



Province of Alberta

The 27th Legislature  
First Session

# Alberta Hansard

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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.

Wednesday, May 21, 2008

### Committee of Supply

[Mr. Cao in the chair]

**The Chair:** I would like to call the Committee of Supply to order.

### Main Estimates 2008-09

#### Finance and Enterprise Treasury Board

**The Chair:** First I would like to call on the hon. Minister of Finance and Enterprise.

**Ms Evans:** Thank you very much. It's indeed a pleasure this evening to present the estimates for 2008-09 as Minister of Finance and Enterprise. Although they are not seated with my hon. colleague the president and me, we have staff present that will be taking notes, will be listening, will in fact be able to respond later: Robert Bhatia, deputy minister; Bonnie Lovelace, executive director, strategic and business services; Darwin Bozok, director, financial services; Frank Potter, senior manager, financial planning; Dave Olson, senior manager, business and continuity planning; Shakeeb Siddiqui, manager, financial planning; Bryce Leschert, budget co-ordinator, who just graduated from the University of Alberta last year and is now pursuing his CGA; it is his first year with the government working on his first budget, so he's done a lot of preparation for us in the background; David Stanford, junior budget officer, who is a recent graduate from the University of Lethbridge, another Albertan working with our budget group for the next eight months. I know that's making the opposition ecstatic. They're likely not going to want to hear anything more because we've already passed the test. I'd like to welcome them to the team.

This is Alberta's 15th consecutive balanced budget, and this government is very proud of that.

You've heard about our initiatives from the budget speech, that we have in fact reduced taxes or premiums so that Albertans and businesses save approximately \$1.3 billion annually in reduced amounts. The full implementation of our health care premium reduction and our taxes that have been reduced means there's a net \$1.3 billion annually that Albertans keep in their pockets. They will also save \$25 million as a result of the Alberta family employment tax credit. The savings from each of the caregiver, dependant, disability supplement increases: all of these give some \$20 million to Albertans. Those are dollars, again, in their pockets. This budget and the budget in Finance and Enterprise frame that.

Along with indexed personal tax credits we've established the new scientific research and experimental development credit, a recommendation from the Alberta Economic Development Authority. That in itself will enable us to reach out to people who will be eligible for expenditures made after December 31, 2008, up to \$4 million, for a maximum annual credit of \$400,000. These businesses in Alberta that can apply will save up to \$60 million through this initiative.

The small business threshold will increase to small businesses, a \$5 million saving.

The surplus allocation is something that we talk about a great deal. Our government is committed to ensuring that the province stays globally competitive in terms of our tax policy and savings. This year we have a \$1.6 billion expected surplus. This figure will be

reviewed in the first quarter. The Auditor General, when I met with him, said that we ought to be commended as a government because this government takes the opportunity to monitor and decipher what the trends are at every quarter and report on that to the public, which is transparency that doesn't happen in all public sectors.

We have inflation-proofed the heritage fund, and \$100 million to establish the Alberta Enterprise Corporation provides venture capital to knowledge-based companies. That's also enclosed.

I want to just point out that it was suggested to me today that I provide you with a list of absolutely everybody we consult in the private sector to determine whether our revenue picture of \$78 a barrel for oil is the correct one, particularly since this particular day we're hovering around the \$130-plus mark in terms of a barrel of oil. I just want to mention that at least 12 investment companies that are internationally recognized have benchmarked their predictions between \$65 and \$110 per barrel. That, in effect, makes our \$78 at the cautious end. It is still not without question from some. But look last week at the paper: it had predictions conflicting between \$65 and \$200. As everybody knows, this isn't something that we can get a lock on and be absolutely clear on. But the clear part of our Finance proposals is that the Premier brought in and insisted upon an unexpected surplus policy, which enables us to put one-third into savings and with the balance of the two-thirds to have capital expenditures, new capital providing half of the balance and the refurbishment of existing capital the other half.

There are numerous Crown corporations that report to this ministry: Pensions Administration Corporation; Local Authorities Pension Plan Corporation; Alberta Securities Commission; Alberta Capital Finance Authority; ATB Financial; AIMCO, Alberta Investment Management Corporation, newly launched in January and soon to have their very first CEO, who will join us in August; Alberta Insurance Council; Credit Union Deposit Guarantee Corporation; and their subsidiaries.

Alberta Finance's vision is financial and economic leadership that strengthens Alberta, and if you look at the addition now of Enterprise, we are providing expert economic, financial, and fiscal policy advice to effectively improve our tax structure and regulatory administration to enhance our present and future prosperity. I think one of the exciting things in this budget is that we work and collaborate with other ministries on our financial advice. We have had the opportunity to assist in many of the initiatives sponsored by people from across the globe who come and talk to us about not only taxes but opportunities.

I would like to say that Alberta is flush with opportunity not only because of the oil sands but because of some of the initiatives that are being sponsored in this budget, as we attempt to provide sound financial advice and work with our neighbours in British Columbia to collaborate and harmonize in areas where we can work together, where we work on the five core businesses and the goals for our business plan, which are to have strong and sustainable government finances; to have a sound tax and economic policy; to ensure revenue programs are administered fairly, efficiently, and effectively; to provide sound financial management and investment policy; to ensure effective leadership in risk management; to offer effective regulation of private-sector pension, insurance, and financial products and services; to provide accessible financial services for Albertans and local authorities and an effective and efficient securities regulatory system; to ensure sustainable public-sector pension plans in Alberta; to ensure that we have a competitive and sustainable economy for the province and strong and vibrant regions and communities for Alberta.

Our revenue for the ministry is projected at \$16.7 billion, an increase of \$1.4 billion from the 2007-08 budget. This reflects

increases in personal and corporate income taxes. Our personal income taxes are estimated at \$8.6 billion, an increase of \$1.3 billion over last year, and corporate income tax is expected to be \$3.8 billion, an increase of \$648 million over last year's budget. Our investment income is estimated for '08-09 at \$1.8 billion, \$600 million less than 2007-08, primarily due to anticipated lower market returns.

Our major increases: \$43 million in costs for taking over the responsibility of the teachers' \$2.2 billion pre-1992 unfunded pension liability, something we discussed in the House here the other evening; \$15.9 million in funding from the federal government for the community development trust; and last but not least, \$4 million for the Securities Commission and \$5 million for Alberta Pensions Administration.

With that, I will conclude.

**The Chair:** I would like to recognize the hon. President of the Treasury Board.

**Mr. Snelgrove:** Thank you, Mr. Chairman. Our Treasury Board staff are currently underneath the Annex, in the basement, with an abacus trying to figure out where all this money is going to come from, so they were not able to attend. We will protect their names and faces so their families are not hunted down in the street, and they have no friends to be protected from. So that's our problem over at Treasury Board.

Mr. Chairman, if I can, to the opposition: I know that you have nothing but anticipation for me to give a spellbinding speech about what we do, but I am perfectly willing to forgo that and go directly to your questions if you choose because I'm only going to tell you what you already know.

I look to your guidance, Government House Leader. All righty.

7:40

**The Chair:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thank you. We have decided, actually, that we will do it in 20 minutes, and it's the choice as to which minister springs up to answer the question. It's a freeway.

All right. I'm going to start with the heritage fund and savings. I'm sorry; let me back up. Welcome to all the staff that are joining us in the gallery. I know this is after hours for you, and we really appreciate you coming down to support your ministers and all the extra time that you put in. Thank you very much. And thank you to both ministers for being willing to do a sort of joint approach to this tonight. I wasn't minding my manners. My apologies to everyone.

Now, starting with the heritage fund and savings. We have an estimated value in the heritage fund of \$16.7 billion for the '08-09 year. What I'm interested in is the way this is determined. I'm digging again for the policy choices about why we are not investing directly in the heritage savings trust fund. What we have is the inflation-proofing. Last year it was forecast at \$938 million, and \$466 million was retained in the fund for inflation-proofing. The rest went to general revenue. On page 216 of the estimates this year we're looking at \$490 million that will be transferred out of the heritage fund, and on page 220 it says that \$19 million will be deposited into it, but that \$19 million is actually the leftover amount of money that was committed from last year. It was an estimate. Now you have the real final numbers. That \$19 million is actually from last year's money.

I'm interested in hearing from either minister why the government doesn't have a specific policy of investing in the heritage trust fund on regular money. My frustration with this is that it's not really a

savings plan if you say: "I will only put money in my savings plan in my bank account if I have a windfall year. I don't know that I'll have a windfall year. I hope that I'll have a windfall year. If I do, then I might take some of that money and put it in the bank." If we all saved for our retirement that way, this government would be in serious trouble because they would be providing subsidized housing for a heck of a lot more seniors.

I don't understand why the government persists in a philosophy of not investing on a regular basis with allocated money but is instead crossing its fingers that it's going to use this unallocated surplus money, this bonanza money or windfall money or lottery money, if you want to think of it that way, in what is our single most important savings plan. If I could get either or both ministers to talk about why the government is making those choices.

As you well know – and here is my little advertisement – the Liberal caucus has for many years had a policy of investing 30 per cent of the nonrenewable natural resource revenues directly into a series of endowment funds, including the heritage fund, on an annual basis in order to achieve a savings plan by I think it was 2020 that would have had our heritage savings trust fund over the \$200 billion mark, which would have given us choices about income tax and all kinds of possibilities. So I'm really interested in why a government that makes so much money won't put it in out of regular budgeted money but insists on putting it under windfall money.

Over to you.

**The Chair:** The hon. minister.

**Ms Evans:** Yes. Just briefly, and my colleague may wish to supplement. If I may, the Premier's mandate letter to me as Finance and Enterprise minister has asked us to come back with an investment and savings plan. We looked at those options last year through, in part, the establishment of a committee that has made one report but will further report to us, that will go through the process in government.

May I just say that for many years our government focused on paying down the debt. That was the established practice right up until 2004, with some \$7 billion in savings being provided in the three and a half years since. Some of that, it's true, predominantly the bulk of that, has come from the surplus dollars that we have accrued. I think since our Premier became elected and talked about an investment and savings strategy, we may well look at some of the options that the hon. member has talked about. But we have also looked to some of the funds which, for example, help support the cancer prevention fund and help support the access to the future fund, provided support for medical services and the heritage fund and through a variety of funds has funded almost a \$70 billion amount that has supported Albertans through a number of accounts. I feel very confident that currently we are looking with anticipation at how we can manage our investment and savings in the future. Today the vehicles that do that are surplus policy.

May I just remind the opposition of one thing that I find fascinating. Very few people understand that Alberta is unique. There's hardly anyplace else on the planet where you find that the third leg of the taxation, or supportive, stool is entirely resource based. It's the provincial sales tax in some jurisdictions, but here it's resource based. We are fluctuating in that capacity to deliver based on world markets and a whole lot of things that are beyond our control. At the same time we have the enthusiasm and the excitement of a true entrepreneurial spirit to build. The surplus savings will be a part of what we do, I'm convinced, for a very long time, and we'll look further at investment strategy. I'm sure the hon. member would like to supplement.

**Mr. Snelgrove:** One of the other tools that I think is very important that we do and did was an investment into a capital fund that makes a commitment to industry and Albertans that we are going to fulfill our capital plan. The hon. member will probably remember back in 2001 when the stock market had its glitch. Where did we go to get the money back to keep government running? We took it out of the capital plan. Are we paying for that dearly today? Yes, we are.

What we're saying is that we need to have the industry in its broadest form have the confidence that the capital plan that we've committed to in our three-year plan is funded so we're not going to have to make that same very tough decision that we have to pull back capital projects that are critically important to economic well-being. She makes some very good points, but it's also important to have a guarantee to the industry that we're committed to the capital plan. That's where some of the money – if we don't change, it doesn't need to stay there.

**The Chair:** The hon. member.

**Ms Blakeman:** Yeah. Just referring back to the Treasury Board president. Yes. That's my argument about wooing people into the province for long-range capital building. My example was building a cement plant. If they didn't think that there was going to be a longer range, why would you possibly build something like that? We really need it here, but we need to see that there's going to be a long-range commitment to it. I understand that. I just think philosophically we disagree.

To the minister of finance. I hear what she's saying, but I will also argue with her that, you know, there was no money put into the cancer legacy fund this year or last year, I think, but there has been a drawdown on it because money is taken out – I believe it's \$45 million – every year that flows through to cancer research through Health and Wellness. With great fanfare it was established with \$500 million. We were supposed to get a second \$500 million. I think we're onto year 3 now, possibly 4, and there have been no additional funds put in there, so I think that actually weakens the minister's argument.

As well, the access to the future fund. Again, great fanfare, but a minuscule portion of what's required in that endowment fund was actually put in. Again, I think that weakens the minister's argument that savings is going on. It's not, and we're actually drawing down on one of those two funds that she's talked about.

Okay. Let's move on. Oh, yes. The heritage fund investments in tobacco companies. Now, in my handy-dandy little chart I see that going back to April 2004 we had direct investments of \$27.7 million and indirect to a total exposure of \$27.8 million. In March 15, 2007, we had \$18 million in direct but almost \$40 million in indirect for a total exposure of \$58 million. It's definitely been increasing. Our investments into tobacco-based companies have actually risen considerably.

My question is: today in this budget that we're looking at, how much money from the heritage fund is invested in tobacco companies? I think the minister was actually asked this in question period, but I'll put it on the record again here: is there any kind of a short- or a long-term plan to move the policy-making away from allowing heritage trust fund monies to be used to invest in tobacco-related companies?

7:50

**The Chair:** The hon. minister.

**Ms Evans:** Yes. In previous years the hon. member has made that point very eloquently about that. The obvious thing that I can tell

her is that there's no direct or indirect investment relative to the cancer fund in that particular fund, but there could well be indirect in the mix of funds that are funded or invested in by our investment corporation. Many of them would be very complex, I guess, holdings, you could say, that may have tobacco companies involved. But we have taken under advisement the review, at least on the cancer side, of: let's not increase or provide any funding there towards tobacco-related companies.

The savings strategy or investment strategy has been to the higher yield investments as determined by our investment corporation and by the investment strategies. There have been under a Stelmach government and since our recent election conversations but no particular action taken to try and reduce that still further. You will remember that last year, I believe, we had an increase in our taxes relative to tobacco, and you very clearly pointed out your concerns that we were doing both things. It's something that we've had conversation about not, I would have to suggest, at the Treasury Board table level, but I have with my officials about our investments.

Maybe I could put it to you this way. This August we will have for AIMCO the first-ever inaugural CEO that will be guiding that corporation, and it will be something that I will raise relative to the mix of investment instruments that are used by AIMCO because I think increasingly this House has shown leadership in the desire to reduce the influence of tobacco in our society. That may well be something that'll be an outcome of that, but at this stage I'd leave my colleague to provide any further response.

**The Chair:** The hon. member.

**Ms Blakeman:** Thank you. I would very much appreciate it if the minister would take leadership in passing that kind of direction on to AIMCO to however possible avoid that. If I could, I know in the past that the ministry has been able to provide the direct and indirect investment and total exposure of the heritage trust fund in the tobacco-based companies, so if I can get the minister to provide that in writing at a later date, that would be very helpful.

When I look at page 141 of the ministry business plans, again, I pick up there under, I guess, priority 3, renewed investment and savings policy, which links to goal 4. It's about the ministry implementing a renewed long-term investment and savings policy ensuring that all Albertans, including future generations, benefit from Alberta's strong fiscal position. Can the minister, then, provide me with details of what this renewed long-term investment and savings plan or policy is going to be and when we might expect to see it implemented? Is this on a one-, three-, and five-year plan or a sliding scale, or are we looking five years down the road? If I can just get some sense of the timing on it.

True to form I'm about to ask who was consulted in this. Although the minister was joking, it actually wouldn't be a bad idea to provide everyone that both ministries have consulted with. But I am interested in what best practices were looked at around models that could be used for a made-in-Alberta investment and savings policy. AIMCO clearly falls into that mix. I'm very interested in the idea that we've got this separate group over there investing all of our money. It makes me a bit nervous. What role is the finance department or the Treasury Board going to have in overseeing that \$70 billion that goes to AIMCO? Any details that either one of you can give me on the investment strategies and when they might be made public. This is a section on savings and investment.

**The Chair:** The hon. minister.

**Ms Evans:** Thank you very much. The investment strategy that was referenced in my mandate letter is something that is a work in progress that will yet be presented, first, to the caucus, obviously, and then, pending the decision of the Premier and caucus, will be made public in due course. But it certainly won't be ready for a response in time to respond to this budget.

You will recall and you may have heard that the group that was selected to consult and talk about the investment strategy and present a paper under the leadership of Jack Mintz, who is now at the University of Calgary, had, I believe, at the time that they went through the process initially, talked to or received submissions from over 600 people. We are not yet prepared to distribute that. When we are, what they're advising and how we intend to take it forward in government's response will be fully transparent, as our Premier would hope that it would be.

I would be a bit nervous if we didn't have an AIMCO. What I really like about an AIMCO is the same thing that I like about the fact that although I had one little fragile consulting company, You First, it was parked when I became a Member of the Legislative Assembly. We don't have opportunities to have conflict of interest. AIMCO, with the incredible wealth of talent and investment capacity of some of the most incredible leaders I've ever met in the investment community, names that we are familiar with, that run airlines and pharmacies and finance companies, are themselves the ones that select the instruments for doing the savings. Finance under any structure has always had a monitoring role. In the future as AIMCO further evolves as a separate corporation, we'll be able to share more of the process of how we have managed that.

We have had formerly an advisory strategy committee that provided advice through the deputy minister to the minister. What this instrument will look like, how we assert ourselves as a department and a government in supervision of AIMCO, will become more clear, I believe, after we've got the new CEO on board and can further have those conversations. Presently many of the same staff that have already been proving themselves and their talent in finance have been guiding the corporation in its first period of time. The accountability there is obvious with Fred Dunn, our Auditor General, and the accountability measures that are built into the accountability of the government organization.

Perhaps, Mr. President, you'd care to add to that?

**Mr. Snelgrove:** Well, the position of the Treasury Board would be one of supporting the savings policy that's developed. It'd be very difficult for the finance minister to tell you what our savings policy is while we're making it. But there's no question that a lot of the concerns you raise about the long-term strategy are obviously being raised to us.

I think it's absolutely essential when we talk about savings and investment – there are two kinds of investment. One is where we give it to a financial guru or group of gurus, and they'll invest it in other things. Then the reinvestment into Alberta, honestly, whether that is a world-class hospital or whether that is part of the infrastructure that allows you to grow the economy or the universities and colleges that are absolutely essential to us ensuring that we have the opportunity for a knowledge-based future. I look at all of those as the balanced strategy for investment. I would be remiss if I didn't say that at the end of 20 years if we had \$200 billion in the bank and people without the appropriate education, we will have made a big mistake. So finding the line that allows you to support the transition and change and infrastructure and the one that allows you to set aside the financial savings is very difficult to do.

8:00

**Ms Blakeman:** Well, yes, obviously, I agree because we were trying

to put savings into a postsecondary endowment fund, the heritage savings trust fund, a capital fund, and an arts and social sciences fund, and at that, according to our plans, we still would have built that heritage fund up to the \$220 billion mark by 2020. Maybe we would have all got to the same place at the end differently. I don't know. I guess time will tell on that one.

Okay. I'd like to talk about alternative financing because it strikes me that one of the biggest changes in directions or new policy implementations that we have clearly seen under the Treasury Board is what appears on page 434 under vote 7.0.1, alternative capital financing, and the money there of almost \$5.8 million. Can the minister give me any sense of where this money is going to be spent and how it would be prioritized? What we have here is this money for alternative financing, which we understand to be, really, money available to help with essentially P3s. So help me understand how that funding will be prioritized. What best practices is the minister looking to use to make sure that this kind of alternative financing gives us the best value for money for Albertans and that it doesn't lead to a number of the cases that I've looked at with P3 financing, more risk on the side of the government for more money? How do we guard against long-term, high-interest commitments that, frankly, are held by private companies when we're looking for public infrastructure? Let me just draw the minister out on that.

**Mr. Snelgrove:** The bulk of the money is for a major P3 development we're looking at in Fort McMurray. To move in, we believe it's essential that we take more than just one big step or two steps to get ahead of the housing curve there. So the money is spent, certainly, in our department or in the very extensive process that you go through to determine who, in fact, you're going to do business with.

To speak to the general cost of it, in some ways we have built in probably an overdefensive process. I think we understand that if we have one bad P3 at the start, we're in big trouble down the road, as many other provinces or areas have done, where they didn't fully understand what the commitment was to start with. Honestly, to try and recover from one bad one takes a lot of good ones. So we have the private-sector comparators, where we have a group of individuals who are knowledgeable in the field, who have access to engineers and people involved in the process, that are able to say not to the penny or not with absolute certainty what the job should cost, because only the estimator in the company can, but can say: this is where it should be; this is a realistic amount for it.

The other part of the process that we need to keep in mind – the alternative financing is one aspect of it, but one of the Auditor General's main concerns has been the deferred maintenance costs. Well, for example, on the northeast Calgary ring road or the Anthony Henday the deferred maintenance is nonexistent. That road will be maintained and looked after for 30 years.

We have, you know, the tools in hand to address things like that and say: let's be realistic here, folks. If we build a hospital or a school or a road, there are costs that are coming with that facility, and they change. I mean, obviously, hospitals cost a lot more; schools cost a lot; roads cost quite a bit. We might as well be up front with everybody right now and say: if we're building these facilities, if we're building museums, if we're building the cultural theatres, whatever it might be, there is an ongoing cost, and this is one way of identifying exactly what that ongoing cost is. You probably all know examples where someone – an individual, a community, or a group – has built a community hall or a skating rink or a swimming pool and then found out: oh, we can't afford to run it.

So one thing that keeps it front and centre – or it should be – in

people's minds is if we know that it's going to cost \$50.6 million a year to maintain that road for X number of years, then, darn it, you know what it's costing you to maintain all the other roads. If we were to build a hospital and have a comparator that says, "This is what private industry can commit to maintaining that building for this many years," why are we spending more or less? You know, there has to be a way to determine what's a reasonable amount to spend.

Now, the Auditor has picked figures, but that is a lot like projecting income from oil or something. It varies with labour costs, that will move up and down, and modernization and other parts of it. We look at the P3 not just as a source of alternative financing, although that's how you attract interest in the projects and, like I said, putting some skin in the game. We put a chunk. They put a chunk. They guarantee their work, and they maintain it for 30 years. That's a good deal, and everyone knows the cost.

Philosophically, you know, we can debate whether it's debt. Of course, it's debt. When you lease a car, you've assumed a debt for three years, knowing you're going to use that car and having made the decision to not make the purchase with your money. Now, a lease of a car isn't right for everyone, but it isn't wrong for everyone. A P3 with the proper diligence done in circumstances that benefit us the people of Alberta I think is a necessity for us to get ahead of the curve.

The road project in Calgary, the P3 interest, is far ahead of the conventional build, and in fact when it opens, it will be finished. The overpass will all be in place. Well, there might be the odd sound barrier that will have to go in afterward, but every part of it is done. The ones that we have built, that on a yearly basis we have to go back, add an interchange or a flyover or an overpass, become extremely costly, and they're kind of at the whim of the budgeting of the day. We are very aware of the interchange problems on the Stony Plain Road and areas over in west Edmonton. I would suggest that, in hindsight, if that had been a P3, that entire project would have been completed to the start of where we're going with the rest of the northwest bypass.

So it's far greater than just alternative financing. It's all of the stability and contract certainty that a P3 process brings to the table.

**Ms Blakeman:** Okay. I hear what you're saying. I've also read of all of the things that have gone wrong in other places, and I say to myself: "Okay. The government is not stupid. What is going to make you smarter than all of these other ones that have failed?" Where they tend to fail: they don't write the contract well enough. And here are some of the examples I've got in my head. They don't spell out: when we say maintenance, we mean that. You know, I'm thinking of one that was a hospital that they ended up taking back; I think it was in New South Wales. They actually bought themselves back out of their own contract because they hadn't written the contract well enough, and they hadn't said, "That means the grass gets cut every week." What they were doing to save money, the P3 provider: they were cutting the grass once every three months. Well, of course, now the hospital was getting tickets from the local town because the weeds were out of control and all that stuff.

**8:10**

The big issues are around good contracts. Well, our issue with that is that we never get to see the contracts. We the public never get any opportunity to judge on this one either because as we're in the negotiation phase, the government won't tell us anything because they're in the negotiation phase. Then when you sign the contract, well, we can't see it because there's a third party involved. So the public is absolutely shut out of this process and can never understand what they have now been committed to by the government.

So two problems with the contracting: one, we don't write very good ones, and our history in Alberta shows that we don't write very good contracts. We've been caught a lot with crappy contracts. I'm thinking of the educational contracts. The Auditor General went on and on about those for years. There are a lot of contracts we weren't very good at. The second is about risk and transferring risk. Part of P3s is that the private company is supposed to take the risk. It's exactly what the minister is saying. The minister wants stability. The risk is supposed to get transferred to the company, but it doesn't.

The third part is the maintenance. I've talked a little bit about that already. How do you make sure that we actually get the maintenance and that you anticipate years down the road what that maintenance is actually going to look like? Have we written that contract well enough that what we thought we were paying for in 2008 is actually the maintenance that we're getting in 2025 and that it isn't something totally different? I'll just pull a wild example just to make my point. If we said, "You're going to do grass cutting," but by the time we get to 2025, nobody has Kentucky bluegrass anymore. You don't cut it. You have something else that's different.

**An Hon. Member:** Astroturf.

**Ms Blakeman:** Astroturf, yes. You've got Astroturf down, and it should be vacuumed instead of cut. But if that wasn't anticipated in the contract, we're in trouble. Now we're going to be paying for the Astroturf to be vacuumed. So there wasn't any risk transfer. There wasn't any stability. We're paying more money.

The last thing is the hostage-taking that we've seen take place by a number of P3 contractors, where they just turn around and say: we're not making enough money at this; we're going to charge you guys more or, you know, go jump. You see different governments make the choice to either pony up or to buy back their asset, for which now the taxpayers have paid significantly more money for something that was supposed to be a great deal. Most of the P3s I've looked at end up going over budget for very simple reasons.

I know there is access to a lot of expertise over there, but I have yet to be convinced by you guys that you know how to be smarter than all of these other things that have gone on.

**Mr. Snelgrove:** There is no way that we could stand here and tell you that there will never be a case where we don't have a problem with a contract on a P3 or any other thing. As long as we have two sides or 20 sides to a story and lawyers, we can always have differences. I would never be so naive as to think otherwise.

One of the things that I think we were smart enough to know is that we didn't have to reinvent the wheel. In Alberta we've been given a tremendous amount of help by Partnerships B.C. In B.C., in fact, every project over \$20 million has to do a case study as to why it wouldn't be considered for a P3, not why it would but why it wouldn't.

There were two projects that started in B.C. at the same time. One was the Abbotsford hospital, which was built on time and on budget. It's an absolutely fantastic facility for \$350 million, built under a P3. Maintenance guaranteed. It was done with a lot of input from the staff and from the medical profession. They had hospital consultants from Australia, I believe, that had traced where nurses, for example, would go, where cleaning staff were needed. They had a lot of work put into it to make it efficient. Literally, it's a gorgeous facility for \$350 million.

In discussions with the contractor at the time I said: "Why don't you come to Alberta and build that hospital? We'll give you \$450

million.” “No, no, no.” “We’ll give you \$550 million.” “Not a chance.” The labour market was too tough in Alberta at the time to get it.

At the same time in B.C. the unions convinced them that they needed to do the convention centre on the shore in a conventional build. It started with the same budget as the Abbotsford hospital. At last report it was around \$900 million, up from its \$350 million, and still going up. That’s a case where, you know, same government, different circumstances let a project get right out of control. Maybe they are circumstances beyond your control, or maybe they just didn’t have the expertise to cover their whatevers in the convention centre. The horror stories of construction can go both ways, you will find, in P3s.

To say the contracts that we put out aren’t available: after the contract is signed, they are public documents.

**Ms Blakeman:** No, they’re not.

**Mr. Snelgrove:** Well, they are. If they’re not, we will. I assure you. But for the purposes of what is our contractual obligation, we could never open or show the negotiations that are under way in these contracts. The contractual stipulations in them in many ways are absolutely, to a detail, far beyond what anyone might even imagine. I would say that in some cases we are being overly prescriptive around the P3 process in that we’re taking a lot of the ingenuity and innovation away from contractors. The contents of the contract after it is awarded and signed are a public document as are contracts that are under conventional build for schools, for roads, for any other contract that we sign. At the completion of the signing they are public documents.

Within the documents there are clauses that do allow for openers if circumstances change. There is a method. In the Abbotsford hospital, for example, they had an arbitrator who didn’t get to go home and think about it. You presented your case for a change, whether the doctors decided they needed more light, and they sat down with the contractor, they presented the case, they made a decision, and on they went. I come from a contacting background, and I can tell you that when you’re dealing with government and you need to get a decision, the cost in time to a government is nothing – it’s not costing us to make you sit – but to a contractor it’s enormous. So the process has been streamlined and worked on.

You may be able to find some issues in New South Wales where they’ve had a hospital taken back, but they’ve built about a thousand schools under the P3 process, and they have around an eight-month turnaround with their schools. They have a common plan, and they’re building schools at a rate that probably exceeds any other. So, yeah, there are glitches, but we’re going to learn from the mistakes, and we’ll obviously do our best to get it right.

**Ms Blakeman:** Okay, I’ll say again to the minister – and, boy, I invite him to prove me wrong; please do – we cannot get these contracts. As soon as we try to get them, we’re told under FOIP that it’s third party. And the third party will not agree, and we can’t get them. So effectively because of the FOIP regulations we cannot see these contracts. It’s the same as if we just couldn’t see them.

**Mr. Snelgrove:** Which contract were you asking for?

**Mr. Mason:** Anthony Henday.

**Ms Blakeman:** Anthony Henday for starters.

Any other time in the past that we’ve ever tried to look at any kind of a construction contract, that’s what we’ve been told.

**Mr. Mason:** The courthouse and the Calgary hospital.

**Ms Blakeman:** Yeah. I’m getting some help from my colleague from Edmonton-Highlands-Norwood, but, yes, he’s exactly right. We tried to look at what was happening with the Calgary courthouse. We tried to look at what was happening with the Calgary hospital. But once the contracts are signed, we can’t see them because the third party is invoked. They’re asked if they will give permission because their information is part of the contract, and they say no. That’s the end of it, and we can’t see it. There is a huge problem there for you.

Okay. Let’s go back to talk about some of the infrastructure and the efficiency of design of the infrastructure and construction. I’m wondering if there’s going to be some sort of overall design and construction model that would be used for these schools. You mentioned that it was all built on the same template of school. Would we be looking at that same idea here in Alberta? I guess, it’s one thing to have an efficiency in that they’re all together, but does that allow for flexibility of local zoning bylaws, for example? You know, in a lot of cases that I’m watching, our cities say: this is an appropriate kind of structure to have in this area. For example, in Edmonton-Centre I have a few but probably most of the older buildings in Edmonton. So when we’re trying to fit something into these older communities, we would prefer if it met some of those architectural guidelines. Is there going to be some flexibility around (a) are you going to choose these consistent designs, and (b) is there flexibility in them for local communities?

**8:20**

**Mr. Snelgrove:** Absolutely. The schools are designed around the different needs that a K to 12 might have as opposed to a 9 to 12 or even a 6 to 12. So the designs do recognize the different requirements that an elementary school would have to a junior high or senior high, the placing on the sites, the opportunity to have different looks. We used to use the thing of a Nelson Lumber home: you could have six of them down the street in a row, and inside they were all darn near the same, but outside they had the little things that made them individual.

I would say, you know, that we’ve got the project out right now. We’ve got tremendous input from the boards. I won’t tell you that the boards are all magically happy, but the concerns we got from the board that wasn’t happy, Calgary public, were around confidentiality clauses where while we were in contract, while they were negotiating, if they wanted to see information in there, they had to agree to a confidentiality clause that all the other boards signed. Their lawyer was a little worried about it. They had some issues about setbacks for doors, which were addressed. They had some issues around some sightlines within the schools and a safety issue, and the department worked through virtually all of the issues with them.

I can say this: I don’t think anybody in Infrastructure or Treasury wants to put out cookie-cutter schools that are just blah, but there’s a certain responsibility to make sure that we’re not redesigning a school every time we go in the ground. Can they fit neighbourhoods? Can they fit the architectural requirements of the cities? Obviously, they’ll have to fit any bylaws that the city may have. They will not all look exactly the same, but the basic structure, especially for the mechanical and structural – if there’s to be a savings as we go down the road, then keeping a fairly common design, I would say, would be an essential part of trying to make sure that we can have a certain cost certainty. When we build, from a contractor point of view, it would only make sense to be able to set the same load of electrical and the same load of plumbing and have



the same site people on. Familiarity would certainly make it easier to bid competitively on the projects. But they do have the flexibility to suit the neighbourhood, to suit the site, and to work with the local school board to, you know, address if they may have some individual identifier at their schools.

**The Chair:** The hon. member.

**Ms Blakeman:** Thank you. Just three final questions on the P3 stuff. One, we now have the superboard in health care. Is that going to affect the ability to fund these health facilities through P3 financing in any way? Two, what steps will be taken to mitigate inflation in these infrastructure costs?

Sorry; let me just go back. When I first asked the question about the alternative capital financing, the minister answered the question by saying that the first \$5.7 million is for a project in Fort McMurray. Can he tell us what that project is, or is it still under negotiation? I'll let him give as much information as he can. I had a question here about what specific projects were planned to be funded under the alternative financing, and maybe that's going to be answered by what's happening in Fort McMurray. Do you have a list of proposals that have been submitted to Treasury Board for consideration under this particular funding? What I'm hearing—but I'd like confirmation and even numbers—is schools, hospitals, and something in Fort McMurray. Those are my three, which morphed into four, questions.

**The Chair:** The hon. minister.

**Mr. Snelgrove:** Thank you. The project at Fort McMurray is still in the sounding stage where we're seeing if we do have interest to go where we want to go. I really can't be more explicit than that, but it is about building a model community there.

The change to the superboard in health care doesn't really affect the opportunity for a P3 process now. Grande Prairie hospital, you may have heard in the last news, was somehow, according to the former chairman, removed or not in this budget. Well, it was in last year's budget, so it doesn't reappear in this budget. The dollars were allocated there for design and for construction two years from now. I think there could have been, the term here sometimes is, a little chicanery there to upset some of the locals as around the hospital. But the original plan from Treasury Board was to build a P3 hospital in Grande Prairie. The local board were convinced that they didn't want to do that and wanted to do a conventional build. So we're at the stage where they will need, then, to send their plans for the health facility that they want to Health and Infrastructure and make sure that the scope and the scale and size fit the criteria.

Now, the benefit from the superboard—and I know the hon. member will appreciate this—is that the health system infrastructure needs to mirror the health system we've built. That might sound very simplistic. But if a cone, for example, is built on the delivery model where one centre does brain surgery, two centres do hearts, three do lungs, and four do livers—oh, God, I hope there are more than four doing livers—if that's what it is, then we ought to build the solid infrastructure that supports that same kind of thinking, and we need to staff them consistent with the plan to deliver those services in the appropriate infrastructure.

Will the superboard have an effect on P3s? I can't say it will, and I can't say it won't. I mean, we've got the huge construction in Calgary that's already under way. We have the Edmonton clinic that's under way, and the Mazankowski centre is open. There is a tremendous need for hospitals, but in most cases now the hospitals are add-ons to existing facilities, and that makes it very difficult to

develop a P3 model when renovations or upgrades are in there. You know from the horror stories about renovating houses. The call them the two-story renovations: the story before and the story after. Well, when you see the diligence that goes into a brand new greenfield site facility, hospital or school, to try and stick that on to the side of another existing building with who knows what for plumbing or electrical systems would probably not be worth the trouble to define the risk within there.

Obviously, there'll be some new hospitals built in Alberta, and probably Grande Prairie will continue, but I don't think the superboard, or the amalgamation of boards, will have an effect on that. If there is an effect, it's that we will make sure that the infrastructure and our staffing model the appropriate health care structure.

From inflation. This is probably one of the only real tools we have on inflation, plus allowing or encouraging and supporting Infrastructure and Transportation to be able to contract out bigger shares of their budget years down the road so that you can stage projects with absolute certainty to a contractor so that they can identify suppliers, book the material, know that they don't need it till next June and maybe the air conditioning units for three years. If that's all part of it, it just gives them more flexibility to control inflationary costs. We know it can happen to steel in the middle of construction if you haven't got it bought or oil with paving.

**Ms Blakeman:** Or cement.

**Mr. Snelgrove:** Or cement.

You do have things that sometimes are beyond your control, but if you have an extended contract, you're able to hedge your bet, so to say. That and the idea that a P3 puts the risk of inflation on the contractor are about the only two opportunities we've got, really, to control inflation.

8:30

**The Chair:** The hon. member.

**Ms Blakeman:** Thank you. I'm going to go back to, I think, the minister of finance. Can I start with the Alberta Securities Commission? In the business plan it's stating that the department will "work with other Canadian jurisdictions to develop and implement an effective and efficient securities regulatory system standardized across Canada that meets the needs of Alberta's businesses and investors," and page 148 of the business plan has a performance measurement for that same strategy that involves the full implementation of the passport system by this year. The other two years are a bit vaguer. I'm looking for what the details are around other harmonizing and streamlining initiatives that the ministry has to improve the securities regulatory system.

**Ms Evans:** Mr. Chairman, a really good question. The interesting thing is that the Alberta government over the last few years has shown significant leadership in prompting the passport system, with currently the chair being the minister from Manitoba. With the exception of Ontario, most of the other provinces are very anxious to be collaborative, to harmonize, to work towards a passport system that I think continues to maintain the advantage that we have in Alberta.

I wonder if most of the members of the House know that if you look at the overall investment in securities in Canada today, about 42 per cent are invested in Ontario. Twenty-seven per cent are invested in Alberta, with the next closest at 11 per cent. So we're providing significant leadership, with a lot of the smaller corporations, the smaller companies, feeling some satisfaction that they

couldn't perhaps qualify to do all the paperwork to get onto the Toronto Stock Exchange, but they have been able to register with the Alberta Securities Commission. That's why when our Prime Minister was here fairly recently, our Premier reinforced again our position that the single regulator system was not an option for Albertans, that we wanted to maintain what we have, to continue to work on the passport system.

I would have to tell you that in my meetings with the ministries in British Columbia, we're working very well with British Columbia, as you know, with TILMA but also looking at ways we can harmonize in terms of our financial policies around securities. Now, it's interesting there that the Minister of Finance has not been the minister in charge of securities. It's been under the Attorney General because the Minister of Finance is actually related to the company, the PH & N company, so she has not been part of the securities commission.

That whole interface for us, then, is with the Attorney General, so we look at securities from the standpoint of a group that are in collaboration, talking to one another. Here in Calgary Mr. Bill Rice, providing leadership there, frequently communicates not only to our department but to me about the concerns around the comments made federally around the single regulator system, again prompted by the concerns of the small groups.

Last Friday I had a conversation with the minister from Manitoba anticipating our FPT meeting with the Minister of Finance federally, again reinforcing the passport system that we're all working towards, the collaborative framework we're all working towards, that is not single regulator and does not have Ontario perhaps overshadowing the rest.

I should just say that we've been very successful in discussions with Quebec on some of our concerns around the regulations that regulate the Securities Commission, and I think that there's a tremendous track record that the securities commissions in Canada generally can be proud of.

I'm not sure quite specifically what you're looking for in more collaboration, but in our business plan we talk about wherever possible harmonizing our rules and regulations, and in the last two months, since I've been privileged to be in this portfolio, our first opportunity to really meet and delve into some of those issues will occur on the last Friday, May 30, of this month. Perhaps at that time, Mr. Chairman, I'll be able to report back that we have made some more strides in that regard, but presently it's a work in progress as we continue to look at the changing circumstances in the financial world and markets. What I'm most comfortable about is that in our Crown corporation of ATB, in the Securities Commission, there's a high degree of sensitivity around the investors here in Alberta and other investors that would be involved with investment and securities in Alberta.

**The Chair:** The hon. member.

**Ms Blakeman:** Thank you. I was looking for the details about the harmonizing and streamlining initiatives, so I'll let the minister and her staff supply those details in writing to me.

I'm going to move on to automobile insurance, so I'm sure that Jim Rivait will manage to have another strike against me. He's not too impressed with this girl, but here we go. You know, I didn't run for office so that I could be loved. I'm wondering if the minister can tell me: what is the total projected cost of the legal action that's being taken to appeal the Supreme Court decision on the cap on soft tissue minor injuries? I'm looking for that amount of money or projected amount of money if you know it.

I also note that on page 140 of the ministry business plans there is

a recognition that "legal challenges to insurance legislation may have an impact on the stability of the automobile insurance system." I'm wondering how to interpret that statement. Could the minister explain how the stability of the automobile insurance system could be impacted by this and, as well, whether or not there would be an insurance rate increase due to the Supreme Court ruling against the minor injury caps?

The business plan also states that the stakeholders will be engaged in monitoring the Alberta auto insurance system as the implications of the constitutional challenge unfold. I'm just curious about what that means. Is this a consultation that's going to be set up or a survey that would be done or a phone number where people can call in and complain about their automobile insurance rates? What's being anticipated there?

I've commented to the minister already in question period about, you know, my interest in how much weight seems to be given to the industry representatives who appear before the rate board versus how much weight goes to presentations from let's call them average Albertans, although I don't find any Albertan average. Could I get a sense, then, about who it's anticipated would be impacted by any changes or who the minister is expecting to consult? It's a very vague statement, and maybe I'm misunderstanding it, but I'll get the minister to explain.

Finally, under automobile insurance and referencing vote 5.0.5, why did the expense for the Automobile Insurance Rate Board increase by about 50 per cent, \$447,000, from the previous year's forecast? So that's just one whole series on the automobile insurance industry.

**Ms Evans:** Thank you very much to the hon. member for her questions on the auto insurance file. First of all, just for the record, we're all aware that the judgment that was made and released early in February – I believe it was about February 8; I could stand corrected on that – suggested that the cap was not appropriate. I'm going to be guarded in my comments about that judgment because it's before the courts. Because we've appealed that decision, because we're waiting in September to hear about the appeal, Mr. Chairman, it would be not prudent for me to comment significantly about it, but suffice it to say that at the time of the judgment it was understood that the judge did recognize that Alberta had significant concerns about some of the drivers that were unable to get insurance. So the real question was: had we done our due diligence and put in place something that was appropriate not only in the best interests of the general public but was also particularly affordable?

Finance and Enterprise, through the superintendent of insurance and that department, does do regular consumer surveys. The discussion about the stakeholder surveys is an important element of how they determine the satisfaction with the automobile insurance file.

**8:40**

A very interesting thing. There have been, in fact, significantly more dollars that have been spent on medical and time lost from work, so there have been larger settlements in some of those areas along with the cap as well.

You've asked for some detail about the finance, and I can provide that now.

On the weighting of presentations at the insurance rate board, those hearings that will be in Calgary, we will try to provide you with what I understand is a fair and equitable system.

**The Chair:** Now I would like to recognize the hon. leader of the third party.

**Mr. Mason:** Thank you very much, Mr. Chairman. I've been following the questions and answers with quite a bit of interest. I appreciate the ministers coming down and tag-teaming in this section of the estimates.

My first question is for the hon. President of the Treasury Board. It has to do with his fifth goal, which is co-ordinating "the management of growth and development in areas supporting oil sands development." I want to ask about the process that's being followed to develop this strategic plan, and to start, maybe he could bring us up to date on the progress of the Oil Sands Sustainable Development Secretariat and how that is going.

The strategies are of interest. I'd be curious to know how the minister sees the development of the strategic plan unfolding and what major areas it's going to deal with. I've taken the position in the last election and before that as well that we do need a strategic plan for the region that needs to take into account environmental concerns, health concerns, particularly for people downstream, the inputs, particularly natural gas and how that is going to be managed, dealing with the tailings ponds, labour force and infrastructure requirements. I wonder if the minister could address those issues.

How is the strategic plan going to be developed? What's the timeline that he has in mind for that? What's the process that he has in mind for development of this, and how much in this budget and in future years' budgets is allocated to support the development of that strategic plan?

Thank you very much.

**The Chair:** The hon. minister.

**Mr. Snelgrove:** Yeah. I would say that the base response or the premise that we're going after the problem from would probably be, if I were to pick a single thing, the Radke report, which took a look at the total Wood Buffalo area and said: here are some things you have to tackle and the sooner the better. I mean, we formed the oil sands secretariat specifically to deal with the Radke report. I would say that our approach to it is one that has been a very consultative approach and a supportive approach to the council and mayor of the Wood Buffalo region. Not only did we as a provincial government have to get on the same page as them or at least understand that we collectively knew where their problems were; we also had to bring in the several ministries that are involved in the delivery of the services, be it Transportation, Infrastructure, Environment, IIR, the whole gamut of government as it relates to the Wood Buffalo-Fort McMurray issue.

I would say this: probably a little bit surprisingly it came together magically, the co-operation from the other ministers to address the needs that were identified, that in many cases had been identified but in different streams, collectively sat down with Wood Buffalo and put an action plan down on paper that clearly had the problems in the Radke report.

I'm sure the hon. member has either seen or been made aware of parts of the Radke report. We hired a person very familiar with Fort McMurray, Heather Kennedy, to head that up, and what that gave you was a very direct connection to not only the municipal community but to the industry there, who had a lot of confidence in the lady to understand. That's something that's difficult to explain. If you haven't been to Fort McMurray or you don't know the situation in Fort McMurray, it's very difficult to explain how fast everything is progressing and how the development needed to kind of take a breath and then just start really taking the bottlenecks out of the system.

We're going to report very shortly publicly on the responses. Of the 270-some items identified, I think probably around 240 have

been identified that are either being addressed, in the process to be built, constructed, taken over. Some probably won't be as they may not even be relevant anymore, and we're working on some of the other ones.

But the cost is tremendous. There's no question about it. To facilitate the expansion of Fort McMurray as a city, the investment in infrastructure is far beyond the city's ability to pay. So from our budget documents you'll see we've made a commitment of around \$600 million over the next several years to address things like the main sewer trunk line to the Saline Creek area. They're starting construction on the new bridge across the river. There's the announcement of a long-term care facility. There are a multitude. I can tell you that many other mid-size cities in Alberta are probably a little, if not jealous, certainly envious of the position that Fort McMurray's got where they've pretty much got the undivided attention of the oil sands secretariat through Treasury to make sure that the development there can maybe still be awkward and in many ways overbalanced, overproducing, but at least we're on a common ground.

We have offered, and I would say the city has been helpful in planning services. They are unable to maintain a full complement of people in the city that would work on planning and development issues. I think the last time we were up there they were over 120 short in their city staff. You can imagine trying to address the issues that are coming at them like a freight train without a full complement of staff, but to the departments we contacted, municipal affairs and infrastructure, we said: you know, the expertise you have got we need to borrow, we need to offer to Wood Buffalo. So they were planning. When you have those departments all having input to the plan and to the documents themselves, it's a little easier to organize.

I'd love to be able to give you just a five-minute answer, but the problems in the Wood Buffalo area, the challenges in the Wood Buffalo area, are unique in the fact there are no shock absorber communities nearby. That's why it was essential and is essential to look at it in a little different light. Many communities face growth pressures – Calgary, Grande Prairie, Edmonton – but there are communities around that can kind of pick up the slack and feed back into it.

I certainly can provide to the hon. member a list of the projects specific to Fort McMurray and the dollar amounts and the staging times that we expect to be able to start and complete the projects. I would say two things: one, bringing in someone who's very, very familiar with the situation; two, having and including the municipal government in our planning, too, so they understand. I think one of the councillors once said that in the absence of information there's speculation about what's going on. Well, we wanted to take that off the table and let everybody know: here's what we're going to do for Fort McMurray in the immediate, near, and long-term future.

8:50

**The Chair:** The hon. member.

**Mr. Mason:** Thank you very much, Mr. Chairman. Thank you for the answer to that. I want to ask the Minister of Finance and Enterprise about the tax credit to stimulate private-sector scientific research and experimental development in Alberta. One of my interests is stimulating the development of renewable energy, industry, and businesses in our province. We've put forward a proposal for a green energy fund that would be funded from royalties that would be intended to do that. In the last couple of years I've had the opportunity to visit with a number of businesses, fledgling businesses in some cases and in some cases very successful and maturing businesses that are wanting to get involved in this industry.

I've been told the story by people in the southern part of the province about a German company that wanted to come to Alberta and set up a manufacturing facility to build wind turbines. I was down there just last week, and it looks like there's probably nearly a thousand of them now. They're multiplying, and that's a very good thing. But, you know, they're purchased abroad. This certainly is some years ago and before the current minister's tenure to be sure, but the company couldn't get the support or the interest of the government of the day in Alberta and established their facility back in Germany. I think that's really unfortunate. In my view this is an area that we really need to focus on so that we develop a green energy economy in this province for the day when we may have trouble selling our oil or there may be world-wide restrictions on the use of oil as a result of climate change.

So to me this is the way we should be going to ensure that there is a standard of living and quality of life that we've been able to enjoy that is available for the next generation. My question, really, to the minister is this: it's great that there's a 10 per cent tax credit for scientific research and experimental development. I think that's a very positive thing, but is the minister considering any initiatives that would specifically stimulate the development of green energy businesses with value-added in this province so that Alberta not only catches up with what's going on in Europe and in some of the states in the United States but actually becomes the leader in this in the country? This is something that I think is a strategic vision that Alberta should employ.

**The Chair:** The hon. minister.

**Ms Evans:** Thank you very much. Excellent questions. I'm most appreciative of the hon. member's recognition of the importance of the tax credit, the development credit for expenditure on research and development. To be frank, a financial department always has some concerns and cautions around credits because they cannot be given without being absolutely clear on the intended purpose for monitoring them and making sure they're expended in the most appropriate way. There's a lot of work that's involved here.

I'd have to say that this has really been prompted by the recognition of our value-added technology task force working with the Minister of Advanced Education and Technology, that there was an importance in competing nationally with many of the other provinces that were competing and succeeding in attracting this type of R and D because of the tax credits. It sounded quite seductive to them to be able to put those kinds of credits forward. People would go there, apply for them, and set up their shops there.

But what we have identified as a ceiling this year is some \$60 million to be spent on tax credits and, as I indicated in my opening remarks, 10 per cent of eligible expenditures after the 31st of December. So if you invest \$4 million, you will qualify for a \$400,000 tax credit if you are engaged in scientific research and experimental development of some kind. These are intended to be smaller, knowledge-based, with a need for capital as well to do the kinds of things that you've referenced, to be able to foster that kind of economy and that kind of innovation, particularly for the future when we are perhaps going to be unable to be as dependent as we are today on the resource-based economy.

Let me talk to you for just a little minute about whether or not this could foster any of the green kinds of industries. No doubt it could. But an interesting by-product of our July 1 emissions standards legislation that was passed in this Legislature – I don't know if any of you in this Assembly are aware that the collections made to the climate change and emissions management fund in lieu of being able to achieve those targets are to date \$40 million. We have removed in emissions the equivalent of the emissions that are created by

550,000 vehicles. So in the last eight months there's been considerable success as a result of the kinds of things that we have had in the environmental field because of what we have done. I think that that's an amazing tribute to the work of the Minister of Environment and to many of the others and the Premier's initiative in following through on that.

Let me just say this: I am quite confident that – and the Alberta Economic Development Authority also represented this as a way of enhancing productivity, having this type of tax credit available – if in fact there are those kinds of projects available, we have the thrust under the Deputy Premier's initiative of the committee that's looking at environment and energy together. It has the hon. President of the Treasury Board, the Minister of Sustainable Resource Development, and, obviously, the Minister of Energy, the Minister of Environment, and includes the Minister of Finance and Enterprise in the person of me. We are collectively, regularly, almost weekly looking at initiatives that can help make us more responsible and more sustainable on the green approach.

Your questions are excellent and extremely timely.

**The Chair:** The hon. member.

**Mr. Mason:** Thank you very much, Mr. Chairman. To the minister: thank you for the answer.

I want to come to the question of auto insurance.

**Ms Blakeman:** Jim Rivait doesn't like you either.

**Mr. Mason:** I think perhaps even less. I don't know.

**Mr. Snelgrove:** We know you didn't come here to be loved.

**Mr. Mason:** I'm sure they love you guys.

I'll spare you the rant on public auto insurance being superior. But I want to just ask because when we had the last real round of increases in auto insurance rates that stimulated the government's review and the change in the policy, it came about as a result of a number of significant increases in auto insurance rates in the province that got people up in arms. When we looked into it, we found that it was not driven by an increase in the number of accidents or in the number of claims. In fact, they had remained relatively stable. But the increases were very significant, and people really wanted to know why that was.

When we looked into the insurance industry, we discovered that what the insurance industry does is that it pools its premiums, revenue, and invests it in the stock market. Of course, the hon. President of the Treasury Board has already referenced the 2001 stock market decline. They lost a lot of money on the stock market, and then they came back to drivers with increases in rates in order to recoup their losses. The auto insurance regulatory board under this ministry's authority approved almost every one of them.

Now we've seen other corrections as a result of the subprime situation, and I'm assuming that the insurance companies are going to be taking some losses in their stock market investments. I would like to know how the minister thinks we should handle requests for rate increases that may be coming forward if the justification for them is not increased cost through payouts for accidents but is in fact caused by something else.

9:00

**Ms Evans:** As the hon. member . . .

**The Chair:** The hon. minister.

**Ms Evans:** I'm sorry, Mr. Chairman.

**The Chair:** Okay. Go ahead.

**Ms Evans:** I'm just so enthusiastic about the questions from the hon. member opposite, and I know that my colleague here believes that I'm rather attracted to him, so maybe that adds to the problem that we're experiencing here this evening.

**Mr. Mason:** As long as he's not.

**Ms Evans:** No.

Anyway, if I may. I'm not going to be guilty of predetermining what the rate hearings in June will hear from either the presenters, that might be individuals, the stakeholders, whoever presents to the insurance rate board, who is responsible for setting the rates, who is responsible for reviewing the issues around rating plans for new and commercial insurers, who is responsible for looking to the future and not looking to the past. I'm not going to predict whether they're going to come in and ask for more. They may not. They may in fact say: we don't believe there are going to be increased costs.

What I am certainly keenly aware of is that there is some uncertainty today because of what has just transpired in terms of the judgment we had in February. So when the insurance rate board comes back to government, which is to this minister, and provides the information, which, as I say, I will not predetermine – we will report after reviewing that in due course and do our due diligence at that time.

**The Chair:** Now I would like to recognize the hon. Member for Lethbridge-East.

**Ms Pastoor:** Thank you, Mr. Chair. A number of questions, if I might, and let me tell you who it will be to, probably Treasury Board. That's what my paper says. The capital spending for 2008-09 has increased by 22 per cent, which is \$8.7 billion. But when I read that the three-year capital plan supports \$22.2 billion in capital projects, does that include this \$8.7 billion? Like, first time reading it's '08-09 for \$8.7 billion, and then it's \$22 billion, but it goes back from '07 to '10 in the capital plan. So are those numbers included? Do you know what I'm saying?

Then the other thing. Also from that '07 to '10 capital plan there's \$800 million for possible cost escalation on projects, and I'd like to know: is that for inflation? What else might that cover? Is \$800 million even close to being in the ballpark when everything else is in the billion dollar ballpark? To me it just doesn't seem like an awful lot of money when you're talking billions. What steps are being taken to mitigate the cost escalation for the capital projects, aside from the P3s? I'm assuming that there will be some capital projects that aren't P3s.

The school boards, the health facilities, and the postsecondary institutes will be submitting capital plans, so how are their needs and their priorities for these projects determined? Who decides which plans will be provided with the capital funding, and which ones will be denied or postponed? Because when groups see this kind of money floating around, everybody of course wants a part of it.

What are the details of the information management and technology strategy, and what is the timeline for when the strategy will be fully implemented? Further to that – and I'm not sure if this falls under your department because it really sort of is the health part of it – having one health care board means that the information management and technology part of it, in terms of what the doctors are using, particularly in the primary care, is going to have to be

amalgamated within the different regions. I'm not sure if that falls under your department or if those dollars would then come out of the Health and Wellness department.

What is the total infrastructure deficit in the province, and what is the total bill for deferred maintenance in Alberta?

I think that will be it for the moment. Thank you.

**Mr. Snelgrove:** You'll have to excuse me if I miss some of the answers. I was writing as fast as I can, but there were a lot of questions there. The \$22.158 billion three-year plan includes \$8.7 billion in '08-09, \$7.5 billion in '09-10, and \$5.9 billion in '10-11. That's the \$22 billion.

Cost escalation. You know, the worst thing that kind of happens if you don't budget for cost escalation, be it inflation or unforeseen circumstances or just simply the cost of the construction, is if projects that are identified as priorities are stopped in one community because of an overrun in another. It's really unfair. We believe it's more prudent and certainly more appropriate to budget as best as you can, but don't interfere with the normal building cycle by having one project kind of domino the other ones out of order.

Is it enough money? We would hope so. The hon. member talked a little bit about it. The way the construction industry has gone even in Fort McMurray with the long-term prospects being very good, they're building capacity into their system to do more. They're increasing their crews, their paving plants. They're building capacity internally, and by maintaining a fairly large capital budget, we are attracting interest from other global construction companies to come in. You know, they say that the best cure for high prices is high prices. We believe that by building capacity, by being aware of cost drivers within the system, by being more prudent in how we schedule work, making sure that we're not competing with cities, for example, on where there are capacity issues – a good example would be that there are probably only half a dozen companies in Alberta that might be able to tackle a bridge across the North Saskatchewan River or the Athabasca River, so it would be imprudent to put out six bridges if there are only five contractors. So being smart, identifying trends.

The priorities for the different departments are developed over a long period of time. Our 20-year plan identifies a lot of the connectors in there. You know, it only makes sense. If we see the number of school children coming up, we know or can be reasonably sure that there'll be a bigger demand for other postsecondary; we know the demands for trades are great. It's not an exact science, but it's not a shot in the dark. All of the institutions, I would say, are being fairly co-operative in addressing where they can teach, what capacity they've got, what can be dealt with internally, where their capital is working.

The questions the minister of advanced education gets regularly are here. There is, I think, in our 20-year capital plan a pretty good indication of why it's so important to have all of those institutions on the same page. Instead of competing with each other, they're turning the system around so it is the student who benefits from the dollars in there, not the different institutions competing in their silo. I think the hon. minister has a good handle on that.

The medical records issue and the IT strategy. You know, if we're going to make any change of any kind in government, the common IT strategy is critical. Last year as Minister of Service Alberta and Treasury Board, we started a process to develop an IT strategy that would ensure that all the departments had a common server, that everyone, where it was appropriate, had the ability to transfer records. That IT component of infrastructure is sometimes taken for granted or sometimes not included in what we would say would be necessary go-forward steps.

We may have the staff willing but the IT component that can't keep up to what we have to do, and the medical records would be a darn good example. If you have nine regions, three of them building separate medical records, that can't be good no matter where you're from or who you are. That's probably one of the best arguments there would be to have a common board: making sure that the information policy requirements were consistent for every board, for every reason. So while the actual implementation of a medical records system probably won't directly fall to Treasury Board, I can assure you that all the government departments are being very strongly encouraged to have signed up for the main one.

9:10

Service Alberta has, I think, a very aggressive and very appropriate process where they are bringing the departments on as quickly as possible, so we do have that common corporate identity in the IT as part of our infrastructure focus. We've seen it with first responder services, where we're trying to have a province-wide system that all of our government entities can use, including municipalities, for circumstances like the fires that were just north of Edmonton the other day. You know, it's absolutely essential and in many ways, I think, just common sense to have a system that all of our departments have access to and use. It's something that I think we all agree is critically important to make sure that we're not duplicating dollars. What we look for is the gaps and the overlaps and try and work with the relevant ministry to remove them.

If I missed something, I'm sorry.

**Ms Pastoor:** Yeah, you did, and I'll repeat them. Actually, you did sort of skirt around it, but I guess I would probably disagree. I think \$800 million for cost escalation really probably isn't enough when you're talking about \$22 billion. To me it just seems sort of a chintzy little amount that you're putting on the side. Then when it happens, where will the money come from? The taxpayers will have to pony up for what I think could well be the difference over a 10-year plan.

With the IT, particularly the health side of it, my big fear is for the safety of the information. I know that that really isn't your department; you're going to pay to have it happen. But it's a huge worry to me. It's not just the health records; it's just the whole safety of information. I actually personally got a letter from Chrysler Corporation, because I have a leased car, telling me that somehow or other my information had gotten out – what had gotten out was my name, address, phone number, and my social insurance number – and would I like to call them in case I'd ever noticed that something had gone awry? Well, I mean, this was, like, two weeks later. I wasn't a happy camper, I can assure you. So I'm a little bit paranoid about all the information that floats around in that black hole called cyberspace, partly because I don't understand it.

The other two questions that you didn't answer – and you can do it in writing if you want – were: what is the total infrastructure deficit in the province at the moment, and what is the total bill for deferred maintenance in Alberta at the moment?

**Mr. Snelgrove:** The deferred maintenance and the deficit. You know, you hear different numbers tossed around. Someone came out and said that the federal government, or Canada, has an infrastructure deficit of some \$135 billion. Well, you know, logically if we're 10 per cent of it, then we should have \$13.5 billion. But so much of what we've got is newer. If you've been to Toronto or Montreal or Winnipeg, in many ways they're far, far behind Alberta when it comes to renewing infrastructure. I would suggest that we are probably – and this would be hypothetical, my best guess – half of

what the Canadian average would be because we've got some older communities, and we've got some work.

If it was 5 and a half billion – it may be a little more; it may be a little less. But, you know, if you're looking at an old building as needing \$200 million in deferred maintenance and you decide that it's life-out and you tear the building down, then you're not really short that deferred maintenance anymore. It's always difficult, but if you take an industry standard of 2 per cent of what you've got a year – if our infrastructure value is \$250 billion, then \$5 billion would be a reasonable number. What's a university building worth that cost \$160 million to build five years ago, would cost three times that to build now, and is halfway through its life cycle? You know, the Auditor identified that we need to do some work on it. We believe we're probably closer to understanding what our real costs are than the Auditor. The Premier identified very early in his leadership time now that policy from unallocated surpluses of one-third to savings, two-thirds to deferred maintenance, one-third of which will go to maintenance.

Dealing with the highway backlog, we've ramped up to I think \$1.8 billion in highway projects. It's really, really a difficult number to put up period. There would be, I would say, at both ends give or take \$2 billion, \$3 billion here. I think probably that at a \$2 billion a year investment, we will only keep up.

Medical records. It's not my department, but I think people are going to have to agree that there's a balance between the absolute necessity to be able to transfer medical information quickly and appropriately and the fact that you probably don't build systems that are completely fail safe. The Pentagon. I mean, we hear regularly that hackers jump in and out of there, and Lord knows what they spend on trying to be secure.

The important transfer of medical information, whether it be for diagnosis or treatment or just simple information to go into some kind of a procedure, has to be seamless in Alberta. I absolutely believe that if someone in Lloydminster has had a CT scan, that system needs to be able to transfer that scan to Edmonton or to wherever it needs to go to be read, and that information needs to go to the appropriate physician. Every time you have those, there is an inherent risk of a breach, but I can assure you the security of the systems and the approach that obviously the Department of Health and Wellness and Service Alberta have taken is one that the protection of your information is the paramount, the most important part of that system. Yes, there can be mistakes, but the government is very, very serious about protecting your personal information.

**Ms Pastoor:** Thank you for that. A couple of comments that I'd just like to make back to you. You spoke about the life cycle of a building and that it could be halfway through. When you go to Europe, I don't think they think like that. I've been in 500-year-old buildings that they've saved. What comes to mind is the University of Alberta. I mean, there are some beautiful old buildings there that truly look like they need a lot of work. I would hate to lose them. You go on campuses like Trinity in Dublin and Cambridge and all of those, and you're going: gee, that's really nice. Then you go to the U of A and you think: we've got to save this. It's just a comment back that I think we shouldn't think in life cycles of buildings. I think that we should try to save those that are of worth, you know, some architectural value. Even if it doesn't have an architectural value, often there's a historical value to it.

The other thing about the health care records. I'm not so worried, I guess, about the procedure part of it that you used as an example. I think what I would be worried about is the actual personal information. I just went to a doctor and filled out a new form. I didn't fill it out because I didn't want to do it. I mean, it was my

father's history and my mother's history and, good Lord, I don't know what all. But the point is that if an insurance company got a hold of that, they would know if I was a risk, and I could well not be hired because of that medical information. I think that's really crucial.

**9:20**

I'll let you do the tag team, so I'll ask Finance and Enterprise just a couple of questions. On page 138 of the ministry's business plan there's a commitment to

enhance the value-added activity, increase innovation, and improve the long run sustainability of Alberta's economy through developing and implementing policies, initiatives and tools to help Alberta businesses to improve their productivity and global competitiveness.

Those are a whole pile of words, so I guess what I'm asking is: what are the details of the initiative, and how will value-added activity be enhanced? I know that we're always talking about value-added in terms of upgraders, so where does that type of thinking fit into that? You know, is there something on the board for that one? What steps would be taken to help businesses improve their productivity and competitiveness? I think probably the answer to that is staffing, which appears to be sort of our whole holding back in the province. Staffing seems to be blamed for everything, and rightly so. It is a huge problem.

What steps would be taken to reduce the regulatory burden on businesses, and what's the timeline for these changes? I guess another way of calling that would be just the red tape. I'm not so worried about the big businesses, but the small businesses. With the red tape that they have to go through and all the pages that they have to submit for this, that, and the other thing, it's very, very time consuming, and more often than not small businesses can't afford someone to just do the paperwork for them. Will it be based on the successful B.C. model that saw red tape and regulatory burdens reduced by one-third?

**The Chair:** I would now like to recognize the hon. Member for Calgary-Mountain View.

**Dr. Swann:** Thank you very much, Mr. Chairman. It's an honour to rise to speak to the estimates briefing for Finance and Enterprise and Treasury. Just for the record, I'll read in some of the highlights. If I've got anything wrong, first of all, the ministers could respond back.

Total government revenue is forecasted to be \$38.6 billion this next fiscal year, made up of \$11.7 billion from nonrenewable resource revenue, \$12.4 billion from income tax revenue, \$752 million from health care premiums, and \$13.7 billion from other revenue. Total government expense is forecasted to be \$37 billion. This year's surplus is forecasted to be \$1.6 billion. Capital spending is increasing by 22 per cent, including \$8.7 billion forecast for 2008-09. Operational spending is to increase almost 10 per cent. The heritage fund has an estimated value of \$17 billion for 2008-09, and no new money has been budgeted for the heritage fund. The only new deposit planned this year is a \$19 million spillover from last year's surplus amounts directed to the heritage fund through the in-year surplus allocation policy.

I don't want to go over any of the other ground that's been covered, but I would appreciate a discussion more philosophical about the role of government and finance, so probably most of my questions will be directed to the finance minister, but either one can respond.

I'd be interested in hearing more about the philosophy of government in relation to balancing public versus private interests, how we afford tax policy or how we identify tax policy relating to private

corporations versus personal income tax, how we decide between short-term income and longer term investments in the province, and what we mean by a sustainable economy. Those are big questions, but if you could just touch on some of those. For example, I think the minister, in her early comments, commented very concretely that the taxable amounts from individuals were \$8.6 billion this past year and from corporations \$3.7 billion. So individuals are roughly paying two-thirds or maybe a little less of the tax base in Alberta. How does that jibe with the government philosophy about taxes in general? Can you put that in the context of some of these broader questions about the role of government in enhancing and protecting the public interest and also its role in the private interest?

**The Chair:** The hon. minister.

**Ms Evans:** Thank you. Just briefly, I would like to respond to the previous hon. member's questions about enterprise and productivity. The lean assessment tool that has been developed and used formerly by the industry portion of employment, immigration, and industry is part of the enterprise division now with 97 employees together that are part of the enterprise of Finance and Enterprise. That group developed a tool which is very useful in assessing whether businesses are as efficient as they would wish to be. We had last year some 35 businesses that were accordingly assessed, and many of the suggestions from that have been very practical in retooling those businesses.

In reducing the regulatory burden, I have to compliment one of our colleagues, my hon. colleague from Vermilion-Lloydminster, who one day stood up in caucus, I remember, and eloquently spoke about the dumb rules that stopped us from making progress, especially for business. Through his initiative over the past year BizPaL has been developed, which is a single-entry approach to getting businesses accurate information from a variety of sources. It is a collaboration with the federal government, available here in Edmonton and in Stony Plain, and it has assisted businesses.

The regulatory burden is constantly under examination from our Regulatory Review Secretariat, referenced in the department budget, and in this particular situation the hon. Member for Rocky Mountain House has been active as chair and continues to be. We keep reducing those regulatory circumstances that have been overly complicated and have constricted opportunities for reform, and that certainly assists businesses. Is it like B.C.? I'm not sure that I can comment about that.

Back to the philosophy, then, that the Member for Calgary-Mountain View identified in the philosophy of our government. I believe from my observation that, like the President of Treasury Board identified, if we were to save \$200 billion in the heritage fund and have a poor education system, then we would not be serving the public in the manner in which we should be serving. We, in fact, must balance the interests of today's citizens and the needs they have with the projects that we examine for the future and the needs for our children and our children's children.

What I see is the desire to make a competitive tax structure, to make sure that we don't impose on people a tax burden that's unwieldy; that we provide a very strong health and education system that has been part of the infrastructure, the human resource infrastructure, that has in fact made it possible to have a very sustainable economy, largely because of the ingenuity and initiative of our residents.

I think, generally speaking, the private-public interest in some of the projects that we're working on and that have been alluded to previously by the President of Treasury Board are complementary to us achieving our targets on infrastructure. If I look at the

philosophy that I see overall in this government, it is to provide a hand up to the needy and to do those kinds of things that encourage and foster the entrepreneurial spirit of Albertans, and that's sometimes a very difficult balance.

I think that this year by moving into the R and D tax credits, we're taking a step away in a departure that we haven't before in some of those initiatives that could be determined to be incentives. Quite frankly, in this House you've heard a number of measures related to fitness credits, asking us to review that. People have spoken to me about other ways to foster interest. It's always a balancing act between making sure that we're providing essential services in government and that those things that could foster and improve the quality of life and the sustainable circumstances which we hope to provide for our children and our grandchildren have to be carefully anticipated with a view to making sure that the expenditures aren't inordinately high.

9:30

As Minister of Finance and Enterprise I think we are on the cutting edge of looking at new investment through a whole new set of lenses from the standpoint that we can create a more diverse economy, build on our value maximization beyond the circumstance of upgrading the products like our bitumen, adding to refining some of our medical technology. I mean, the whole diabetes research that's happened here, the research that we've done on mad cow disease, the BSE research done by the University of Alberta in agriculture, the nanotechnology that Advanced Ed proudly boasts of, the kinds of work that we're doing on biotechnology: some exciting ways that we can foster that sort of thing. Those are the kinds of things that I think a government should encourage and foster, so that's where I see us moving in the future. Philosophically, I think we listen to Albertans, and that's an important underpinning of how we respond.

**The Chair:** The hon. member.

**Dr. Swann:** Thank you, Mr. Chairman, and thanks to the minister. I guess one of the elements that I've always associated with conservatism is fiscal conservatism and the desire to live within our means. Clearly, when we're continuing to spend the capital on our nonrenewable resource year after year, we don't appear to be living within our means. We're living on borrowed time, and we're taking away from the future. There's a strong sense in which it's not clear that there's a fiscal conservatism here. How can we recover that? I think I would find myself in that camp.

With respect to the energy corporation venture capital is it fair to say that there's going to be an emphasis on our renewable economy? Is there a commitment to support, as we have supported the fossil fuel industry for so many years, a real investment in finding new technologies for energy efficiency and for renewable energy to move us, you know, to be leaders in that area as we have to face the world situation, where we seem to be dragging our feet? Can we see some evidence that that's a clear commitment for our investments?

Maybe I'll piggyback on that the AIMCO investments. Can we look at the extent to which ethical principles, ethical investment principles, are the priority as opposed to pure return on investment? If we don't start doing more investing in organizations that stand for human rights, for environmental sustainability, for fair labour practices, we are not going to be creating the kind of world that is sustainable in its most fundamental sense.

Those would be a couple of areas around the principles that I'm hoping to hear more about in a sustainable financial plan.

**Ms Evans:** I thank the hon. member for his observation about whether or not we're spending more than what we ourselves are

paying. I looked at the figures of 2006-07, and in making remarks the other day to the Edmonton Chamber of Commerce, I noted that our contribution as individuals, as taxpayers, has been about \$8,600, but we've been spending about \$12,000 per person, which boils down to the extra funding coming from the royalties, \$3,500 from nonrenewable resources, approximately \$800 from investment income, and a smaller amount from the federal government in support of our programs and services.

It's quite clear to me that Albertans are living in an advantaged position, where the nonrenewable resources have been funding a part of that. I think that's why this Premier has insisted on an investment and savings strategy, so we take a look at a policy that makes sure that we're paying our way and doing the right thing in the right way so that our investments, if we are making them in infrastructure, for example, are in those areas which are supporting our education, our hospitals, and those kinds of things that I know our President of the Treasury Board would like to talk about.

In terms of AIMCO's investments and ethical investments I think that this government has had a track record of reviewing what, in fact, the parameters are around ethical investments. Fair labour practice is an important element. I mean, we don't like to buy products from places that abuse child labour, and there are often conversations about those kinds of things. I would be very pleased to consult further with the AIMCO board. I think they're just getting into it up to their elbows.

I had the pleasure of listening to them talk about the kinds of employees they wanted to have working in AIMCO, the kinds of ethical, moral, principled employees that I think the Department of Finance and Enterprise have enjoyed. Continuing with that, what really impressed me was the fairly extensive conversation they had about the sensitivities that the employees might have about the changes to move under this new corporation. I'll be pleased to bring more forward, but clearly when I'm meeting with my colleague the President of the Treasury Board and the members of this government that are seated on Treasury Board, many of those principles that you've discussed and mentioned here are things that we do talk about.

I'd invite my hon. colleague to augment my answer, please.

**Mr. Snelgrove:** Well, I want to jump back to Lethbridge-East just for a minute if I could. She talked about the old buildings. Our rule of thumb, generally – I'm just talking about the old buildings – is that we don't keep any buildings older than our Energy minister, so we've got some very old buildings.

The other thing is about the protection of information. The penalty for misuse of your information should be so severe to the companies or individuals that do it that they're not only out of business; they're in jail. You know, when they used to put money in the banks, people still robbed the banks until you hang a few at the end of the street, and then they go over to a different town. Well, I mean, cybercrime is growing and should be so severe.

Around sustainable growth. You know, if you considered that we had combined inflation and population pressures in Alberta last year probably between 7 and 8 per cent, then understand that we spent 2 per cent more than that. In a perfect world just maintaining what you've got with inflation and population growth would be pretty reasonable numbers. When you consider that most of the numbers we deal with are a year or more behind and the fact of the tremendous growth that we've got, including, I think, probably the higher standards that Albertans have come to expect in some of the program delivery and some of the infrastructure stuff they want, then 2 per cent above population and inflation is not an unreasonable number for a certain period of time until we catch up or drop back down to that number.



The biggest problem is that the internal growth in that number has pretty much been around health-related services. When growth in health care has consistently topped 10 per cent yet the growth in the economy is between 4 and 5 per cent, it wouldn't matter what side of the political spectrum we're on: everyone would understand that you cannot continue to grow one department at twice the rate of your income and not eventually hit the wall, where you don't want to be. Then if you include children's services, seniors, and so on, well over 70 per cent of our budget is used up giving care to people. So that growth within government itself is overbalanced and needs to be addressed.

It's a difficult situation. No one wants to be the person that says that we no longer do that in health care or we don't cover that drug for that disease or we can't have a hospital in that town. It's a very difficult discussion, and when you're a province that's running surpluses, the question is always: well, why not? So are we living within our means? We are because we're still generating more dollars than we're spending. Is it sustainable? It would be if we knew that that growth was going to continue, but it's probably not going to. We're undertaking some very broad, government-wide reviews of programs and those initiatives, and that will all come forward in our budgets and business plans as we go into next year. We can look at, you know: are there ways to more effectively deliver some of the programs that we want to? Do we have that gap and overlap situation?

9:40

I can appreciate the hon. member's position that growth should be sustainable, that it should be predictable, that it has to be affordable. Albertans are saying that with this much money, yes, we would like to see a long-term savings program. I think the Minister of Finance and Enterprise and I both agree with those premises, that we need to address that. Would I apologize for the budgets of the previous years and for our projections out? No. You know, we're in a tremendous growth cycle, and our spending has to increase until we're able to bring it back down into what would mirror most other provinces. Honestly, I think the target figure of population growth plus inflation is the one that I would like to aim at. Being within 2 per cent of that I don't think would be considered exorbitant spending.

**The Chair:** The hon. member.

**Dr. Swann:** Thanks very much for that, Mr. Chairman. Just a reflection on the country of Norway and some of the ways that it's managed its growth and development. It's one of the richest countries in the world, with a \$300 billion savings plan and a population of 5 million. Seventy-one per cent of its workforce is industrial-related. It has a budget not too unlike ours, of \$50 billion, largely based on oil, gas, and agriculture. It has a combination of free market and government ownership with a significant ownership in the fossil fuel sector. What is missing in this picture, and can we learn something from the way Norway has managed its economy?

**Ms Evans:** Well, glad you asked that question because what you don't see when you look at the way they manage their accounts is the huge amount that they pay in personal taxes. It's significant, 55 per cent and up. When I visited Sweden, they have an economy very similar, where they may pay for everybody to go to schools, but the jeweller was paying 68 per cent of their revenues on taxation. They talked extensively about the fact that a lot of things appear to be free, but they weren't to the businesses.

**The Chair:** Hon. members, our 20 minutes are gone. I'd like to recognize the hon. Member for Edmonton-Centre. If you want, you can continue using the time.

**Ms Blakeman:** Yes. Thank you. Would the minister like to complete her statement? We can start with her finishing.

**Ms Evans:** That's fine. Go ahead.

**Ms Blakeman:** Okay. Can I just loop back and pick up two specifics from questions that Lethbridge-East asked the President of the Treasury Board? I'll admit that I was not paying full attention, so you might need to give this to me in writing. I couldn't quite understand the total infrastructure deficit in the province. He got into a long explanation about part of the federal and 10 per cent. I'm just wondering if there's a figure that he could give me. As well, the deferred maintenance bill: I've heard different figures around that. I better just get the figure from you on the deferred maintenance.

I'd like to talk about the oil sands region strategic plan. On page 308 of the plan it says that the Treasury Board will "lead, in consultation with other government ministries, the provincial delivery of infrastructure and services to the Regional Municipality of Wood Buffalo." Now, I think this is the same thing as the alternative capital financing plan. Oh, no. He's shaking his head. Okay. Then I'm asking the question: what is covered by strategy 2.5? Specifically, what measures would be used or encouraged or overlaid by Treasury Board to determine what is environmentally sustainable? It's talking about sustainable oil sands development. If there are any details of a plan to environmentally sustain the development of energy resources? As those words came out of my mouth, I thought: that's kind of a silly question. But, you know, I have to get these things on the record, and I'm sure that the minister will be happy to tell me. Then I'll maybe go on and look at one of the other strategies once the minister is finished. My next one is goal 4. But let's talk about goal 2.

**Mr. Snelgrove:** On Wood Buffalo and the oil sands. The difference in the Radke report is that it identified things, and traditionally the different departments would proceed. If it were a waste-water issue, for example, that may come through the departments of Infrastructure and Transportation. The oil sands secretariat co-ordinates. We've got a waste-water treatment facility, affordable housing units, and a health facility all in the budget this year for \$106 million and \$15 million into the landfill. Normally the Department of Environment would be working with the landfill, but that's all run through the oil sands secretariat.

Now, as to the environmental sustainability of the oil sands development, my position is on the social environment. The environment that the people are living in would be our focus. Certainly, the other environmental concerns, that the ministries of Environment or SRD work with, are around the actual mining, the emissions, those issues that the hon. member may be talking about. But the environment that the people live in in the city itself, the social environment – we identified that we have to work on traffic. I mean, it's frustrating enough trying to get out of here at 5:30. If you're in Fort McMurray and you're doing that for two hours every day both ways, that can't be healthy. The schools that, you know, are basically full before they're open – I guess that in many ways it's not exclusive to Fort McMurray – affordable daycare, and all of those issues that make the environment that they inhabit: that's my focus.

It really would be unfair to try and get into the environmental as it relates to the recovery and the reclamation certificates and all of

the problems we had with the waterfowl. That's really, certainly, part of how we're approaching the oil sands secretariat. But that working group, with the Minister of Energy, the Minister of Environment, and SRD, is working very hard to try and understand how that all fits into the bigger picture, including the social environment that the people who have chosen to live in Fort McMurray live in.

The deferred maintenance. If you think my answer is vague, you're absolutely correct. It's an arbitrary number. I'm saying that you can use an industry standard that says that if you have a hundred million dollars' worth of buildings, you should spend \$2 million a year on maintenance. Does that include universities, colleges, all the other MUSH sector things? It does. Would that be in their budget? Should that be in our budget? Either way, the taxpayers of Alberta, the people who are using the facilities, are going to have to pony up and make sure that those numbers are there. I can't tell you what the total number would be for all of Alberta. I could. I could probably take the time to find out what the actual value of the buildings at the University of Alberta are as opposed to the ones that are just being built.

I referred the hon. Member for Lethbridge-East to a report that was done that suggested that Canada had a \$135 billion infrastructure deficit. I don't know the methodology they used to develop that number, but I can tell you with probably quite a bit of certainty that our bridges aren't going to fall over here in Alberta for quite some time. You know, the infrastructure in downtown Toronto and in Quebec in many ways is 70 or 80 years older than here. It would only stand to reason that they're in greater need of infrastructure renewal, with probably greater densities of population, and they may not have the same extreme weather that would certainly change some of our stuff.

A lot of what we've done in Alberta has arrived here in the last 30 years. Now, I wouldn't want to date myself, but just about all the major cities – Red Deer and Lethbridge and Grande Prairie – that I've certainly been to in the last 30 years have changed so dramatically that we're dealing, I think, with a far different position than those where the institutions and hospitals are in some cases well over a hundred years old and from the cost to replace them.

9:50

We can do more work and come up with numbers that may satisfy or not satisfy, but, you know, pick the figure of our total investment in infrastructure. Take an industry average. They do this for a living; they know how to budget. I'm sorry, but I just don't have that number for you to say: this is the number I'm picking. I do accept the 2 per cent standard. That would be a reasonable amount to spend on maintenance and upkeep.

**The Chair:** The hon. member.

**Ms Blakeman:** Thanks. You felt that the oil sands region strategic plan was around social environmental sustainability, so you did answer that.

My next question was around goal 5, appearing on page 311 of the Treasury Board business plan. Now, it's talking about the release of the report Investing in our Future: Responding to the Rapid Growth of Oil Sands Development. I'm assuming that that is the Radke report. The report provides 30 recommendations to address current and anticipated challenges, one of which was to establish an Oil Sands Sustainable Development Secretariat. The strategies to implement that goal are around leading the development and implementation of a common approach to addressing the social, environmental, and economic impacts; leading the development and

co-ordinated implementation of the government's response to this; and leading development and co-ordinated implementation of the government's response to the oil sands consultation multistakeholder report.

I'm going back to those 30 recommendations and wondering to myself: what's the timeline for implementing them? Do you have a staggered implementation, a sort of one-, three-, and five-year plan? Could you detail for me or provide me written detail of when you think those are going to be implemented? It's hard for me to hold you accountable when I can't pin you down in discussions like this. Then I end up standing up in question period and saying, "Why didn't you do this thing?" You say, "Because we're not going to do it until next year." Well, I could have saved myself the question if I could have gotten the details from you now. That's why I keep saying to you: "Okay. There are 30 recommendations. What's the implementation timeline on them?"

Were all of the recommendations completely accepted? That's the other thing I've noticed with the government. You'll get the AG reports, for example. They make a number of recommendations. If you actually read very carefully through the government's response, it looks like the government said yes, but when you really read the fine print, it said, "Sort of" or "Not quite the way it's written here." So a timeline, and is everything being accepted and implemented?

A familiar refrain for me but one that I need to do every year is around spending management and discipline. According to the business plan there is a goal to improve spending discipline by improving expenditure management and to "modernize and strengthen the business planning and budget development process." I would love to see this happen. Can the minister talk about, again, where he sees the implementation of this taking place, timelines for implementation? A huge frustration for me is the budget cycle that we're on, the need for special warrants or interim supply, what to me looks like deliberate miscalculation. The minister will stand up and go: "Please. How did we know that we were going to get to \$130 a barrel oil last October, when we were developing this budget?" Then again, Mr. Minister, you have got all of this expertise on your side. You should be able to get closer than you do. This is my 13th budget debate. Oh, no. That can't be. God, it can't be. It's got to be 12th.

You know, the government has been off every time. Now, I come from the not-for-profit sector. The government agencies that grant me money would kill me if I was as far off as the government manages to be on their budgets. Tell me what you're going to do to make this better because this process is so out of control, it is institutionalized. At this point I don't think anybody expects you to actually deliver a budget that you would stick to. Lowball the revenue, highball the expenses, and you're guaranteed to have a honking big surplus, and then you start allocating from that surplus. Now we've got a plan on that, but then you've got unallocated surplus. So we've now got a third level in this budgeting process. Please, Mr. Minister, get up and make me a happy woman: tell me how you're going to nail this stuff down and make this budget process work better than it's been working. It has become institutionalized in its inaccuracy, and I don't think that's got to be making these two ministers very happy.

The floor is yours.

**Mr. Snelgrove:** Well, I'm far more used to getting up and disappointing somebody than anything else. I don't know what it is.

You know, I have to take a little bit of a different look at the importance or the necessity to budget absolutely, to guess closer to the oil and to income tax and all that. The budget that we bring forward has to be a budget based on what we need to do, not on how

much money we may have available. If we're budgeting from a point of view of prudent spending, appropriate support levels, and all of the money that comes in above that is accounted for, whether it be warrants or whether it be put into savings or added onto capital, all of it is reported and accounted for, and it's still Albertans' money. It's not that if we don't budget for it, we lose it.

In many ways it may be not what people want to hear, but if you budget for a \$10 billion surplus, then the demands for the money are far greater than if you budget for a \$1.8 billion surplus. I would far rather consistently be below on what we expect and live within that than have expectations that would create spending pressures that no one wants. For our friends in the other MUSH sectors, it's difficult for them or us to bring an amount of firmness, if I can use that word, to budget spending when you're putting on the table right at the start another \$8 billion or \$10 billion.

Now, the systems that we need to use to ensure timely reporting of information so that we're aware throughout the year where we are, corrections that might have to be made, come from developing an IT and a common reporting standard so that we're all on the same page, so that we're getting the numbers consistently and timely.

The questions that the hon. member asked the other day to the minister of seniors I think were absolutely relevant questions. Those are the kinds of questions about just really strange processes we have in place when it comes to transferring knowledge of the same person, whether it be someone who turns 18 and all of a sudden we have to reassess all of this stuff. I agree completely that we need to turn this around so that our government is here to deliver to that person in their environment and not them having to come and access whatever door we happen to have open today.

A lot of that comes from the willingness or what's going to be the willingness of ministers to work together to remove the silos, in some cases silos that are put around our accounting procedures, or requirements that really make it difficult for flexibility in departments or even agencies or boards in the delivery of these programs. We kind of send them out there, expect them to do a really good job, and then we tie their hands up accounting so that any available dollars they've got go to satisfy the Auditor General as opposed to the person getting the service.

10:00

I do believe there's work we can do on understanding, opening up how people access different support within our government. I believe that the cycle we're on now, where we'll be coming back in here in early February and start our budgets, will remove a lot of what is a tremendous amount of work for not only you but for us in special warrants or supplementary supply. There is no question, if we can get into a cycle where we're bringing in the budget early in February, having it passed, if that's possible, before the end of the year, that would suit certainly everyone in our departments and, I think, in this House very well so that we're not spending days kind of re-reviewing some of the expenditures.

Yes, there is work to be done. In my mandate letter it really says that, you know, this isn't about cutting back on the service to Albertans. It's making sure we do what we do right. It's being able to look people in the eye and say: that program is being delivered in a cost-effective way, and it is a relevant program.

So we constantly need to monitor what we're delivering and, internally, how we are delivering it. Could it be better delivered by someone else, or is the overlap taking up too much? Particularly when you get into a department like Municipal Affairs that just can't seem to do anything right. Just seeing if he was awake.

There isn't a perfect answer to you about: will budgeting be more . . .

**Ms Blakeman:** It's supposed to be disciplined, modernized, and strengthened according to your comments.

**Mr. Snelgrove:** Yes. I think last year you would see that the in-year spending was kept to a minimum. There was very little outside of our unallocated surplus spending and some reallocations within government.

**Ms Blakeman:** Well, okay. I'm going to challenge you a bit on this one because I would argue back on the idea of the reining in expectations because this government has created expectations that there will be a surplus. So people no longer look at the current budget and go, "Okay, that's what I've got to deal with" because there has now for 15 years been a surplus. What is the norm here in Alberta? The norm is that there will be a budget that's probably a bit short, so pull your belt in a notch, but not to worry because there will a honking big surplus at the end, and you can belly up to the buffet and loosen your belt. You have created exactly the expectation that you talk about reining in. I mean, yes, as a manager I would do exactly the same thing, where I would go around saying to everybody: "Oh, no, no, no. It won't be \$15 billion. It'll be \$1 billion, so just don't get your hopes up." Of course, any manager is going to do that to try and be able to stem the flow.

I guess my challenge to you is: if you really want to do this differently, why aren't you looking at something like, maybe, two budget processes without six weeks' worth of budget debate? You know, if your revenue changes so dramatically across a 12-month period, maybe you need to do it in two cycles. Maybe you need to do a six and a six so that we're closer to what we actually have because part of the frustration is: how do you manage a department or a project where you're told that this is the money you're supposed to have? Then you find out, almost at the end of the project, that actually there's a whole bunch more. If you would have known about that extra money in the first place, maybe you could have been more efficient and done a better job or done the job that needed to be done from the beginning, right?

We are inefficient in these surpluses in that you're given less, in most cases, than what the project has asked for and then you get this extra money at the end. Well, what did they use to call it? March madness, where everybody went out and spent like crazy in March. Well, yeah, and that is not a good use of resources. That is March madness. That is a waste of resources.

So let me challenge you guys. Maybe you need to be looking at two cycles. We still need to be accountable. We still need to go through some kind of accountability exercise called an estimates debate. But maybe if we do it twice a year, we can do it in less time each time.

The other part of what you said that I picked up on is the concept of working to outcomes. That's a different way to budget, and it's what I kept telling you should be done in health because I think the way you guys budget for health is nutty. You say: "This is the amount of money we're willing to spend. Make everyone well for that amount of money." Guess what? Every single health region and now your superboard is going to come back and go: "We can't do it for that. You told us you wanted everybody with a heart condition to be dealt with, 50 per cent of the people with a hip replacement to be dealt with. We can't do it for the money you have arbitrarily assigned to us."

If you worked from health indicators and said, "We want our low birth weight babies to be this many," then you fund to that. You work to your outcomes and fund budget to the outcome that you want. That would be a different way of budgeting. But I don't see what you guys are doing as being particularly different or innovative.

I'm challenging you here. You have uneven revenues. Okay, fine. Look at a double cycle. You want to fund to outcomes. Okay, fund to outcomes. That would be different again. But what I see you doing now is entrenching a 15-year-old system of budgeted amounts which then have a budgeted surplus which then also have an unbudgeted surplus. That's the cycle you've created for yourself, and everyone expects that to happen. Guess what? It does.

Let me back up. Budgets are supposed to be a plan. This is what we would like to do, this is what we believe is possible to do or what should happen. But with those kinds of plans, any kind of plan, you also must have a monitoring system, "Where are we?" and an enforcement system: "We didn't achieve it. How do we either punish or fix?" It's either enforcement or a feedback loop that goes back and evaluates and fixes what you've done. I don't see that this government does that.

I probably haven't given you anything you can react to there. You know, if you really want to be different, then be different and look at some other ways of doing this. I don't know if you want to react to that stuff briefly, but go ahead.

**Mr. Snelgrove:** The first part about belying up to the buffet. I just have to say I resemble that remark. I can't help it.

So much of what you said I agree with completely. It is a mindset that needs to change starting with March madness, starting with the fact that we shouldn't be rewarding bad behaviour, and we shouldn't be penalizing good behaviour. We are working on that exact strategy as we're here to allow departments to carry over lapsed spending and to identify what they're going to do to address the new priorities or the different priorities that we have now. You're absolutely right: it made no sense to put money on those who showed no discipline and take it from those who did. Now, your colleague over there: he might like that.

The simple fact is that until you address that that is an accounting principle that is a disservice to government and develop the process to allow them to reinvest – and I won't say that we haven't done that because some departments, obviously, have been allowed to lapse. But you're absolutely right: clear and consistent outcomes, rewarding innovative ways, allowing a carry-over of money.

The key is that if you're going to let a department keep the money they don't spend, then you can't have a department which just does less. If our Minister of Transportation, for example, just paves 50 miles less road and says, "Well, I've got this \$50 million; I'm going to go do this," that misses the whole point of what we're trying to do. But if they come up with an engineering breakthrough or standard or change or whatever they do that allows them to do 65 miles more road with that, that's where we want to be.

It might sound easy, but I believe it is doable. I would love to be able to share some of the initiatives that we're bringing forward right now, but we haven't even taken these through our own CPC or cabinet to approve the initiatives we are undergoing for program reviews this year. But a lot of it is based on exactly the principles that you've espoused around outcomes and a co-operative, take-the-barrier-down approach and basically do the right thing.

**10:10**

We do have quarterly updates. I can tell you that most nights I wouldn't want to be back in here twice a year to do the debate here. The quarterly updates, you know, obviously are about money you've already spent. I don't know any other way to do it. Possibly if the systems were good, you could do it a little quicker. If the outcomes were targeted to the quarterly reports, that may create somewhat more work, but it would sure keep departments focused on the task at hand if they had to bring their designated outcomes back in with

their dollars. Those are certainly things to look at: having any new program have to report back to a CPC or in their quarterly updates as to the level of goals they've achieved. The Radke report would be a very good example. I will get you a full breakdown of the Radke report, its goals and timelines. That's an example of where I think the outcomes-based approach is where we've gone.

Maybe it hasn't been visible to the hon. member yet, but I think you'll see that we have gone to: here is what needs to be done, and here is how we're going to do it. The why and wherefore is all in the Radke. But here is what we have done. So I agree that there need to be outcomes. There need to be rewards for new and innovative ways. There needs to be a way to carry over departments that have achieved that.

You know, we talk about a 15-year history of underbudgeting or underestimating. That's a good thing. At least we're consistent. It's not a bad thing to hold your cards close to your vest. You know, no one could have known what would have happened on September 11, 2001. Things change so quickly in this world, especially for a province like ours that's very, very needy of our energy revenues. We don't know what could happen half a world away or to a country just to the south of us that could change overnight our opportunity to sell our product. That's why it's so important for us to develop other markets and ensure that what we're producing is acceptable to our big markets. You know, changes that can happen so quickly mean that prudent forecasting, I think, is here, hopefully, to stay.

**The Chair:** The hon. member.

**Ms Blakeman:** Thank you. One last thing I'll throw at you, then. Maybe what you need to work to to be a little closer on your budgeting would be a step 1, step 2 budget, which allows departments to say: okay, this is what we will do with what we think we're going to get or what the first allocation is, and if there is a surplus, then here's the rest of what we would do. It allows the actual departments to plan on a longer continuum than what they're able to do right now, and maybe that's part of it.

It's a bit more work for them, but we do that in the not-for-profit sector all the time because most of the time you've just got your fingers crossed that it's not going to rain on the day of your big fundraiser, and all that stuff, right? So you end up revising your budgets all the way through the year. I mean, I used to do cash flows on a daily basis when I was running some organizations where I was brought in to bail them out because they were in such severe financial trouble. But that's what I did. I looked ahead and said: okay, this is the minimum I've got to make at this particular event, and if I do better than that, then here's the next thing I'm going to do with it. So I always had that extra or that plan B or that stage 2 worked into what I was going to do. That allowed me to make better choices as a manager as I went along because I was looking at a longer horizon than just: we're going to do this show, and we're going to do it with this. I'll leave that one with you.

In your ministry business plan it states that the allocation of capital funding in the in-year surplus allocation, so this is a continuum of what I'm talking about, is used to address capital priorities based on need and risk. I'd be interested in how you're determining those needs and risks. It says that's how you're doing it, so how are you doing it?

Not that this is likely to happen, but what plans would be in place to accommodate the need for in-year capital funding if resource revenues decline and there's no longer a surplus to draw from? Then what? It's not likely, but I'd be interested to know what kind of planning you've done on that.

Oh my goodness, we've just had too much fun. I'm going to let

you answer that question, and then I have one last go-round for the minister of finance.

**Mr. Snelgrove:** A lot of the risk is around need. The risk would be that if we don't fund home care, for example, to the level that we need to support any initiatives in health care, if we determine that quality of life means that we have to fund home care, the tremendous risk would be that we've changed one part of the system that was going to move people back into home care or assisted living and not funded those departments that support them in that area. So we believe that there is a tremendous need for people who are wanting to maintain their independence, and the risk is if you're not supporting that with all of government, with just part of it.

A good example is the health care system. We will take people who have an illness that may not qualify for any help at home, yet we'll bring them into a hospital, we'll spend \$17,000 to \$20,000 a month looking after them, but we can't find in that system \$4,000 a month to keep them at home because that's not their problem. So the need for quality of life is there. The risk is that we haven't thought that through enough to know that it shouldn't matter. It's the person that the system has to go around. The minister will talk about the risk from a financial sector of not making good choices, but the other risk is of not making good decisions around the support mechanisms, the quality of life issues where we sometimes seem to work at cross-purposes.

The not-for-profit. I've been in business all my life, and unfortunately some of mine ended up not for profit. It certainly wasn't my intention, but they did. I can tell you that it is a very different mindset when you're there on a Monday morning and you have payroll to make by 3 o'clock and there's no money in the bank. You do develop a lot better projections. You certainly keep your dreams in your back pocket until it's realistic. In many ways government has never had to live through that because our paycheques will never bounce. But I've been there. I can understand. It is a different mindset.

It would be great if we never had to worry, but in many ways the experiences you get from having to go through the 80s that we did in business always – and like my parents who came through the 30s, we're probably still the only people on our block that still pick up pennies. If you grow up like that, it's something that you don't ever really forget. There's a part of me that really doesn't understand how we can spend all this money, and there's a part of me that says that there's still a great need out there for the services and programs we do deliver, so that balances what I try to do. I keep picking up those pennies, and normally the dollars look after themselves, is what my dad used to say.

I'm with you on just about everything you've said. There need to be systems. There need to be processes. We'll get there.

**The Chair:** The hon. member.

**Ms Blakeman:** Thanks. Well, just so that you know, in the not-for-profit theatre world it's Wednesday nights because the cheques have to be cut at noon on Thursday, and they're cashable Thursday. So Wednesday night is the night you don't sleep because you've got to roll out those paycheques, and they've already been working since Tuesday, so you owe that money, and you've got to have it in the bank by noon on Thursday. I still don't like Thursdays because of that.

Anyway, let me ask some questions again to the minister of finance. On page 140 of the ministry business plans – I'm not sure if that's the correct number; I'm around pensions – it's talking about longer life expectancy and a lower interest rate environment that will

put pressure on public pension funds. We actually had a different discussion about that tonight. It also states, "Early retirement provisions in the public-sector pension plans may encourage early retirement at a time when there is a shortage of workers."

**10:20**

Clearly, the government is recognizing that it has set up a different system than perhaps it wants. I'm wondering whether the government is looking at elimination of that early retirement clause that allows for the years and the age of service to equal 85. This is called the 85 rule. That was one of the real concerns around the LAPP dispute that happened before and big concerns for people that had made plans in their life according to what the rules were, and now the plans are changing for them. My question is: is the government planning to eliminate that early retirement benefit in the public pension plans? Does the minister think that it is fair or appropriate or necessary to ask Albertans that have planned and worked a certain amount of their time, planned for this to be available to them, and now perhaps it won't be available? How does all of that work into the government's management of growth pressures around the labour shortage in this province? A sort of series of questions there around policy on public-sector pension plans.

You know, the government has heard me tabling petitions every day from people that are worried and want a public inquiry. I guess maybe that's my last question: would the minister consider holding a public inquiry on what's happening with those public-sector pension plans?

Thank you.

**The Chair:** The hon. minister.

**Ms Evans:** Thank you very much, and thank you to the hon. member for her questions. Earlier, just if I may take a moment and reference, checking my notes I note that the area on the securities that we're looking at harmonizing is the registration for securities. That's a fairly complicated process. As I indicated earlier, the smaller companies are able to register in Alberta without the same kinds of complexities that the larger companies have with the longer forms, et cetera, so that's one of the areas, the predominant area, that we've been working on harmonizing.

But if I look at the whole of the LAPP, which created a lot of conversation during the earlier part of this year, it seemed to revolve around the ruling that the issues of quorum and voting contradicted the Alberta Interpretation Act. That alignment had to be made, and that decision was made. It affected not one cent of those pension plans. Those pension dollars are still secure. In fact, this ministry is responsible for making sure that the pensions are secure, that there's soundness in governance of public-sector pension plans, and we have joint stewards in the people that are appointed to work on the pension plan. I must say that there's over \$15 billion that is part of the pension fund in Alberta, and we're very satisfied that that currently manages those people for which we are responsible. We are looking to the future. Perhaps that will be a place in our investment and savings strategy for making some additional contributions, but it would be premature for me to point that out or to debate or indicate that that would be a policy of government at this time.

We have, I think, very responsible supervision with the assistant superintendent in charge of pensions, insurance, and financial institutions. We're part of the risk management and insurance in government, making sure that we are staying within the goalposts, if you will, in terms of interpretation of policy and legislation. Most of all on the pensions, I think that what we have to do, going back to

the monitoring, the enforcement of rules, and the management of these, is to make our employees confident that what we have done has been in their best interests.

Now, you look at the materials that were submitted to the senatorial committee on the mature worker and some of the interventions we presented to that group. We argued that the opportunity for the mature worker to re-engage in the work force should not be compromised by the rules around pensions, either the Canada pension plan or pensions that they had previously paid into. So many things exist as a disincentive today for pensions. That's one area that is still a work in progress dealing with the federal government. Their review across Canada, I would hope, would generate some opportunities for the pensioner to re-engage if they so chose. Many of them on fixed incomes, it's my understanding, would like to do so. Some of them have approached me in my previous ministry and had those kinds of discussions. We're keeping an eye on that along with what the hon. member herself indicated, which was a concern about how women were being addressed in terms of the workforce and the fact that many of them have less pensionable income. That's another area that we will be exploring.

I find it somewhat disconcerting until I can really determine what the science is behind it but disconcerting to note that in Alberta there are fewer people with pension plans than there are in other parts of Canada. Does that mean that they're independently wealthy, that they have RRSPs, that they've stuffed their mattress full of dollars? Where are those monies? Maybe they sit in this House, where I know that none of us that have just been labouring under our own love of public service, indeed laboured, have been part of a pension plan unless we were advantaged to have it prior to coming.

As I say, we are working to make sure that our employees are well aware that here we're protecting their dollars, that we're working with them to make sure that's done.

With that, hon. Chair, I will sit down and look forward to having a further opportunity for comment.

**The Chair:** The hon. member.

**Ms Blakeman:** Thank you. The last question, also on pensions, on the unfunded liability for the teachers' pension plan, which the government has taken over. We have now increased our liability substantially by agreeing to take that on. On page 205, line 7, teachers' pre-1992 pension, that liability funding has increased by, like, \$43 million from last year and \$61 million from the previous year. The ministry business plan states that the ministry will develop strategies on how we're going to actually pay for this unfunded liability because in the end it's going to cost us a lot more money than what we've actually signed up for on the paper. So what are the details of the government's plan to address this unfunded liability? I'm particularly concerned about a timeline for paying it off.

**The Chair:** The hon. minister.

**Ms Evans:** Thank you. Thank you for that question. That's one that I would hope we would have discussions on at the Treasury Board level. I think it'll depend a great deal on how we choose to manage our money, whether it should come from some type of in-year surplus that may be available or whether we look at some of the other options that might be available for alternative financing. At the end of the day what we have to do is make sure we make the smartest financial decision, that we have the right business case, that we examine all of the options.

I think that along with the labour peace and the consistency of

what will happen in classrooms as a result of having this negotiated settlement, we will be benefiting from the paydown at an earlier rate, obviously, financially. The students and teachers of Alberta and, in fact, the parents will benefit from the move that we have made. We'll keep working so that we get to paying down more of that contribution. We'll see more legislation in 2009. Hon. Chair, we intend to make sure that this is absolutely transparent and that we illustrate those options that we're looking at prior to effecting them.

**The Chair:** I hesitate to interrupt the hon. minister and the hon. member, but it's 10:30. Pursuant to Standing Order 59.02(5) the Committee of Supply shall now rise and report progress.

**10:30**

[The Deputy Speaker in the chair]

**The Deputy Speaker:** I would like to call on the hon. Member for Rocky Mountain House to do the report of the Committee of Supply from the committee meetings of this afternoon and tonight.

**Mr. Lund:** Thank you, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions for the departments of Solicitor General and Public Security, Finance and Enterprise, and Treasury Board related to the 2008-09 government estimates for the general revenue fund and lottery fund for the fiscal year ending March 31, 2009, reports progress, and requests leave to sit again.

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

**Hon. Members:** Concur.

**The Deputy Speaker:** Opposed? So ordered.

## Government Bills and Orders Second Reading

### Bill 12

### Teachers' Pension Plans Amendment Act, 2008

[Adjourned debate May 20: Ms Evans]

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

**Ms Blakeman:** Thank you very much. I'm very pleased to respond in my role as critic for Finance and Enterprise to Bill 12, the Teachers' Pension Plans Amendment Act. It's no surprise to anyone here that I'm recommending to my caucus that they support this bill because it is part of that package that ended up, I think, being of great benefit to teachers. I have a number of young teachers that live in my constituency. That unfunded liability was a huge concern to them, and they were paying a disproportionate amount towards that fund from what they could in fact expect to reap.

What we've got here with Bill 12 is a couple of things. It allows for the payment of the funds that cover the teachers' portion of the unfunded liability from September of 2007 to August of 2009. Currently that section reads from September '07 to December '07, so it's extending it by two years to allow those payments to be made.

Secondly, it's validating retroactively the actual prepayment of the money that was made before the enactment of this bill. I note that this is despite the lack of legal authorization to make the payments at the time they were made. It was sort of a look the other way because we wanted it to happen, and this bill is legitimizing the activities. But, you know, it's no different than when you have a board of directors and they do a straw vote or pass a motion which is validated at the next board meeting if they were short on the

quorum or something. Sometimes you have to do that. I think everybody was very pleased with the negotiation, so we're certainly willing to support this.

The last thing is that the bill moves the authority of the payment from the Minister of Education to the Department of Finance and Enterprise. That's an administrative move but one that has to happen.

We had the memorandum of agreement ratified by the 62 local school boards and the local teachers' bargaining units. That happened early this year, I guess. So the pension liability agreement can go forward. We did have the supplementary supply estimates in April of 2008 that did authorize the \$52 million for the one-time payment to the teachers, and that was in that agreement. Really, this bill just allows the payment of the monies to go from September 1, 2007, to August 31, 2009.

You know, we've talked to the stakeholders. Everybody's pretty happy with this. The government did it in a bit of an odd way, but at this point I'm certainly willing to support Bill 12 and happy to call the question if no one else is interested in speaking to it.

Oh, I'm supposed to adjourn debate because there are other people that are interested in speaking to it. Sorry, Mr. Speaker.

[Motion to adjourn debate carried]

**Bill 13**  
**Financial Institutions Statutes**  
**Amendment Act, 2008**

[Adjourned debate May 20: Ms Evans]

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

**Ms Blakeman:** Thank you, Mr. Speaker. It's just a special night for me because here I get to speak to Bill 13, Financial Institutions Statutes Amendment Act, 2008. There are two parts to this bill. It's amending both the Alberta Treasury Branches Act and the Credit Union Act. Essentially, it's administrative. There are a couple of things that are going on here. It's updating the ability of the ATB to work with e-mail. It's allowing for e-mail messages to be sent with notification of meetings, for example. It's allowing for offsetting credits to facilitate competition, which is always an interesting situation with ATB. It's operating as a bank in this province. It's supposed to compete on a level playing field, but it's not a level playing field. It's a bank owned by government, so it doesn't pay taxes, for example. [interjection] The other member is very interested in that.

**Mr. Mason:** A bank owned by a government.

**Ms Blakeman:** A bank owned by government.

This is instituting clear steps that can be taken to level that playing field. For example, the minister can decide to charge certain fees in lieu of those taxes to level that playing field.

There is an odd little thing in here, though, which is that because they're trying to keep the ATB equal to the credit unions and credit unions have the ability to operate a post office, they're now offering to the Alberta Treasury Branches the same ability to offer service. Sometimes you see strange things in this House late at night.

One thing I'm not so keen on, but I'm losing this battle with this government, is moving out of the legislation and under regulations the capital requirement. That's essentially that the ATB "shall maintain capital in accordance with guidelines authorized by regulations." Once again we're moving something out of legislation, which would be debated in this House, and moving it into a

regulation, which will be passed by either a ministerial order or an order in council, which I always find harder to track, but the Internet might be helping us with that. Also being added into regs is a regulatory oversight.

The Credit Union Act is allowing more directors to be appointed, and I approve of the next thing: allowing mailing addresses to be used rather than insisting on residential addresses. In this day and age I think that can create some difficult situations for directors if their residential address is out there. I'm pretty careful not to be doing that in this day and age.

It also sets up a complaints process and then some rules about general meetings and, again, permits e-mails to be used, an electronic mail delivery system for notification. This is really administrative housekeeping. I have gone over the bill with the minister's staff, I've investigated it, and I've done a feedback loop with stakeholders. I'm happy enough with the bill, but at this point I would like to adjourn debate and allow others to participate at a different time.

[Motion to adjourn debate carried]

10:40

**Government Motions**

**Standing Orders Amendments**

15. Mr. Zwozdesky moved on behalf of Mr. Hancock:

A. Be it resolved that the following temporary amendments be made to the Standing Orders of the Legislative Assembly of Alberta:

1 Standing Order 32 is amended

- (a) in suborder (3) by adding "Subject to suborder (3.1)" before "When a division is called";
- (b) by adding the following after suborder (3):

(3.1) After the first division is called in Committee of Supply during the vote on the main estimates under Standing Order 59.03, the interval between division bells shall be reduced to one minute for any subsequent division.

2 Standing Order 68 is amended by striking out suborder (2) and substituting the following:

- (2) The report of a committee is the report as determined by the committee as a whole or a majority of it but shall include any dissenting or minority reports concerning the report or parts of it.

B And be it further resolved that

- 1 the amendments in this motion come into force on passage;
- 2 the amendments in this motion shall have effect until the conclusion of the 2008 fall sitting.

**The Deputy Speaker:** The hon. leader of the third party.

**Point of Order**

**Division Bell Interval**

**Mr. Mason:** Thank you very much, Mr. Speaker. I rise on a point of order. I have read the motion of the government, and I have grave reservations. I am asking you to rule this motion out of order as it may contravene the privileges of members of the House, specifically section 1(b), the vote on the main estimates, changing Standing Order 59.03, that "the interval between division bells shall be reduced to one minute for any subsequent division." Now, this is done normally by unanimous agreement of the House.

I will argue under *Beauchesne's* 25, which defines parliamentary privilege as "the right of a Member to discharge his duties in the

House as a Member of the House.” Mr. Speaker, the purpose of the 10-minute ringing of the bells is to allow any member who wishes to be present for a vote the time to travel from their office to this Chamber and be present for the vote. This is traditionally waived only by unanimous consent of the House, and it is my submission that only by unanimous consent of the House should this be done. The passage of this motion will have the effect of preventing members of this House from being able to perform their duties as MLAs because they will not be able to be in attendance for the vote.

I would argue that under *Beauchesne's* 18(2) it states that “the House is perfectly able to give consent to set aside its Standing Orders and to give its unanimous consent to waive procedural requirements and precedents concerning notice and things of that sort.” Mr. Speaker, it’s clear in *Beauchesne's* that there is a way to do this, and that is through unanimous consent. This motion will circumvent that and is an attempt to do indirectly what the rules do not allow to do directly.

As a result I believe that the passage of this motion will interfere in the ability of members of this House to do their job. If the government wants to waive the 10-minute bells, then they can appeal to the members of the Assembly to grant unanimous consent. For our part that would not be unreasonably withheld. But to change the standing orders on a temporary basis is an expedient which really circumvents the intent of the rules and a long parliamentary tradition, and it will undermine the ability of members to be present for votes in this Assembly.

Mr. Speaker, I ask you to rule this motion out of order.

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

**Mr. Zwozdesky:** Thank you, Mr. Speaker. I listened intently to what the hon. leader of the third party was saying, and I have to disagree with him. I think this motion is entirely in order. It has been the subject of some conversation amongst members. There have been opportunities for input to be received. It has been printed on the Order Paper. I find it strange that the member would wait until this particular moment to raise this particular point.

I understand his concern, but the point that needs to be made here, Mr. Speaker, is that we’re not talking about the first division – that’s the central point, hon. member – we’re talking about subsequent bells. The first division will still be a 10-minute bell. It’s the ones that might follow after that. Anyone who is here for that can surely make it in the 10 minutes. That has been the long-standing parliamentary rule, as you well know. Thereafter, should there be any additional divisions, we are simply helping to facilitate your time and help make it more convenient, if you will. If you wish to ring the bells and get recorded votes, standing votes, then you’ll have that opportunity to do so.

This is not an issue of privilege, I would argue, Mr. Speaker, because members who are here and present know what’s going on. It’s their duty to know that. We’re allowing the full 10 minutes as has been the long, long-standing tradition of this House to do, and we wish to continue in that same vein.

I think in the end, Mr. Speaker, what this motion simply does is it allows for the House to spend its time more wisely without abrogating the rights of any other members. This motion, in fact, helps to facilitate not to impede progress that we would otherwise like to make here. We have used this process before. The member has correctly identified that. I realize that at any time the House by unanimous consent can virtually do anything it wants, but this is a sincere motion aimed only at speeding things up after the first 10-minute division has been had.

The final comment I would make, Mr. Speaker, as you deliberate

on your decision, is that there’s also a long-standing tradition in the House of co-operation. I would hope that the chair would find that this is in the spirit and in that vein that we are presenting this particular Motion 15, and I’d ask for the support.

**The Deputy Speaker:** The hon. Member for Calgary-Nose Hill.

**Dr. Brown:** Thank you, Mr. Speaker. I’d like to speak to the hon. member of the third party with respect to his objections. I noticed that in *Beauchesne's* he has referred to section 18(2), which says that the House is “able to give consent to set aside its Standing Orders.” That certainly requires unanimous consent. But we’re not talking here about setting aside the standing orders. We’re talking about altering them for a particular session.

Referring to *Beauchesne's* paragraph 9, while it does say that the changes to standing orders are generally made by consensus of the House, there is certainly no procedural reason why the special orders could not be changed or changed for a particular session. It says in paragraph 10 that “Sessional and Special Orders are normally moved by the Government after consultation with the Opposition parties.” I believe that certainly has been the case in the present instance, so I do not see any obstacle to changing the rules for the purposes of this coming session or the fall session.

10:50

**The Deputy Speaker:** Any other member?

Well, then I have to use my own logic here. I have listened to the members raising the point of order. I have listened to the Deputy Government House Leader and the hon. Member for Calgary-Nose Hill, and I have known of this through the Speaker’s office, the LAO, legal counsel’s office. This motion is not out of order for the reason that it has been consulted through legal counsel, and it has been consulted between the leaders of the two sides, the Official Opposition and the Government House Leader. If you note, this is just a change for the main estimates, not the whole thing, just for the debate. So for those reasons this motion is not out of order.

The hon. Member for Edmonton-Centre.

**Point of Order**

**Explanation of Speaker’s Ruling**

**Ms Blakeman:** Thank you very much, Mr. Speaker. Under 13(2) if I could get an explanation on the Speaker’s ruling. He has deemed that this motion is in order because there was consultation between the government and the Official Opposition. But the member raising the question claims – and we will believe him – that the third party was not consulted in this. I’m puzzled and ask the Speaker to expand on why it’s okay to accept this because it was only a consultation between the government side and the Official Opposition. I think the member’s main complaint is that he wasn’t consulted.

**The Deputy Speaker:** I already ruled that the motion is in order. Proceed.

**Ms Blakeman:** Well, under 13(2) I’ve asked for an explanation, and the Speaker is obliged to give it to me.

**The Deputy Speaker:** All right. Deputy Government House Leader, do you want to explain?

**Mr. Zwozdesky:** I just want to make a quick comment as you contemplate your deliberation there, to say to the hon. leader of the third party that I am not aware of him having been consulted or his



party being consulted or not consulted. But I have indicated to that hon. member that I will take this up at our House leaders' meeting tomorrow morning, and I will ensure that any future situations like this do get the full, proper consultation with the third party. I hope the hon. member will accept my word on that.

**The Deputy Speaker:** Well, I guess we proceed, then. The motion is on the floor. The hon. Member for Edmonton-Centre to debate on the motion.

#### Debate Continued

**Ms Blakeman:** Thank you very much. I was consulted on this, and I agreed to it, actually. It was part of a negotiation, and my piece on this was that I wanted to see the minority reports included or put back into the standing orders because I think that's an important part of our parliamentary process in this House: the ability to have minority reports that comment on all or part of a report to be included in the report that comes before the House. To me that was an inclusive change that we had made to the previous standing orders. I'm told that it was inadvertently left out when we got a new and different version of the standing orders this spring.

I was certainly willing to entertain the shortened bells for the specific and only reason of the votes for the main estimates because you will remember that the way that's set up is that we may request that any ministry is excluded from the consolidated vote. I had asked for that because we often find ourselves in a position where we don't agree with the budget and we don't want to support it for a given ministry, but that doesn't mean we want to vote against all the rest of the ministries that are included in the estimates. So the ability for us to pull out or exclude or vote separately on ministries was an innovation that I supported.

In exchange the government had really wanted to see the one-minute bells put into place so that it didn't become 10-minute bells on 23 ministries that got pulled out. Our final result was, as you see, again, that there's a 10-minute bell to begin with, followed by one-minute bells if so called. You don't necessarily get a division on every single vote. That's only if called for by three or more members in the House standing. This was a compromise motion, and I was very happy with our part in it. I'm happy to support Motion 15.

Thank you.

**The Deputy Speaker:** The hon. leader of the third party.

**Mr. Mason:** Thank you very much, Mr. Speaker. I'm going to speak against Government Motion 15, and I want to explain the reasons why. I appreciate the Deputy Government House Leader's comments about ensuring that we get consulted on these matters as well because this is not a matter that affects just the Official Opposition and the government; it's actually a matter that affects the rights of individual members to be present for votes. While I understood the Deputy Government House Leader's argument that the first vote would have the 10 minutes and people would be able to get here, and then if they wanted to be present for subsequent votes, they'd be here, and they'd have to stay as we worked through that, it's the process of arriving at this that I find objectionable and the precedent that it sets that I think is a problem.

There is a method for shortening the bells, and it's unanimous consent of the House because when you take away the existing rights of members – and it can just be one member – then that's wrong, and that stands against parliamentary tradition. That's why we have the rule about unanimous consent for changing the rules like this. To actually change the rules on a temporary basis through a motion and

just change them for one set of votes obviates that principle of unanimous consent and substitutes majority rule. It represents a dangerous precedent that I don't think we should be supporting here.

In previous votes during budgets and at other times in order to expedite the process of getting recorded votes when you're not trying to hold up the debate and consume the time in the House, we have granted unanimous consent and probably would have granted unanimous consent to shorten the bells in this debate in any case. I don't see any reason why we would have withheld unanimous consent. The point is that that is the tradition and I believe the rule for doing so. It's not out of a sense of: we want to have 10-minute bells all night long on the budget. That's not the point. This is not the way to accomplish it.

That's why I don't think it should have been agreed to, in my opinion, and why I won't support it. I mean, certainly the second part of the motion to have minority reports and so on has merit. I don't have any problem with that, but I can't accept the trade-off in this case, Mr. Speaker, so I'll be voting against the motion.

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

**Mr. Zwozdesky:** Thank you. Just to close debate, I've just received a note that I would like to put on record, Mr. Speaker, the gist of it at least, and that is that I would ask the hon. leader of the third party to check with his staff because indications from our side of the House suggest that some consultation was had with staff. I appreciate that that doesn't mean it was the individual leader or his House leader, but apparently some contact was made and some consultation was made with the staff of the third party. Perhaps they can review that, and that might help to ameliorate the situation.

With that, I would call the question.

[Government Motion 15 carried]

#### 11:00 Government Bills and Orders Second Reading (continued)

##### Bill 10 Security Services and Investigators Act

**The Deputy Speaker:** The hon. Member for Airdrie-Chestermere.

**Mr. Anderson:** Thank you, Mr. Speaker. I'd like to move that Bill 10, the Security Services and Investigators Act, be approved at second reading.

Mr. Speaker, Bill 10 is a very important piece of legislation that will do several important things. It will modernize the current legislation, bringing it into the 21st century. It will ensure more accountability in the security services industry. It will allow for more effective and uniform training of security services personnel. And, frankly, it will improve the safety for both the public and security personnel. I would therefore urge this Assembly to move this legislation forward.

**Ms Blakeman:** I hope I heard the member move it. Yes? Okay. He just moved it, so that puts it on the floor for debate in second reading.

I am interested in what's going to happen to this bill because it covers some areas that I think are increasingly important in this day and age, particularly when we look at privacy laws and collection of personal information when people are in public spaces, and people's expectation of privacy. Increasingly we have a technology that can be used in an unobtrusive way. We often have information, visual

images of people and other information, that is collected by security services as part of its surveillance mandate, but I have serious questions about, you know, what that information is used for. Is it used for the reason for which it was collected, which is what our privacy laws say? I'm not confident that that, in fact, is the case. How long is the information kept for? Who else gets to use it, and is it used for any purpose other than what it was collected for? That's just one small piece of what is included in this bill, the Security Services and Investigators Act.

I understand that this may get moved to a policy field committee. I am going to take my seat and allow that motion to happen so that I can speak to the second motion. Thank you.

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

**Mr. Zwozdesky:** Thank you, Mr. Speaker. I would like to move that the motion that we just heard for second reading of Bill 10, the Security Services and Investigators Act, be amended by deleting all the words after "that" and substituting the following. As I'm making this motion, I hope that we can distribute copies to all members of the House, but with the permission of all members I'll finish reading the motion in advance of it landing on the desks if that's all right. Or I can wait for a moment. Agreed?

**Hon. Members:** Agreed.

**Mr. Zwozdesky:** Okay. Thank you. Just to reiterate, the motion that I am proposing would be to delete all the words after the word "that" and to substitute that

Bill 10, Security Services and Investigators Act, be not now read a second time but that the subject matter of the bill be referred to the Standing Committee on Public Safety and Services in accordance with temporary Standing Order 74.2 and that the committee report the bill back to the Assembly no later than the fourth week of October 2008.

There are a couple of reasons for this, Mr. Speaker, if I could just elaborate briefly. First of all, for some of the concerns that the hon. Member for Edmonton-Centre just raised pertaining to information, it would certainly be my feeling that this bill belongs, first and foremost, in a forum of debate amongst members who sit on the committee that was recently established just for that purpose, and that is the Standing Committee on Public Safety and Services. That is a good forum where this bill can have very good airing before it comes back in here for a final airing and going through the remaining stages.

Secondly, the fact that we now have these standing committees of the Legislature – this one, again, is called Public Safety and Services – means that we are guaranteed a good and careful discussion over what the bill stands for by one of these committees who has as its purpose, in fact, to review such matters.

With that, Mr. Speaker, I will take my chair and see if there are other members who wish to contribute to the debate on the amendment.

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

**Ms Blakeman:** Yes. Thank you for the opportunity to speak in favour of this motion. I am glad to see this going to a policy field committee. This is complex and has quite far-reaching possibilities for our society. If you just look at the table of contents, you know, we're talking about investigators, security services, guard dog handlers, locksmiths, loss prevention workers, security alarms. Those are the sort of licensed activities that they are contemplating here. Exemptions from licensing. Then there are all kinds of things under licence applications, renewals, suspensions, et cetera, but also

complaints and disciplines, inspections, display of licences and records. Then under General – I love this – uniforms and weapons, peace officers, collection agencies or collectors of debts, prohibition, unlicensed employees, identification, prohibited titles.

There's a lot in here, and I am very glad to see it go to a standing policy committee. I hope that the committee would even be open to hearing submissions from the public and from other interested parties. I think it's possible to do a very good job with what's anticipated here, but I think there are a lot of places where we could go off the rails on it as well.

The other interesting thing about what's happening by moving it at this particular stage is that we're really given two opportunities by the standing orders to move bills by the Assembly and refer them to the standing policy committees. One is immediately following first reading, and the second is immediately following second reading. This is an intermediate stage, which has exceptions to it. One, it's debatable. The motion is debatable, as you're obviously witnessing right now. The other times it's not. It moves straight on, and there is no debate allowed on it.

The other possibility is that when you move it right after first reading or now, as we're doing, it allows for the committee to also examine and change or amend the principles of the bill. If you send it after second reading, then those principles have already been agreed to, and you cannot alter them. So it's possible for the principles of the bill to be changed or tightened up or underlined or reinforced or any number of possibilities. It's actually, I think, for this kind of a bill a very good time to be referring this act and everything that's involved with it.

I know that I'll be sending a copy of it out to the fellow who has helped me train my dogs because he runs a security dog service and a guard dog service. He's very good at his job, but he and I – no surprise – disagree on things like guns and use of personal information. I will be sending this out to him and hoping that he will follow the activities of the committee with great interest. Perhaps we can get him to come in and talk about this with the committee.

I think this is actually a great opportunity. I'm going to make sure that I find time to sit in and observe what this committee gets up to with this bill. I don't sit on this committee, but I can certainly watch it as an observer, or of course any of us can follow along at home by reading *Hansard* or following the live audio streaming.

Thank you for the opportunity to support the referral motion to the policy field committee. I will take my seat and allow others to proceed.

**The Deputy Speaker:** The hon. leader of the third party.

**Mr. Mason:** Thank you very much, Mr. Speaker. I think the referral motion to the standing policy committee is grand, and I'll be supporting it.

**The Deputy Speaker:** Any other member want to join in? The hon. Member for Lethbridge-East.

**Ms Pastoor:** Yes. Thank you, Mr. Speaker. Having been a member of the first one of these field committees and realizing just how much work can be done and what kind of different thoughts come forward by the different people that actually come and appear before these committees, I certainly would be supporting this motion for exactly that reason, that sometimes we have to have a much broader view of what we're actually talking about.

[Motion on amendment to second reading of Bill 10 carried]

**11:10 Government Bills and Orders  
Committee of the Whole**

[Mr. Cao in the chair]

**The Chair:** I would like to call the Committee of the Whole to order.

**Bill 4  
Alberta Enterprise Corporation Act**

**The Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thank you very much, Mr. Chair. I'm pleased to rise and speak in favour of Bill 4 in Committee of the Whole. Bill 4 is the Alberta Enterprise Corporation Act, and this, in fact, was sponsored by the Minister of Advanced Education and Technology. We know that there's a hundred million dollars that is allocated in the current budget to be transferred to the Alberta Enterprise Corporation and that it is to play a lead role in filling a significant gap in promoting development of early-stage venture capital for emerging knowledge-based companies in Alberta. How could you possibly object to that? This legislation will establish the corporation and mandate it to promote the development of venture capital in Alberta, support the development of knowledge-based industries, and provide improved access to venture capital for Alberta knowledge-based companies.

This is interesting, you know, because I had a neighbour who was developing a new process. He was an inventor. What he said to me was that this government was really bad in its timing about when it invested in new ideas and that they tended to sort of jump on a bandwagon either too early or too late to be really helpful to companies and particularly for new inventions or for people in his sector. Ever since then I've watched to see how we could be better at this, and I think venture capital is part one of the missing pieces for it.

My understanding is that the corporation will invest as a limited partner in funds which then invest in promising companies. Of course, the devil is always in the detail, Mr. Chair, so what criteria is used to identify the company? Again, back to my neighbour's comment about: do we get on this at the right time, or do we invest at a time when it's either too soon to be really useful to an organization or too late to save them? Is it coming in at the time when it's best used by them?

I'm always interested in accountability, and that includes monitoring and enforcement. According to what I've read, the government is supposed to maintain accountability through controls that are established in regulations. Well, you know, I'd rather have them in the legislation because regs are always harder to find, and they can be changed without bringing it through the House, without anybody overseeing or watching it. But there is supposed to be a memorandum of understanding with the corporation to establish a transfer agreement between the government and the corporation with oversight. We'll see what the actual details of that do show, but I am supportive of the idea of this. I think that it's been asked for for a long period of time.

We know that a lot of our knowledge-based companies in Alberta are really facing challenges in raising investment capital. We know that we need to diversify our economy. We know that knowledge-

based companies and industries are where to go. It's environmentally sustainable. I'm sure my colleague from Calgary-Mountain View would agree with that. Knowledge-based industries are a sector that we need to concentrate more on. Interestingly, coming from the arts, we know that. In many cases the arts constitute or are considered a knowledge-based industry, or a talent-based industry is another way to think of it, because most of our product we sort of dream up from thin air, so it's not reliant on any kind of a resource being used to produce the product.

I'm pleased with what has been developed here. I know that my colleague the Member for Calgary-Currie, who is the shadow minister on this brief, has spoken in second and was supportive at that time. I'm going off of his lead, and I'm happy to support Bill 4 in Committee of the Whole.

**The Chair:** Does any other member want to joint the debate? Are you ready for the question on the bill?

**Hon. Members:** Question.

[The clauses of Bill 4 agreed to]

[Title and preamble agreed to]

**The Chair:** Shall the bill be reported? Are you agreed?

**Hon. Members:** Agreed.

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

**Mr. Zwozdesky:** Thank you, Mr. Chair. I would move that the committee now rise and report Bill 4, the Alberta Enterprise Corporation Act.

[Motion carried]

[The Deputy Speaker in the chair]

**The Deputy Speaker:** I would like now to call on the hon. Member for Rocky Mountain House to do the report.

**Mr. Lund:** Thank you, Mr. Speaker. The Committee of the Whole has had under consideration a certain bill. The committee reports Bill 4 and requests leave to sit again.

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

**Hon. Members:** Concur.

**The Deputy Speaker:** Opposed? So ordered.  
The Deputy Government House Leader.

**Mr. Zwozdesky:** Yes. Thank you, Mr. Speaker. It has been a very exhilarating evening, and I want to thank all members for contributing. On that note I would move that the Assembly stand adjourned until 1:30 tomorrow afternoon.

[Motion carried; at 11:20 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]





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