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The 27th Legislature
First Session

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The Honourable Kenneth R. Kowalski, Speaker

Legislative Assembly of Alberta

The 27th Legislature

First Session

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[Errata, if any, appear inside back cover]

Legislative Assembly of Alberta

1:30 p.m.

Monday, November 17, 2008

[The Speaker in the chair]

Prayers

The Speaker: Good afternoon. Welcome back.

Let us pray. Guide us so that we may use the privilege given us as elected Members of the Legislative Assembly. Give us the strength to labour diligently, the courage to think and to speak with clarity and conviction and without prejudice or pride. Amen.

Hon. members, since we last met, I must report to you the passing of another member.

Mr. Paul Langevin

January 15, 1942, to November 11, 2008

The Speaker: It is with sadness that my office learned this past week of the passing of former member Paul Langevin on Tuesday, November 11, 2008, at the age of 66 years. Mr. Langevin was first elected to the Alberta Legislature in the election held on June 15, 1993, as a Liberal member. He resigned as a Liberal member and sat as an independent from April 5, 1994, until April 25, 1995, at which time he joined the Progressive Conservative Party. He was re-elected on March 11, 1997, as a Progressive Conservative and served until February 12, 2001. During his years of service he represented the constituency of Lac La Biche-St. Paul.

During his term of office Paul Langevin served on several committees: the Select Standing Committee on Law and Regulations; Legislative Offices; Privileges and Elections, Standing Orders and Printing; Public Affairs; Alberta Heritage Savings Trust Fund; and Private Bills. He also served on the Select Special Ombudsman Search Committee and the Chief Electoral Officer Search Committee.

Paul Langevin was also the first president of the Alberta section of the APF, l'Assemblée parlementaire de la Francophonie, from 1995 to 2001.

With our admiration and respect there is gratitude to members of his family, who shared the burdens of public office. Our prayers are with them.

In a moment of silent prayer I would ask you to remember Paul Langevin as you may have known him. Rest eternal grant unto him, O Lord, and let light perpetual shine upon him. Amen.

Hon. members and ladies and gentlemen in the galleries, I now invite Mr. Paul Lorieau to lead us in the singing of our national anthem. I would invite all to participate in the language of one's choice.

Hon. Members:

O Canada, our home and native land!
True patriot love in all thy sons command.
With glowing hearts we see thee rise,
The True North strong and free!
From far and wide, O Canada,
We stand on guard for thee.
God keep our land glorious and free!
O Canada, we stand on guard for thee.
O Canada, we stand on guard for thee.

The Speaker: Please be seated.

Introduction of Visitors

Mr. Blackett: Mr. Speaker, I rise to introduce to you and through you to members of the Assembly the high commissioner for Barbados, His Excellency Edward Evelyn Greaves; his wife, Mrs. Greaves; and Mrs. Michelle Simpson, honorary consul for Barbados in Edmonton, who are sitting in the Speaker's gallery.

Mr. Greaves is in Alberta to celebrate the 42nd anniversary of Barbados' independence, and on behalf of the government of Alberta I'd like to congratulate His Excellency on this special occasion. Mr. Speaker, 13 Caribbean countries, including Barbados, have recently signed an economic partnership with the European Union. This will help liberalize trade between the regions. We wish Barbados the greatest success in moving its economy forward.

Mr. Greaves is a former parliamentarian and a Senator and also representative of a government which has in its composition one Steven Blackett, who is a first-term Member of Parliament and in January was appointed to the post of culture and community supports for the government of Barbados.

Mr. Speaker, I ask our honoured guests to please rise and receive the traditional warm welcome of this Assembly.

Introduction of Guests

The Speaker: The hon. Minister of Aboriginal Relations.

Mr. Zwozdesky: Thank you very much, Mr. Speaker. It is indeed my pleasure to rise today on behalf of our colleague from Edmonton-Ellerslie and introduce to you and through you to all members here in the House 78 very bright students from the Ellerslie Campus elementary and junior high school, located in the wonderful constituency of Edmonton-Ellerslie. They are accompanied today by Mrs. Maksylewicz, Mrs. Walbauer, and Miss Tischer. I would ask them now to please rise and receive the thunderous warm welcome of the members here.

Thank you.

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

Dr. Taft: Thank you, Mr. Speaker. It's a real treat for me to introduce to you and through you to all members of the Assembly 26 guests who are members of Lynnwood school; 23 of them are students, and there are three adults. Lynnwood is in the fabulous constituency of Edmonton-Riverview, and it is a terrific school. I go there a number of times through the year to speak to the students. I'd ask them to please rise. I believe they are in the public gallery. The students are accompanied by teacher Mrs. Heidi Medhurst and by parent helpers Mrs. Jen, Mrs. Tsang, and Mrs. Chan. Please give them a warm reception.

Thank you.

The Speaker: The hon. Minister of Employment and Immigration.

Mr. Goudreau: Thank you very much, Mr. Speaker. It's my pleasure to introduce to you and through you to Members of the Legislative Assembly a group from the leadership program which is administered by Employment and Immigration. The program began in 2001 to help government employees with aspirations of becoming leaders to realize their potential. The leadership program enjoys participation across 10 ministries and provides staff with the opportunity to develop their leadership skills. Some of these participants are touring the Legislature today along with some new

Employment and Immigration employees. I would ask them to rise and would ask the members of this Assembly to give these guests a very warm welcome to our home.

The Speaker: The hon. Minister of Children and Youth Services.

Ms Tarchuk: Thank you, Mr. Speaker. In recognition of Family Violence Prevention Month and National Bullying Awareness Week I am pleased to introduce to you and through you to all members of the Assembly seven prevention of family violence and bullying co-ordinators from across Alberta. If I could ask them to stand: Michele Montgomery from Lethbridge; Emma Wright from Medicine Hat; Linda Eirikson, who works in Calgary and area; Patrick Dillon from Red Deer; Raylene Forseth and Stacey Senetza from Camrose; Ernie Pudwill, who works in Edmonton and area; Meisha Kolbuc from Barrhead; Tammy Lockyer, who works in Fort McMurray and area; Debbie Gauchier and Joy Ohashi, who work in Métis settlements across the province.

I would also like to introduce Janet Pavlic, who is the manager in our ministry's prevention of family violence and bullying division, and Lindsay Whittaker and Connie Pollard, also from our ministry, who are accompanying our guests today.

Our family violence prevention co-ordinators and ministry staff work together with organizations in communities on initiatives to help prevent family violence and bullying and to support those who are affected. Their work directly contributes to safer communities and a safer and stronger Alberta. I would ask them to please rise and receive the warm welcome of the Assembly.

Thank you.

1:40

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

Mr. Liepert: Thank you, Mr. Speaker. Today is World Diabetes Day, and that will be further elaborated on in a member's statement a little later. It's my pleasure this afternoon to introduce to you and through you to this Assembly three individuals from the Alberta Diabetes Foundation. They are Brooke Rose, public relations assistant; Darlene Kowalchuk, event planner; and Irene Casavant, event assistant. They're seated in the public gallery, and I'd ask that they rise and receive the warm welcome of this Assembly.

The Speaker: The hon. Minister of Education.

Mr. Hancock: Well, thank you, Mr. Speaker. It's my pleasure today to introduce to you and through you to the Assembly a number of Alberta public service employees whose innovative work in information and communications technology, or ICT, earned four awards at the recent GTEC conference on the use of ICT in government. I'm happy to say that the four winning teams representing the government of Alberta come from Alberta Education and Alberta Advanced Education and Technology. I offer my congratulations to the minister of advanced education and his winning team members on their awards.

It's my distinct pleasure to introduce to you and through you to members of the Assembly a number of individuals who represent all the employees who made valuable contributions to these award-winning projects. Seated in the members' gallery and representing Alberta Education are Dr. Bette Gray, Karen Andrews, Qin Chang, Fiona Chew, Sharon Campbell, Aziza Jivraj, Stephen Mitchell, and Judy Cui. I'd ask them to rise and receive the traditional warm

welcome of the House. Mr. Speaker, these fine individuals were recognized for their work in human dimension video conferencing in the K to 12 education system and the information management accountability pillar online reporting initiative.

In the public gallery and representing Advanced Education and Technology are Stacey Reynhoudt, Judy Cone, Barry Devlin, Trudy Dupre, Steve Sands, Margo Lloyd, and Lisa L'Hirondelle. Advanced education was recognized for their two areas of excellence in service delivery to citizens and business from in line to online: restructuring the Alberta student finance program and the internal business operations grant enterprise management. I'd ask those members to rise and receive the traditional warm welcome of the House.

Mr. Speaker, these individuals represent the four teams who won GTEC awards on behalf of Alberta. They're dedicated public servants and accomplished individuals. I'd like the House now to say thank you to all of them for their good work on our behalf.

Mr. Ouellette: Mr. Speaker, it gives me great pleasure to rise and introduce to you and through you to all members of this Assembly a gentleman that's no stranger to a lot of people in this Assembly. Marcel Van Hecke is up in the members' gallery. We had a meeting just before lunch. He had a few concerns about accessing property off our highways as he owns some property. Of course, we had to go along with safety as our biggest issue, and I think we've clarified all that. It's great to have Marcel here today, and I'd like him to receive the warm welcome of the Assembly.

The Speaker: In other words, you told him no.

The hon. Member for Battle River-Wainwright.

Mr. Griffiths: Thank you, Mr. Speaker. It's a distinct pleasure of mine to rise today to introduce to you and through you to members of the Assembly two surprise guests. The first is my cousin Carrie Smith. She's seated in the public gallery and is accompanied by her very significant other, Mr. Larry McQueen, who is a detective with the city of New York Police Department. They both came all the way from New York I think just to watch me in the House today. Actually, the great news is that they announced this weekend to all the family that they're expecting. I'd ask them to rise and receive the warm welcome of the House.

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

Mr. MacDonald: Thank you very much, Mr. Speaker. It's my pleasure to rise and introduce to you and through you to all hon. members of this Assembly two individuals. The first one is from the constituency of Edmonton-Gold Bar, Theresa Offermann. The second individual is Robert Hollinger, and he's from the constituency of Edmonton-Meadowlark. They have worked together along with a group of citizens in the city to change one of our laws regarding police officers and suspension and whether or not they get paid. They have worked very hard to get over 3,000 signatures on a petition, which I will present at the appropriate time. However, I would now ask them to rise in the public gallery and receive the warm traditional welcome of this Assembly.

Thank you.

The Speaker: Are there others, hon. members?

If not, please join with me in congratulating the hon. Member for Edmonton-McClung for arriving at another anniversary in his life. Happy birthday.

Members' Statements

The Speaker: The hon. Member for Calgary-Montrose.

GTEC Awards

Mr. Bhullar: Thank you, Mr. Speaker. During today's introductions the Minister of Education brought to this Assembly's attention the award-winning employees of the Alberta public service who received GTEC awards for information and communications technology. This is a wonderful recognition of Alberta's top-notch public service, and I offer my personal congratulations to these award winners on their innovative and creative solutions to better serve Albertans.

The distinction awards recognize and celebrate projects and individuals who have demonstrated leadership and excellence in innovative management and the application of information and information technologies in the public sector. They recognize that the work of our officials touches the lives of many Albertans in a direct way. I want to offer my congratulations and thanks for the work they have done to bring both this prestigious award and national recognition to the ministries of Education, Advanced Education, and indeed the government of Alberta as a whole.

Alberta's education and advanced education systems are renowned for their high standards and excellent performance. These medal-winning efforts demonstrate that we continue to be at the forefront of using technology to improve the success of every student. Alberta was the showcase province at the GTEC conference, which was attended by the Minister of Advanced Education and Technology.

Mr. Speaker, information technologies are vital enabling technologies that play a powerful role in Alberta's economy today and most definitely in the next-generation economy. Earlier this year our government introduced its updated ICT strategy, entitled building an integrated knowledge economy. As a result of this strategy the Alberta ICT Council recently launched its check out IT campaign to encourage young Albertans to explore careers in technologies that are such an integral part of their lives. This is why our government is ensuring that education and career training in ICT is available from primary grades through to postsecondary and adult education.

Thank you, Mr. Speaker.

Oral Question Period

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

Lottery Funding

Dr. Taft: Thank you, Mr. Speaker. This government has had so much money it has forgotten what real fiscal accountability looks like. The big-cheque Tories have developed a culture of entitlement, handing out public funds as if they were their own. My questions are to the Premier. Is it the policy of this government to give each Tory MLA an annual allocation of hundreds of thousands of dollars of lottery money to distribute to their constituencies?

Mr. Stelmach: Mr. Speaker, the minister of culture is responsible for the program. There are very strict guidelines as to how lottery applications are accepted and approved and how the money is allocated to worthy projects around the province.

Dr. Taft: Could the Premier please explain why a member of his caucus, the Member for Airdrie-Chestermere, said on his partisan PC Alberta website that "typically, depending on the year and factors

beyond my . . . control, I have roughly \$750,000 worth of grants to sign off"? Why are Tory MLAs getting this level of personal control over public monies?

1:50

Mr. Stelmach: Mr. Speaker, the approval process is quite detailed. The province has a number of areas where we have assigned senior officials to review all of the applications to ensure that they meet all of the very strict guidelines that are, of course, fully public on the web in terms of how to access the programs and also what the qualifications are.

The Speaker: The hon. leader.

Dr. Taft: Thank you. Again to the Premier. The same member's post on his partisan website, Mr. Speaker, also reads that "I feel my constituents should understand my philosophy behind how I will use these public monies." Will the Premier accept that this amounts to turning lottery funds into personal slush funds for Tory MLAs?

Mr. Stelmach: Mr. Speaker, this Assembly, government approves all of the lottery programs, whether it be under the community enhancement program or under community initiatives. These are public guidelines. Any charitable organization, any municipal organization that wants to apply for support, again, under very strict guidelines, can apply and obtain the forms on the web through MLA offices both on the government side and on the opposition side and seek advice from the people, the senior officials that are in charge of these programs on how to apply for them.

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

Dr. Taft: Thank you, Mr. Speaker. My question is to the minister of agriculture. The minister is quoted in recent media as finding \$650,000 in his budget for a hospice in his constituency. Now, I'm a great supporter of hospices, but could the minister please explain where in his agriculture budget he found hundreds of thousands of dollars for a hospice in his constituency? And if it wasn't from agriculture, where did he find the money?

Mr. Groeneveld: Well, I would like to explain to the hon. member across that this did not come out of my agriculture budget. I wish I had that kind of money in my agriculture budget. I think everyone is aware of the major facility grant that we have out there. If the hon. member had chosen to dig a little deeper, he would have found that there were two of us MLAs who went together on a very, very viable project of the hospice, the first hospice in rural Alberta, which is pretty hard to argue against as far as I'm concerned.

Dr. Taft: Actually, we did dig a little deeper, so my next question is to the Minister of Sustainable Resource Development. The same story reports that the minister of SRD also contributed from his budget to this project. Could the minister please explain where in the Sustainable Resource Development budget he apparently found hundreds of thousands of dollars for a hospice, or did he find the money in some other budget that he has his hands on?

Dr. Morton: The hon. Leader of the Opposition should know better than to believe everything he reads in the newspapers. Of course, my answer is the same as the hon. minister of agriculture's. This came out of a major facilities grant that's administered by the province. I just was one of the local MLAs that was involved in

passing it along because it went, as he said, to a very, very important project in the Foothills area.

The Speaker: The hon. leader.

Dr. Taft: Well, thank you. To the Premier. Clearly, what we have here is a situation in which public funds have become personally politicized by Tory MLAs. Will the Premier admit that this kind of personal politicization of lottery grants is simply wrong and must be ended?

Mr. Stelmach: Well, Mr. Speaker, I don't think that there's any of what he called personalization of grants. I think all MLAs in this Legislature meet with constituents. They listen to their constituents in terms of the needs of various organizations.

Dr. Taft: So do we.

Mr. Stelmach: No, you do a very good job. In fact, Edmonton-Centre: Women Building Futures Society, 1 and a half million; Art Gallery of Alberta Society, \$10 million; Art Gallery of Alberta temporary gallery, another \$1.1 million; Art Gallery of Alberta Society collective services, \$840,000; Edmonton Concert Hall Foundation, \$500,000; Citadel Theatre, \$2.2 million.

The Speaker: I'm sure there's an exhaustive list. I'm sure there is. But we'll move on now to the third Official Opposition main question. The hon. Leader of the Official Opposition.

Dr. Taft: Well, thank you, Mr. Speaker. There's no question the Member for Edmonton-Centre is outstanding.

This government dumped the perfectly good system of community lottery boards and replaced it with one in which lottery funds are treated as the personal purview of Tory MLAs. The evidence is overwhelming. Lottery funds distributed in constituencies represented by Tory MLAs are partisan slush funds. To the Premier: has the Premier ever intervened in a lottery grant application other than writing a simple letter of endorsement for a project? For example, has the Premier ever met with lottery officials to discuss funding for a specific project?

Mr. Stelmach: I haven't met any, but I wonder if you have. I think you received – what? – \$10 million for the Go centre in your constituency, another outstanding work on behalf of a member representing his constituency.

Dr. Taft: So we have the Premier denying in this Assembly that he has ever met with lottery officials to advance a particular lottery project. Is that what you're doing, Mr. Premier?

Mr. Stelmach: Over the years since I was elected, since 1993, we've had officials from Alberta lottery drop by our offices to talk about programs that are available, all of the guidelines that have to be followed by organizations, and also to inform MLAs in terms of what organizations are able to apply, especially the very specific guidelines with respect to infrastructure that's owned by municipalities, just a number of different areas. From time to time we hear from the officials to make sure that the proper guidelines are followed in ensuring that the program is fair to all.

The Speaker: The hon. member.

Dr. Taft: Well, thank you, Mr. Speaker. That's a service that's provided strictly to Tory MLAs; I can tell you that.

The evidence is overwhelming that lottery funds distributed in constituencies represented by Tory MLAs are partisan slush funds governed by rules written for the Tories, by the Tories, to support the Tories. To the Premier: how does the Premier justify supporting a system in which Albertans living in Tory constituencies are treated one way and Albertans are treated differently in other constituencies depending on how they voted?

Mr. Stelmach: Well, Mr. Speaker, I think I just listed at least maybe – what? – \$44 million worth of grants. A good portion of them actually went to two constituencies in Edmonton, one that's represented by the Leader of the Opposition and the other by Edmonton-Centre. I don't know where this line of questioning is going. I really don't know what he's trying to do. You're actually arguing against what Edmonton has received as a whole over the last number of years, over \$44 million.

The Speaker: The hon. Member for Edmonton-Highlands-Norwood, followed by the hon. Member for Whitecourt-Ste. Anne.

Paramouncy Provision to Royalty Information

Mr. Mason: Thank you very much, Mr. Speaker. Alberta's Privacy Commissioner has gone on record saying that new royalty legislation will rob Albertans of their right to access information about royalties. This government has forgotten that the resources belong to all Albertans. Now the government wants all financial information relating to royalties to be inaccessible even through FOIP. This is becoming the most secretive government in Canada. To the Premier: will the Premier stop treating Albertans like mushrooms instead of what they are, owners of the resource?

Mr. Stelmach: Mr. Speaker, Albertans are owners of the resource. I've often said in this House that the many changes we've introduced in this Legislature, including the new royalty framework, reflect the wishes, of course, of the best interests of the owners of the resource. What the hon. member is talking about is something that was in the media a few days ago with respect to sharing very private information from private companies. Perhaps an example is that we globally report on the total amount of personal income tax. We can't report to Albertans what you pay individually as a citizen of Alberta, but collectively that information is available to the Alberta public.

2:00

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. That was not an accurate portrayal of what the government is trying to do. The Privacy Commissioner has expressed very serious concern on this issue. This will allow the government to hide the way in which royalties are collected and how much is collected and will avoid scrutiny. There is already – already – in the freedom of information legislation provision to protect business secrets. So why is the Premier leading us into more secrecy in this respect?

Mr. Stelmach: Mr. Speaker, the practice has been followed for years in terms of very specific information with respect to a specific company. These are production levels coming from very specific wells, and industry shares that with us as individual companies. We collectively share the information with Albertans, but for an individual company we cannot because that is very specific information with respect to that company. We monitor it, obviously. We use it to calculate royalties, but we can't share the information of one specific company with other companies.

Mr. Mason: As I pointed out, Mr. Speaker, the FOIP legislation already provides for not disclosing those kinds of things.

The Premier promised during his leadership campaign that there would be open and transparent government, and he repeated that in the election, but coming to power, this government's agenda has been the opposite. Nobody voted for more secrets and closed doors. Again to the Premier: why don't you follow through on your promise and make this legislation and the policy of the government on royalties open and transparent?

Mr. Stelmach: Mr. Speaker, what's in the act is complying with the Auditor General. If that member wants to argue with the Auditor General, go ahead.

The Speaker: The hon. Member for Whitecourt-Ste. Anne, followed by the hon. Member for Edmonton-Gold Bar.

Livestock and Meat Strategy

Mr. VanderBurg: Well, thank you, Mr. Speaker. Livestock producers in Whitecourt-Ste. Anne are very concerned about some aspects of the Alberta livestock and meat strategy. My producers are really bothered by the word "mandatory" when it comes to age verification. My questions are all to the Minister of Agriculture and Rural Development. Why is age verification a mandatory requirement, not a conditional requirement, and what are the penalties for not complying?

Mr. Groeneveld: Well, Canada's beef industry is losing market share in Asia, Mr. Speaker. I would like to have taken all 30,000 of my beef producers with me to Asia so they could have heard what the Asian governments and industry over there are telling us and how important food safety is to increasing our market share. Age verification and traceability are just the minimum requirements to sell more beef in these countries. As for the penalties for noncompliance we're working with industry on a common-sense solution for them.

Mr. VanderBurg: Well, not a full answer, but we'll move on to the next one. Mr. Minister, again, what assistance is available to producers that only have dial-up access to the Internet, causing long delays in the record keeping of animal age, movement, et cetera, required in this process?

Mr. Groeneveld: Mr. Speaker, in September of this year 30 additional Agriculture and Rural Development staff as well as 30 more part-time staff from the Livestock Identification Services began working with producers across the province. These additional field staff are available either over the phone or in person to help producers verify age and complete premises identification on their animals. Assistance is available, of course, by calling the Ag-Info Centre toll-free at 310-FARM.

On my farm it took my son, alone, two hours to do all this work, and one of those hours was spent on the road going to the CCIA rep. So don't tell me that this is an overburdensome regulation.

Mr. VanderBurg: Well, again to the same minister. You know, in the statement of compliance producers are concerned that they must report the movement of their animals from one quarter to the next. It doesn't make sense. I think there's something lost here in the communication. Producers are very concerned that they must have this record of movement from one quarter to an adjacent quarter on their own farms. Can the minister clarify this?

Mr. Groeneveld: Mr. Speaker, I'm not sure where this is coming from, or perhaps I am. I don't know. It's certainly disappointing that I spend so much time dispelling untrue rumours about many aspects of the Alberta livestock and meat strategy that a small number of individuals seem to be spreading. Producers are only required to register their home quarter. We never have intended to track animals from pasture to pasture. Moving-out information for animals going directly to slaughter is not necessary. In addition, the movement of cattle is also tracked at sales points, such as through the auction markets and the Livestock Identification Services, as it has been for decades.

The Speaker: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Lesser Slave Lake.

Mazankowski Alberta Heart Institute

Mr. MacDonald: Thank you, Mr. Speaker. The Mazankowski Heart Institute has unfortunately seen another delay. Politicians were at the official opening in May of 2008, but heart patients, unfortunately, will have to wait until at least September 2009 before they can see the inside of the institute. The latest delay to September 2009 is the fourth such announcement. My first question is to the Premier. Why is there yet another delay in the opening of the Mazankowski Heart Institute?

Mr. Liepert: Mr. Speaker, the member is correct that the actual patient intake to the Mazankowski Heart Institute has been delayed to 2009. I think members can appreciate the complexities of integrating not only the technology but the staffing of the new institute with the existing facility. I think the member can also appreciate the fact that when we do this, we want to ensure that we do it right.

The Speaker: The hon. member.

Mr. MacDonald: Thank you. To the minister of health this time: what will this latest delay mean to cardiac patients already waiting on lists growing longer by the week here in the Edmonton region?

Mr. Liepert: Well, Mr. Speaker, I'm not exactly certain that the member is correct in saying that the list is growing longer by the week. There's no question that access has always been an issue. This government pledged to address that earlier this spring, and we will continue to address the issue around access. I can assure Albertans that those who need urgent care will receive it immediately.

The Speaker: The hon. member.

Mr. MacDonald: Thank you. Again to the same minister: how can this government be trusted to meet the deadlines of the Alberta Health Services Board when the heart institute has already seen so many deadlines come and go? How can this government be trusted to manage health care in this province?

Mr. Liepert: Mr. Speaker, this government has and will continue to manage health care in this province. What we need to do, though, is make this health care system more effective and more efficient. We are doing that, and I would ask for the co-operation of the member opposite to assist us and encourage us to continue to do what we're doing.

The Speaker: The hon. Member for Lesser Slave Lake, followed by the hon. Member for Calgary-Varsity.

Métis Settlements Issues

Ms Calahasen: Thank you, Mr. Speaker. November 16 commemorates the death of Louis Riel, father of the Métis nation. It also marks the commencement of Métis Week across Canada and reminds us of the many issues that are important for the sustainability of Métis settlements in Alberta. Last week Gift Lake told the Minister of Aboriginal Relations that they needed improved roadways, better school facilities, and meaningful consultation regarding industrial development. To the minister: please outline how you will address these long-standing issues when other ministers have had such difficulty resolving them.

The Speaker: The hon. minister.

Mr. Zwozdesky: Thank you, Mr. Speaker. Let me begin by just congratulating everyone celebrating Métis Week in Canada. I attended the official opening ceremonies yesterday, and they were indeed wonderful.

Specific to the question, I did meet last week with the Gift Lake chairman, Hector Lamouche, and his council up in the High Prairie area, and we talked about all of these issues that are important to them. I've already alerted the relevant colleagues in the Assembly with respect to that. Let me just conclude this part by saying that I also just signed a three-year interim funding agreement with all eight Métis settlements, and we're going to help them identify their long-term infrastructure needs.

Ms Calahasen: Given that the South Heart River reservoir and related flooding has permanently damaged hundreds of acres of the Peavine Métis settlement land for years, how are you going to convince your counterparts in Sustainable Resource Development and Environment to finally resolve this critical situation?

2:10

The Speaker: The hon. minister.

Mr. Zwozdesky: Thank you. Mr. Speaker, I've already in fact spoken with my colleague here from Environment, and later this afternoon I'll be speaking with the Minister of Sustainable Resource Development about this very thing. We're all concerned about the flooding that has occurred there. I should point out that it goes back to the 1950s and 1960s. Nonetheless, when I met with the Peavine chair, Ray Carifelle, and his council last week, I understood very clearly from them how critical land is to the survival of Métis settlements and, of course, to the traditional way of life that the Métis people enjoy. So we'll be working together. We've already started some discussions between and among the ministries mentioned.

Ms Calahasen: Knowing that industrial development may adversely affect their aboriginal rights, will you on behalf of the government of Alberta pursue establishing a good-neighbour consultation policy with all Métis settlements in my area?

Mr. Zwozdesky: Mr. Speaker, the short answer is yes. We're very proud that Alberta has the single largest Métis population anywhere in Canada, and we work very hard on things like good-neighbour policy relations. Specific to issues of consultation, where industrial development is occurring very near Métis settlement lands, we are making good progress working with industry and with the Métis

settlements. That was, indeed, part of the reason I was up there. I thank the member for her participation and leadership in that regard as well.

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

Children at Risk

Mr. Chase: Thank you, Mr. Speaker. Alexander Xavier Smith's remains were identified earlier this month. This tragic ending of a young boy's life demands that questions be asked of the Ministry of Children and Youth Services. To the Minister of Children and Youth Services: can the minister tell the public, when a child is identified either by the police or teachers as living a high-risk lifestyle, whether the ministry automatically conducts an investigation?

The Speaker: The hon. minister.

Ms Tarchuk: Thank you, Mr. Speaker. I think the member is well aware that we do have high-risk strategies in this province. When it is brought to our attention that we have high-risk young people, we do endeavour to get help to them.

The Speaker: The hon. member.

Mr. Chase: Thank you. How frequently does the ministry survey youth emergency shelters across Alberta to determine how many other children are in similarly vulnerable circumstances?

The Speaker: The hon. minister.

Ms Tarchuk: Thank you, Mr. Speaker. I will try to get an answer for you on that particular question, but I can tell you that our child and family services authorities work closely with our youth shelters on what their needs are.

The Speaker: The hon. member.

Mr. Chase: Thank you. What immediate changes will the ministry implement to protect and preserve the lives of children who are currently at risk?

Ms Tarchuk: Mr. Speaker, I would go back to just continuing to support the high-risk strategy. Two weeks ago we were talking about the issue surrounding youth shelters and kids that leave care, and my comment at that time was that we never forget them. We always continue to search for them, to wrap around them the services that they need.

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

Municipal Taxation

Ms DeLong: Thank you very much, Mr. Speaker. Over the last few weeks I've been receiving calls from many of my constituents upset about the massive property tax increase being contemplated by the city of Calgary for the upcoming three years, despite ongoing massive dollar transfers from Alberta Treasury. My first question to the President of the Treasury Board: are cities required to have their financial statements audited?

Mr. Snelgrove: Yes, Mr. Speaker, they certainly are. There are different avenues for them to appoint an auditor, but the cities are all required to file their audits with the province on a yearly basis.

Ms DeLong: To the same minister: what's the difference between the responsibilities of a city auditor versus the responsibilities of our provincial auditor?

Mr. Snelgrove: Mr. Speaker, the auditor for the government is an officer of this Legislative Assembly and answers to the members of this Assembly through Public Accounts. The auditor for the cities responds directly to the cities and to the Minister of Municipal Affairs but doesn't have that oversight mechanism that the Auditor General of our province has.

Ms DeLong: Okay. Thank you. To the same minister: while Alberta municipalities do have taxing authority over property, are there any provisions that the province has in place to help protect citizens from onerous and excessive increases in their taxes?

Mr. Snelgrove: Well, Mr. Speaker, as the hon. member mentioned in her first question, the province is certainly and clearly the most generous province in Canada to the municipalities. If the members of these communities take issue with their local councils on expenditures, then it's their responsibility to get involved in the process. Whether that means at election time or at the budget debates that are open to the public in the cities or by simply calling or phoning or making their wishes known to their elected council representatives and mayor, the Auditor's position should never be put in place of the democratic responsibility of citizens to get involved.

The Speaker: The hon. Member for Lethbridge-East, followed by the hon. Member for Edmonton-Strathcona.

Long-term Care

Ms Pastoor: Thank you, Mr. Speaker. Thursday night at Extendicare long-term care centre in Lethbridge very concerned and upset families discussed the closure of Extendicare by July 1, '09, before the replacement facility can be built. These elderly, frail, and chronically ill residents would have to be moved throughout the region. The president of Extendicare has assured that the present building is safe and secure until the new one is built. My questions would be to the Minister of Health and Wellness. Why is the minister allowing Extendicare, a facility of 120 beds, to close before the new facility, a facility that may or may not be able to care for the seniors who have already been assessed as needing long-term care, is built and open?

Mr. Liepert: Mr. Speaker, first of all, I would like to thank the member for raising this issue with me this morning. I have been in contact with Alberta Health Services, and I'm pleased to say that they've given me the indication that the current facility, even though it is old, will not be closed prior to the opening of the new facility.

Ms Pastoor: Well, that sort of kicks the whatever out of my last two questions.

However, I do have one more. Is what's happening in Lethbridge a symptom of a trend that we can see go throughout the rest of the province, that long-term care would be replaced with designated assisted living?

Mr. Liepert: Well, Mr. Speaker, we will be bringing forward soon a continuing care strategy for this government. What it will include is a variety of choices so that our seniors will have the ability to be cared for in the environment that best suits their needs. I would ask the member to be patient till we get that completed and made public.

The Speaker: The hon. member.

Ms Pastoor: That's fine. Thank you.

The Speaker: The hon. Member for Edmonton-Strathcona, followed by the hon. Member for Calgary-Fort.

Child, Youth and Family Enhancement Legislation

Ms Notley: Thank you, Mr. Speaker. Well, instead of fixing the problems in children's services, this government appears determined to cover them up. When legitimate concerns were voiced about the child welfare system, government's response was to say that everything was fine, and where it wasn't, we could only learn about it if we agreed to be muzzled. Now this ministry appears to be trying to find new ways to keep examples of abuse and neglect off the record. To the Minister of Children and Youth Services: shouldn't this government be working to fix the problems instead of making it more difficult to find out what they are?

Ms Tarchuk: Mr. Speaker, the member is speaking about some legislation that is yet to be tabled, so I think I'll just leave it at that. We'll have a full opportunity to debate in the near future.

The Speaker: The hon. member.

Ms Notley: Well, thank you, Mr. Speaker. Spokespeople for the ministry have talked about a policy need to keep communication between the children's advocate and children confidential. Now, where this is actually needed, these protections are already provided through FOIP legislation. What the ministry is really talking about is moving these decisions from an independent officer of the Legislature to a minion of the ministry. To the same minister: aren't you letting people down by increasing the secrecy of reports about Alberta's most vulnerable children?

Ms Tarchuk: Mr. Speaker, I would like to comment on something. I think it is rather disappointing that a member would choose to comment on an act before being briefed about it or learning what the details are. I also have to say that it's disappointing that there has been so much misinterpretation of the information that has been shared in advance of legislation yet to be tabled. I can tell you that everything we do in this ministry is to look at improving – improving – services to children and families.

Ms Notley: Well, Mr. Speaker, Albertans are demanding more accountability from the government, not less, and every other province in Canada has their children's advocate reporting directly to the Legislature. This government is becoming more secretive, the most secretive in the country. Why won't you let the public see what's really going on in your ministry and make the advocate an officer of the Legislature?

2:20

The Speaker: The hon. minister.

Ms Tarchuk: Thank you, Mr. Speaker. Again, I'll speak to the misinterpretation or misrepresentation, whatever you want to call it.

As my father used to say to me, "Truth never gets in the way of a critic," and I'm beginning to find that to be true. First of all, I'll tell you that we will get into this legislation. But when I talk about misinterpretation, about closing the doors and information: not true. Talk about muzzling kids: not true. I look forward to the debate, and I look forward to the public seeing the act. They will find out that this is actually improving the system.

The Speaker: The hon. Member for Calgary-Fort, followed by the hon. Member for Edmonton-Centre.

Segway Personal Transporter

Mr. Cao: Well, thank you, Mr. Speaker. The Segway is a self-balancing, stand-up, two-wheel scooter that runs on electricity and is used by law enforcement and security agencies world-wide and by many commercial organizations. Segways are considered an environmentally friendly and economical mode of transport. I've been told that this summer the Edmonton city police joined other police forces in Canada to test the use of Segways in the city. My question today is to the hon. Minister of Transportation. What is the status of the review of the use of Segways by the Edmonton police?

Mr. Ouellette: Well, Mr. Speaker, the Edmonton police force did not request a permit from the government for the pilot project, but they did use Segways on private land such as the Edmonton Grand Prix and for Heritage days. The department is doing a pilot project, and the city of Edmonton emergency medical services and the Sylvan Lake RCMP detachment actually applied for permits and are going ahead. Currently, no permits have been issued for the general public use of them, but we believe they could be very important. As we know, we want to move people very safely around this province.

The Speaker: The hon. member.

Mr. Cao: Thank you, Mr. Speaker. To the same minister: what direction is the government taking in regulating the use of Segways on public thoroughfares such as streets, parks, and public transport ways?

Mr. Ouellette: Well, Mr. Speaker, the goal of the Segway pilot project is to of course see how they would interact with people, with traffic. We want to see that safety is adhered to. We think that they may be a great form of transportation in very dense, populated areas for police forces, maybe even for people to get to and from work. Because they are so environmentally friendly, there would be zero greenhouse gas emissions from them. There are other jurisdictions across the country that are also reviewing . . .

The Speaker: I'm sure we'll get to it.
The hon. member.

Mr. Cao: Thank you, Mr. Speaker. Again to the same minister: how would the current Segway owners and users be able to participate in any consultation to come?

Mr. Ouellette: Well, Mr. Speaker, as you know, this government really doesn't do anything unless we consult with stakeholders. We really think it's very important that we will consult with the people doing the pilot projects, and we'll make sure that all stakeholders are consulted.

The Speaker: The hon. Member for Edmonton-Centre, followed by the hon. Member for Strathmore-Brooks.

Local Authorities Pension Plan

Ms Blakeman: Thank you very much, Mr. Speaker. According to the minister of finance the local authorities pension plan has lost more than 9 per cent of its value between January 1 and September 30 of this year. This loss occurred before the worst of the financial crisis took hold and left the pension fund worth less than it was in 2007. My questions are to the minister of finance. Could this significant decline have been prevented if the changes to the LAPP asset mix classification had not been made in 2007?

Ms Evans: Mr. Speaker, the pension plans are not under the direct control or authority of this Legislature. They are managed by pension boards. They determine the level of risk. They determine what strategy should be in place on the broader policy context. They are regularly consulting with the principals at AIMCo, who are managing those funds on their behalf, and I'm sure they will continue to do so. Relative to any other losses or any other changes in finance, tomorrow there will be an ideal opportunity for me to release the second quarter report, and there may be more information provided about what government is in charge of at that time.

Ms Blakeman: Under the Government Organization Act they do report to the minister.

Again to the same minister: since the minister receives hourly updates on Alberta's investments, can the minister provide details on how much more has been lost in the local authorities pension plan during October?

Ms Evans: Mr. Speaker, it's true that the organizations that report and for whom I'm legislatively responsible give me opportunities to interact with the folks from the LAPP and other boards. They do not themselves receive direction from me on the manner in which their funds are invested. That kind of information is available on the website I identified earlier. Those boards can be contacted, and they do contact and, in fact, have during this financial crisis contacted their members.

The Speaker: The hon. member.

Ms Blakeman: Thank you. Again to the same minister: well, given that the people that are impacted by this loss are our front-line workers working for the health authorities, municipalities, districts, counties, is the minister planning on just waiting until things get better, hopefully, or will specific actions be taken?

Ms Evans: Mr. Speaker, one more time: it will be the boards themselves that take action. But let's make it clear to the people that are covered by these plans. These plans are defined benefit. They are defined in the benefits the member expected to receive before the downturn in the economy. They will be the same afterwards. That does not change even though these have been economically turbulent and rather miserable times for people with funds.

The Speaker: The hon. Member for Strathmore-Brooks, followed by the hon. Member for Edmonton-Centre.

Market Access for Livestock and Meat

Mr. Doerksen: Thank you, Mr. Speaker. Cattle producers in my constituency and across the province are concerned that the Canadian beef industry has not regained market access to important international markets and is losing the potential incremental value these markets provide. The minister of agriculture has recently

returned from Asia, where I understand market access was discussed. To the minister: how was the minister received in China and Japan, and is there opportunity to expand our access to those markets?

Mr. Groeneveld: Mr. Speaker, we were very well received in both countries. I certainly was surprised how up to speed they are on the Alberta livestock and meat strategy, and they were absolutely pleased with the direction we are headed. I asked them some direct questions on what we need to do to gain more market access, and I certainly received some direct answers on how food safety is the number one priority and how our policy on age verification and traceability will have a direct impact on expanding our markets over there in Asia.

Mr. Doerksen: To the same minister. Market access negotiations are a federal responsibility. What is being done to ensure that the federal government pursues market access negotiations with Korea, China, and Japan aggressively and on a timely basis?

Mr. Groeneveld: Well, a timely question, Mr. Speaker. As I just said, we received a very clear message of what needs to be done to increase our market access.

Mr. Speaker, I'm flying to meet our federal minister on Thursday in Ottawa to let him know what I was told, and I'm absolutely going to be very blunt in letting the minister and his staff know that we have to take quick action in opening these markets. We all know that the U.S. policy of country of origin labelling is making the U.S. market less and less viable for our meat producers today.

Mr. Doerksen: The third question to the same minister: how do these initiatives with regard to market access mesh with the priorities recently announced in the Alberta livestock and meat agency strategy?

Mr. Groeneveld: Mr. Speaker, the Livestock and Meat Agency came about, of course, from my mission to Asia last year after we heard time and time again that we needed to do business differently. My recent mission was to share with our Asian partners the progress we made from the input that they had given us. They told me that the direction Alberta is going will increase the market access and our market share in these markets. To answer the question, these initiatives being driven forward are directly in line with our Asian markets because it was through their input that we developed the Alberta livestock and meat strategy and the agency.

The Speaker: The hon. Member for Edmonton-Centre, followed by the hon. Member for Calgary-Lougheed.

International Drivers' Licences

Ms Blakeman: Thank you very much, Mr. Speaker. When asked about timelines for exchanging international drivers' licences for Alberta ones, the Minister of Transportation went on to describe how the process of exchange works, but the minister failed to answer the real question: why people have to wait for up to six to eight weeks without driving to find out if they are eligible for the reciprocal program. My questions today are to the Minister of Transportation. What steps have been taken to expedite the process for people from countries such as Australia, Norway, and Portugal which have not signed reciprocal agreements with Alberta?

2:30

Mr. Ouellette: Well, Mr. Speaker, we've been working on the

nonreciprocal GDL exemption program for quite some time. In fact, the hon. Member for Edmonton-Ellerslie has been working very, very hard on this. We've come up with a very good program. Actually, if the hon. member next door would have talked to some of her members, my actual critic worked very hard on this, too, and is very happy with what we've come up with. It's going to be put in on the 19th of January, when everything falls into effect. We're saying that it should only take about two days to a maximum of 10 days to have the program work.

The Speaker: The hon. member.

Ms Blakeman: Thank you very much, Mr. Speaker. Again to the same minister: given that the minister has now had time to check on what new countries have signed agreements with the province since I first raised this issue, can the minister share with the House what those countries are, the new countries that have signed on?

Mr. Ouellette: Mr. Speaker, we have nine different countries that have signed on right now. I think we have France, that just signed off in the last four to six weeks or four to six months maybe, something like that. It's one of those two. I know there's a big spread there. There are nine different ones that have signed off. France has been the last one, I think, which has been less than six months ago.

The Speaker: The hon. member.

Ms Blakeman: Thank you very much, Mr. Speaker. Well, since the Department of Transportation's website currently does not post information regarding which countries have signed reciprocal agreements and the Service Alberta website makes no note of newly signed agreements, will the minister commit to updating the websites to ensure that current information is posted, including the countries who have recently signed reciprocal agreements?

Mr. Ouellette: Mr. Speaker, that's the easiest question I've ever had from that hon. member. Of course we'd like to update the public on that, and we'll get it onto our website. Thank you.

The Speaker: The hon. Member for Calgary-Lougheed, followed by the hon. Member for Calgary-Mountain View.

Funding for Nonprofit Agencies

Mr. Rodney: Well, thank you, Mr. Speaker. Current financial realities around the world and their potential impact on our province may well affect support for Alberta's vital nonprofit sector. My first question is to the Minister of Culture and Community Spirit. What is your department doing to ensure that negative effects are minimized for these sectors if things are to take a different direction in our province?

Mr. Blackett: Well, Mr. Speaker, we have ongoing programs in our department through community investment from lottery funds to deal with some of those problems, on a capital basis the major community facilities program and the community facility enhancement program. You, know, I've got here a letter to me from the Leader of the Opposition dated October 10 in which he states, "These programs provide invaluable support for the development of facilities that are vital to the health and strength of our communities." It's amazing to me that earlier on we had an announcement that these programs are slush funds and only for the government. These programs are for the benefit of 3 and a half million Albertans.

The Speaker: The hon. member.

Mr. Rodney: Well, thanks again, Mr. Speaker. My next question is to the same minister. Many of the colleagues from all corners of the House are quite well aware that smaller nonprofits are actually more concerned with simply keeping operational than they are with building infrastructure. I'm wondering: what will this government do for these groups, who provide very important programs in our communities?

Mr. Blackett: Well, Mr. Speaker, we have programs for the smaller not-for-profits. There are over 19,000 not-for-profit charitable organizations in the province. We have the community initiatives program. We have the community spirit donor program and the enhanced tax credit program. The donor program is \$20 million of new money this year that's available to those not-for-profit organizations irrespective of size, and the enhanced tax credit is \$80 million, for a total of \$100 million available to those small not-for-profit organizations.

The Speaker: The hon. member.

Mr. Rodney: Thank you, Mr. Speaker. A question of clarification for interested constituents who do great work both in Calgary-Lougheed and around the city and the province. They're wondering about the deadline for the grant matching program, if it's approaching soon and, if so, how that's going to be communicated so that nobody falls through the cracks on this issue.

Mr. Blackett: I think you're referring to the community spirit donor program, which has a deadline of December 31. We extended it from October 31 so that we could make sure that as many people as possible had access to the program. It's one of those that we are working on a communications program for to also supplement the one that we initiated earlier in the year to make sure that each one of those organizations knows. We'd be pleased if all members of the House could relay that information to those organizations within their constituencies.

The Speaker: The hon. Member for Calgary-Mountain View, followed by the hon. Member for St. Albert.

Water Transfers

Dr. Swann: Thank you very much, Mr. Speaker. In our resource-based economy the question of how we allocate water between rivers, intrabasin transfers, is vital to domestic, industrial, municipal, and agricultural sectors. This is our true lifeblood. We must manage that resource in the long-term interests of all Albertans. To the Minister of Environment. In June this year the Alberta Water Council reported on intrabasin water movement between rivers, supporting the principle of, quote: living within our means. End of quote. Can the minister tell us what his response is to this recommendation?

Mr. Renner: Well, Mr. Speaker, I received that recommendation from the Water Council. The government has not had an official response at this point. In principle I agree with the recommendation. It comes from the council. Like anything else, the devil is in the details. There are a number of existing intrabasin transfers that are already in place, so we'll have to take some time to review that recommendation and determine how it can be applied.

The Speaker: The hon. member.

Dr. Swann: Thank you, Mr. Speaker. A lesson that this government should have learned from the Balzac experience and the outrage of the Red Deer watershed alliance is that the public needs to be involved from the beginning of any transfers of rivers, intrabasin projects included. Do you support the Water Council recommendation that the transfer of water between rivers should be public and a thoroughly scrutinized process, and will you entail legislation to ensure this?

Mr. Renner: Mr. Speaker, let's be very clear. We're not talking about interbasin transfers here. We're not talking about transferring water from one water basin into another. What this was all about was transferring water within a basin. It's quite normal that there would be tributaries that feed water into a river that municipalities have been drawing from. They treat the water and release it into another. That's what this is all about, and that's why I said that it's not quite so simple. Clearly, there is a lot to be taken into consideration, and we're doing that.

Dr. Swann: Well, clearly, the minister isn't supporting the principle, then.

Intrabasin transfers need to be distinguished from all other water licence transfers. Will the minister review the FITFIR system – first in time, first in right system – and ensure that human and ecosystem needs in future get priority as water demands increase?

Mr. Renner: Well, Mr. Speaker, the member has struck upon the crux of the issue. We've been talking for some time publicly and within this House about the need to review the way that we regulate and govern the distribution of water, the licensing of water. First in time, first in right is a basic principle that has served us very well for a hundred years in this province. However, I think that it's time that we have some thought to determine whether the 21st-century realities mean that we may have to make some modifications or think about a supplementary way to deal with the distribution of water and water governance.

The Speaker: Hon. members, that was 100 questions and responses today. In 30 seconds from now I'll call upon the first of five members who will be participating in Members' Statements.

Members' Statements

(continued)

The Speaker: The hon. Member for Calgary-Egmont.

World Diabetes Day

Mr. Denis: Thank you very much, Mr. Speaker. I rise today in the House in recognition of a very special day. This past Friday, November 14, was World Diabetes Day and the birthdate of Frederick Banting, codiscoverer of insulin over 85 years ago. Mr. Banting, of course, was a Canadian scientist intent on finding a cure for diabetes.

I bring to the attention of the Assembly the fact that diabetes continues to be a growing health concern in this province. I put it to you, Mr. Speaker, that likely every member in this House knows someone who has diabetes. In fact, my former campaign manager, Kristen Lawson: her son was just diagnosed with diabetes at age 10. He is a grade 5 student. Alberta statistics indicate that about 150,000 Albertans are currently dealing with diabetes, and more than 14,000 new diabetic cases are diagnosed each year. Of these cases, about 90 per cent have type 2 diabetes, which is largely preventable through healthy eating and active living.

2:40

Now, while this is obviously a bad statistic, we should not be offended by this statistic, Mr. Speaker, but look at how to address this as we can as this Assembly and as a society. The Alberta government promotes healthy living in several ways. The recent Create a Movement campaign challenges teens and families to catch health by encouraging one another to eat healthier and be more active. As well, a 10-year Alberta diabetes study continues to move forward on key initiatives such as screening aboriginal populations living off-reserve for diabetes and its complications as well as providing access to blood sugar testing supplies to those who can't afford it. Working in partnership with laboratory and clinical staff, researchers, dietitians, specialists, and other key stakeholders such as the Canadian Diabetes Association, the Alberta Diabetes Foundation, and the World Health Organization may one day lead to a cure, and we hope that it does.

Mr. Speaker, the Alberta Diabetes Foundation, or ADF, created a campaign around World Diabetes Day to raise awareness. With blue being my favourite colour as well as the internationally recognized colour for diabetes, ADF embarked on a mission to turn Edmonton blue. I would ask each member to look at the pin on their desk and join me in celebrating this day.

Thank you.

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

Health Care Aide Week

Mr. Horne: Thank you very much, Mr. Speaker. I rise today on behalf of all members to recognize health care aide awareness week, celebrated last week by our partners in continuing care: the Alberta Continuing Care Association, the Alberta Home Care and Support Association, and the Alberta Senior Citizens' Housing Association. Health care aides are the backbone of the health workforce in nursing homes, auxiliary hospitals, and many other care settings across this province. In fact, for every hour of care provided in nursing homes, nearly 50 minutes is provided by health care aides. The care, compassion, and hope they provide for our elderly, disabled, and chronically ill and their families are unsurpassed.

Alberta's standardized approach to the provincial health care curriculum allows us to offer consistent training in technical schools and in-service training in care centres. This has allowed us to get qualified aides into the work setting faster. Government also continues to collaborate with care associations on recruitment through various initiatives, including funding to support tuition and in-service training costs.

Mr. Speaker, health care aides make significant contributions to our health system and, indeed, to the quality of life for many Albertans in need. I ask all members to join me today in extending our heartfelt thanks to those who dedicate their careers to this most important calling.

Thank you.

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

Change Fatigue

Mr. Chase: Thank you, Mr. Speaker. We are all concerned about children, youth, and families. We cannot continue to create the wealth and innovation that makes Alberta the great province that it is without supporting families and helping them to be as strong as possible. It takes consistent leadership and developed tactical and organizational capacity to carry out the broad range of tasks necessary to get the job done right. However, the ability of Alberta Children and Youth Services to carry out its mandate is at risk

because of a well-known and documented business concept called change fatigue. Change fatigue has real consequences in the ability to realize the positive outcomes that prompted change to occur in the first place. In the case of Alberta Children and Youth Services change fatigue is robbing the ability of its many committed employees to achieve the outcomes that are expected.

Alberta Children and Youth Services experienced regionalization and during that process was almost privatized. When the number of health regions was cut back from 17 to nine, Alberta Children and Youth Services followed. It endured an initiative called the four pillars, then experienced the Alberta response model. It endured change to the Child, Youth and Family Enhancement Act, struggled under cutbacks when the government cut public service spending by a billion dollars. This resulted in internal committees being struck in authority offices that would ration what services clients could get. The Alberta response model was abandoned in favour of a casework practice model, which transformed a blank four-page form used to document casework activities into a 15-page treatise with no adjustment in caseloads so that the task could even be accomplished. Soon it will have to cope with an entirely new computer system called ISIS, which will likely run side by side with the existing system until ISIS is up and running, creating duplicity in work.

Change fatigue is turning what should be good ideas into bad because they are quickly and poorly implemented. The Minister of Children and Youth Services needs to stop change for the sake of change and let the change that has already been introduced bear its fruit, which will hopefully slow the exodus of staff from the department. We can and must do better.

The Speaker: The hon. Member for Calgary-Mackay.

Voluntary Sector

Ms Woo-Paw: Thank you, Mr. Speaker. I'm pleased to rise today to share findings from recent studies on the nonprofit, voluntary sector, which contributes significantly to the social well-being of Albertans, during National Philanthropy Awareness Week. In the 2008 *Nonprofit Quarterly* the initial findings of research on 2,500 management leaders reveal that nonprofit leaders significantly outscore their for-profit counterparts in 14 of the 17 dimensions of leadership practices. Such studies help to dispel myths that say that positions in the nonprofit sector require lower levels of education and skills than those in the for-profit sector or government. The facts are that 58 per cent of nonprofit-sector employees have completed postsecondary education compared to 44 per cent of the private sector. The requirement for such training is supported by a Mount Royal College study.

Myth 2: salary and benefits are less important to nonprofit employees; meaningful work is reward enough; passion for the cause trumps pay. Facts: nonprofit employees consistently rank satisfaction with intrinsic rewards as high and consistently rank satisfaction with extrinsic rewards as low. Over 65 per cent reported earning higher pay as the reason for job change in a 2002 Canadian Policy Research Networks study.

Myth 3: the crisis in staffing in nonprofits, which leads to lack of services, will not impact myself or society; it only impacts the most vulnerable. Facts: 46 per cent of the organizations that serve people directly serve the general public.

Mr. Speaker, the social importance of the voluntary sector will become even more evident as Alberta's economy and industries continue to attract new workers to the province. Workforce strategies from the energy, manufacturing, retail, and tourism industries have all noted the need for strong social services as a means to attract and retain the workers they need.

I'm pleased today to rise to recognize the contribution and realities faced by the voluntary sector during this special week. Thank you, Mr. Speaker.

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

National Addictions Awareness Week

Mr. Fawcett: Thank you, Mr. Speaker. Today I stand before you to recognize National Addictions Awareness Week and to support Albertans in leading healthier lives, lives free from the harmful effects of addiction to alcohol, tobacco, other drugs, and gambling. Today we want to share the message that there is help and that change is possible.

Our addictions services division of Alberta Health Services, AADAC, has programs and services suited to all age groups and for all intensities of addictions. In fact, 20 residential treatment beds were just opened for young adults 18 to 24, an age group that is more vulnerable and at risk of developing further addictions. These new spaces increase the total of publicly funded beds to 342, providing treatment to nearly 15,000 Albertans every year. These beds are the first of many that will be added over the next three years as part of the government's commitment to strengthen our communities and to provide a continuum of addiction services for all ages.

Engaging youth in discussions about the seriousness of addictions is also important work, Mr. Speaker. For example, Edmonton's addictions awareness week planning committee invited youth and adults to submit audio and video commercials promoting addictions-free living, which will be judged at an Edmonton-based contest. The winners will be showcased at a gala ceremony on Friday at the Santa Maria Goretti Community Centre, capping off addictions awareness week. Educating children and making services available early on is an important part of our campaign.

Please join me today in recognizing those who seek healthier lifestyles by getting treatment and the professionals who educate and counsel Albertans on the effects of addiction.

Thank you, Mr. Speaker.

Introduction of Bills

Bill 40

Child, Youth and Family Enhancement Amendment Act, 2008

Mr. Dallas: Mr. Speaker, today I rise to request leave to introduce Bill 40, the Child, Youth and Family Enhancement Amendment Act, 2008.

The amendments to the Child, Youth and Family Enhancement Act provide necessary clarification in a number of areas that have been identified since the legislation came into effect in 2004.

2:50

In addition, by addressing procedural and administrative matters, the amendments will assist in further supporting the safety, well-being, and development of Alberta's children, youth, and families.

Thank you.

[Motion carried; Bill 40 read a first time]

The Speaker: The hon. Deputy Government House Leader.

Mr. Renner: Thank you, Mr. Speaker. I move that Bill 40 be listed on the Order Paper under Government Bills and Orders.

[Motion carried]

Tabling Returns and Reports

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

Mr. MacDonald: Yes. Thank you very much, Mr. Speaker. I have three tablings today. The first one is a copy of a petition organized by a constituent from Ottewell, Theresa Offermann, and it reads:

Petition against Pay while under Suspension

We the undersigned are petitioning for Constable Douglas Kurtis Brown to be suspended without pay until the outcome of this case against Robert Wasyliv. To change the future policies of the EPS related to this case.

This petition has been signed by over 3,000 individuals throughout northern Alberta.

The second tabling I have is a letter that I received last week regarding Bill 45, the Statistics Bureau Amendment Act, 2008. This is signed by the Privacy Commissioner, and it is regarding the Office of Statistics and Information and how the FOIP Act will be affected by that legislation.

My final tabling this afternoon is a letter that I received in October from the hon. Minister of Finance and Enterprise, and it indicates the investment return for the local authorities pension plan. For the first nine months of the year our local authorities pension plan has a negative return of 9.14 per cent.

Thank you.

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

Mr. Chase: Thank you very much, Mr. Speaker. I have two remembrance tablings. The first is the Juno Beach Academy of Canadian Studies and Queens Park Cemetery Remembrance Day program. That remembrance program took place on the 7th of November 2008.

My second is the order of service for the Remembrance Day program at the museum of the regiments, that took place on November 11 at 10:40.

Thank you.

The Speaker: Hon. members, pursuant to section 44(1) of the Election Finances and Contributions Disclosure Act I'm tabling with the Assembly a report by the Chief Electoral Officer containing a list of those candidates in the March 3, 2008, provincial general election and their respective financial officers who failed to file with the Chief Electoral Officer the financial statements required under section 43 of the act within the prescribed time period. I'm pleased to advise that the list does not contain the name of any Member of this Legislative Assembly.

Hon. members, before we proceed to Orders of the Day, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

Introduction of Guests

(continued)

Mr. Quest: Mr. Speaker, I would just like to introduce to you and through you a constituent and supporter of mine, Mr. David Hall, who is in the public gallery. He and his wife, Colleen, I've known for about 20 years. We met in my previous life in the car business, where he was a good customer. Things must have gone well because he became a good supporter of mine through the nomination process and, of course, the election. If we could please extend him the warm traditional welcome of this House.

Orders of the Day

Public Bills and Orders Other than Government Bills and Orders Third Reading

Bill 206

Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, 2008

The Speaker: The hon. Member for Calgary-Lougheed.

Mr. Rodney: Thank you very much, Mr. Speaker. I'm very pleased to rise today to move third reading of Bill 206, the Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, 2008.

Bill 206 rewards good behaviour by providing incentives in the form of nonrefundable tax credits for fees paid to eligible organizations and programs which are geared toward ongoing sustained physical activity. It's a good-news piece of legislation designed to reward those who invest in their own health, and it's also geared towards increasing participation in physical activity amongst all Albertans: children, youth, and adults.

The bill furthers one of the government's most important objectives: to promote healthy living in our province. Mr. Speaker, increased physical activity plays a significant preventative role in health by reducing health complications and, ultimately, the drain on our health care resources, which are oh so valuable.

What has the reaction to the bill been, Mr. Speaker? Well, every day people from across the province and even media from across the country have expressed overwhelming positive interest. People on the street have been truly very excited and have regularly asked me: exactly how soon can I apply for my credit?

In a Pollara report presented to Fitness Industry Canada last March, more than 4 out of 5 Albertans believe that the federal children's fitness tax credit is a great idea. When it comes to extending this in Alberta to people of all ages, we've had extremely encouraging visits to our office and faxes and phone calls and dozens of e-mails, and I know that colleagues from every part of the province have experienced that as well. For instance, to paraphrase one constituent from another riding,

in March of 2004 I had to get an ambulance because my heart was racing. After receiving treatment, I vowed I would never have this happen again, so I started working out. To date I have lost 170 pounds and have been taken off my high blood pressure medicine. I gave up a lot to make this happen, and I believe I am entitled to this credit. I am not a strain on the medical industry like most people, and now I work out twice a day to stay out of the medical system.

Another Albertan had this message.

I commend you, and please do not give up on this despite the naysayers. I myself would like to join the local pool but lack the resources to do so. I have herniated two discs in my back, and the physiotherapist suggested pool exercises might help since I did well at the pool in the hospital as part of my rehabilitation. Before I was completely healed, I had to go back to work with the proviso from the physio that I had to sit on a physio ball to keep my back mobile. I accepted the first job offered me, which is not in my line of expertise but just pays my bills. My first degree is in physical education, and I firmly believe that exercise and fitness are essential for the well-being of all people. Besides the calorie buster that exercise is, it also helps with dispelling some types of depression with endorphins that induce a feeling of well-being. Well-rounded movement increases stamina, strength, range of motion, and joint flexibility.

Then I got this from a physical education instructor.

I would like to congratulate you on your sponsoring this new bill. I believe you are completely correct in offering the tax credit to

encourage people to live active lifestyles. I know that Albertans' participation rate in fitness or sports programs has decreased by about a third over the last [two decades,] and I think this is largely due to financial constraints as well as choosing to do other nonactive leisure activities. This is a large part of what I am trying to accomplish in my job every day. If we can get people to be more active and consciously make healthy decisions, they will be less of a draw on the health care system in the future. Thanks for taking the time to do this.

Mr. Speaker, they add:

If there is anything that I can do to help out, please let me know.

One of my own constituents, Mr. Speaker, wrote:

I want to express my support for the private member's bill regarding the fitness tax credit. I firmly believe that the benefit that exercise has on our society is not given enough credit. As someone who is very active and tries to lead a healthy life, it concerns me to see the rising number of overweight and unhealthy people we have in this province, especially children. If there were a tax credit to make sports and exercise more affordable, I think more people would take the opportunity to be healthier and be an example of healthy living for their [own] children. In my mind, the added benefit of a reduced load on the health care system comes second to promoting a healthier future for the children of this province. As a Calgary-Lougheed constituent I am proud that this bill is being proposed by someone I voted for and will continue to support. Keep up the great work.

Finally, the last quotation. A pediatric physiotherapist stated: I think this is a fantastic idea. I was thrilled when the [federal] child fitness tax credit was created to encourage families to ensure their children are engaged in regular physical activity. I see the impact of inactivity and obesity in schools every day, and I am thrilled that our federal government is working to take action.

Federal, that is, Mr. Speaker.

I would like to applaud you for working to provide that same benefit to adults in Alberta who choose to live a healthy lifestyle. Thank you on behalf of all Albertans.

3:00

Now, Mr. Speaker, I expect that these Albertans know that the numbers of those considered overweight and obese are climbing and that the numbers of people engaging in organized sports are plummeting at the same time. The World Health Organization warns that physical inactivity is a significant independent risk factor for chronic disease that leads to almost 2 million deaths globally annually. The 2004 Canadian community health survey clearly showed that 23.1 per cent of Canadian adults, 5.5 million of us, are obese, and another 36 per cent, or 8.6 million, are overweight. Worse still, Alberta was one of the provinces in which the obesity rate for men surpassed the national average. And the news gets even worse. The percentage of youth considered overweight or obese is more than 1 out of every 4. According to the Public Health Agency of Canada two-thirds of Canadians are inactive, which is a serious threat to their health and a burden on public health care systems.

It's time for Canadians to get moving. The increasing rate of obesity among adolescents suggests that this condition will likely continue into adulthood unless the trend is reversed through lifestyle changes. Mr. Speaker, we have a tremendous responsibility to ourselves and to our children, and, perhaps even more importantly, we have a tremendous opportunity. Increasing physical activity is not an individual problem solely; it's also a societal problem. Being physically active is the easiest, most natural way of improving our health and preventing disease and injury, and it is not bound by age or social group or sex.

Physical activity reduces the risk of too many diseases for me to list in the amount of time we have allotted today, Mr. Speaker. In spite of the fact that prevention is cited over and over all over the

place as the major contributor to better health and increased life expectancy, studies of health expenditures indicate that less than 5 per cent of resources are devoted to prevention.

That's where this bill comes in. In this way, in the area of policy, it's where advocacy and action can matter most. Without a doubt, awareness is key, but that's not enough, Mr. Speaker. With Bill 206 we take the next logical, necessary step. The value of an incentive like this is that it will motivate and support and encourage people to make better, healthier choices, which reduce disease and help prevent injury. Controllable risk factors are the common threads that link the top causes of death and illness in Alberta which are most related to lifestyle choice. Sadly or maybe not sadly, the human body has no purchase guarantee. When we're aware of what we can do to prevent much of what is avoidable, you know, we owe it to ourselves and others to act.

The medical community has pointed out that there is, in fact, a very significant cost to doing nothing. Health professionals are united in one clear message, that the health complications resulting from sedentary lifestyles and a lack of physical activity are significant, leading to a drain on health care resources: monetary, staffing, and otherwise. These same professionals are telling us that physical activity is the antidote for winning the battle against threats associated with inactivity.

So we here today are in a perfect position to enhance the well-being of the people of our province, to help them improve their quality of life, to help improve the quality of life for their children, and to encourage and support them in making decisions that benefit them while it reduces the strain on our health care system. As Albertans and as a government we have stated in our objectives and business plans and in our hearts and minds and bodies that changing lifestyles and improving overall health is one of our major concerns. The action that we take in the next 60 minutes will bring us a significant, huge, return on investment in the future.

Mr. Speaker, I strongly encourage and thank in advance all hon. members who will vote for Bill 206 in third reading here today. Thank you.

The Speaker: The hon. member quoted frequently during his brief statement. I think it would be in order for him to return tomorrow and table the appropriate documents that give the quotations.

The hon. Member for Cypress-Medicine Hat.

Mr. Mittel: Thank you, Mr. Speaker. It gives me great pleasure to rise today to speak to third reading of Bill 206, the Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, 2008. First, Mr. Speaker, I want to congratulate the Member for Calgary-Lougheed for the intention of this bill. The intention, as I understand it, is to increase physical activity among Albertans. There is no doubt that physical activity contributes to greater health. There is no doubt that we all should improve our health. This is a noble idea, but just as I said the last two times I spoke on this bill, this tax incentive will not achieve the desirables of the bill. A tax credit will not necessarily encourage those who are inactive to become physically active.

Where cost is an issue, Mr. Speaker, asking someone to wait until tax time for reimbursement will likely not be enough of an incentive. If a person is dedicated or committed to starting an organized physical activity, this is saying: "Great. Good on you." But in many cases they'd have done it anyway if they were so motivated. Just think about it. It's like saying: wow, a \$50 tax credit; I'm going out right now to sign up and exercise. In most cases it will not happen.

The fact that you only get back a portion of what you pay may not be enough to change people's minds, especially Albertans', to adopt

a healthy lifestyle. This bill, in fact, may only benefit those who already are physically active. If the intention of the bill is to get more Albertans active and to reduce usage of our health care system, rewarding those who are already physically active will not have a further positive impact on health care.

There are many barriers, Mr. Speaker, that people have to deal with before regular physical activity will occur, barriers such as a lack of time, a lack of knowledge about one's physical health, how to treat underlying health issues so that injury is not the result, and nutrition management so that a physical fitness routine does not end up in failure shortly after it begins.

There are studies, Mr. Speaker, that show that dealing with a host of barriers would achieve far better outcomes. A study undertaken in 2003 by Sport and Recreation New Zealand helped to identify differences in motivation and barriers when it comes to participation in physical activity. According to the New Zealand study, "Key barriers include: lack of time and/or energy, lack of encouragement or support from others," and health problems, all of which are further impacted by life changes that include aging, disability, career changes, and family commitments. The report also stated that more targeted strategies are required to successfully motivate and encourage participation in physical activity and to overcome barriers.

Mr. Speaker, throwing a tax credit out there to get people or families interested in going to the gym or joining an organization, I feel, is very narrow in scope, and we're kidding ourselves if we think a small monetary reward will incent Albertans to change their lives in such a drastic way. A comprehensive approach is needed if a tax incentive is going to ultimately produce results.

The report mentioned earlier is in regard to New Zealand's green prescription program. I'd like to highlight their program as an example of a more targeted and comprehensive way to incent people to adopt more physical and healthy lifestyles. This program aims at addressing growing rates of obesity and motivating citizens to engage in more active lifestyles to improve overall health and wellness. This, Mr. Speaker, is accomplished by general practitioners and practical nurses issuing a green prescription to patients whose health would benefit from increased physical activity, providing that the patient's medical condition is stable. The program includes co-operation from regional sports organizations, primary health organizations, district health boards, and community groups. Under this program patients have access to various resources and literature on different types of physical activity, injury prevention, and community organizations. They are also eligible for support at the community level.

3:10

Mr. Speaker, by comparison the green prescription program shows how simplistic Bill 206 is and how a broader approach would be more likely to achieve the desired impact on our health care system. Like the green prescription in New Zealand, we need to come up with a more comprehensive approach to ensure that so many Albertans are not excluded from the physical tax credit and that the desired outcomes of a piece of legislation such as this will be achieved. At the very least, I'd like to see a questionnaire distributed to determine how many Albertans would be incented by this tax credit before the legislation is passed.

People are currently taking responsibility for their own honest, healthy lifestyles without being monetarily rewarded for making good choices. Albertans are choosing to live healthy lifestyles now without a tax credit. Some of them won't qualify for this credit in the future. People who run, bike, or skate can do so without buying a membership. Many Albertans will choose these activities to begin

a regular physical fitness program and will continue to do them for their lifetime. These activities have equipment costs but not necessarily organizational costs. How does this bill benefit them? It doesn't unless they spend more money to join an organization and then get a portion of the fee back.

I don't see this bill as an incentive for Albertans to live healthier and, in return, lessen the usage of our health care system. It's too exclusive and will only benefit a few. It does not offer enough reward to be effective in relation to prohibitive costs associated with organized sports and memberships. Bill 206 as it stands leaves out a large portion of Albertans who live physically fit lives while rewarding those who purchase memberships and belong to clubs.

Expecting that people will see a marginal tax credit months down the road from engaging in a physical activity as a reason to live healthier lifestyles is a stretch, Mr. Speaker. For this reason I'm not supporting Bill 206, and I encourage my colleagues to do the same.

Thank you, Mr. Speaker.

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

Ms Blakeman: Thanks very much, Mr. Speaker. I just want to speak briefly to this bill because we've seen it come around on the hit parade before. This was an idea that I think was brought forward by the same member at one point but also by the then minister of health, the current minister of finance. I have the same observations now that I had then.

I think that part of what we're trying to achieve here is a way of enticing people into a physical activity that they wouldn't otherwise attempt. My point for that is always that people are more likely to engage in something that's fun, that's a game. You're more likely to get people that will go outside with a group of friends for touch football or to have a pickup game of ice hockey or even just a walk that may not have been undertaken except it has a romantic tinge to it. People do those extra physical activities that they don't normally do usually for fun. We should do them because we know it's good for us, but not many people actually do that.

My point around this concept of giving a tax credit for money that has been expended to either a not-for-profit or a profit organization is that I think we would be more successful if we tried two things. One is allowing adult recreational groups to be eligible to get a licence for casinos and bingos, which allows them to raise money to offset the cost of providing the particular activity, and that makes it less expensive. Where you've got sort of – I'm making up names here – the Scotsman rugby club and that sort of thing, if their fees are less and it's easier for people to access it, I believe that this would help us achieve the same end. Currently through a number of changes recreation groups were all excluded from getting access to gaming funds.

Then there was an argument brought that this is a good thing for seniors, and seniors' recreational groups were exempted. Then there was an argument brought that this was good for children, and that was agreed to, too. Disabled adults are also excluded. So all we're left with now is adult recreational groups, that are still excluded from raising additional funds through casinos and bingos. I would argue that that doesn't cost us anything through the government coffers, and they would be able to access some funds that would help them defray the cost to regular folks that were interested.

The second part of this. I wonder what the member anticipates would be the forgone revenue because that's the situation you end up with. When you offer a tax credit, you in fact are not collecting money on income tax. You're not collecting that tax. Sometimes you want to do that to encourage a certain type of behaviour or discourage a certain type of behaviour, but you need to know as you

go into it, in order to evaluate the effectiveness of the program as you go along, how much you expect to spend – I'm putting quotation marks around that – in order to achieve your goal. If your idea here is that you're going to offer this tax credit, how much pickup do you expect to get? How much forgone revenue will you not get in order to implement this program? My question to you would be: can you convince me that that same amount of money distributed amongst the not-for-profit recreational and fitness organizations wouldn't achieve exactly the same ends?

Part of my hesitation in this is having for-profit businesses access taxpayer dollars. I always have a problem with that. I think they're out there to make a profit. So be it. Make a profit. But somehow tapping into a government subsidization for a private business never strikes me as a good way to go. Not-for-profits are set up to do a different thing. They're set up to deliver a particular service, and any surplus that they have at the end of the year is reinvested back into their programming. It's not split up amongst shareholders and taken home or taken out of the country or whatever else.

Those are my two responses to this. I think we all agree that what we're trying to achieve is a healthier population, a more engaged population, a more physically fit population, and all of the good habits that come with that, but I still do not believe that this is the way to achieve that. I continue to propose that we look at that change in regulations to allow the adult recreational groups to have access to bingos and casinos, thereby bringing their costs down – it's more likely that people would then take advantage of their programs and services – and also whether we can get an exact comparison between the achievement of the same goals through either forgone revenue or through distributing that same amount of money amongst the not-for-profits that offer the service and therefore making the whole thing more accessible.

Thank you for the opportunity to raise those points, Mr. Speaker.

The Speaker: The hon. Minister of Justice and Attorney General.

Ms Redford: Thank you, Mr. Speaker. I'm pleased to rise today and participate in the discussion on Bill 206, the Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, 2008, in third reading. Bill 206 seeks to implement a tax incentive for physical activity. This is a worthy cause with a number of positive outcomes that are possible.

A number of groups support a physical activity tax credit, both provincially and nationally. One such group, Mr. Speaker, is the Fitness Industry Council of Canada, or the FIC. The FIC believes in broadening the federal children's fitness tax credit by extending it to Canadians of all ages, where fitness is defined as physical activity that contributes to cardiorespiratory endurance plus one or more of muscular strength, muscular endurance, flexibility, or balance. The FIC is supported by a number of groups, including the Heart and Stroke Foundation, Participation, the Canadian Diabetes Association, the Canadian Athletic Therapists Association, and the Canadian Obesity Network. These groups know first-hand that regular physical activity yields long-term health benefits and improvements in quality of life.

Beyond these direct benefits there are far-reaching economic benefits as well that include measurable, cumulative savings in health care costs and less time lost from work due to illness. When we consider these benefits as a whole, Mr. Speaker, the economic sense of the tax credit becomes apparent. The benefits of the physical activity tax credit would of course come with the cost of forgone income tax revenue, as has been mentioned, and which is of concern to some members. However, if the cumulative effects exceed the forgone revenue, then the physical activity tax credit can

be viewed as an investment rather than a cost. Ultimately, then, it should be and could be a win-win proposition.

3:20

A report by the Centre for Spatial Economics commissioned by the FIC uses a range of statistical evidence and literature that supports this idea. Their analysis looked at the expected participation in a physical activity tax credit according to age group, the relationship between lack of fitness and health outcomes, the cost of care in the health system, and the association between health and workplace productivity. The report concludes that a physical activity tax credit would yield health care cost savings that significantly outweigh the net personal tax losses, whether by the federal government or both the federal and provincial governments. Regarding lost tax revenue, the study predicts that such losses would be curbed to some degree by an accommodating decrease in absenteeism at the workplace as more people take less time off due to illness and doctor visits. It is also expected that tax revenue losses would be mitigated by what may be referred to as presenteeism, wherein people are more productive in the workplace and are healthier overall.

Mr. Speaker, without getting into the specifics of the balance sheet around this issue, I believe that since I have joined this Legislature, one of the most interesting public policy discussions that we have had around social programming, health spending, education spending, and the work that we are doing in safe communities has been around what we do now in order to make our community safer, healthier, and more productive in the future. I believe that it's important when we look at these issues that we don't look at them only in terms of what the immediate cost will be today but what the cost or the benefit will be in the future. Therefore, I would ask members of this Legislature to consider that when they're deciding whether or not to support this legislation.

Thank you.

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

Mrs. Sarich: Thank you, Mr. Speaker. It is my pleasure to rise today and speak to Bill 206, the Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, 2008, sponsored by the hon. Member for Calgary-Lougheed. I believe that the discussion that has taken place on Bill 206 has been a timely one. It has helped us to identify what seems to be a growing relationship between the rising rates of health complications and the declining levels of physical activity in our province and around the world.

The importance of Bill 206, I believe, is that it is promoting an initiative that is designed to help us address what many are referring to as a crisis. In my own experience I've seen a lot of the potential danger on the horizon, particularly where it applies to children and youth. Mr. Speaker, evidence tells us that excess weight puts children and youth at greater risk for a range of preventable health problems, including type 2 diabetes, cardiovascular disease, joint problems, and even mental health issues.

What is troubling is that according to Statistics Canada one-quarter of Canadians age two to 17 are overweight and obese while more than one-quarter of Alberta children are at an epidemic proportion overweight. A number of experts even suggest that today's children and youth may be the first generation to have poorer health outcomes and a shorter life expectancy than their parents. It is necessary to recognize that while obesity is clearly of deep concern, the problem is more precisely rooted in the lack of physical activity and can therefore be beyond issues related to excess weight alone.

In many cases young people who may not be categorized as overweight or obese are so inactive that they, too, are at risk for health complications. In fact, the World Health Organization, or WHO, has recently stated that physical inactivity is a significant risk factor for chronic diseases and even may be responsible for the deaths of up to 1.9 million people world-wide every year. Physical activity is vital to reducing the chances of chronic disease and improving overall health and wellness.

For children this is especially important. In childhood cardiovascular fitness, strength, flexibility, and bone density are all developed by physical activity. Physical activity also promotes positive self-esteem, an improved sense of well-being, and cognitive performance in school and elsewhere as well as healthy body weight. Children and youth who are not physically active, meanwhile, tend to carry around more weight than is healthy, something more difficult to shed as they age. Indeed, the probability that overweight children and youth become overweight adults is of particular concern, increasing from approximately 20 per cent at four years of age to between 40 and 80 per cent by adolescence.

Many experts and organizations in the area of health, including the WHO, believe that the pervasiveness of inactivity into all age groups, children included, means that we can no longer regard this as just a personal health problem. Rather, it is one that dramatically affects society as a whole. In short, it is just as much a public problem as a private one.

In general, public policy has tended to focus mostly on education and awareness around healthy living choices. While this is important, the WHO for one has advocated for a more community-minded role to be played by governments within their global strategy on diet, physical activity, and health. This strategy focuses in part on the need for the government to do things: for example, create indoor and outdoor spaces for physical activity, organize community programs, and develop policies to help encourage physical activity and improve diets. Similarly, the WHO also stresses that developing community physical activity programs is essential in promoting healthy lifestyle choices. Simply put, Mr. Speaker, people need programs and spaces reserved for the promotion of physical activity in part because the development of these areas expands personal choice and helps alleviate possible barriers to access.

These and other recommendations put forth by the WHO help us to approach policy around health, wellness, and the vital role of active lifestyles in as comprehensive a way as possible. In this way Bill 206 represents how a government can take action against inactivity in part by helping to promote and support organized spaces for physical activity, but even more the bill commits both the government and the private sector to investing in preventative health promotion initiatives with the realization that this investment will pay off for all Albertans in the long term, which will be a benefit for this government. When it comes to prevention, action and funding now will surely pay dividends in the future.

With this in mind, Mr. Speaker, I am confident, and I would like to urge all members gathered here to join me in support of Bill 206. Thank you very much.

The Speaker: The hon. Member for Strathcona.

Mr. Quest: Thank you, Mr. Speaker. I'm pleased to rise today and join in the debate on Bill 206, the Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, 2008, brought forward by the hon. Member for Calgary-Lougheed. As we're all aware, the objective of this bill is to increase participation in physical activity among all Albertans in accordance with the Alberta government's objective of promoting healthy living.

Mr. Speaker, providing a tax credit to programs that encourage and support greater physical activity is an established idea in Canada and continues to gain support. The federal children's fitness tax credit clearly is the premier example. Last year the government of Canada introduced this nonrefundable tax credit of up to \$500 per child under the age of 16 for prescribed programs of physical activity. Meanwhile, parents of a child under the age of 18 who are eligible for the disability tax credit are given the opportunity to receive an additional \$500 tax credit.

The federal government has explicitly detailed the criteria for prescribed programs of physical activity under this tax credit program and may act as a guide for Bill 206 to set a precedent for eligibility. Under this program an eligible fitness expense includes the cost of membership or registration for a qualifying child in a prescribed program of physical activity. Such a program must be normally ongoing, meeting either a minimum of eight consecutive weeks or in the case of camps five consecutive days. It must also be supervised, suitable for children, and contribute to the child's cardiorespiratory endurance plus at least one of muscular strength, muscular endurance, flexibility, or balance. Not surprisingly, activities that include riding in or on a motorized vehicle as an essential part of an activity are not eligible.

3:30

Mr. Speaker, the children's fitness tax credit has gained widespread support across the country. Some provinces in Canada even offer parallel programs in their own jurisdictions which work in tandem with the children's fitness tax credit. One such province is Nova Scotia. In 2005 the Nova Scotia government introduced the healthy living tax incentive, a nonrefundable tax credit of up to \$150 for registration fees for eligible fitness activities for children. The following year that government increased the maximum amount to \$500. That means that if a Nova Scotia taxpayer were to claim the maximum amount allowed for their child under the healthy living tax incentive, they would receive the maximum tax credit of \$43.95, which is calculated by multiplying the lowest provincial tax rate, at 8.79 per cent, by \$500. Either parent can claim this tax credit, or it can be split between both parents.

For a parent to access the credit, the child must be under the age of 18 by the end of the year and their child by blood, marriage, common-law partnership, or adoption. A child must also be dependent on them for support and under their custody and control or a spouse or common-law partner. This means that parents in Nova Scotia can now claim up to \$1,000 per eligible child in tax credits towards healthy living fitness initiatives when they combine their federal children's fitness tax credit with the provincial Nova Scotia healthy living tax incentive.

But, Mr. Speaker, children are not the only ones who need to lead a healthy lifestyle. Like children, adults are not shielded from the harmful effects of inactivity. Effective January 2009 the province of Nova Scotia will extend their healthy living tax incentive credit to all Nova Scotians, not just children, to encourage participation in healthy lifestyles through physical fitness. The maximum claim amount will remain \$500, and the savings to Nova Scotians is estimated to be more than \$8 million per year once the extended program is fully put into action.

Eight million dollars may seem like a large figure, and it is, but when you consider the long-term macrosavings of implementing such an initiative, that figure dims in comparison. If Nova Scotians are taking advantage of the tax credit that's being offered to them and engage in a healthier, more active lifestyle, that province may save significantly more money in the long run. You see, physical inactivity contributes to obesity and its associated conditions as well

as the development of chronic disease whereas physical activity contributes to the prevention of such ailments. Imagine, Mr. Speaker, the massive burden that would be lifted off Nova Scotia's health care system if all Nova Scotians used that tax credit to help increase their physical fitness. I commend the government of Nova Scotia for their initiative, and I commend the hon. Member for Calgary-Lougheed for proposing a similar program in our province.

In Alberta we allocate more funds to health care than any other area, Mr. Speaker. I believe that Bill 206 would help reduce the burden on our health care system here in Alberta. But even more, I believe that this bill would contribute to a healthier Alberta. That is far more valuable than any monetary figure.

There had been some mention earlier, I think, from the hon. Member for Cypress-Medicine Hat about drastic change. I don't think we're looking for a drastic change. Absolutely right: there are some people that will not be incentivized by this. But I believe that many will and that there are many that just need that one more little push, that one more little reason to go out and get started, as I've said before.

In response to the hon. Member for Edmonton-Centre's comments about subsidizing private business, I believe her comment was, I think it should be noted that in many of our communities the biggest recreational facilities are, in fact, municipal or community recreational facilities, and I'm sure they could probably benefit from this also.

I would encourage all other members of this Legislature to support Bill 206. Thank you, Mr. Speaker.

The Speaker: The hon. Member for Peace River.

Mr. Oberle: Thank you so much, Mr. Speaker. It's my pleasure to rise today and speak to Bill 206 in third reading. In doing so, I wish to commend the hon. member for bringing this bill forward and certainly commend his good intentions. I quite possibly could say that no member in this House has done more to advance the cause of fitness and health than the hon. member. Nonetheless, I have some philosophical objections to the bill and the approach, and for those reasons I'm not going to support this bill.

First of all, this bill impacts government revenue. To me, that's a fine line between this and a money bill. Nonetheless, I don't believe that it's within the purview of a private member to affect government revenue or expenditures through the vehicle of a private member's bill. That alone, Mr. Speaker, will cause me to not support this bill.

Second of all, though, Mr. Speaker, this is an extremely complex problem, and I think we should be forwarding comprehensive solutions to it. I'm looking forward to supporting a comprehensive solution that would, first of all, work independently of family income. I think that a number of speakers pointed out that it would be difficult for lower income families to access the benefits of this bill. Second of all, it has got to target children at a very young age. You can't be talking about getting 10-year-olds off the couch to go play hockey. It's too late. This is something that is a family education thing. It starts with the parents when the children are very young.

It has to target children everywhere, not those that live within a convenient distance of a fitness facility. A number of speakers in here pointed out that it's not really available to rural children and some of the activities that they do for fitness.

Probably most important in the comprehensive area, Mr. Speaker, is that it has to be something that has a predictable result and a measurable outcome. Let's not just throw money at a problem. Let's try and come up with a solution that we can actually measure and adjust. This one doesn't pass that test.

Again, while I commend the member and his heartfelt intentions about fitness and health, Mr. Speaker, I don't support the bill or its approach. I think this would be an ideal wellness initiative under the Department of Health and Wellness, and I look forward to having that debate once the minister forwards such legislation.

Thank you, Mr. Speaker.

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

Mr. Anderson: Thank you, Mr. Speaker. I'm pleased to join in the debate for third reading of Bill 206, the Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, brought forth by the hon. Member for Calgary-Lougheed. I have supported this bill throughout the various stages of debate and continue to do so because I believe in the value of what the legislation would be able to achieve. I want to address today five points that I've heard in debate. I think it has been a very good debate and very good points raised on all sides of the issue.

My first reason for supporting this bill is that it sends a positive message about health and a real financial incentive to do something about one's health and the health of one's family. I think it's important that we move past just talking about prevention and just talking about, "Gee, it would be nice if we could get our 10-year-olds off the couch; it would be nice if we could do all these things," but then give absolutely no incentive to parents or to individuals of any age to actually do that and to get active. It's a small thing, a \$500 tax break, but it's something that is large enough that it might actually effect some behavioural change. It's not going to change the world by any stretch, but it's a start, and I think that it's a good start and something we need to do.

I also like and support this bill because it provides potential tax relief for everyone but especially families. As corporations cut back and possibly curtail wage increases and other things, I think it's important that we address some of the needs of our families, especially those families with many dependants, whether they be children or whether they be old-age dependants or any type of dependant. These are the types of people that are going to be under a lot of financial pressure. It's not going to be as easy next year to put all the kids in hockey or all the kids in soccer or all the kids in basketball, whatever it be, or get the fitness pass if it's teenagers or what have you.

I think it's important that we recognize that and that we take some proactive measures to help families cope with that because, as you know, when there's an economic downturn, it's usually two groups that get hit the hardest. It's usually our seniors and families with kids. They get hit the hardest for different reasons, but nonetheless they both have the hardest time coping with it financially.

I would address some of the comments that this is a spending bill. This is not a spending bill. This is a tax relief bill; there's a big difference. In this province we do not have a revenue generation problem. What we need to work on a little bit is our spending – there's no doubt about that – but revenue generation we have no problem with. So I have no problem taking a modest, direct tax relief proposal, giving it to Alberta taxpayers, letting them keep more of their money. Then we as government can look and do the good work that we are doing and are in the midst of, which is to make sure that in next year's budget we rein in spending and get some good things done on that front. Again, this is not a spending bill; it's a tax relief bill.

3:40

Fourth, the Member for Peace River mentioned that he wouldn't support the bill because it's a private member's bill and it had to do

with the finances. It's a money bill, essentially. It's a good point, and I would agree with the member that if it was directly a spending bill and if the minister in charge of administering this program, whatever minister that would be, had no say at all in the implementation of the final bill, then I would agree with that. It is a money bill, and perhaps a private member should not be permitted to bring that forward.

However, this is not the case with this bill, Bill 206. The fact is that if you look at the bill and read through the formula, part of the formula gives the minister express control over to what degree this tax credit will be implemented. If we are in a situation where the minister does not feel that it is financially viable to implement this tax credit, she has the authority not to implement it. If you look at the equation, she has the authority to do that. If she feels that this year we can do it, or next year or the year after we have the resources to put this tax credit in place, she can do that. So I think that this is not a money bill in the strictest sense, and I think that it is a good bill for a private member to bring forward.

Fifth and finally, the rural question, whether rural families and rural persons – and that would include myself – can use this tax credit. I grew up in rural Alberta. I do live in Airdrie now, but I grew up in rural Alberta, and most of my family is still in rural Alberta. That argument that you need to be within a five-minute distance of a fitness facility in order to use this tax credit just does not work for me. Nothing in here talks about exactly what would be covered under this act. If the minister chooses under the regulations that soccer and hockey and basketball, baseball, all these sports that I would say rural kids play disproportionately more of in my experience – I think it will have every bit as much advantage to our rural constituents in Alberta as it will to our urban constituents.

With that, Mr. Speaker, I'd like to congratulate the Member for Calgary-Lougheed for this very proactive measure, and I hope that the members of this House will be supporting Bill 2006. Thank you very much.

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

Mr. Fawcett: Thank you, Mr. Speaker. It gives me great pleasure today to rise and speak to third reading of Bill 206, the Alberta Personal Income Tax (Physical Activity Credit) Amendment Act, 2008. I, too, want to commend the Member for Calgary-Lougheed for bringing this forward. I think it is a timely bill, and I think it's one whose time has come.

What we have here is a bill that addresses two very important issues and related challenges that we have today, one of which is that North Americans are increasingly living less active lifestyles, leading to adverse and sometimes life-threatening health conditions. The other is that because of this we're seeing health care costs continue to rise. For this reason, preventative health care initiatives such as we see in Bill 206 must be encouraged and even expanded to help reduce the burden on our health care system.

Obesity is one such challenge that in many cases can be prevented. The 2004 statistics also reveal that substantially more Canadians are obese, up substantially from the 1979 survey in which 13.8 per cent of Canadians were obese. In 2004 that had increased to 23.1, a significant increase in the number that are obese and something that I think demands a significant amount of attention and resources in our society today.

There is a clear connection between levels of physical activity and prevalence of obesity, and I think it is this point that this bill tries to get to. Twenty-seven per cent of men whose daily physical activity was rated minimal were considered obese compared to 19.6 per cent

of men who were active. Among women obesity rates were also lower for those who live an active lifestyle.

Mr. Speaker, I also want to address the second issue I believe this bill addresses, and that is the increased costs that we are facing in our health care system. Our health care costs currently take up close to or just over 35 per cent of this province's annual operating budget. That's a significant portion. We know what the trends are and that it has gone up significantly over the past 10 years. We know that the projections are that it will continue to increase at that rate. We have the opportunity through this bill to look at a proactive solution to addressing the health and wellness needs of Albertans.

I'm sure that there are many policy options out there. Again, I would like to commend the Member for Calgary-Lougheed for bringing this one forward. The reason I support this particular option over some of the others that may or may not have been suggested or contemplated is that this has to do with the person's individual money. I've heard a lot of talk in debate of this bill that we're taking money out of government revenues. Well, I'm sorry, Mr. Speaker, but this is money that belongs to hard-working Albertans. I for one am proud to stand up in this House and suggest that we need to do whatever it takes to continually put that money back in the hands of Albertans. If they're doing so in a way that promotes a healthy lifestyle, that reduces the burden of costs on the overall health care system, which all Albertans pay for, I think that is a very good thing. That is the reason why I will be supporting this legislation and encouraging all members to do so as well.

Thank you.

The Speaker: The hon. Member for Rocky Mountain House.

Mr. Lund: Thank you, Mr. Speaker. It gives me a great deal of pleasure to have this opportunity to speak to Bill 206. As everyone else has said, the intent of the bill is a good one. It's something that I think is kind of like motherhood: you can't argue against it. For that reason, I want to congratulate the hon. member for bringing it forward.

However, I believe that the money could be better spent in other ways. The area that I'm really concerned about: in the Rocky Mountain House constituency many young families simply cannot afford to have their children enrolled in things like swimming, even playing hockey because they cannot afford the entry fees, and they cannot afford the equipment. I would prefer to see the money going to something like a swimming pool, like an ice arena and in that way reduce the amount that people have to pay in order to participate.

I'm not arguing against the intent. I believe that any time we can get people more active, the better. Believe it or not, many . . .

The Speaker: I hesitate to interrupt the hon. Member for Rocky Mountain House, but under Standing Order 8(7)(a)(iii), which provides up to five minutes for the sponsor of a private member's public bill to close debate, I invite the hon. Member for Calgary-Lougheed to close debate on Bill 206.

3:50

Mr. Rodney: Well, thank you, Mr. Speaker. I'm disappointed just a little that I couldn't hear the last remarks of my hon. colleague from Rocky Mountain House. I know he had some great things to say. In that spirit I have to say that I sincerely thank all members who've participated in this discussion. It goes back to last spring. I really respect the passion and professionalism that people have brought to this House, and I'm truly proud to be here today amongst them.

Now, Bill 206 has been referred to as being similar to bills like the

federal and provincial ones in Ottawa and Manitoba. They're popular – very popular – but they're only for children. This bill is much more similar to the Nova Scotia age-inclusive bill that takes effect January 1, 2009. We won't be the first to do this. In Nova Scotia they suggest that this will save, not cost, millions of dollars.

Now, here in this House the suggestion has been made that those with access to fewer resources won't be able to take advantage of this credit because they don't have the money up front, but I believe things will be organized slightly differently. At least, that's what I hope in the future, Mr. Speaker. When this credit exists, I'd hope that those who can't pay at the beginning will be allowed to pay once they've received the credit because everyone knows that it will be coming. So this credit may be exactly what people who are less advantaged have been praying for. The benefit of the tax credit is designed to give the less advantaged exactly what they need to bridge that gap and to live the dreams that would otherwise be impossible.

Examples which could easily be true across the province could be like these. It could help 20-year-old Jennifer from Calgary to pursue her dream of being a swimmer in the Olympics. It could help five-year-old Keith from between Taber and Vauxhall to stay away from video games a little bit more and join that T-ball league with his friends. It could help 45-year-old Ava from Red Deer to keep on canoeing with her club. It could help 35-year-old Logan from just north of Athabasca to play community hockey or 55-year-old Elizabeth from between Rocky Mountain House and Nordegg, for instance, to keep heading for the hills with her hiking group. It could help 65-year-old John from Slave Lake to stay involved in his favourite pastime of spending time at the rowing club. It could help 30-year-old Darlynn from Fort Chipewyan to make the jump to the ladies ringette league she has always been talking about joining but so far hasn't.

It'll help 90-year-old Matthew from Edson continue his illustrious curling career; 15-year-old Hana from Medicine Hat with costs associated with her city's travelling rugby team, of which she's so proud to be a member; 75-year-old Alexander from Dunvegan to enjoy winter just a little bit more with the local cross-country skiing club; 85-year-old Sarah from High Level to check out that tai chi group that'll keep her nice and limber; 80-year-old Nathan from Cold Lake to become part of that yoga club that'll ease the pain in his aching joints; 60-year-old Janice from Fort McMurray to maybe keep her away from the bar just a little bit more and heading to the workout facility instead; or help 70-year-old Bob from Lethbridge to steer away from the casino and steer towards the slo-pitch diamond with his buddies. It'll help 40-year-old Grace from between Ferintosh and Hobbema to keep training for speed skating at the upcoming Masters world championships; 95-year-old Ethan from Pincher Creek to keep active in his walking club; 50-year-old Sally from between Brooks and Bassano to stay trim with her running club.

Or how about this: 25-year-old Steve from Edmonton, who loves playing community flag football, doesn't really need a \$500 tax credit, so he and his entire team are donating their credits so that 10-year-old Erin and all her teammates from between Health and Edgerton will have the chance to fulfill their dream of being Olympic cyclists one day. It could change a lot of things for the better, Mr. Speaker.

Finally, it could help someone like seven-year-old Dawson, who lives just southwest of Calgary, to be able to do any of these activities or whatever he sets his mind to in the future when he grows up. Mr. Speaker, that's the kind of Alberta that I want to live in.

I trust that all of my hon. colleagues will vote for each of these

fellow Albertans that I've just listed and not the opposite. It's just a percentage of \$500. That's not going to break the bank, and it will actually save many millions of dollars in our health care budget as long as my colleagues vote in the Legislature with a resounding yes in a matter of seconds. I'm hopeful they will since Albertans pride themselves on living in a jurisdiction in which the only way taxes are going is down. That along with the simple clear goal of providing an incentive for healthy living while reducing health costs is what this bill is all about.

With that, Mr. Speaker, I once again thank all members in advance for their support of this good-news initiative. Thank you.

[The voice vote indicated that the motion for third reading lost]

[Several members rose calling for a division. The division bell was rung at 3:56 p.m.]

[Ten minutes having elapsed, the Assembly divided]

For the motion:

Allred	Forsyth	Quest
Amery	Fritz	Redford
Anderson	Hancock	Rodney
Benito	Hayden	Rogers
Bhullar	Horne	Sarich
Cao	MacDonald	Swann
DeLong	Olson	Woo-Paw
Fawcett	Pastoor	Xiao

Against the motion:

Berger	Horner	Oberle
Blackett	Johnson	Ouellette
Blakeman	Lukaszuk	Renner
Brown	Lund	Snelgrove
Dallas	Marz	Vandermeer
Doerksen	McFarland	Weadick
Evans	Mitzel	

Totals:	For – 24	Against – 20
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[Motion carried; Bill 206 read a third time]

4:10 **Public Bills and Orders Other than Government Bills and Orders Second Reading**

Bill 208

Alberta Affordable Mortgage Protection Act

The Speaker: The hon. Member for Lethbridge-West.

Mr. Weadick: Well, thank you, Mr. Speaker. I'm grateful to rise and have the opportunity today to lead off discussions on Bill 208, the Alberta Affordable Mortgage Protection Act. With what has been happening in the U.S. and other areas, it is a difficult time to talk about mortgages, but many Albertans need our help. The working poor, young families, new Albertans, and some of our seniors will benefit from this bill.

Simply put, the objective of the bill is to create a mechanism within the Alberta government to act as a guarantor on the down payment portion of a mortgage on behalf of a homebuyer. This would assist first-time homebuyers who are unable to obtain traditional financing by providing an alternative form of insurance guarantee to satisfy the lending institutions. The main goal here is

to facilitate the ability of greater numbers of Albertans to enter the home ownership market, providing many who rent with the ability to buy.

[The Deputy Speaker in the chair]

Many of the people who would benefit from Bill 208 may be able to afford a mortgage but cannot qualify for one. This is to say that they are employed and, by all measures, are living within their means. They have the money to make their bills every month and pay their rent, which is often an amount similar or, in some cases, more than what they may pay in a monthly mortgage payment, and therefore they should not have difficulty paying this monthly amount as a mortgage payment. They may simply lack the ability to save or have saved the required amount for down payment purposes. These Albertans could be paying more in monthly rent than they might be paying for a mortgage but are unable to save for a down payment due to the fact that a higher proportion of their monthly income is going out in rent.

The principle of Bill 208 is that it would remove them from this cycle and allow them to acquire a mortgage and a more stable financial path. In this way Bill 208 would act as more of a jump-start as opposed to a handout. Indeed, actual monies are not being given, but rather a portion is being secured. The Alberta government would not be responsible for covering the entire mortgage should a default occur; it would only act as a cosigner. The measure described in Bill 208 would then enable more Albertans to experience the pride of ownership in addition to a level of security that may have been previously unattainable.

Pride of ownership figures significantly into this equation. For one thing, we often treat that which we own with more care and attention than that which is not ours, and this is not only in regard to aesthetics. It is also true to say that our level of emotional investment in our own homes is much more than in rental properties. It allows us to feel greater connection to our communities.

There is a practical element to this as well, as a long-term solution to affordable housing that is less traditional and perhaps even less conventional. Enabling individuals to contribute monthly payments to the cost of a mortgage rather than rental property is an innovative approach to affordable housing.

It is clear that the Department of Housing and Urban Affairs has put in place many effective programs and initiatives to address affordable housing in Alberta. This would be one more way to provide affordable housing to Albertans, yet Bill 208 addresses this from a different direction. In some ways the rental option is one which requires us as a government to continue to deal with the same issue and the same people affected over and over again, in part because rental prices are only guaranteed for the length of the lease. Once this period ends, an increase in rent is almost always imminent. This continues to lessen the ability of renters to save for a down payment on a home. Enabling Albertans to shift into an ownership arrangement from which they are only removed in large part due to circumstance takes a long-term approach to affordable housing.

The final component that is achieved through Bill 208 is quite simple, the security that comes from equity. For many of us we chose to purchase a home because it is also an investment. Home ownership allows us to reap the benefits from our investment not just by providing the practical function of shelter but also as equity that will increase in value. This has many implications for everything from credit ratings and loan securement to retirement.

It also acts as an asset base that opens the door to a range of other investment opportunities. In this way home ownership may actually work to better the financial position of all Albertans, especially the

Albertans that are right on the cusp of ownership. This is really much of my motivation for this bill, Mr. Speaker, not to replace what is being done in the area of affordable housing but to support it, to explore new opportunities to bring about an improved quality of life wherever we can.

Mr. Speaker, there is another benefit to this program. The housing and construction industry represents 110,000 Alberta workers and a \$16 billion value in home/residential construction. This industry is facing significant challenges with the falling number of housing starts, in some areas of Alberta as much as 40 per cent reductions. This program will support people trying to get into the most basic part of the homeowner market with the starter market. I know that all members of this House share these goals, and I hope that you will consider the opportunity that Bill 208 will afford us.

Thank you, Mr. Speaker.

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

Mr. Allred: Well, thank you, Mr. Speaker. It's my pleasure to rise today to speak to Bill 208, the Alberta Affordable Mortgage Protection Act, put forward by the Member for Lethbridge-West. I commend my esteemed colleague from Lethbridge-West for his efforts to bring home ownership into the grasp of more Albertans, particularly that group of Albertans financially capable of paying the monthly cost of a mortgage but unable to meet the criteria set out by lending institutions.

We all know that the prosperity and population growth our province has experienced in the past couple of years has caused housing prices to rise. Even with real estate prices leveling off recently, first-time buyers are still feeling the effects. An average single-family home in Edmonton sold for \$362,097 this September compared with \$216,490 in September of 2005. That's a 67 per cent increase in the span of three years. The Calgary real estate market has painted a similar picture. Today single-family homes in Calgary sell for an average of \$444,000 whereas three years ago the average was \$283,523, a difference of 57 per cent. Similar rises in housing prices have been seen across the province, although 2008 has actually been kinder to homebuyers than 2007, with average prices dropping at least 6 per cent this year over last.

The frustration and concern of prospective homebuyers is understandable, Mr. Speaker. We've probably all heard stories. Those of us with young adult children have probably worried alongside them as they struggled to climb onto the property ladder while earning a modest income as they begin their careers and pay off student debt. The goal of home ownership really has become a dream for many who are still paying rent while scraping together a down payment.

The Member for Lethbridge-West understands this struggle and has attempted to address it with the Alberta Affordable Mortgage Protection Act. However, while I support much of the goal which Bill 208 strives for, and while I, too, want to see more Albertans owning homes, I cannot support this bill. In many ways Bill 208 sets out to support high-risk borrowers, Mr. Speaker. These borrowers are potential homeowners who have been unable to get lender approval. The financial institutions have long-standing protections in place for a reason, especially so in Canada. Simply put, that reason is to protect them from the monetary risk of a borrower defaulting.

Anyone who doubts the prudence of these protections need only to glance southward at our nearest neighbour, where a housing crisis quickly became a financial crisis. In fact, it's a global financial crisis. It seems that the only reprieve from financial crisis coverage on cable news like CNN these days is when the cameras are turned

toward the presidential candidates, but even then the U.S. economy remains a polarizing issue. Surely, we've all taken note and should now heed the warning. Much of the crisis in the United States can be traced to subprime mortgages.

Now, I acknowledge that this act is not the same as subprime mortgages, Mr. Speaker. Still, the intent of this legislation is to give people who would normally be denied mortgages the opportunity to obtain money for housing. It's a risky business. What business do we as a government have stepping into that role and taking on a risk with borrowers that most lenders are unwilling to? Our role as government is not to dabble in markets, nor should we be relaxing regulations that are designed not just to protect financial institutions but also to protect consumers from spending beyond their needs, nor should we be accepting unnecessarily financial risk. Any bad risk where our government loses money means that all Alberta taxpayers lose money.

4:20

I can empathize with the desire of many to own a home immediately, but our government is not in the habit of providing homes for those people already housed. Alberta should not be acting as a guarantor on high-risk loans, Mr. Speaker. We would be better served and Albertans would be better served by not tying up money by guaranteeing unnecessary risk. Instead, the best action we can take as government is to continue to make Alberta stronger by investing those same resources in further diversifying the economy and promoting strong and vibrant communities. By continuing to strengthen and diversify the economy, we are protecting the Albertans of tomorrow as well as Albertans of today.

I see initiatives with these aims already coming into play in current government priorities. The government of Alberta is committed to increasing innovation and building a skilled workforce that will improve the long-run sustainability of our economy. This means taking steps that will help and encourage Alberta businesses to improve their productivity and global competitiveness. This means introducing a 10 per cent tax credit to stimulate private-sector scientific research and experimental development in Alberta. This means strengthening and diversifying our agricultural sector. These are key to the success, prosperity, and wealth of Albertans.

While I commend the spirit of this proposed legislation, I must respectfully oppose it. In short, I cannot support the Alberta Affordable Mortgage Protection Act.

Before I sit down, I'd like to just make a comment on affordable housing. My concern is that we make housing unaffordable by building housing that we can't afford. By that I mean the big mansions with all the bells and whistles. We need to go back to building some housing that's a thousand square feet with just the basics. This, in my opinion, is what will create affordable housing.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Calgary-Egmont, followed by the hon. Member for Edmonton-McClung.

Mr. Denis: Thank you very much, Mr. Speaker. While I have great respect for the member sponsoring this bill, despite his constant reference to a name for me by which I've never gone in my entire life – and no, I'm not offended; don't worry – I must rise to oppose this bill today. As a former banker financial issues have always been of high importance to me. While I do think home ownership is great, pride of ownership as the member had mentioned, I do think that there are other ways that we can encourage home ownership that do not put the taxpayer at as much risk.

I would put to you that the government should be skeptical about

vouching for homebuyers who can't get approval by commercial lending institutions. Some points to make here are that the federal government is already heavily involved through the Canada Mortgage and Housing Corporation, CMHC, as it's otherwise known. You can get a conventional mortgage with 20 per cent down of the value of the property. You can get a CMHC-insured mortgage for 5 per cent down of the value of the property or less in some circumstances. This covers a great number of people who are applying. In fact, my first mortgage was CMHC. Who does it not cover, Mr. Speaker? It's those who cannot afford to sustain a mortgage.

I would put to this Assembly that it's better to provide programs to help individuals save. One such program is a tax-free savings account, which was announced by the federal Finance minister last year. It takes effect on January 1, '09. Basically, how this works is that you're allowed to deposit up to \$5,000 a year into it. The interest is tax free. You can carry the room forward for future years. The interest, again, compounds tax free. You can withdraw at any time, and it doesn't expire at age 71, like an RRSP. It's indexed in \$500 increments. My point, Mr. Speaker, is that this helps save for future purchases, for example a house, later down the road.

I've just done a few calculations here on my own. On a \$400,000 house you'd require 20 per cent down. With a tax-free savings account, if you save \$2,000 a year at a 5 per cent annual return, with no tax, obviously, on that, you can get there in just over eight years whereas with a 25 per cent tax rate it requires an extra year. The difference is that there's no risk associated with this, again, to the taxpayer.

Now, Mr. Speaker, banks have lending formulas that assess risk, and individuals who are not approved are typically rejected for good reason. They're at risk of defaulting.

I also submit to you that this bill also has very bad timing. The numbers pulled from seven of Canada's largest banks show that the number of Albertans who have defaulted on their mortgages more than doubled from July of 2007 to July of 2008. Mr. Speaker, the number of Albertans who have declared bankruptcy was up 24 per cent during the same time period. If people who have been approved are starting to default on mortgages, how much worse is it going to get if those who can't get mortgage approval default on the mortgages that this bill would allow them to have? If those numbers are any indication, the government would be assuming a tremendous risk by guaranteeing mortgages for people who can't get approval. CMHC-insured mortgages carry premiums, of course, to cover a potential default, and taxpayers should not have to subsidize so-called private home ownership. Of course, any subsidy involves a de facto increase in the tax bill of all others.

We have a responsibility to guard the public purse, Mr. Speaker, and using taxpayer money to pay off loans that should not have been made in the first place is, with respect, irresponsible. The government risks either raising taxes or going into deficit spending to cover the losses that could be incurred by defaulting mortgage loans, neither of which is acceptable to the Alberta taxpayer. A government that is too preoccupied with allocating funds to open up the housing market is less capable of saving money for future economic growth or opportunities.

Alberta is already committed to an aggressive monetary savings policy, but the prospect of having to service bad debt jeopardizes our very ability to save for the future. Consider what happens in a foreclosure. Of course, foreclosures involve lawyers, and as we all know, lawyers are not cheap. It is a long process. You can't always count on the market to increase the value of the property to shelter future risk. As we see right now, the housing market in Alberta, Mr. Speaker, is down. The amount owing plus legal fees can exceed the

value of the home, in many cases, in a foreclosure. Also, it involves what are called solicitor-client costs, where at the end of the day the borrower or the guarantor, be it CMHC or whatever organization guarantees it, is actually responsible for the whole value of the lawyer's fees and disbursements. This can be very expensive. Again, who is left to pay under this bill? Again, the taxpayer.

Home ownership in Alberta is still attainable without government subsidy, and it's something, obviously, that we want to strive towards. Our economy and lending institutions remain strong, unlike south of the border, which means that more drastic measures to open up the housing market are unnecessary given the risk involved. I was looking earlier, Mr. Speaker, at the subprime issues south of the border and came across that on November 15, 2008, in the Declaration of the Summit on Financial Markets and the World Economy leaders of the group the G20 cited the following causes:

During a period of strong global growth, growing capital flows, and prolonged stability earlier this decade, market participants sought higher yields without an adequate appreciation of the risks and failed to exercise proper due diligence. At the same time, weak underwriting standards, unsound risk management practices, increasingly complex and opaque financial products, and consequent excessive leverage combined to create vulnerabilities in the system. Policy-makers, regulators and supervisors, in some advanced countries, did not adequately appreciate and address the risks building up in financial markets, keep pace with financial innovation, or take into account the systemic ramifications of domestic regulatory actions.

Mr. Speaker, Alberta should not and must not go down the same path that we're seeing happening just south of the border. The worst thing we could do right now is hit the panic button. The results of such moves are evident south of the border, as I mentioned, and must not be repeated here. We need to remain calm during these economic times and encourage prudent rather than reflexive legislation that encourages responsible borrowing and responsible economic development for this province.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Edmonton-McClung, followed by the hon. Member for Olds-Didsbury-Three Hills.

Mr. Xiao: Thank you, Mr. Speaker. I'm pleased to rise today to speak to Bill 208, the Alberta Affordable Mortgage Protection Act. The objective of this bill is to create a body within the Alberta government that would provide mortgage insurance on down payments for those unable to qualify for a mortgage given current lending criteria. This bill intends to assist those Albertans who can afford the monthly cost of a mortgage but find they are unable to raise the necessary down payment. The intentions of Bill 208 are admirable, and I commend the efforts of the Member for Lethbridge-West for introducing the bill and allowing debate on a topic that is important to all Albertans.

There's no greater feeling than the pride of owning a home and our resulting pride for the communities in which we live. This proposed bill would allow more Albertans to qualify for mortgages and help protect financial institutions that provide the mortgages from possible defaults.

4:30

Mr. Speaker, mortgages and the real estate market have dominated every form of news media for the past months, and in the context of this bill it is important to clarify the significant differences between the Canadian and the United States real estate markets. Many Albertans who intend to buy a home seek the assistance of the Canada Mortgage and Housing Corporation, CMHC. CMHC

performs many functions with respect to the Canadian real estate market, including the mortgage insurance necessary for individuals who put less than 20 per cent down on the purchase price of a home. In its first 52 years of operation CMHC has provided the necessary loan insurance for 1 in 3 homes built in Canada. For many Albertans buying a home is the single largest financial investment they will make during their lifetime, and with CMHC mortgage insurance they can do so with as little as 5 per cent down on the purchase price.

The demand for residential housing has been extremely strong in Canada, with housing starts above the 200,000 mark annually for the past seven years. Alberta is forecasted to reach almost 40,000 units by the end of 2008. As a result, the financial industry in Canada employed new tools to meet the growing demand. In some cases individuals who previously did not have the money needed for a down payment are qualifying for a mortgage. There are also cases where the balance of a mortgage was higher than the value of the home. This occurred where the bank was allowing the consumer to borrow the closing costs of the mortgage, such as legal fees, or by fluctuations in the real estate market.

We also saw the amortization of mortgages stretched from 25 years to 40 years. It is important to note that the subprime mortgages have only accounted for 5 per cent of the mortgage market in Canada in recent years while they represented around 20 per cent in the United States. The federal government has recently stepped in and as of October 15, 2008, has tightened the rules regarding issuing new mortgages to include cutting the maximum amortization period to 35 years, down from 40 years, requiring a minimum down payment of 5 per cent, establishing a requirement for a consistent minimum credit score, and introducing new loan documentation standards.

Mr. Speaker, the tangible and intangible benefits of having Albertans owning their own homes are significant. However, when they buy a home, they must have the necessary means. We only need to look at our southern neighbour, the United States, and the pervading credit crisis as an indication of what may go wrong when mortgages are given to those who don't have the financial means. In many cases even those without a good credit history or a low enough debt-to-income ratio for a traditional mortgage qualified as subprime borrowers. What is more, the mortgages available to them had high interest rates and high fees. Notable features of subprime mortgages include interest-only payments, where the borrowers only have to pay the interest on the mortgage, and hybrid mortgages, where the interest rate is low at the start of the mortgage and then is transferred to a higher, variable rate later on.

This resulted in many consumers buying homes beyond their means. However, as the demand for property increased with the number of subprime borrowers entering the market, the average price for residential properties in the United States increased dramatically. Competition amongst the financial institutions for these new borrowers resulted in a significant increase in the amount of subprime mortgages being made available. With the slowing of the United States economy, these factors coincided, resulting in many home foreclosures. The two government-sponsored enterprises, Freddie Mac and Fannie Mae, who held the bulk of these subprime loans, bought up from smaller institutions, have since failed and have required a federal takeover.

Canada, while not immune from the global financial upheaval, should not experience the degree of what has been felt in the United States of America. In fact, the world economic forum has recently described Canada's banking system as the best in the world, but we must ask: what is the most effective role for the government to play? Mr. Speaker, the government should play a role ensuring that

affordable housing is available to meet the needs of low-income Albertans. What Bill 208 proposes is not identical to the American subprime experience, but there are certainly lessons to be learned here.

We have to ensure that those seeking home ownership have the financial capacity to handle the mortgages, which is why lending institutions use measures such as credit ratings and down payments. Unfortunately, the United States and the current financial crisis act as a prime example of what could and will happen when credit is extended to those who for one or more reasons do not qualify under such standard lending criteria. These lending criteria are there to protect everyone.

Again, Mr. Speaker, the intention of Bill 208 is admirable, but as a government we have to be aware of the potential consequences of our decisions. Here we must draw lessons from our neighbours in the global community to form our decisions on behalf of all Albertans. For these reasons I will be voting against the bill.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Olds-Didsbury-Three Hills, followed by the hon. Member for Leduc-Beaumont-Devon.

Mr. Marz: Thank you, Mr. Speaker. It's my pleasure to speak to Bill 208, the Alberta Affordable Mortgage Protection Act, put forward by the hon. Member for Lethbridge-West. I think we can all appreciate the spirit which inspired the Alberta Affordable Mortgage Protection Act. The psychological advantages of ownership are evident to those who own their home and those who wish to: homeowners have more stability; they don't move as often; homeowners don't need to worry that their lease may not be renewed and that the rent will be increased at the end of the lease term; homeowners control if and when their home is sold.

Alberta has tried legislation similar to Bill 208 in the past, and I'm referring, Mr. Speaker, to the Alberta family first-home program of 1989 through 1991. After reviewing the government's past actions, I would argue that it presented many challenges then, and it would present many challenges now too. Not only did the legislation place growing financial obligations on the provincial budget that extended beyond the end of the program, but interference in the real estate market caused an artificial inflation of resale housing prices, making home ownership more difficult for those residents not already aided by the legislation.

Simultaneously the government was running the Alberta mortgage interest shielding program, which protected homeowners from current interest rates higher than 12 per cent on the first \$75,000 of their mortgage. Please permit me to ignore the shielding program since interest rates rest around 6 per cent at the moment, well below the 12 per cent of the time.

Let's now focus on the program that is similar to the bill before us. Now, the Alberta family first-home program was not identical to what's proposed in Bill 208. The most significant difference is that Bill 208 is designed specifically to help those who cannot meet the normal credit or income requirements of financial institutions. The Alberta family first-home program was only available to buyers who could and did receive approval from their financial institution. Somehow I find that distinction between the two programs less than comforting, Mr. Speaker. Given what's taken place elsewhere in the world's housing and financial markets, it seems less prudent than ever to offer support to borrowers to whom financial institutions are reluctant to lend now.

4:40

The Alberta family first-home program provided first-time buyers

with a \$4,000 interest-free loan or paid the interest on the first \$4,000 of the mortgage. Alberta Municipal Affairs paid the interest due on the loan directly to the financial institution on the buyer's behalf. The buyer would repay the government at the rate of \$66.66 per month for five years if they took the maximum loan.

Now, there was an undeniable upside to the Alberta family first-home program. It did assist more than 39,000 families in purchasing their first home during its two-year duration. Of these the Canada Mortgage and Housing Corporation estimated that close to 50 per cent of the mortgage applications it processed would have been unlikely without the program. This suggests that the dream of home ownership became a reality for nearly 20,000 people who would have been still renting at least another year without it.

Now, 20,000 is certainly a significant number, Mr. Speaker, but at what cost to the rest of the province and to all Alberta taxpayers was this program practised? I would suggest the cost would be too high. It's difficult to estimate the additional cost to homebuyers caused by the artificial inflation of the resale market prices at the time, but it isn't so difficult to add up the direct cost to the government and to taxpayers. In its first year, the 1989-1990 fiscal year, the program approved 16,274 applicants and cost \$4,664,162. These costs grew exponentially in the second year as more residents got wind of the program and jumped on board to take advantage of what it offered; 26,564 applications were approved at a total program cost of \$16,413,161 in the second year, nearly four times as much as the first year. Outstanding costs endured five years after the program's termination, totalling nearly \$35 million, or exactly \$34,925,868. This means that all told the two-year program cost Alberta more than \$56 million.

Mr. Speaker, it's likely that had this program continued, its cost would have ballooned further and further even yet. It's likely that Bill 208 would also come with a similarly hefty price tag if enacted.

I would argue that the province's housing resources are better spent as they are being spent today, by developing more affordable housing units to support those unable to afford housing in today's rental markets and by tackling homelessness. It's these programs helping those least fortunate in Alberta which make the best use of taxpayers' money while at the same time promoting strong and vibrant communities.

To sum up, Mr. Speaker, I do support the spirit of this bill presented by the Member for Lethbridge-West, but I can't support it in its reality. Thank you.

The Deputy Speaker: The hon. Member for Leduc-Beaumont-Devon, followed by the hon. Member for Calgary-Bow.

Mr. Rogers: Thank you, Mr. Speaker. It's a pleasure to rise and join the debate on Bill 208, the Alberta Affordable Mortgage Protection Act, brought forward by the hon. Member for Lethbridge-West. We're all aware that increasing real estate and rental prices have caused concern in Alberta, and I applaud the Member for Lethbridge-West for his intentions in bringing forward this bill and in bringing something that in his mind would bring some relief to the pain that we have seen in this economy.

The purpose of this bill is to create a body within the Alberta government that provides mortgage insurance on the down payment portion of a mortgage, which is certainly a departure from the system as we know it today. This assistance would target those individuals who may find themselves in a situation where they could pay the cost of the mortgage but would not otherwise qualify based on lending criteria, such as income level or credit rating.

Mr. Speaker, many of us have the pleasure of owning our own home. The pride we felt when we were first handed the keys as well

as the knowledge that we were making a sound financial decision is something that we would certainly like to share with every Albertan. However, as Members of the Legislative Assembly we are also charged with ensuring that the decisions we make are in the best interests of Albertans now and certainly for the future. While it is easy to recognize the benefits of owning a home rather than renting one, we have to make sure that those entering the housing market have the financial capacity to do so and, more importantly, the ability to retain the ownership of their home.

We only need to look south to the United States for an example of what may happen when individuals are given a mortgage that they do not have the capacity to carry in the long term. Initially subprime mortgages in the United States were viewed as a tool to allow lower income individuals and those with a limited credit rating to purchase a home. It significantly increased not only the demand for mortgages but significantly drove up home values and residential housing construction across the country. For a time subprime mortgages were helping to fuel the engine of the U.S. economy, representing an astounding 20 per cent of all mortgages issued, a market built on a foundation of useless paper.

This brings me to my first point as to why I cannot support Bill 208: eligibility. There's no question that this bill would help a number of Albertans obtain a mortgage and purchase a home in the short term. However, if we do not adhere to risk assessment criteria set out by lending institutions, which include such things as income level and credit rating, we would allow potentially higher risk borrowers to enter into a mortgage agreement.

Mr. Speaker, Canadian banks, credit unions, and other lending institutions have sound criteria to determine the likelihood of the borrower being able to handle such a mortgage. In fact, according to the federal Department of Finance, the percentage of bank mortgages in arrears in Canada is .27 per cent, near the lowest levels experienced since 1990. As a matter of fact, during the height of the U.S. subprime crisis the banking system in Canada was recognized as the most sound in the world. I think something that we can all be very proud of and certainly take some comfort in as we go through this economic meltdown we're seeing in the world is that we have a system in this country that will certainly place us in a much better position to ride out that storm.

Mr. Speaker, the value of adhering to risk assessment and lending criteria was recognized in the Alberta family first-home program, which ran from 1989 to 1991. The eligibility requirements of the program were clear and specific, with two fundamental requirements that protected the program from providing bad loans. The first required a cash down payment of 5 per cent. Since we may view the ability to save as a form of fiscal responsibility, this provides for greater trust to exist between the lender and the borrower. Indeed, the increased fiscal responsibility of the borrower provides a greater guarantee that they will repay their loans on the agreed terms. This minimum down payment also reduces the amount of loans that are provided to those who are a greater risk to the banks and other lending institutions.

The second lending requirement of the Alberta family first-home program that helped mitigate the risk was that borrowers had to meet the normal income and credit requirements of financial institutions. A positive debt ratio and sufficient credit record are important in ensuring that riskier borrowers, Mr. Speaker, cannot access loans. I wish they would have taken a little better effort in those instances with our neighbours to the south.

Problematically, Mr. Speaker, what is proposed through Bill 208 would specifically target those who do not meet traditional credit and down payment requirements. Bill 208 may then help those that are considered riskier borrowers to enter into the housing market.

4:50

Mr. Speaker, although the objective of assisting all people to enter the housing market is an admirable goal, it contains significant risks. The potential expense of administering such a program and the instances of default could represent a significant cost to the government and, by default, all Albertans. In short, current assistance programs such as the Canada Mortgage and Housing Corporation, or CMHC, are better suited to assist Albertans in part because they adhere to sound financial requirements to mitigate the risk. For example, those seeking government-backed mortgage insurance through CMHC must now have at least 5 per cent down. It is precisely the act of striving to meet these criteria that helps borrowers develop the skills necessary not only to handle their mortgage but to improve their overall financial well-being. There is much to be learned from delayed gratification and the lessons that come from living within your means.

It is because of these reasons that I will not be able to support Bill 208. I look forward to further debate, but I would encourage my colleagues to consider not supporting this bill at this time.

Thank you.

The Deputy Speaker: The hon. Member for Calgary-Bow, followed by the hon. Member for Athabasca-Redwater.

Ms DeLong: Thank you very much, Mr. Speaker. It's my pleasure to rise today to speak on Bill 208, the Alberta Affordable Mortgage Protection Act, sponsored by the Member for Lethbridge-West. The member presents an idea that's close to the heart of many of my respected colleagues here: the availability of affordable, low-income housing.

Mr. Speaker, as indicated, Bill 208 attempts to create an innovative solution for housing by encouraging low-income households to channel their money towards buying an affordable home instead of renting. Now, home ownership offers several financial benefits. The greatest of these benefits is that money spent on accommodation creates personal property equity rather than benefiting a landlord. Financial gains are not the only benefit of home ownership, however. To the credit of the Member for Lethbridge-West, Bill 208 recognizes the significant psychological rewards of home ownership. Too often emotional and psychological benefits are overlooked, and the focus remains on financial considerations. Home ownership promotes a strong feeling of personal pride and accomplishment while at the same time encouraging community involvement and belonging.

Mr. Speaker, my concern with Bill 208 does not come from a disagreement with the principle of home ownership; rather, it stems from a realization that the financial implications of Bill 208 stand in stark contrast to the lending procedures of most recognized and respected banking institutions. As I'm sure many hon. members are aware, the property in a mortgage agreement is held as collateral for the value of the loan. Lending institutions may sell mortgaged property to cover any losses incurred by mortgage default. Mortgage insurance provides additional security to lending institutions in the event of a default. Most lending agencies require that a borrower take out insurance if a down payment is less than 20 per cent of the property value.

Mortgage insurance operates using the same principle as other forms of insurance. The borrower pays monthly premiums, and in return the insurance agency agrees to pay for the value of the mortgage in the event of a default. Premiums paid on mortgage insurance are based largely on the ratio of mortgage to down payments. For example, a mortgage with a down payment of only 5 per cent of the total value requires premiums of about 3 per cent

of the loan amount. Alternatively, a mortgage with a down payment of 25 per cent has premiums of only 1 per cent. The larger a homeowner's down payment, the lower the percentage of insurance premiums.

Mr. Speaker, this is what causes me concern. As it stands now, Bill 208 would essentially provide insurance for low-income buyers. Now, the assumption can be made that those buyers are unlikely to possess a large down payment. Most would likely have only the minimum 5 per cent, and consequently the government would be paying the highest premium percentage. This is significant because the insurance premium percentage and its relation to the mortgage-to-down-payment ratio is attached to risk.

Banking and insurance companies have noticed that mortgages with low down payments are more likely to fall into receivership than mortgages with high upfront payments. An example of this, Mr. Speaker, could be found by looking at the Canada Mortgage and Housing Corporation, or CMHC, Canada's leading provider of mortgage insurance. In order to mitigate risk, they have set out several requirements. Firstly, total monthly housing costs, which include allowances for interest, taxes, and principal as well as heating costs, are not to exceed 32 per cent of household income.

Secondly, total household debt is not to exceed 40 per cent of gross household income. Banks and insurance agencies implemented these guidelines because they recognized that a large burden of debt dramatically increases the likelihood of mortgage default.

Bill 208's weakness stems from this desire to enter into the most risky of mortgage arrangements. Low-income Albertans are among those most likely to need mortgage insurance assistance, yet they are also the most likely to have the highest debt-to-income ratio and, therefore, the most likely to default on a mortgage. In essence, Mr. Speaker, Bill 208 would attempt to provide insurance to the riskiest demographic at the highest premium rate. Bill 208 wants not only to enter into the housing insurance market but to enter into an area that the private sector avoids. Lending institutions survive because they make informed, well-thought-out decisions based on reliable data and statistics. Bill 208 advocates a policy that ignores the findings of the private sector and, in turn, places Alberta's financial resources at risk.

Mr. Speaker, this government and the members of this House have a duty to ensure that the money entrusted to us by Albertans is used in a responsible manner. I believe that the funds that would be extended to support home ownership could be better used when addressing the problem of affordable housing. Rather than spending money on high-risk insurance support, funding would be better used if directed towards building projects, or alternatively these funds could provide support for low-income renters or promote community development and safety in some other way.

Again, I agree with the Member for Lethbridge-West that there is a clear need to continue to address affordable housing in Alberta, but I do disagree with the solution proposed in Bill 208. Rather than investing large sums of money in risky support programs, I feel that it is the duty of this House to invest in sound and financially responsible programs. With this consideration in mind, I urge all members gathered here today to vote in opposition to this bill.

Thank you very much, Mr. Speaker.

The Deputy Speaker: The hon. Member for Athabasca-Redwater, followed by the hon. Member for Rocky Mountain House.

Mr. Johnson: Thank you very much, Mr. Speaker. I rise today to participate in the debate on Bill 208, the Alberta Affordable Mortgage Protection Act. While I understand the intent of this bill, often direct government involvement in financial markets can create

distortions and may have unforeseen consequences. Ultimately, this reduces the effectiveness of the assistance programs.

One such program was implemented by the Alberta government in 1989, the Alberta family first-home program. The general objective of this program was similar to that of Bill 208 in that they both assist in making mortgages more available and affordable for prospective homebuyers. The Alberta family first-home program provided first-time homebuyers with a \$4,000 interest-free loan, or it paid the interest on the first \$4,000 of a first mortgage. Because Alberta Municipal Affairs paid the interest due on the loan on the buyer's behalf, the interest rate on the loan was essentially zero.

My first concern with Bill 208 is in regard to the necessity of such a program. Interest rates have historically been one of the significant barriers to home ownership and are a central component of mortgage affordability. The Alberta family first-home program helped to reduce this barrier of high interest rates and made mortgages more affordable. From the perspective of economics, while lower interest rates provide for more affordable mortgages, they also increase the demand for housing. This increase then has a positive effect on housing prices in that prices tend to rise with the increase in demand and the decline of supply.

5:00

High interest rates have the opposite effect and lead to higher mortgage costs, which can make home ownership less affordable. However, interest rates have fallen dramatically over the last 25 years or so. Interest rates in Canada for a five-year fixed-term mortgage reached their highest in September of 1981 with a rate of 21.46 per cent. In March of 1989, when the Alberta family first-home program came into effect, a five-year fixed mortgage rate was 12.41 per cent. Currently five-year fixed rates average 6 per cent.

To illustrate the dramatic effect that interest rates have on the monthly payment of a mortgage, let us consider the following using an \$80,000 loan amortized over 20 years. In 1981, when interest rates reached an all-time high at 21.46 per cent, this \$80,000 loan would have led to a monthly mortgage payment of \$1,394. The total amount spent on interest for the 20-year repayment period is \$254,539, more than three times the principal. In 1989 the 12.41 per cent interest rate on the same principal generated a mortgage payment of \$886. The total interest paid under this circumstance is \$132,748, about one and a half times the principal. Under today's conditions, with a 6 per cent mortgage rate, this \$80,000 would yield monthly payments of \$569, with the total interest paid being less than the principal, at \$56,737. Clearly, the significantly lower interest rate Alberta faces today calls into question the necessity of a program to offset the cost to the borrower.

This was a central consideration of the Alberta family first-home program, which assisted potential home buyers to overcome this barrier, a barrier that is not nearly as present today. This interference in the housing market not only cost the Alberta treasury heavily; it provided distortion, which reduced the overall effectiveness of the program. When housing prices increased, the people not only had to deal with the negative effects of high interest rates; they also had to consider the increased costs of the property. This increase in property value then had the net effect of disqualifying the same group that was previously disqualified primarily as a result of high interest rates. Although the overall result of the first-home program allowed 39,000 families to purchase their first home, the distortion caused by government interference in the housing market may have prevented many other families from pursuing the same goal.

This leads to my other concern with Bill 208: the way in which the bill may create distortion in the market. Any government interfer-

ence in the market creates market distortion. This is not always a bad thing. It may be necessary, but we need to ensure when we do interfere in the market that it is necessary to achieve certain objectives. In this case undue interference in the housing and mortgage market can cause a distortion that can adversely affect other sectors and reduce the overall effectiveness of the government investment. One of the results of previous market interference through the Alberta family first-home program, for example, was a dramatic increase in resale housing prices. As mortgages became more affordable, more people became eligible to enter the housing market. This led to an increase in housing prices, which, in effect, reduced the benefits provided by the initial program.

The Alberta landlord association also had concerns about this program. Since it reduced Albertans' reliance on rental properties, the association believed that the Alberta family first-home program and similar assistance programs had effectively cost Alberta landlords millions in lost rental income due to the exodus of people from the rental market to the ownership market.

In this way, Mr. Speaker, there are similarities to the Alberta Affordable Mortgage Protection Act. The goals of both programs are to assist in making mortgages more available and affordable for prospective home buyers wanting to enter the housing market. However, when we consider the issues of interest rates, long-term effects on markets, and overall effectiveness, yesterday's lessons are valuable for today's decisions. For these reasons I oppose the proposed Bill 208.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Rocky Mountain House.

Mr. Lund: Thank you, Mr. Speaker. It gives me great pleasure to have this opportunity to rise and speak to Bill 208, the Alberta Affordable Mortgage Protection Act, sponsored by the Member for Lethbridge-West. Recognizing the benefits of home ownership, the member crafted this bill to assist potential homeowners in obtaining mortgage agreements.

The benefit of home ownership extends beyond financial gain and the security an individual can obtain through ownership. Bill 208 recognizes these nonfinancial benefits and, in addition, addresses the psychological advantages that property ownership can bestow. Owning a home engenders a sense of community and belonging because individuals who invest in property have a greater tendency to set down their roots and take pride in the overall welfare of their community. In addition to Bill 208's main objective of helping to facilitate ownership, there is also the underlying idea that encouraging home ownership could serve as a model for innovation in the realm of affordable low-income housing.

My concern with Bill 208, Mr. Speaker, comes not from a disagreement with its end goal but instead stems from my recognition and appreciation of current government programs. Programs addressing regional differences and rental supplements as well as the need for intergovernmental co-operation have already been implemented by this government. As we know, this government has set out five key priorities designed to ensure effective governance for all Albertans. Within these the issue of affordable housing is clearly mandated under the goal of promoting strong and vibrant communities. Under this mandate the government announced its plan to address low-income housing by increasing the number of affordable housing units with an additional 11,000 units by 2012.

Using the government's key priorities as guidance, the Ministry of Housing and Urban Affairs developed its own policies and programs designed to meet these commitments as set out by the

government. For example, in the 2008 business plan the ministry clearly states that one of its objectives is to provide a range of housing options and to create support programs for low-income Albertans.

In order to best implement this objective, the government announced the creation of the Affordable Housing Task Force in 2007. In March of that year, Mr. Speaker, the task force released a report on its findings, in which it recommended several funding programs designed to address immediate housing needs. Highlights of the report included increased funding to the rental supplement program, targeting affordable housing initiatives in high-growth areas, and developing the new municipal sustainability housing program. Using information gathered in the report, the ministry directed funding toward developing affordable housing projects in high-growth areas such as Edmonton, Calgary, and Fort McMurray.

By not targeting high-growth areas, I feel that the scope of Bill 208 is overreaching. Bill 208 proposes an all-inclusive program whereby potentially all low-income Albertans could gain support from the government mortgage insurance. While this equitability in access is noble and well intentioned, it does not take into account specific regional needs.

Alternatively, an example of an effective regional approach would be housing services south. This program supports the development of affordable housing projects in southern Alberta. Specifically, the HSS program works by facilitating the release and sale of Crown land. Freeing up this land helps to ensure that there is continuing access to affordable property on which to develop low-income housing projects.

5:10

As previously mentioned, the report from the Alberta Affordable Housing Task Force offered additional recommendations pertaining to the government's direct rent supplement program. As I am sure many of the hon. members gathered here are aware, the program provides direct grants funding to qualified low-income households and is intended to increase the availability and affordability of rent-based supplemental housing projects.

Mr. Speaker, it is important for all members to recognize that home ownership is not the only effective means to address the issue of homelessness and affordable housing. Instead, encouraging the development of rental arrangements dramatically expands the base that the affordable accommodation program can reach. Bill 208 as it is currently proposed targets specifically home ownership and its role in addressing affordable housing. Rather than supporting this initiative, I would advocate that attention and resources continue to be geared toward programs like the direct rent supplement program.

I would also like to address the need for effective co-operation and collaboration between the various levels of government and the public and private sectors. Recognizing this need, the Affordable Housing Task Force called together experts from municipalities, business, industry, government, and nonprofit sectors in order to streamline affordable housing incentives.

Mr. Speaker, one of the primary drawbacks of the proposed Alberta Affordable Mortgage Protection Act is its failure to reach out to these sectors. Instead, it relies only on the resources of the provincial government. I believe that it is our obligation as members of the House to look at a broad range of affordable accommodation options, including rent assistance and funding, rather than transferring precious resources toward the initiatives set out in this bill.

With this in mind, I cannot support Bill 208. My opposition is not to the principle of home ownership that this bill outlines but instead in recognition of the successful programs and initiatives the government has already implemented.

Thank you, Mr. Speaker.

The Deputy Speaker: The hon. Member for Strathmore-Brooks.

Mr. Doerksen: Thank you, Mr. Speaker. It's my privilege to rise today to enter the debate with regard to Bill 208, the Alberta Affordable Mortgage Protection Act. I certainly would applaud the initiative of the Member for Lethbridge-West to address the issue of home ownership and support the concept of young people, young families being able to get into their own home for the first time. I realize the importance of that for all Albertans.

However, I do wish to speak in opposition to Bill 208. I think the fact that it would provide support to some of the highest risk potential mortgage holders in the province is a concern. I don't by saying that discourage us from finding ways to encourage young people, young families to get into home ownership because I do recognize the preference of being able to build equity rather than simply pay into a rent concept. But I think that many of our colleagues have spoken to a number of the programs that we already have to support not only home ownership but affordable housing. The initiatives of programs like CMHC, the Canada Mortgage and Housing Corporation, do address the down payment portion of getting mortgage approval, which is certainly one of the primary challenges for young people in actually qualifying to own a home for the first time.

Given the range of concerns that have been raised today, I think we need to look for other ways to encourage young people to own homes. I think that Bill 208 certainly is worthy in terms of its end goal because I think it is important for us to look for ways to help young people to own their own home for the first time. I just feel that Bill 208 is not the preferred way to approach that at this time and will end with that.

Thank you.

The Deputy Speaker: The hon. Member for Little Bow.

Mr. McFarland: Thank you, Mr. Speaker. Alberta Affordable Mortgage Protection Act: I'm not sure I even agree with the name. I think we've got ourselves into a climate where people hang themselves on certain words, and if it sounds good, then it has to be the government's responsibility. Affordable housing to me doesn't enshrine something, but I think there are a lot of people in Alberta who, once they hear a notion or an idea tossed out that's got this neat-sounding word, take it as a right or a given that the Alberta government and taxpayers are going to come through and give them affordable housing or an affordable mortgage or affordable insurance.

I'm just not of the opinion – I might be wrong – that guaranteeing an affordable mortgage insurance on the down payment portion of a house only is encouraging the right kind of leadership. I think it may very well make a lender pretty happy. Someone who might otherwise not be a very worthy credit risk is suddenly maybe going to end up with a mortgage, all because an Alberta government decided to create a program that would insure the down payment portion. To me that's not innovation at all; that's a subsidy. Although there are lots of people that are deserving of that kind of help, I think there's more opportunity for people that want to take advantage of it than there are those kinds of people who would actually benefit. Are we really doing anyone a favour by helping them get into debt that maybe they can't truly afford?

I know that there were comments made here that we should be finding solutions for homelessness and affordable housing. Again, I come back to affordable housing. It's all relative. Do we really mean affordable? Do we mean reasonable? Do we mean appropriate? What is it that we're actually after?

When it comes to solutions for homelessness, I have one pretty quick solution. There is currently one other member besides myself as well as one retired member who were involved in the mental health review a number of years ago. The feeling at the time was that a lot of people should not be in mental health institutions in Alberta. Rather, they should be out in our communities. Well, that's a real warm, fuzzy feeling, and it makes everyone feel good. I don't think we did a lot of service to people that maybe had never been outside an institution for 30 years, had no family to go to, but now we expected the community to provide housing for people for whom it was a traumatic move. As they got older and their condition regressed, it just exacerbated the whole problem. They may have been in a group home, and now there isn't an adequate facility for that person to be dealt with in the group home. We've also had people that have ended up being placed in the community but suddenly had no place to live, so we have homelessness.

5:20

It's not my opinion. It's some of the agencies that say that perhaps 1 out of 3 people, maybe even more, who are currently homeless might in fact have mental health problems. Well, it sounds

cold-hearted, but I think there was a facility that took very decent care and had qualified people that would take care of these people in five different locations in Alberta that currently don't house those folks, who represent probably close to 30 per cent of the affordable housing problem that we currently have.

Maybe I've gone beyond the intent of this bill, Mr. Speaker, but with the economic climate the way it is today, with the uncertainty not just in Alberta but throughout North America, I think we could spend a lot of time debating the pros and cons of this mortgage insurance. I think that maybe it's time we should consider regenerating, refueling our energies for tonight, and with that comment, I'd like to move that we adjourn debate.

[Motion to adjourn debate carried]

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

Mr. Renner: Thank you, Mr. Speaker. Given the hour I would like to move that we call it 5:30 and adjourn until 7:30 p.m.

[Motion carried; the Assembly adjourned at 5:21 p.m.]

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