our unemployed. But at the present time if we cut back on our consumption, it probably wouldn't hurt us as much as it would hurt our global trading partners – i.e., China and India – because that is where most of our goods come from. I've always said that I think you know you've arrived if you can afford to buy something not made in China. It would upset the balance with our trading partners, as I've mentioned. So I agree with the consumption, but I also agree that we should be decreasing our consumption, particularly of non-useful items.

The power of the marketplace, which this sort of idea is based upon, really is very powerful. I would use the example of Martin Luther King who, when he wanted to make a peaceful protest, had all of his followers not use the buses in Alabama, and it worked. The other example could be that when gas went up – and it's certainly going up now – there was a huge increase in small-car consumption. People bought more small cars. So the marketplace is a very, very powerful tool to make social changes, which I believe that this bill is trying to do in an economic social fashion.

8:10

The bill itself, as has been mentioned before, is really not a radical idea. In 1995 in the Senate in the States it was proposed by Sam Nunn, a Georgia Democrat, and also by Pete Domenici, who was a Republican from New Mexico. They called it the unlimited savings allowance tax. In short, the tax really is not a radical idea.

I do believe that it's certainly worthy of discussion on both sides of the House, which we're doing now. I think the idea in itself is good provided that it isn't onerous for the poor. Perhaps there could be a cut-off where people would neither pay an income nor a consumerism tax because of what the level of their income would

be. I'm trying to think of perhaps people on AISH. They consume very, very little, and they certainly don't pay income tax, so this would really have no bearing on them. In fact, it should be helping our poor to be able to get ahead and actually move forward with their lives.

A nonprogressive tax does tax everybody at the same rate. It really, really does aid the wealthy more, and it hits the middle class. Also, for the lower income, who don't pay, they look at the incentive to move up into a higher tax bracket, and it really isn't there.

The only measure in the current income tax system that makes things more progressive and better for low-income people is the deductible. It means that if you earn under \$16,000 a year, you don't pay income tax, as I have alluded to before. A flat consumption tax such as the PST or a value-added tax would not be able to register this because it would be charged to you every time you consumed something, with no regard to your income level. Again and again I believe that that kind of thinking would create a much larger gap between those who could afford the big houses and those that can barely afford a house, period.

A point of interest with this motion, as has been mentioned, is that Alberta has boasted, forever almost, that we really don't have a sales tax. As my colleague on this side of the House has mentioned, if it sounds like a tax and smells like a tax and walks like a tax and all that sort of stuff, it really is a sales tax.

Taxing consumption rather than income does not make the taxation any more fair or less. If the income tax is a flat tax, it does however make it more economically efficient. What it doesn't do is encourage tax savings. I believe that the idea of having a consumption tax which would equal what your income was, subtracting what your savings are, which would then be your consumption, would certainly be an incentive. I believe that Canadians as a whole really do not have a good record of having savings in the bank. We all have to start thinking seriously of how our pension plans are going to be secure. Maybe we should start thinking for ourselves. This type of thing would help us towards savings.

Consumption taxes do not have to be regressive. They can be progressive. The question, then, becomes whether this government would institute a progressive consumption tax, but given the history with the flat, regressive income tax, the answer is likely no. However, I would like to see this discussion go a little bit further and see if there isn't a middle ground that we could come to. Basically, the idea itself is better. The idea of a simplistic tax I think everybody could support, as has been mentioned. Almost everyone that I know employs an accountant to do their tax returns. It would be fair. The simpler it is, the more fair it would be.

With that, Mr. Speaker, I would take my seat. Thank you.

The Speaker: The hon. President of the Treasury Board, followed by the hon. Member for Calgary-McCall.

Mr. Snelgrove: Thank you, Mr. Speaker. Interesting. I have to commend the Member for Battle River-Wainwright as he has brought forward many ideas that do stimulate good conversation. That truly is what a private member's motion is about.

The Member for Calgary-Egmont I think made a lot of the points that need to be part of the discussion. One of them is that any time you introduce a tax on a product that has the opportunity to go through the black market, it will. We've seen it in cigarette smuggling. Any time some product is taxed in one jurisdiction, the smuggling starts. It's much the same as income tax. We know that when the rates are too high and the exemptions are too low, the black market prospers. That's why it's so important to have a total grasp of what you're taxing and to make sure that people are paying their fair share and that the black market isn't what thrives.

It is interesting that the federal Conservative government brought in the GST at 7 per cent, and now we're fighting to get it back down. You would have to wonder if all the arguments that we made said, you know, that a consumption tax is more fair, yet it's very popular to reduce it. In my opinion, the federal tax is obscene, where it starts with an exemption of around \$8,000 and regresses. I mean, I don't – believe it or not – mind paying my share of provincial income tax. It allows me a very good, solid exemption for my wife and my family. Start paying at around \$42,000 or \$45,000; I think that's fair. We have a lot of things we need to pay for. Taxes remind us of that.

I've got to tell you as a business operator still that the administrative part of the GST is one of the most wicked curses they've ever put on us with exemptions. If you're going to put on a tax, put it on. If you have to rebate those that can't afford it, do it. But don't make business be the bookkeepers for any government. It is a nightmare.

There are some other taxes, and I wish the motion had encouraged more discussion about the total tax component. One of the most unfair taxes we have in this province still is the municipal portion of your education tax. Talk about a socialist attitude. If I want to save my money, work hard, and build a big house, I'll pay twice as much as the guy who wants to do whatever he wants to do with his little house, yet I get no more service from anybody, require no more fire or no more street sweeping. No. I just have my house. So let's talk about more unfair taxes first and get rid of those. Even the tax on insurance premiums. There are hidden taxes in our system, and I would much prefer to clean them all up. The restriction on the professional corporations, exemptions, let's get rid of that stuff.

I mean, we are one of the most prosperous entities, if not the most prosperous, in North America, and we can have the discussion about taxes of every kind. I want to thank the hon. member for bringing that forward, but there are pitfalls everywhere, and there's certainly no easy way to live the lifestyles we live and have the services we demand from our government and not pay a lot of taxes.

I appreciate the opportunity for further discussion.

The Speaker: The hon. Member for Calgary-McCall, followed by the hon. Member for Calgary-Bow.

Mr. Kang: Thank you, Mr. Speaker. There are too many unknowns in this proposal. It doesn't tell us how much it will cost and what will be exempt, what the rate will be, and how much it will cost to implement it to harmonize with the feds, and how much it will cost businesses to switch over for the consumption tax. I think the simplicity the hon. member was talking about is going to hit the poor people the hardest in their pocket. It's going to be a regressive tax, and it will hit them disproportionately hard.

It cannot be revenue neutral. The GST was supposed to be revenue neutral, too. When they said, "We'll get rid of the MST, and the GST will be revenue neutral," it ended up being a cash cow. So there are still too many unknowns in this. It may create an underground economy, as the GST did somewhat, and I don't know how it's going to bring in more tourists to our province to shop here, you know, when we've got a consumption tax. They will probably go toward the other jurisdictions.

I don't know how we're going to keep the tax at a certain rate. You know, it may keep going up and up and up because it may be the only tax grab we have. If the oil prices come down and gas prices come down and we have no money coming from there, then the taxes have to go up to provide the services.

So I think that there are too many unknowns in this, and for that reason I can't support this motion. Thank you.

The Speaker: The hon. Member for Calgary-Bow, followed by the hon. Member for Calgary North-Hill.

Ms DeLong: Thank you very much, Mr. Speaker. I'm finding this a very interesting discussion. I do believe a lot of people have brought up the subject of this tax not being structured in such a way as to be fair to people of lower income. I do believe that it is possible to do it so that it is fair, that it is equitable. I mean, we do already have the GST, which has been structured in such a way that people of low income actually get a tax rebate for the GST. I see no reason why we can't have that same kind of equity on the provincial level.

The thing that really interests me with this is that in terms of studies, again referring to the October 2000 Tax Reform and Economic Growth in Alberta by Bev Dahlby, in terms of the conclusion:

The theoretical models and economic studies indicate that tax policy can affect the long-term growth rate of the economy by affecting the rate at which a workforce acquires new skills and knowledge. Most studies indicate that the tax structure has a more important impact on the rate of economic growth than does the tax level.

And it goes on from there.

8:20

What really this has brought to mind is that we should be looking at structuring our taxes in such a way that Alberta as a whole becomes more prosperous so that we can support the people of lower income to level things out. So if we are right now at an optimum level, that's great. But I think it's time to really have a look at it. As the head of the Treasury Board said, perhaps it isn't just that we should be looking at income tax versus sales tax but that we should also be looking at our total tax structure, including property tax.

I encourage everyone to support this motion so that we do re-examine our entire tax structure. Thank you.

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

Mr. Fawcett: Thank you, Mr. Speaker. I find that this conversation is a timely one as many Albertans scramble to deal with the dread and frustration of submitting their 2007 tax return. As a passionate sports enthusiast, coach, and fan – go Flames – and someone who believes that the maximum amount of hard-earned money should be left in the pocket of the individual who earned that money, I have a favourite saying. That saying is that there are three guarantees in life: death, taxes, and bad officiating. In all seriousness, these three things are not the most enjoyable experiences but necessary evils that must be managed and dealt with appropriately.

However, in rising tonight to speak to this motion, brought forward by the hon. Member for Battle River-Wainwright, I'd like to take the opportunity to encourage the government and all members of this House to consider and support at some time during the course of this 27th Legislature broad-based tax relief for all Albertans.

In the Speech from the Throne last week the government highlighted its commitment to get rid of the health care tax, and I would like to commend the government for its commitment and leadership in bringing about this relief to hard-working Albertans. Today with record spending at both the federal and provincial levels of government, it seems there is a program for everything that's going wrong in our society. The opposition parties have wasted no time in diagnosing Alberta with underfunded syndrome, and they have prescribed a heavy dose of more bureaucracy and red tape and less choices for hard-working individuals. Listening to the opposition, you would think that trees on the Legislature Grounds were a rare

breed, unique to anywhere else in the world, money trees that bloom year-round. I'm new to Edmonton, but I'm pretty sure that Fantasyland doesn't extend beyond West Edmonton Mall.

Mr. Speaker, I rise today to speak to the motion because I want to support the reality of those hard-working Albertans who over the next few weeks will be working feverishly to submit their 2007 tax returns. For those people the issue is less about how they are taxed and more about the amount that they are taxed. That being said, I want to commend the Member for Battle River-Wainwright for his vision and foresight and leadership in bringing this discussion before us.

As much as I personally cringe at the word and concept of taxes and their proliferation, I do recognize a need for them: to deliver certain and specific common services and good to our society that could not be delivered otherwise. So as I submit to the necessity of limited taxation, I also recognize the significant importance and impact taxation can have on delivering public policy objectives. As much as I consider the amount of taxation to be the biggest issue, certainly I recognize that the type and method of taxation can be a good public policy tool. It is for this reason that I commend the hon. member for bringing this forward, and in commending him for that, I will also be supporting the motion.

As the lowest tax jurisdiction in North America Alberta has long been a maverick in taxation reform. Our envious economy and bountiful opportunities that we enjoy today can be directly associated to this trailblazing attitude. Alberta's commitment to a single flat rate of tax over a decade ago was a key pillar in a fiscal revolution adopted by many governments shortly afterward. Today we must stay ahead of the taxation curve and ensure that we continue to prosper and achieve the Premier's vision of making Alberta the best place to live, raise a family, and invest.

There have been plenty of discussions, studies, and rhetoric regarding the benefits and drawbacks of various taxation schemes. While there is no clear consensus on the best type of taxation system, a large number of trusted and respected economists have indicated that a consumption tax is the least restrictive on economic growth, yet most of these economists go on to suggest that other policy objectives must be balanced with this economic consideration and that the optimal taxation system should likely be a reflection of this balance to the unique environment of the respected jurisdiction.

The Speaker: I hesitate to interrupt the hon. member, but the time allocated for this segment of the Routine has now left us. Under Standing Order 8(4) up to five minutes is provided to the hon. sponsor of the motion to conclude debate.

Mr. Griffiths: Thank you, Mr. Speaker. There were some great comments made this evening. I have to confess that private members' motions have always been what I've found to be some of the most exciting times in the Legislature because things aren't as prepared or as scripted. You get a real open debate as long as you have a challenging question that really brings out people's personal views.

On that note, I really appreciate the full debate and all members' comments, and I would like to start by just addressing a few of those by the hon. chair of Treasury Board. He mentioned that taxing goods leads to a black market. Though I understand that concept, if I were to use the same logic as the Member for Edmonton-Highlands-Norwood, I would assume that those comments mean that the government is now going to eliminate all the taxes on cigarettes and alcohol because he made some comment about it in the House. I'm sure he's not, but I do appreciate and support the notion that – he suggested that no tax system is perfect and recognized that the

one that Alberta has might be the best in North America. But it's still not perfect, and it never will be. It's always our job and it should always be our diligence to review what we're doing to make sure that we can't necessarily do it better, that we're doing the best we possibly can.

Now, most of the other comments and questions that were around are things that, Mr. Speaker, can't be addressed in a private member's motion. I can't address whether or not we're going to pay more taxes because of the exemptions. I can't go through the time to address whether or not first mortgages will be free and exempt from the tax. I can't address whether or not we're going to have to have a higher rate because of the exemptions or whether or not we have to have more bureaucracy. The entire purpose of some of these questions is for the study to go and answer them, to come up with some solutions, to gather more information so that we can debate this even further when the report comes out. That's all I was looking for. I think the questions were great.

This motion does not propose that we eliminate income tax and move to a consumption tax. It proposes that we explore the possibilities that are around moving from an income tax to a consumption tax. That's all I've suggested.

Mr. Speaker, Albertans are bold. We do bold things. We have always done bold things. That's what we pride ourselves on in Canada and North America. We always have to be asking ourselves: what's the next bold move that we're going to do? What's the next thing that we will lead North America and maybe the world on, where they're going to say: "Holy smokes. Look at what Alberta is doing now. Let's watch this model and example"? That's what Albertans do.

I know that a few members said that they didn't want to support this because all their questions weren't answered, even though it's just asking for a study to answer those questions. I would hate to think that if we're afraid to explore new ideas, if we're afraid to endorse just investigating something, if we're afraid to explore any new option, then we'll be standing still, and we won't ever think of a new idea, Mr. Speaker. We will go nowhere, round and round doing the same thing, tweaking the same things we've always done, and we won't have major, massive improvement. We won't be the North American and the global leader that we pride ourselves on being. We will in fact become the epitome of Einstein's definition of insanity: doing the same thing over and over and expecting different results every time.

All this asks for is a study. I ask all of my colleagues, I ask every member of the House just to give it a chance and consider supporting it just to see what kind of possibilities are out there.

Thank you.

The Speaker: Well, hon. members, it's now time to see if there is an opportunity to give it a chance.

[The voice vote indicated that Motion Other than Government Motion 501 carried]

[Several members rose calling for a division. The division bell was rung at 8:31 p.m.]

[Ten minutes having elapsed, the Assembly divided]

For the motion:

Berger	Fritz	Olson
Bhardwaj	Griffiths	Pastoor
Blackett	Jacobs	Redford
Calahasen	Johnson	Rodney
Cao	Knight	Sandhu

DeLong	Lukaszuk	Sarich
Doerksen	Mitzel	Snelgrove
Fawcett	Oberle	VanderBurg
Against the motion:		
Ady	Drysdale	Renner
Benito	Johnston	Rogers
Brown	Kang	Swann
Chase	Marz	Weadick
Denis	Mason	Woo-Paw
Totals:	For – 24	Against – 15

[Motion Other than Government Motion 501 carried]

The Speaker: Hon. members, you're now going to go into another phase called Committee of Supply. At this point in time the Speaker must take his leave. The Mace will be removed, and it's inappropriate for the Speaker to be in the chair on such an occasion, so the hon. Deputy Speaker and Chairman of Committees along with the Deputy Chairman of Committees will now conduct the events and the affairs of the evening.

Committee of Supply

[Mr. Cao in the chair]

The Chair: I'd like to call the committee to order here.

Supplementary Supply Estimates 2007-08, No. 2 General Revenue Fund

The Chair: I would like to call on the President of the Treasury Board.

Mr. Snelgrove: Thank you, Mr. Chairman. The supplementary supply estimates will authorize a \$353,960,000 increase in voted expense and equipment/inventory purchases, including \$93,000,000 which will be transferred to the Alberta heritage savings trust fund for investment and a \$95,000,000 increase in voted capital investment.

In March 2008 a restructuring of government ministries was announced. This changed the responsibilities of some ministries and created four new ministries. The supplementary supply estimates have been restated to reflect this new government structure. The departments that are affected, Mr. Chairman, are Aboriginal Relations, Education, Employment and Immigration, Energy, Environment, Finance and Enterprise, Housing and Urban Affairs, and Transportation. The ministers that are responsible for those departments will be happy to answer any questions from any members of the House.

Thank you.

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

Mr. Chase: Thank you very much, Mr. Chair. The areas that I will be referring to tonight specifically in the 2007-2008 supplementary supply are Aboriginal Relations, Education, and Environment.

Under Aboriginal Relations I talked about the quandary that First Nations find themselves in in terms of governance and the fact that if it is a nonreserve circumstance, then it's the responsibility of the federal government. However, there is a growing trend in Alberta for more and more First Nations people to leave the reserves for a variety of reasons. Of course, two of the major ones are extended education beyond the high school level as well as seeking jobs.

Three years ago at a First Nations conference put on by aboriginal youth and organizations supporting aboriginal youth, it was pointed out that Alberta, specifically Edmonton, will very rapidly replace Winnipeg as having the highest population of urban First Nations. Given the speed at which this is about to occur, it is important that we start addressing the provincial needs of First Nations.

Now, First Nations at this point can either add to an economic problem or they can be a major part of an economic solution. First Nations have the greatest increase in population and birth statistics. Therefore, if we were directing our education dollars and our training at the postsecondary institutions, technical institutes, and universities rather than temporary foreign workers, we could find tremendous answers to our employment problems.

It is tremendous to see what a number of First Nations entrepreneurs have done on a number of reserves. For example, Hobbema is one of the wealthiest reserves thanks in large part to the oil and gas in their area. Also, in the Fort McMurray area a number of First Nations contractors have realized the advantages of being involved in the tar sands. Whether it's in heavy equipment, whether it's in hotels, they have certainly seized that Alberta pride and Alberta opportunity.

8:50

However, there are a number of First Nations individuals who have migrated to the cities who find themselves in poverty circumstances attending schools that are centrally located and have not recognized the need for lower pupil-teacher ratios despite our Learning Commission and despite what occurred in a study, when the city centre schools received a lower pupil-teacher ratio and found that children's self-esteem flourished and as a result marks improved. When there were school meal programs and so on, children thrived. Unfortunately, that was a one-year program.

Moving on to education. The government, in the little school construction that it has put forward, is heavily involved in P3s. I've attended forums put on by a variety of organizations, but the most recent one this past summer was put on by the Canadian Union of Public Employees. A very detailed study showed that for every two P3 schools that you would build, you could afford to build a third school if you followed traditional accounting practices. P3s are not only a drain on our economy, but that drain continues for 30 years. So I would like to see in education, in the construction portion of it, a return to the traditional way of building schools.

One of the other complications P3s cause is: what is exactly the responsibility of the individual who built the school, and then what is the responsibility of the local school board to maintain it? There is a possibility that the original contractor could then sue the local school board for failure to achieve the maintenance necessary to keep the building up and running. Unless these are clearly defined, then there is going to be litigation. In both the P3 building and in the litigation that will follow, it is the Alberta taxpayer who gets stuck with the bill.

Although we've had a Learning Commission indicate a lower pupil-teacher ratio, actually putting this into practice in terms of the construction has yet to occur. The space utilization formula is still more reflective of pre Learning Commission recommendations than after. So elementary schools aren't being built for classrooms that can comfortably have a range of approximately 20 at the primary grades and division 2 up to 25. Likewise, junior high schools aren't being specifically built in that 26 area or high schools in the 30 area. We're still trying to cram kids into the old style of schools, the pre Learning Commission schools.

While we have more teachers theoretically, they are forced into crowded space conditions because the government has not funded school construction. There are still 40 neighbourhoods in Calgary,

for example, without schools. As we brought out in question period today, the number of school closures that take place far outnumber the number of schools being built. We're still waiting for a single stake to be built in any one of those nine proposed P3 schools in Calgary or in Edmonton. We're still waiting for that northwest high school in Calgary to be announced. We're waiting for the junior highs to be announced.

With regard to the environment I was very pleased to see last year the government sort of follow Lorne Taylor's Water for Life strategy and fund \$35 million towards mapping aquifers because until we have a sense of what our water potential is, we can't protect it and conserve it. That \$35 million: I commend the government for taking that baby step in terms of mapping.

However, in terms of the environment until we start off by following what I hope comes out of the land-use strategy, protecting our six watersheds, then everything else that results is potentially destructive to the environment. When it comes to the budgeting, I would like to see considerably more spent on the Water for Life strategies. In the environment, the area that I am so enthusiastic about, the parks and recreation aspects and the tourism aspects, we know that for every dollar that is invested in tourism, we get \$9 to \$10 back.

In terms of dealing with our environment, it's extremely important that we fund the reparation of our parks system, that we set aside no-go zones, and that we balance the needs of individuals who would like to off-road or skidoo. Obviously, we need those environmental referees because you can't climb mountains while you're chasing off all-terrain vehicles. Equal rights to pursue these activities, but there have to be environmental referees, and that's why we need greater expenditures on conservation officers, fisheries, and forestry.

Thank you very much for the opportunity to respond.

Mr. Snelgrove: I had a question about the funding for aboriginal/First Nations. If I can, for some of the new members who may be trying to understand how the to-and-fro works here – and it is that to-and-fro – in all fairness, you don't necessarily have to stick to what we're talking to. Just so you're not confused, you're not confused now.

The money for the First Nations comes very clearly. We estimated they would make \$40 million from their share of the slot machines on the reserves, and there's that very complicated formula that allows all the First Nations to share in that wealth. Their income is greater than anticipated. It's not \$40 million; it's \$56 million, and we're obligated to fund that \$16 million. Everything else went hunky-dory with that department. They just were fortunate enough to make \$16 million more on their predetermined share of the slots on the reserves. That's it in a nutshell for the First Nations.

The hon. Minister of Environment will respond for Education.

The Chair: The hon. Minister of Environment.

Mr. Renner: Thank you, Mr. Chairman. I've been asked by the Minister of Education to respond on his behalf this evening. There is in these estimates an allocation of \$52 million for Education. The reason for the \$52 million is very simple. It relates to the agreement that the government has in place with the ATA with respect to teachers' pension liability. All members will be familiar with the agreement and remember that as part of the agreement there was a one-time payment of \$1,500 per teacher. This \$52 million is, in fact, that one-time payment of \$1,500 per teacher. The balance of the agreement will be incorporated into subsequent government budgets

over time. This particular portion of that one-time agreement needs to be included in the supplementary estimates that are before us this evening.

The Chair: The leader of the ND opposition.

9:00

Mr. Mason: Thank you very much, Mr. Chairman. I have a few questions with respect to the supplementary estimates this evening, and I would appreciate the minister's response to this. I'm interested in the question of the Aboriginal Relations supplementary supply. The First Nations development fund is basically money from gaming, casinos, and the supplementary supply is for higher than budgeted payments to be made to this fund. Now, I'm wondering if this is money coming out of general revenues that's being put into this fund because that was not my understanding of what the fund was actually for.

I want to ask in terms of the Ministry of Employment and Immigration why, in light of the record number of workplace fatalities in this province, there is a \$700,000 decrease in the budget for labour standards and workplace safety, and I would like to know specifically what is going to be affected by that reduction and what the reasons are for this and why the government didn't consider increasing funding in this department in order to increase the number of inspectors to make sure that standards are maintained.

It's interesting, coming to the Environment minister and the supplementary supply, that there is an amount of \$85 million for a settlement with the Western irrigation district. There's a long-standing dispute there over water rights, and the government has been intransigent for years with respect to this and has not settled.

Now, recently the Western irrigation district bailed the government out by agreeing to supply water to the Balzac racetrack, the entertainment complex that had been refused water from the city of Calgary, and rightly so because these kinds of enormous commercial operations cannot be sustained with the available water in southern Alberta. It's certainly been suggested in the past that the government had made some commitments to the entrepreneurs behind the Balzac entertainment complex, and there was a considerable degree of embarrassment with respect to the fact that Calgary would not supply the water.

My question to the minister with respect to this is why the government has chosen to make this settlement at this time and whether or not there is a connection between the WID's agreement to supply water to the Balzac entertainment complex and the government's decision to settle this case at a cost of \$85 million to the taxpayer. I would like to know if there have been any discussions within the department, within the government, or between the government or the department and the WID or the principals in the Balzac entertainment complex with respect to that decision to supply water.

Mr. Chairman, I have one other question, and that is for the Minister of Housing and Urban Affairs. There is a \$26.4 million addition to the homeless and eviction prevention fund. This is a 10 per cent increase. Now, we have been critical of this fund because it really doesn't address the basic issue, and the money, of course, flows through the tenants directly into the pockets of landlords. So I'd like the minister to address how this fund is actually working and whether she believes that this is a permanent solution to the issue or whether or not the government is prepared to save the taxpayers money by eliminating these funds and implementing rent controls and a moratorium on condominium conversions as well as a first-time homebuyers initiative. Those are three proposals that we've made. I would like to know whether or not the minister is projecting

ongoing increases in rents that will continue to make rental housing unaffordable for many Albertans and whether or not this will require ongoing infusion of funds through this homeless and eviction prevention fund.

Mr. Chairman, those are my questions this evening. Thank you.

Mrs. Fritz: Thank you, Mr. Chairman. I'd like to address the initial question on behalf of the Minister of Employment and Immigration, and that was regarding the reallocation of \$700,000 under the labour standards and workplace safety. That's explained, hon. member, on page 18, where the supplementary amount of \$14,887,000 was requested to provide for the estimated \$21,700,000 additional cost of the income supports programs. That was due to increased caseloads and cost per case. The third-quarter forecast for the caseload for the income supports programs of 25,000 was actually 800 cases higher than had been budgeted for, at the level of 24,200. In addition, the cost per case in the third-quarter forecast was \$983, which was \$10 higher than the budgeted cost per case of \$973. This increased cost per case was primarily attributed to higher utility costs for income support clients. This cost overall was partially offset by savings of \$6,813,000 in other programs, and that happened to be one of the programs where the reallocation was made that you identified.

Also, your question regarding the homeless and eviction prevention fund in the Ministry of Housing and Urban Affairs, the estimate of \$26,400,000. As you know, that fund was originally established with a \$7 million commitment, and the uptake was much higher than had been expected, which is why it's here before you. Your question was: how many people had been assisted? That fund did prevent people from entering the stream of homelessness or becoming homeless, and there were more than 62,000 instances of assistance with this fund that were addressed, but that assisted over 26,000, almost 27,000, families and individuals with limited resources. As you know, that fund is here before you under Housing and Urban Affairs because the funds are requested through this budget, but it's administered by the Minister of Employment and Immigration, and we work very closely together with that.

I hope that's answered your question in that regard.

Mr. Mason: In the future how much are you going to need for it?

Mrs. Fritz: I'm uncertain. I can't say, you know, at this point. I know the uptake is still there. That's a lot of families to assist, and I know that the fund is definitely meeting the goal that was set out for it, in order to assist people with staying in their homes. In fact, in some points it actually helps people find new homes to live in.

The Chair: Well, thank you, Minister of Housing and Urban Affairs, for the answer.

The Minister of Environment.

Mr. Renner: Thank you, Mr. Chairman. If I could just for a moment put my House leader hat on. The process we've been engaged in appears to be a little confusing. However, there was a huddle of the respective House leaders, and we agreed that we would have a two-hour discussion that would be much more flexible and less structured than what the House maybe traditionally has. The opposition members will direct questions to ministers, and ministers have agreed to answer those questions in a relatively brief manner. As such, we can have a to-and-fro dialogue throughout the evening. So just a heads-up to you, Mr. Chairman, that it may get a little bit confusing, but I think, if I understand correctly, that was what the members had requested, and it's fine with the government if that's what they want to do.

9:10

The Chair: Thank you, deputy House leader. Is that acceptable to our committee here?

Hon. Members: Agreed.

The Chair: Agreed? All right. Go ahead.

Mr. Renner: Now, speaking as the Environment minister I want to address the hon. Member for Edmonton-Highlands-Norwood's question with respect to the \$85 million that was part of these estimates as a result of settling a long-standing dispute with the Western irrigation district. As much as some members and perhaps even some members of the public would like somehow to develop a conspiracy theory between the issues related to Balzac water and the settlement of this court case, I want to assure the member, as I have done before, that there is absolutely no connection between the two. As a matter of fact, had the government wanted there to be a connection between the two, we would have included that as part of the terms of settlement on this particular case.

Just for some brief history. This case goes back some almost 50 years now, back to the 1960s, when there was a reallocation of water licences that was basically a conversion from the old federal system to a provincial system. At that time the amount of water that was included on a provincial licence was not the same as the amount of water that the irrigation district feels was originally on their federal licence. So this dispute has been to and fro for some time. It's been before the courts, specifically, for 10 years.

I'm not a lawyer, and any members of the House who are lawyers would probably understand or may even be able to explain better to me. There is a process that is engaged in on not an infrequent basis in civil litigation whereby the parties will agree to have a court-structured settlement determined, and neither of the parties is obligated to accept that structure. The judge takes into account all of the evidence that's before him or her and then suggests to the parties that a reasonable settlement might be X. If the parties agree to it, then that can go forward as a settlement. That is what happened in this case. There was a settlement that was determined to be reasonable and fair by the judge, and both parties agreed to that settlement.

The issue with respect to Balzac is a completely different and separate issue, and really it relates and is the result of an opportunity that the Western irrigation district had in light of the fact that there is now a moratorium or a closure on further licence applications or licence approvals for the South Saskatchewan River basin. That means that Alberta Environment is in fact encouraging licence holders to transfer the water rights that are in any particular licence to new users along the system.

In this case it was a real win-win situation because the money that the Western irrigation district gets out of selling a small portion of their licence is more than sufficient for them to invest in their infrastructure. They're going to be converting open ditches with underground pipes. They're going to be doing a number of things which will dramatically improve their efficiency, and at the end of the day the amount of water that they're able to transfer to the municipality is less than the amount of water that they're able to gain through efficiencies. So their members will have better access to more water, and the water that was formerly being wasted through seepage and evaporation is the part of the licence that's allocated to the municipality. That is a separate business-commercial relationship between those two parties. The government was not involved

in that discussion in any way other than at the end of the day to process the transfer of water from one licence to another.

Thank you, Mr. Chairman.

The Chair: Thank you.

Mr. Snelgrove: Mr. Chairman, the First Nations fund is run through the First Nations development fund. It's something like with any of the slots. There is an ongoing fund that accumulates. Then it's verified and then returned to the partners. So it's not a case of coming out of the general revenue fund.

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

Mr. Kang: Thank you, Mr. Chairman. This is the second time this year that Employment and Immigration has come up for supplementary supply. Why were these costs not accounted for in the budget? Why is there such a large surplus from the other programs, and what are those programs? What are the reasons behind this increase in caseload, and why could it not be anticipated during the budget allocations? Why did the cost of cases themselves increase?

These are my questions on Employment and Immigration. Thank you.

Mrs. Fritz: Mr. Chairman, those are very interesting questions. On the first, though, in regard to the amount that was requested in supplementary estimates previously, that was \$5.6 million for salary settlements, and that was approved for Employment and Immigration during the fall sitting of the Legislature. With the uptake in this program, hon. member, being as high as it is, there are times in which you can't fit everything in just like widgets; you know, a square peg into a round hole. What happens with this is that costs do increase, and an increase of \$10 per case is actually pretty close to being accurate from when the original estimate was made at the beginning of the year, especially when you're dealing with caseloads of almost a thousand dollars per case. Hopefully that answers your question about why there is flexibility required with the number of people that are assisted through this program and in such a large number of ways.

The Chair: Well, thank you, Minister of Housing and Urban Affairs.

Mr. Kang: Thank you, Mr. Chairman. My next area of concern is Energy. You know, there's a 14 and a half million dollar total cost to split the EUB. Will there be more to come, or do you have the budgets for those two departments? I wonder if there's any money allocated to hire maybe future private investigators in this 14 and a half million dollars.

Thank you very much.

The Chair: The Minister of Energy.

Mr. Knight: Well, thank you, Mr. Chairman. With respect to the issue around the expenditures from the Department of Energy and supplemental requests, as the members present will undoubtedly know, the former EUB in the province of Alberta, the Energy and Utilities Board, was divided into two separate entities, two regulators for two completely different purposes in the province of Alberta: the ERCB, of course, to handle regulation with respect to energy development and the Alberta Utilities Commission to do the regulatory work with respect to Alberta utilities. We have a supplementary request in the amount of \$14,500,000 to provide for

the initial establishment of the AUC and the transition requirements for the ERCB.

9:20

Mr. Chairman, the assistance to the ERCB amounts to a supplementary appropriation of \$4 million. Of course, what this is to do is just establish the ERCB in the offices of the old EUB and to continue with the work of the transition, which, by the way, is now pretty much completed.

With respect to the ongoing operations of the ERCB, Mr. Chairman, I'm afraid that \$4 million won't quite cover it. The total amount of expenditure for ERCB, as can be seen in the details in the supplementary estimates, is about \$63.7 million on an annualized basis. Certainly, we're expecting that that would probably continue to be done in the manner in which it has been done. It's partly funded, of course, by the government and partly funded by a call on industry players that are involved in that particular business.

The assistance that we're requesting for the Alberta Utilities Commission, \$10.5 million, Mr. Chairman, is to initially do a number of things with the Alberta Utilities Commission. I would suggest that it's a requirement to do things like provide some separate office space, renovations and rent, business solutions and IT, some rebranding with respect to AUC. We believe, of course, that it's going to be extremely important for Albertans to understand that these new regulators are in place and the job that they will do to handle this business for Albertans.

There is a requirement also on the human resources side. They need to staff up. There's a requirement for them also with respect to legal services and board members and business processes, the IT and finance, with respect to that particular board.

Of interest, I think, to our members might be the fact that the ongoing total amount with respect to the AUC is about \$10.5 million. Again, Mr. Chairman, those budget numbers have been and will be included on an ongoing annualized basis.

I hope, Mr. Chairman, that that is sufficient to answer the questions that were posed.

Mr. Snelgrove: Mr. Chairman, the hon. member very clearly asked the minister if he had any money in his budget for spies, and he didn't answer.

Mr. Knight: If I might, Mr. Chairman. I have absolutely no knowledge of anything to do with any spying operations at any point in any of the boards that the Ministry of Energy is responsible for. I would suggest to you that if there may have been some history of that sort of thing, it would certainly have been pre Bill 46, and we most certainly clarified all of those issues and have taken appropriate steps to accommodate those issues well within the budget that we're asking for tonight.

Mr. Snelgrove: Okay. Thank you very much.

The Chair: The hon. Member for Lethbridge-East.

Ms Pastoor: Thank you, Mr. Chair. I'd like to address some questions under Finance and Enterprise. The amount of the transfer to the Alberta heritage savings trust fund has been reduced from \$278 million – and it was authorized through special warrant – to \$93 million due to a change in the forecast of the cash available. However, what also appears is that they took money that was previously allocated to the heritage fund and put it towards paying the teachers' share of the pre-1992 unfunded pension liability from January 1, '08, to March 31, '08. I would like, I think, a more clear explanation on that one.

This is supposed to be a surplus savings plan. It's not fiscally responsible. I think that it's unfair to take away resources that we have today and take away those funds going into the heritage trust fund, that truly is for future Albertans. I'm not sure that it's fiscally responsible to wait for surpluses before you save because in that case, as we see now with the decline in the nonrenewable resource revenues, the first thing to be cut is the amount allocated to savings. It's that kind of thinking that I think has got many Albertans – never mind Albertans but Canadian citizens – not putting away enough money in their savings account. Savings is probably one of the most important things as security in being able to go forward and fulfill dreams. If you don't have some kind of little nest egg behind you, you often can't go forward and do your dreams. But what's even more important is that as the population is aging, I'm not sure that they're giving enough thought to saving for their later years. The way this is being used and the way it's being done truly isn't addressing the fact that this is supposed to be a savings account, and it should have money going into it on a regular basis.

Also, what would be the reason for the \$24.5 million recovery for investment, treasury, and risk management that's shown on page 32? Could you explain why even though the government's own projection showed that the nonrenewable resource revenues are declining, I see that natural gas prices have gone up, the impact of which is seen through the significantly decreased contribution to savings? Again, there's still no long-term fixed plan to significantly increase the heritage fund. What are the reasons for the savings of \$5.9 million in the industry and regional development program? What is missing out of that program that you managed to save \$5.9 million?

The Chair: The hon. President of the Treasury Board.

Mr. Snelgrove: Thank you, Mr. Chairman. The original proposed commitment to the heritage savings trust fund and the capital fund is based on projections, and at third quarter we had projected, obviously, higher cash surpluses than we ended up with, so both the transfer to the capital plan and the transfer to the heritage fund had to be reduced to match the actual amount.

But in keeping with the policy that the Premier put forward of one-third/two-thirds, even with the reduction we maintained a 33 per cent commitment to the heritage savings trust fund, which in effect turned out to be \$918 million from the unallocated surplus commitment. The total unallocated cash surplus last year was \$2.753 billion – \$1.835 billion to the capital plan, \$918 million to the heritage savings trust fund – plus the inflation-proofing commitment that we make every year to the heritage savings trust fund to make sure that it does maintain. I assure you that we do have a plan for long-term savings. I'm not exactly sure where you got the \$32 million on page 32, but we could follow that up.

As to the business development, if we don't have the uptake in the program, well, we just wouldn't spend the money. That would come back into the department.

The Chair: The hon. Member for Lethbridge-East.

Ms Pastoor: Thank you, Mr. Chair. I have some questions also on Housing and Urban Affairs. There is \$900,000 to accommodate the increased administration costs of new and existing housing programs. I'm sure that you won't be able to give me the breakdown at this point in time, but perhaps I could get that information later on. It just seems like an awful lot of money for administration when a lot of this stuff has been set up. You know, that administration is already set up. I guess the question – I think you partly may have answered it – was: why was this not included in last year's budget,

or why couldn't these supplemental funds be asked for within the budget that's going to come out tomorrow?

9:30

The business of subsidizing landlords who increase rents. I know that the program has been very helpful. I think that you used a number of – I've forgotten just what number you had given us in terms of the families – 27,000 or something families that had been helped. Those are the ones that we have helped, but we don't really have an accurate number of the ones that actually were forced out of their apartments before they could get that help or actually even knew, probably, that it existed. A question might be: how many of these condo conversions are being done by companies from outside of Alberta? There's massive buying of hundreds and hundreds of Alberta units, and a lot of them are these small apartments that are like three-floor walk-ups. In essence, Alberta taxpayers are subsidizing landlords that come from outside of the province.

The other point on this was affordable housing to help those that are homeless. I think the word was that they were going to help people move into homes so that they could get into the workforce. However, there are also people who are living in homeless shelters that are actually already working, and they still can't move into housing. There are also those that are homeless because of mental illness. Often these people are not compliant with their medications, and it does create a problem, that, I think, would probably go under mental health. But for many of these people proper supports and some way of being able to monitor that they actually are compliant with their medication I think would really help them take that next big step.

People are unemployed sometimes not through their own fault. Often these people are also illiterate, unable to actually function in today's society as we know it. English as a second language sometimes is a problem. I think that that wording makes it sound like if you've got a home, you're automatically ready to go into the workforce, and I disagree with that premise. I think that there's got to be two or three support steps before they actually would be ready to do that.

The other thing is that many of these people in homeless shelters truly are not only often illiterate but also are very, very illiterate in computers. So if (a) you're illiterate in the language and then illiterate in the technology of today, you truly are behind the eight ball, and it would require a great deal of support to get you to go forward on that.

The homelessness secretariat is planning. Are there any initiatives in the development? I guess what I would like is if there are any specific plans of action, not just the specific plan but when it could be evaluated. I guess that what I'm looking for is a time frame when they actually will come out with the planning, and within that planning I really would like to see a time frame for the evaluation. I think it's something to be able to talk about how much money we're throwing at things. Money is good. Don't get me wrong. However, what I really want to see – we've put X number of dollars into this. What was the original outcome supposed to be, and did we actually meet it? Is there a good evaluation plan to allow us to see if this money has really been well spent? More importantly, is the outcome what it should be, that we now have people moving forward?

I think this actually has been sort of spoken about: the money that people have been getting to help them stay in their apartments. It really is just a small band-aid solution. They're living in their apartments, but they know in the back of their minds that at some point in time they're going to have to move because the landlords are not going to decrease the rents. I'm not sure that this program is

going to go on forever to keep these people in their apartments. So I guess that I would like a definition for, like, what the long-term goals of this funding would be. Again, I'm kind of looking for a time frame because people have to have some kind of a security that (a) they do have to move on and that (b) if they move on, there is some sort of help. They know that money is not going to be there forever.

Thank you.

The Chair: The Minister of Housing and Urban Affairs.

Mrs. Fritz: Thank you. There were a number of questions there. For those that I'm not answering here currently because of the long list of questions – and I know that it would be in *Hansard*, hon. member – I would be pleased to provide that in writing back to you or back to you through the Assembly.

The transitional. You're right. There are a number of programs here that address the continuum of housing. Specifically, you had discussed homelessness and then transitional housing, the rent supplement program. For the emergency transitional shelter support the \$5 million through the appropriation was to increase operational funding for the homeless shelters and to expand the program beyond the current seven municipalities that it had been in, which are the major municipalities in Alberta: Medicine Hat, Grande Prairie, Edmonton, Calgary, Red Deer, and Fort McMurray. Also, we're looking at funding programs outside of those municipalities such as in Lloydminster and even within Banff, with the homeless initiative program as well.

The homeless initiative funding of \$3 million that you had asked about: you're correct; it was to assist with moving people into more permanent accommodation, and that did enable them to participate in the workforce. It allowed the province to expand the program beyond what people were initially being trained in the workforce with, and that came from the community agencies, actually based in local municipalities but through the communities and the agencies and the organizations that offered those services.

Also, funding to the communities was used to cover renovations to the Foothills Winter Shelter in Calgary, which I think you're aware of, the purchase of a building in Lloydminster to provide 20 emergency shelter spaces there, and also in Edmonton to construct a 26-unit apartment building for low-income singles.

The transitional housing initiative that you asked about, \$2,500,000: that was to contribute to support services in new transitional housing units and to facilitate the provision of 24-hour support service to homeless people at the transitional housing facilities. The funding was provided to the Buffalo Hotel in Red Deer, which is a transitional housing facility with 38 units, and in Edmonton, hon. member, to the Hope Mission. That was in order that they were able to expand their shelter program, offering second-stage transitional housing for individuals aged 18 to 24.

Thank you.

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

Mr. Chase: Thank you very much, Mr. Chair. A bit of hopping around with various ministries. I want to note overall that, again, we have two hours to discuss over \$350 million worth of expenditures, and the expenditures aren't broken down into great detail. I do appreciate the government members taking the time to provide the sort of adjectives, adverbs, and the plus signs to some of these items, but for the record we have very little time to discuss millions and millions of dollars.

However, not to waste time, to the Minister of Environment, who

is covering for the Minister of Education and providing responses. The unfunded liability: I very much appreciate that the government took this on. Yes, it's a large amount of money that's being paid out, but we do have five years of labour peace. My concern – and I know I'll have to wait till the budget to get the rest of my answer – is that the government could just assume the teachers' unfunded liability on a yearly basis by only paying out approximately \$80 million, and if that was all the government paid out plus the minimal amount they have to pay out in terms of the matching, then this unfunded liability would continue to grow. I believe the figure is something in the area of \$60 billion by 2040. I may have it wrong. It may be \$40 billion by 2060. But the point is that there's billions of dollars that is going to eventually have to be paid out, and I'd much rather it was paid out sooner than later, obviously, especially when we have a little greater degree of certainty with our natural resource revenue. So my question is: in the supplementary supply are we putting a larger amount up front to pay down this unfunded liability?

9:40

I would also like to know in terms of the education area – and the Member for Lethbridge-East touched on this area of illiteracy, that 40 per cent of Albertans are functionally illiterate. Is there money directed specifically to low socioeconomic schools to deal with English as a Second Language and the problems of literacy? It's sort of generic and vague. I'm not sure if there's money being targeted to those areas to bring the children up to speed so that when they become adults, they don't encounter the problems of applying for jobs or doing their income taxes and not being able to carry out the expectations in a functional manner.

Also, under education and children's services there's a bit of an overlap. I've pointed out in this House that Alberta is the only provincial jurisdiction that does not provide subsidies for before and after school care for children ages 6 to 12. So I would ask: is any of this particular money going to provide that school-related support?

The business of the Balzac race course and the Eastern irrigation district that basically bailed it out was also brought up. It's been promoted as efficiency in terms of instead of the open-ditch way, where a lot of water is lost through evaporation, they're going to pipe the water, which makes ultimate sense. It also brought out that \$85 million payout to members of that Eastern irrigation district as part of their settlement. Now, obviously it's a geographic reality that the bottom half or the bottom quarter, basically, of Alberta is subject to extensive irrigation to promote agricultural crops. I'm wondering if we can expect that there will be a similar arrangement made with the Western irrigation district in terms of fairness. Are there expectations, or is this something completely separate?

I also have concerns – and these go back again to the environment – about this first in time notion because a hundred years ago your great-grandfather had a historical right to water, or a company such as Spray Lakes logging had this historical right to log certain areas. Does this budget address the reality that millions of people have moved into the areas since then, and the agreements that were historically acceptable now do not take into account the consumption needs of people when it comes to water, an increased population.

Also, I'm very aware of how forestry is having a really rough go, a large part of that being the softwood exports to the States, a smaller portion of that being the pine beetle infestation, which I believe in the southern part of this province has been used as an excuse for unsustainable clear-cutting forestry practices. My question has to do with this Eastern settlement. Do we have similar settlements in the supplementary budget for forestry to subsidize sustainable logging practices like selective logging as opposed to the

sort of cut it all down and then replant it all methods that have been used? Is there a balance, and could you comment on the historical nature of this first in time? Has there been thought about being fair but addressing the modern demands and draws and the reality?

The Chair: Hon. Minister of Environment.

Mr. Renner: Thank you, Mr. Chairman. All I can say is to reiterate the answer that I gave before. We're dealing tonight with supplementary estimates. They're very specific to very specific issues. Much of what the member was talking about in Education and Environment, quite frankly – and I'll get to that – has absolutely nothing to do with what we're doing tonight.

The estimates that we're dealing with tonight are very, very specific: \$52 million for Education to cover the one-time payment of \$1,500 each to the teachers of Alberta as part of the agreed-upon settlement on the unfunded liability. That's it. The balance of Education's budget remains exactly the same. For any issues related to future payments, future programs, future funding in Education, I suggest the member wait until we get into the discussion on this year's budget because that's where that kind of line of questioning might be appropriate. I'm not even so sure that it is there, but the only portion that is affecting Education before us tonight is \$52 million for the settlement, for the one-time payment to teachers.

With respect to Environment, first of all, it's the Western irrigation district, not the Eastern irrigation district. The Western irrigation district is the one that is around Chestermere Lake and as far east as Strathmore. The Eastern irrigation district is in the Brooks area. So this has to do with requisition of funds to settle a lawsuit. To specifically answer the question, no, the intention is not to provide similar funding to the Eastern irrigation district. They didn't sue us. If they had . . .

An Hon. Member: They should.

Mr. Renner: They don't have a cause. I'm sure they would if they could, but they didn't. They don't have a cause. The issue that was at dispute was very specific to this one particular irrigation district. As I mentioned earlier, the amount of the settlement was arrived at as a court-mediated settlement. Certainly, there is absolutely no connection to the forestry industry. Again, this is not designed to bail out the Western irrigation district. It's not designed to provide additional supplemental funding to the Western irrigation district. It's designed to deal with a the long-standing dispute.

Now, the way the dispute settlement is structured, the government has the ability to determine where those funds are going to be used as opposed to waiting until the end of the day and having the court make a final determination. In that case, the parties would not have that same kind of opportunity to negotiate a settlement. That's what a negotiated settlement is all about. In this particular settlement the government agreed to pay over a sum of money, and in return for that the irrigation district agreed to spend it on certain areas. What they agreed to spend it on: 100 per cent of the funding will be spent on upgrading and the infrastructure and development of additional storage capacity within the irrigation district.

9:50

At the end of the day it will enhance the ability of the irrigation district to manage its own affairs, become more efficient. I guess you could say that it's no different than the city of Edmonton investing in a nonprofit organization. At the end of the day the assets of that organization would conceivably revert to the city. In this particular case should an irrigation district decide to go out of

business, essentially what they do is turn everything back to the province. So, yes, we're investing into the irrigation district, but at the end of the day what we're doing is investing and ensuring that that investment goes into public infrastructure.

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

Mr. Chase: Thank you. I very much appreciate the explanations and the different requirements of the Western and Eastern irrigation districts.

When the hon. Minister of Environment was one of the hosts at a PNWER, irrigation came up, and it came up in terms of the Milk River, St. Mary River and the States specifically looking for some support for improving their irrigation systems because of the water that comes back to us from the St. Mary River to the Milk River. Is there anything in the supplemental supply or through that specific direction of the \$85 million settlement that deals with the flow into the Milk River? Is there any transference of funds to the Americans to improve their irrigation systems, or are these all strictly in-Alberta irrigation improvement expenditures?

Mr. Renner: Mr. Chairman, I just want to remind the member again that we're dealing with supplemental estimates. It's very clear what the money is for, so to answer the member's question as succinctly as possible: no.

The Chair: The hon. Member for Lethbridge-East.

Ms Pastoor: Thank you, Mr. Chair. I have two or three questions, actually, on the environment. One of them is that there is "\$3,700,000 as a one-time payment to the Town of Strathmore for costs incurred in demonstrating that its proposed wastewater operation is protective of the environment." Given that the town of Strathmore has been spending municipal funds to pay for the delivery of the water to the Siksika First Nation, 3,000 bottles of water per day, testing all the water wells on the Siksika Nation, conducting a continuous injection dye dispersion study, and having to transport excess treated waste water to another disposal facility because of the conditions imposed by the Environmental Appeals Board, is the money being distributed to compensate the town for these expenditures, and is that part of this \$3.7 million?

Can the minister tell us if the dispute between the town of Strathmore and the Siksika Nation is resolved? Also, what were the results of the town demonstrating that its waste-water operation is environmentally protective? Was there a report, and where is the report, and what other people have actually studied that particular demonstration? Is there currently any danger of the town's storage facilities reaching their capacity and overflowing, which, of course, could well be an environmental challenge to the particular earth around it?

Thank you.

The Chair: The hon. Minister of Environment.

Mr. Renner: Thank you, Mr. Chairman. The \$3.7 million was indeed in its entirety paid to the town of Strathmore to help offset the costs that the member referred to, and the member has accurate information.

The member asked whether the dispute between the town and the Siksika First Nation has been resolved. This was not a dispute between the town and the First Nation. This was a case where the First Nation was appealing a decision that was made by Alberta Environment to authorize discharge of treated municipal waste water

into the Bow River. That's what was under dispute. The town was not directly involved in a dispute with Siksika. Siksika was appealing a decision that was made by Alberta Environment. It's part of the reason that I suggested that such a payment would be appropriate for the town.

The results of the testing that was done in conjunction with the appeal board decision are actually part of the decision itself. At the end of the day it was found that there is not a risk associated with the discharge. That was part of the ruling, that such tests needed to be done, and those tests have now been completed, and I will endeavour to get copies of those tests to the hon. member.

Storage capacity within the town of Strathmore is not at risk. The purpose of this was to alleviate that, and there is now the ability, under appropriate conditions, for the town to again discharge into the Bow River because they have met certain conditions with respect to analysis of downstream impact, so I do not believe that there is any risk at all of any kind of an overflow from the storage facilities.

The Chair: Well, thank you.

The hon. Member for Lethbridge-East.

Ms Pastoor: Thank you, Mr. Chair. I wonder if I might have one more question. I'm wondering if you could explain to me, Mr. Minister, the movement of excess treated waste water, which I assume is how they can keep control in their storage facilities, to another disposal facility. If the water is okay to be put into the Bow, why is it not going directly into the Bow? In my mind it seems to be that second step that it would go to a disposal facility, and if that's the case, then how do they then get rid of it?

Mr. Renner: One of the conditions on the discharge into the Bow is that the town is to minimize the amount of discharge, so they have historically used much of that water for irrigation purposes. They irrigate land. As the town grew, the capacity to irrigate land was exceeded by the capacity of the town to generate waste water, and that was the reason we got into all of this in the first place. So the storage capacity that's there is to allow them to carry on other activities that are alternatives to putting it directly into the river, but at the end of the day the authorization that they have now is that provided that they minimize the amount of discharge, they do have the ability to discharge into the river after they've explored other avenues to dispose of the water elsewhere.

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

Mr. Chase: Thank you very much. The member opposite, the Minister of Environment, was attempting to direct me towards more specific relation to the sup budget, so I'm looking at page 26, and I'm specifically referencing "\$15,000,000 for a capital grant for regional landfill development to the Municipality of Wood Buffalo," and so on. When I had the former responsibility as the shadow minister for infrastructure and transportation, I frequently brought the city of Fort McMurray to the government's attention, whether it was with highways, whether it was with waste treatment, whether it was education, so I'm only questioning how that \$15 million for a capital grant is going to benefit the municipality of Wood Buffalo. I'm hoping we're past the point where we are just digging large holes and burying things.

10:00

The city of Edmonton has a very creative methane retrieval program from its waste facilities. I'm just wondering if the minister can comment on the sustainability and the potential for less being

dumped and what is being dumped and if we have some values in terms of methane retrieval or the potential incineration for the purposes of creating energy with, of course, sequestration or an efficient burning method for reducing the actual footprint in the landfill. Can you qualify any of that \$15 million as to how it relates to an improved environmental circumstance for Fort McMurray? Hopefully, that's within the specifics that you're asking me to point out to you.

The Chair: The hon. Minister of Environment.

Mr. Renner: Thank you, Mr. Chairman. The \$15 million reflects the costs associated with cost escalation on the development of the regional landfill. The actual cost of the landfill is estimated to be approximately \$26 million, some of which has already been provided in previous grants. However, escalation has resulted in this revised total of \$26 million. This was identified as one of the items in the Radke report, so this is part of the implementation of the Radke report.

The member talked about the need for municipalities to be involved in recycling and alternatives to landfills. I don't dispute at all that there is a need for the regional municipality of Wood Buffalo as well as every other municipality in the province to get further engaged in recycling, but we cannot forget that at the end of the day no matter how efficient we are, no matter how well we recycle, there is still going to be a need to dispose of a limited amount of product that is otherwise unavailable for recycling or other such programs. The size of this landfill has been calculated to account for a reasonable amount of recycling. I can assure the hon. member that if they haul every ounce of garbage within the municipality to their landfill without regard for any recycling or any consideration for waste reduction, they'll fill it up very, very quickly, and the government will not look kindly upon being asked to fund it when they didn't treat it properly in the first place.

Mr. Snelgrove: You'll be happy to know that we have engaged in discussions with the regional municipality as part of the oil sands strategy. The regional municipality of Wood Buffalo is very, very serious about trying to make their landfill state of the art in any way that they can to meet the objectives of the Department of Environment and themselves as a city that's constantly under the world microscope with regard to the environment. We can assure you that they are very concerned about being leaders in all of their recycling, their reuse, and whatever other opportunities there might be for their city to use, so it's a very good point.

Thank you.

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

Mr. Kang: Thank you, Mr. Chairman. This is a question regarding transportation. What proportion of the remaining funds is going to the strategic economic corridor investment initiative with this extra money? In other words, how much money is still left? Which projects were these that moved ahead, that moved faster than expected, and was there any cost involved in that? Obviously, it is better to get these early because of the cost overruns rather than being delayed. We congratulate the government on that, but why was the schedule wrong?

Is there any money in this for a study for a high-speed rail, and if so, how does it fit in? Any money for the study of highway 63 or ring roads in Calgary or any other parts of the province like the highway from Medicine Hat to Lethbridge?

Thank you.

Mr. Snelgrove: I can assure the hon. member that this money, unfortunately for some, is because they were able to do more work than we thought they could get done in a year on the northeast Stoney Trail ring road. All of it is there. None of this money has been used for any other study, any other project, any other highway, high-speed rail, and wouldn't even had to have been here if we hadn't separated the two departments and are keeping the bookkeeping requirements as strict as they are. This is simply because they were able to do more in the construction year; no more, no less.

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

Mr. Chase: Thank you very much. With my original question on aboriginal affairs the minister referred to programs that were funded primarily out of revenue achieved from casinos, from slots, and from VLTs. I would like to know if this is an area that the government will continue to support, whether it's on reserve or in municipalities. It concerns me tremendously that our second most valuable industry, so to speak, has to do with gambling, which has a tremendous negative aspect to it. It leads to a variety of addictions, and whether it's gambling, whether it's drugs, these addictions have tremendous effects on individuals. I would like to think that we would be supporting other projects on and off reserves that would benefit First Nations individuals other than expenses related to gambling. I would appreciate a response as to other initiatives that are being put forward to wean First Nations off the idea that the best way to deal with their people's futures is by, sort of, spending them at the craps table.

Thank you.

Mr. Snelgrove: Mr. Chairman, I'm not going to debate the evils of gambling. As a matter of fact, I'll give him 3 to 5 odds that most people don't gamble.

On some of the other things that are supported, I think probably the opportunity to set up this fund so that the First Nations could help themselves, at the time when it was done and for the people that did it, in all honesty was a brilliant move, to allow them to become self-sufficient themselves. They are doing so much: technology upgrades at Frog Lake, the Sucker Creek multipurpose building, the police service in the Tsuu T'ina Nation, everything from helping with their rodeos to upgrades to housing units, community renovations, construction of multipurpose buildings, community development. You know, there's a list of 15 projects that are ongoing now. It really is a fund that gives First Nations that aren't located by the big centres an opportunity to share in the casino wealth.

In all fairness, I think the hon. member would have to agree that if the First Nations go out and develop these casinos and make more money, then we have the obligation and the opportunity to let them have that money. That's simply what's being done here. The uptake from the casinos has been greater than anticipated. They've got it, and they have to be involved. Not only involved; they have to be driving their own initiatives.

I think that on this side we're just very happy that this vehicle is there and that they are becoming more self-sufficient: jobs for their young; hope, which is critical to their young. The whole program and projects that are completed from this sharing of VLT wealth is working. That's simply all that the \$16 million is recognizing is how much better it's working than we anticipated. With the opening of some other First Nations casinos we expect this number will rise, and I say: good on them. It's like a school class that raises more money than the other class; they should get to do more. So we're encouraging that with this program. It's really just the accounting of the dollars.

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

10:10

Mr. Chase: Thank you. I appreciate the specific First Nations examples of projects other than casinos that are benefiting from investments in First Nations. I find it disappointing, however, to suggest that casinos are a major source of employment at the expense of other employments that don't have negatives associated with them. So I am hoping that in terms of the expenditures on First Nations there will be a greater training allowance in terms of job qualifications beyond being a dealer, in both senses of that term.

I'm also concerned as to whether there is an expectation on the government that a certain percentage of the money that is taken in casino revenues be put back into addictions education. I find it very disappointing that less than 3 per cent of the money that is received in terms of lotteries and casinos in the province as a whole gets put into the AADAC recovery programs. I am concerned that the very individuals who are generating this wealth, potentially at their own expense, are digging a larger hole than they're able to climb out of with the revenue that's been generated.

Mr. Snelgrove: Mr. Chairman, I don't think a lot of people in the world of any nationality or race aspire to become a dealer in a casino when they're little children growing up. I would expect firemen, policemen. All the laudable goals are there. But, you know, you have to start somewhere.

The way that governments combined – and I would say that mostly the federal government system, in my opinion, has really, really dropped the ball on the First Nations, and in many ways we have sentenced them to generations of hopelessness. We see that in some of the reserves and the tragic shooting of last week. There is no question it has taken 150 years to get here, and we won't turn that around no matter how magically we try if we don't start with the entry levels, with a culture change that says: I can work here, and – you know what? – if I work here, maybe my children will see the example I'm setting now and then be able to help afford to get them an education and move up the ladder.

But you hardly go from unemployed to a doctor. It's going to take a significant culture change in the First Nations. Where I live and work, we have many of the First Nations and Métis settlements right there. I can tell you that this is no easy task for the tribal council and band administration. This is a huge problem. Every little step we can take, whether it's a casino or a truck stop, a gas station, whatever it is, whatever we can do to help encourage them to start the self-reliance, to give them hope for their future and children, then we will do. It's frustrating that it takes long, and it's frustrating that there are going to be so many more young women and children that will not achieve their potential.

I agree with you: it is unfortunate. But I am not prepared to say that because that's not the job you should aspire to, you can't do it. We've got to make the leap, I believe. Build a solid foundation. Start there, show the examples within their communities, and from that we'll see a turning of the big ship, and hopefully in time that will just be memories, that that's where they started. Who will work there will be other people hoping to start a new life.

Yeah, it's frustrating. Yeah, it's not going to happen as quickly as we want. And, yeah, maybe that's not the ideal social environment to be generating your economic drivers in your community. But we've got to start somewhere.

The Chair: Does any other member want to speak on the supplementary estimates?

Hon. Members: Question.

The Chair: Those members in favour of each of the resolutions relating to the 2007-2008 supplementary supply estimates, No. 2, for the general revenue fund, please say aye.

Some Hon. Members: Aye.

The Chair: Opposed, please say no.

Some Hon. Members: No.

The Chair: Carried.
Shall the vote be reported?

Hon. Members: Agreed.

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

Mr. Renner: Thank you, Mr. Chairman. I move that the committee now rise and report the supplementary estimates.

[Motion carried]

[The Deputy Speaker in the chair]

Dr. Brown: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions and reports as follows. All resolutions relating to the 2007-2008 supplementary supply estimates, No. 2, for the general revenue fund have been approved for the fiscal year ended March 31, 2008.

Aboriginal Relations: expense and equipment/inventory purchases, \$16,000,000.

Education: expense and equipment/inventory purchases, \$52,000,000.

Employment and Immigration: expense and equipment/inventory purchases, \$14,887,000.

Energy: expense and equipment/inventory purchases, \$14,500,000.

Environment: expense and equipment/inventory purchases, \$103,700,000.

Finance and Enterprise: expense and equipment/inventory purchases, \$105,073,000.

Housing and Urban Affairs: expense and equipment/inventory purchases, \$47,800,000.

Transportation: capital investment, \$95,000,000.

The Deputy Speaker: Do the hon. members agree to the report?

Hon. Members: Agreed.

The Deputy Speaker: Opposed? Carried.
The Deputy Government House Leader.

10:20

Mr. Renner: Thank you very much, Mr. Speaker. Before the House moves to the next item of business, which is response to the Speech from the Throne, I would like to ask unanimous consent of the House to revert to Introduction of Bills so that we may introduce the appropriation bill associated with supplementary estimates.

[Unanimous consent granted]

Introduction of Bills

The Deputy Speaker: The hon. President of the Treasury Board.

Bill 5

Appropriation (Supplementary Supply) Act, 2008

Mr. Snelgrove: Thank you, Mr. Speaker. I beg leave to introduce Bill 5, the Appropriation (Supplementary Supply) Act, 2008. This being a money bill, His Honour the Honourable the Lieutenant Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

[Motion carried; Bill 5 read a first time]

Consideration of His Honour the Lieutenant Governor's Speech

Mrs. Leskiw moved that an humble address be presented to His Honour the Honourable the Lieutenant Governor as follows.

To His Honour the Honourable Norman L. Kwong, CM, AOE, Lieutenant Governor of the province of Alberta:

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

[Adjourned debate April 16: Mr. Hancock]

The Deputy Speaker: The hon. leader of the NDP opposition.

Mr. Mason: Thank you very much, Mr. Speaker. I'm very pleased to respond to His Honour the Lieutenant Governor's Speech from the Throne and the government's plans for the coming year on behalf of Alberta's NDP opposition.

I would like to start by thanking the people of Edmonton-Highlands-Norwood for the honour of representing them in the Legislature and for their confidence in returning me for the fourth consecutive election. Mr. Speaker, I also would like to congratulate the government party on their results in the election. I think it's clear that the Progressive Conservative Party is going to be setting the agenda for the next four years in this province, and we respect the wishes of the public. Nevertheless, we also have a mandate from our constituents to put forward the ideas that we ran on in this election. I invite the government to be open to all points of view in this province because I think that there is wisdom right across the province and right across the political spectrum.

Mr. Speaker, I am going to talk about some of the things that we believe are important and the vision that Alberta's NDP opposition has for the future of this province. Our vision is somewhat different than the government's vision. We do not believe that all priorities need to be set aside in favour of the most rapid development of the province. We think that this is not conducive to the best interests and the quality of life of Albertans. We do not also accept that the major priority of Alberta's economic development should be to at all costs produce as much oil as possible for export to the United States. We believe that the economy of this province needs to be developed in the long-term interests of the people of Alberta.

The resources of our province do not belong just to this generation of Albertans, but they need to be managed in the interests of all future generations of the province as well. That means that we also need to respect social equity. We need to make sure that the environment is protected for future generations and that all of the issues related to education, health care, and other social issues need to be dealt with in co-ordination with economic development and not suffer at the expense of breakneck-speed development.

Our mandate is to fight for the things that will make life more affordable and better for the regular families of this province. Mr. Speaker, we talked about the safety of our children, we talked about affordability, and we are going to continue to talk about many of those things. Our vision of this province deals with initiatives that will make life better for average families, and we believe that the government needs to support this direction as well.

We have four pillars of political change in this province: the first is full value for our resources; the second is making life affordable for the ordinary families of this province; the third is to develop a green and prosperous future for the province of Alberta; and the last is to bring in political reform, particularly finance reform, to our electoral process. I'd like to encourage government members to take a close look at some of these things.

Albertans deserve a government that will be clear and transparent in all areas, and that should begin, Mr. Speaker, with determining Alberta's royalty structure. I visited Alaska in January and met with the governor and members of her staff. I met with the majority leader and a number of state Representatives and Senators. They have gone through a process of increasing royalties quite a bit more than what has been proposed by this government. Now, let's not forget that this is a Republican administration, but they believe that to secure Alaska's future, they need to get a better value and a better deal on their resources. We've done some calculations, Mr. Speaker, and Alaska's system at a hundred dollars a barrel will collect 60 per cent more in royalties per barrel than Alberta's does. Alaska has difficult conditions, and it is expensive to produce oil there. Some of it is offshore, some of it is very heavy oil, it's in Arctic conditions, and so on.

Now, I believe that if Alaska can do this, Alberta can do this. We have sold the people of this province short. We have sold future generations short because we haven't gone the full distance in making sure that an adequate return comes back to the owners of the resource, which is, of course, the people of Alberta. As a result, we will not be able to make the investments that we need to make this the best place with the best environment and the best employment and the best social conditions and health and education systems in the country.

Mr. Speaker, I believe that we need to do more with respect to the environment. We have proposed – and I invite the government to take a look at this proposal – to invest up to \$20 billion of additional royalty revenue into a green energy fund that would be used to make investments in Alberta's future to develop alternate sources of energy. I think it's important that we recognize that the kind of oil that we're producing has a higher carbon content than normal sweet crude oil. As a result, it's considered by many to be a dirtier form of oil. Already the state of California has taken action to limit the import of this type of oil.

We need to begin to plan now for the day when we can no longer burn or sell the oil that we produce in this province, and that day will come, perhaps, sooner than we expect. We should become the environmental leader in the country. We ought to become the green energy capital of this country. We need to lead the entire country towards energy self-sufficiency and towards alternate forms of energy that will eliminate our dependence on petroleum because I think that the climate will demand it. Those decisions will not be made in this province or even in this country. Those will be international decisions, and as I mentioned, California is already moving in that direction.

10:30

Mr. Speaker, there are things that can be done right now. For example, we could get wind energy on the grid. There are many

projects that are currently held up in this province, and if the available wind projects were put online, we could reduce the emissions from coal production for power by 12 per cent.

Mr. Speaker, we believe that there need to be grants and low-interest loans to retrofit homes and allow them to install wind, geothermal, and solar heating. We propose that there should be a research centre similar to the Alberta Research Council established and that it focus on renewable energy and energy-related issues and research and development.

Mr. Speaker, we could move now to adopt California emission standards for vehicles. This is good for the environment. We could also increase building code efficiency standards and bring them from the current 68 per cent up to 90 per cent by the year 2020. There are already builders and entrepreneurs in this province working to do these things, and we could encourage that and make a real difference to the environment in the future.

Mr. Speaker, we also talked about the importance of helping our seniors. The proposal that we've made is to have a bulk purchasing agency that would purchase on a bulk basis all pharmaceuticals for the health care system and negotiate with drug companies for the lowest possible cost. This is exactly what's done in New Zealand, and we have identified the potential for up to \$105 million a year in savings, and that would even be in the first year. We should plow that money back into helping seniors with their drug costs. Currently seniors pay a fixed amount per prescription, and that's reasonable, but many seniors have multiple prescriptions. So if you invest that money, you could limit the cost and charge only once.

We also think the government needs to do something about child care. The plan that has been put forward by the government will not in fact produce the results that they claim. There are 127,000 preschool children in our province who have mothers in the paid labour force. We've heard many stories about the challenges of finding space in child care facilities and then finding a way to pay the inflated costs. Alberta supports child care at the lowest rate of any province. We put less money into child care than any other province, and I think that's unacceptable. If we raised the funding for child care in this province just to the national average – just to the national average, Mr. Speaker – we could do a great deal. We could cap fees at \$25 a day. I think the people who need child care need affordable child care because if they can't afford it, then they stay out of the labour force, and Alberta needs more people to enter the labour force. We could limit after school care to \$9 a day.

Mr. Speaker, I want to talk about postsecondary education. We're pleased that the government is decreasing the interest rate on student loans, but I think it's very important that we provide more student housing and support student initiatives. Many students have been turned away or can't stay or afford to go to postsecondary education as a result of lack of housing. I think we need to take a look at what other provinces have done and reduce the tuition fees that students pay in this province. They are too high for a province as wealthy as ours.

Mr. Speaker, we also propose a first homebuyers program, and that would, I think, make it easier for young people to get into an expensive housing market.

I also think that it's time that we did something about high automobile insurance costs, Mr. Speaker. Frankly, insurance companies are turning huge profits, and if the limit on soft tissue claims is not overturned, then I think they're going to take advantage and raise costs even more. Public auto insurance is the way to go. You can deliver better service, and you can bring down prices. The insurance companies have in the past raised rates not because of higher accident rates but simply because they lost money on their investments, and this government went along with it. We need to do more to help people make that affordable.

Mr. Speaker, we believe that people are suffering badly in this province, hundreds of thousands of them, because there's not enough rental accommodation and there is a severe crisis. Instead of throwing money at the problem, that basically subsidizes gouging, the government needs to implement rent controls that are equal to the cost of living plus 2 per cent, and we need to close condominium conversion loopholes in this province. There is a large number of rental units that are being converted to condominiums, and in fact the supply of rental accommodation in this province continues to shrink even as thousands of people pour into this province every month.

We dealt with a woman, Mary Ladouceur, who is a 72-year-old senior on a fixed income, and she experienced a \$350-a-month rent increase, and she didn't know what she was going to do. We dealt with another senior who had a large rent increase. This senior was also in her 70s, and she was planning to return to work in order to maintain the rent. Mr. Speaker, it's not acceptable that people in their 70s who've been looking forward to retirement should be threatened with the loss of their homes to the point that they have to return to the workforce.

Mr. Speaker, thank you very much for your attention.

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

Mr. Blackett: Thank you, Mr. Speaker. It's my chance to make my maiden speech in the Legislature. It seems like I've been here so long, but it's been an amazing 40 days. I know the veterans will tell me that I haven't seen anything yet. But I am still at that rookie phase, still full of enthusiasm, vim, and vigour.

I know that I'm between you and your beds, but I'm very proud to say that I am the MLA for Calgary-North West, which is the largest riding by population in Alberta. We have some 60,000 people in Calgary-North West. That's a 27 per cent increase from where we were in 2004. We are very much representative of what we talk about in Alberta as the changing face of Alberta because out of those 20,000 people a good proportion were not raised here in Alberta, not born here in Alberta but came from elsewhere because of the tremendous opportunity that they have to raise their families, to raise their standard of living, to enhance their quality of life.

Greg Melchin represented our riding for 11 years and was last the minister of seniors and somebody who was well respected within this House. Some large shoes to fill. But Greg, who helped me through the campaign – I affectionately call him my bigger brother – was out there tirelessly two days a week kicking my butt, making sure we went out there knocking on every door. Doing that nine hours a day, six days a week, you get to meet a lot of people. We have 25,000 households in my riding, but I was able to get to 14,000 of those. In doing that, you get to talk to a lot of people. You realize how many good people there are. You get a good sense of people's attitudes, what they feel on the issues, and their passion for their communities and their province.

10:40

Our campaign was a little different. Our riding is almost split in half, and half of it would be new communities with new parents. The average age would be under 32 years. The other would be these more established communities with an older population. On the one half, with the older population, health care would be the predominant issue. On the other half they just cared about having schools, new schools, recreation centres, daycare, and all those issues that are relevant to parents of young families.

Also, in our campaign we had a group, I'm proud to say, where other than two all our volunteers were absolutely new to the political

process. They'd never been involved there before. We have seven communities in our riding, and we made sure that we had representatives from each of those community groups. Who we had running my campaign was the former president of our community association coupled with other members of boards of other community associations. We decided to put the community first because if we understand the communities' concerns, then we understand what needs to be done for them. I fervently believe that an MLA is there to represent the issues of the constituents, to look at their issues in a proactive manner, to deal on their behalf here in Edmonton and try to satisfy those needs.

I'm honoured, one, to represent my riding and also thrilled that I'm actually able to come into this House with an old friend of mine, Alison Redford, our Minister of Justice. Alison and I go back to 1986. [interjections] Oh, sorry. The hon. Member for Calgary-Elbow. Sorry, Mr. Speaker, but the emotion of the moment caught up with me, and I forgot the protocol.

The hon. Member for Calgary-Elbow and I met back in 1986, and it was at a national political convention. She was running for the position of vice-president, and I was youth convention co-ordinator. It's neat because our paths have taken different routes through different provinces and different areas, but we've come back here today and walked into the House on the same day, were sworn into cabinet on the same day. It's pretty neat, and I'm sure it's a rarity.

The other great part is that I've come in with a group of people, a new group of MLAs that represent diversity in this province like it has never been done before. We have members from different age groups, as embodied by my young Calgary caucus. The so-called dean has left us, but we have young, bright people. We have more women in caucus. We have . . .

Mr. Snelgrove: Old, tired people.

Mr. Blackett: . . . old, tired people but old, tired, very experienced, and knowledgeable people who are definitely willing to give me their advice whether I ask for it or not.

Along with that, though, we have, if we look around this room, if we look around the Progressive Conservative caucus, a picture that if it's put on the front page of the *Globe and Mail* would be second to no other political party, no other political entity in this country, and for that we should all be thankful.

Some made a big deal about the fact that I was the first black cabinet minister. I prefer to say that I'm the first cabinet minister who happens to be black because I believe thoroughly that in Alberta we don't care as much as people think about the colour of your skin. They want to know about the quality of the person, the quality of your work ethic, and what you believe in. What I believe in is families. I believe in community. I believe in hard work. I believe in self-reliance. Those things were what got us all elected. You know, in my riding, if I had to count on the black vote, I think that would have been about one-half of 1 per cent. If I had to count on the visible minority vote, it would have probably been about 9 per cent.

What I'm saying is that we are able to attract votes and support from a wide cross-section of people because we have a group of people in this province who understand that diversity is what we need. The people spoke loud and clear, and they said that change is what they were looking for. Our opposition mistook that change for meaning they wanted a change of government. They wanted a change in the type of people we have in government. They want some new ideas. They want some new energy. They want some new conviction, and in the Progressive Conservative government we're going to give that to them.

Just to wrap up, you know, you can't really tell where a person is going until you know where they've been. I was honoured on March 12 to be appointed to the cabinet and made Minister of Culture and Community Spirit, and most of the people in this House, in this Legislature are wondering: who the heck is Lindsay Blackett? I'll just tell you that I'm a son of two parents, Carl and Elsie Blackett, that were born in Barbados, that went to England to go to school. I was born there along with my three siblings, and we moved to Canada when I was six years old, in 1967. A long circuitous journey to get me here to Alberta: eight years in Toronto, in the crumbling centre of the universe, another 20 years in Ottawa, where I went to high school and university. I shouldn't knock Toronto because that gave me my start on the journey here.

When I was nine years old, I did realize that I was different, and at the time I realized that you could look at it one way or the other, that if you were a black person, the chances are that the first time somebody was going to meet you, you could make that first impression a positive one or a negative one, and I chose to make that a positive one.

A couple of years later, when I was 11 years old, I was attending a Baptist church, and I had three people that took me under their wing and said: you've got an ability to speak, and you like to read, and we want you to give this sermon in a church. I was 11 years old in front of 1,100 people at Calvary Baptist Church, my knees knocking. I don't think anybody else noticed, but I certainly did. I thought my teeth were chattering. I got to speak these words, and it was just an awesome sight and the response from people coming back to me. I knew God said: you have a gift. I had no idea where that was going to lead me.

In another 13 years I ended up getting out of university. I got a chance for a contract position in the Prime Minister's office. It was for two weeks in the correspondence unit. I ended up parlaying that into a two-year stint, at which time I met our hon. Member for Calgary-Elbow, and before the year was out, I had managed my first campaign. I was president of our youth riding association, first federally and then provincially, and within a year I'd had my second campaign. I was youth convention co-ordinator. I was on the national campaign team, on and on, and that political interest carried on for 25 years.

The other defining moment was that in 1991 I had an accident. I almost died. Technically I had drowned. I realized I had to change my ways. I was 30 years old, but I realized I had nothing to show for it. I had nothing significant in my life. I had nothing of any tangible benefit that anybody would remember me for. A few months later I met my wife and decided that that is the path I was going to take.

So all those years in politics got me here, but it's my wife and my kids that actually propelled me to decide to run. I have a seven-year-old son named Sam, and I have a 10-year-old daughter named Jasmine. I used to coach their soccer teams. I coached my son's hockey team until about three weeks ago. I've been a board member of the constituency association, and I was president of a service club, the Canadian Progress Club, Calgary, downtown chapter.

My kids were always the focal point for me, and I got involved in the community because I wanted to make sure that their life was

better, that they learned to love Alberta like I did. We moved here only in 2000. A lot of people say: "Well, you're not a true Albertan. You haven't been there a long time," and I say: "You know what? Just because you've been here 35 years or 40 years doesn't make you any more or less passionate about where you live." If you've been to other places in the world, you get a better appreciation. If you've had to live in Toronto, if you've had to live in Ottawa, if you've lived in Montreal – and I've lived in Seattle – a lot of great things, but nothing was like Alberta.

I came here because of the people I met back in 1986. Most of my friends were either from the Maritimes or from Alberta, and I kept in contact with them. When I was in Seattle and was deciding to move to Alberta, I talked to a couple of them, and they said: come on up. They met me at the airport with their families. They took me for dinner. Every weekend that I came back to visit, they took me to look at houses. They just showed me that Alberta hospitality. We had a two-year-old daughter, my wife was seven months pregnant with my son, and we decided to come up here, and we've never looked back.

10:50

It's just one of those things. Like I said before, you can be anything you want to be here. It's the best place on earth to raise kids. It's not just about the amount of money you can make. It's not just about the return you can make on your house. It's because people actually care about people here. The history and the pioneer spirit that was important a hundred years ago is still important today. We work together as families to build our communities. We work together with families and community to help one another and the less fortunate, and that's a lesson that the rest of the country needs to learn.

I'm one that loves to say, in response to the throne speech, Mr. Speaker, that as the Minister of Culture and Community Spirit we're going to push to make sure that we build those strong communities. We're going to make sure that we let Albertans know about our quality of life so that we can retain those people that are valuable to us and that we can attract the number of workers and families that we need to grow this province.

With that, hon. members, I would like to move that we adjourn the debate.

[Motion to adjourn debate carried]

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

Mr. Renner: Thank you very much, Mr. Speaker. Having spent the evening talking about eliminating income tax, spending \$300 million, and hearing from members in reply to the Speech from the Throne, I think we've probably accomplished what we set out to do tonight. Therefore, I would congratulate all and move that we adjourn until 1:30 tomorrow afternoon.

[Motion carried; at 10:53 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]

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