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Fifth Session

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The Honourable Kenneth R. Kowalski, Speaker

Legislative Assembly of Alberta
The 27th Legislature

Fifth Session

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Legislative Assembly of Alberta

7:30 p.m.

Monday, February 13, 2012

Committee of Supply

[Mr. Cao in the chair]

The Chair: Hon. members, the chair wishes to call the Committee of Supply to order.

The hon. Deputy Government House Leader.

Supplementary Supply Estimates 2011-12, No. 2 General Revenue Fund

Mr. Denis: Thank you very much. I'm rising on behalf of the hon. Deputy Premier and President of the Treasury Board. Mr. Chairman, I would like to move the 2011-2012 supplementary supply estimates, No.2, for the general revenue fund. The estimates will provide additional spending authority to one office of the Legislature and eight government departments.

When passed, Mr. Chair, the estimates will authorize an increase of \$3.1 million – that's million with an "m" – in voted expense and capital investment to the Legislative Assembly and increases of \$97.6 million in voted expense. The estimates will also authorize, when passed, a transfer of approximately \$30 million from capital investment to expense within the Department of Municipal Affairs.

These estimates are consistent with the third-quarter fiscal updates, which updated the 2011-2012 fiscal plan for all government entities. The estimates will authorize increases for the following: the office of the Chief Electoral Officer and the departments of Human Services; Intergovernmental, International and Aboriginal Relations; Justice; Municipal Affairs; Seniors; SGPS; Tourism, Parks and Recreation; and Transportation. Finally, Mr. Chair, the estimates will authorize a transfer from the capital investment expense within the Department of Municipal Affairs.

The ministers that are responsible for these departments will be pleased to answer any questions from members of the House from either side. Thank you.

The Chair: Thank you, Deputy Government House Leader.

Before we proceed, I just want to direct the procedure here. We have a speaking time of 10 minutes each or the minister and the other member combined for 20 minutes, with a minimum of three hours of debate.

With that, the chair shall now recognize the Minister of Transportation.

Transportation

Mr. Danyluk: Okay. Thank you very much, Mr. Chair. Transportation requests a supplementary estimate of \$29.4 million in the expense vote. This is the net of two numbers. The first amount is \$80 million, which reflects additional funding provided in the 2011-12 budget for GreenTRIP initiatives, programs to meet eligible project commitments.

Mr. Chair, secondly is \$50.6 million available internally from lower than budgeted spending and other federal-provincial programs within the Transportation 2011-12 budget. This primarily reflects cost savings realized from completed projects in the infrastructure stimulus program and also the building Canada communities component top-up as a result of these federal programs being completed in October 2011.

Mr. Chairman, the \$80 million offset by the \$50.6 million results in a net supplementary estimate of \$29.4 million. I ask all members to support this request for the \$29.4 million estimate.

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

Dr. Taft: Thank you, Mr. Chairman.

The Chair: Would you like to do 20 minutes together or 10 each?

Dr. Taft: I think that the two of us are co-operative and efficient enough that it won't take anywhere close to 20 minutes, but perhaps we can just treat it as one exchange, like an intelligent conversation between two adults, two charming, well-meaning public servants.

The Chair: Twenty minutes. Go ahead.

Dr. Taft: All right. I'm just really looking for a little bit more detail, mostly, from the minister. I'd like to get on the record that I'm a big supporter of the GreenTRIP program. If I understand this correctly – this is really what I'm looking for some clarification on from the minister – because of \$50 million or so savings elsewhere in the department and then a supplementary amount of \$29 million there will be another \$80 million going into GreenTRIP for this current year. Can the minister just elaborate a bit on where that money is going? The LRT runs through my constituency, and I think this is the way of the future, and I'd like a little more detail. Anything that this money sets up for the future would also be great for the minister to get on the record.

Mr. Danyluk: Mr. Chairman, I mean, I'm very enthused by the hon. member's support for the program because I think it is a very good program, and it is an opportunity to support municipalities such as Edmonton and Calgary.

This is funding that has been applied for. There was an allocated budget for GreenTRIP. This was an opportunity to ensure that municipalities were able to access this funding as soon as possible. You are absolutely right. It's \$80 million that came from \$50.6 million that was offset by the particular programs and an additional \$29.4 million added to that, which I'm asking for today, to give to municipalities. That is for programs that were approved, programs that have been accepted, and programs that had been expended if that helps.

The Chair: Hon. member, continue.

Dr. Taft: Thanks. Let me come at it a little bit differently. By having the \$80 million available now, what are we able to do now that we wouldn't have been able to do otherwise? For example, the LRT expansion in Edmonton to NAIT or some of the lines in Calgary that are getting built: does this connect specifically to any of those? What would not have happened if this \$80 million hadn't been provided? I'm looking for details, Mr. Minister, just because I think it's a good-news story.

Mr. Danyluk: Mr. Chairman, I want to say to you that those programs were applied for, and those programs would have been received when we looked at the '12-13 budgets – right? – as we have. What this did do is provide an opportunity for additional funding this year. It really gave municipalities an opportunity to get some funding for projects that they had already applied for, projects that they had already built. We were able to give them the funding.

I guess what I'm trying to say is that we have a certain budget, which we will debate later – and I'm sure you'll ask some ques-

tions on that – and that budget will be distributed to the municipalities for projects that they have applied for. We're trying to disburse as much as we possibly can. We understand the importance of GreenTRIP to municipalities. This was an opportunity to be able to use some of that funding and use it towards GreenTRIP and support the municipalities as quickly as possible.

Dr. Taft: Okay. That does it for me. Thank you.

Mr. Hehr: This might just be part of my information here. You may just be helping me out on that. It's my understanding that this was a \$2 billion fund set up by the government and that you have divvied up a certain amount of funds. I guess I'd like to know how much you have divvied up and how much would be left in the GreenTRIP program in total and, if you care to share, whether more information is coming out in the future on GreenTRIP. I, too, think it's a valuable program that needs to develop to get cars off the road, to look good in the world community, and all that stuff.

The Chair: The hon. minister.

Mr. Danyluk: Thanks, Mr. Chairman. This is what I consider a carbon reduction program, which is great. Not only is it a carbon reduction program; it assists individuals to be more mobile. The GreenTRIP program, as mentioned, is a \$2 billion program. The essence of that program is \$800 million for Calgary, \$800 million for Edmonton, \$400 million for rural Alberta. What we have looked at in our budgets is seeing, of course, what we can try to deliver, which we have, delivering the programs that municipalities are working on and, I want to say to you, those predominantly being Edmonton and Calgary. Edmonton is maybe further ahead in the application process, and I mean in the delivery of it. When those applications were done, this was an opportunity to ensure that we could deliver more funding to them in a more expedient way. That's what we're trying to do. That's the whole purpose of it.

7:40

Mr. Hehr: Well, I agree. You should try and get these projects up and going as fast as you can. I just wonder if you know, out of the whole \$2 billion that has now been allocated and spent, how much is remaining?

Mr. Danyluk: \$1.2 billion.

Mr. Hehr: Is left?

Mr. Danyluk: No, no. I don't want to say that \$1.2 billion has been expended but has been spoken for, that we're trying to deliver at this time.

If I could say, hon. member, that we see more interest for the \$400 million as municipalities from rural Alberta are looking at different ways that they could utilize that program basically in the same way that large urban centres do. It's a little bit more difficult in rural areas because, of course, of the amount of population that's out there. It does create the opportunity for municipalities to work together to look at what they can do to try to achieve, you know, the same goals.

The Chair: There's no other hon. member wishing to speak on Transportation?

Next we go to the Minister of Justice.

Justice

Mr. Olson: Thank you, Mr. Chair. I'd like to take this opportunity to discuss the supplementary supply estimates required for the 2009 Judicial Compensation Commission. The commission was mandated to make recommendations for changes in compensation for Alberta's Provincial Court judges and masters in chambers covering the period April 1, 2009, to March 31, 2013. Before I go into the details of the recommendations, I would like to briefly review the background of the commission.

The Supreme Court of Canada has imposed a constitutional obligation on all governments to set compensation for judges through an independent, objective, and effective compensation commission process. The compensation commission advises governments about the appropriate level of compensation for judges and other judicial officers. This is to ensure that public confidence in the independence of the judiciary is not undermined.

The commission's report was presented to me on September 12, 2011. The total projected additional cost to the government of the commission's recommendations apart from a full pension recommendation, which was rejected, is \$43.7 million over four years. This amount is broken down as follows, and these are round figures: \$20 million for salary increases, \$22 million for pension cost increases due to proposed salary and pension indexing increases, \$400,000 for professional allowance increases, \$200,000 for administrative stipend increases, and \$800,000 for per diem rate increases. The total request for this fiscal year is \$35.7 million less an existing provision in the budget of \$7.6 million. The significant costs for 2011-12 are due to the JCC approval being retroactive to April 1, 2009. The additional cost for the next fiscal year is \$8 million. The supplementary supply estimate I am requesting today is for \$28.1 million.

This concludes my presentation on the supplementary estimates required to implement the recommendations of the 2009 Judicial Compensation Commission that have been accepted by government. Thank you.

The Chair: Thank you, Minister.

Hon. Member for Calgary-Buffalo, just back and forth?

Mr. Hehr: Oh, yeah. Thank you very much for that question.

I was just seeking some information about – and there was some reference to it in the newspapers – what the details of that compensation package were and, I guess, what we agreed to from 2009 to now and what we have agreed to going forward with the contract with our judicial partners.

Mr. Olson: I'll provide some summary of what this means for individual judges. I believe that's what the hon. member is perhaps asking. From April 1, 2009, to March 31, 2010 – let me go back a step and say that currently a Provincial Court judge makes \$220,000. For April 1, 2009, to March 31, 2010, that would increase from \$220,000 to \$250,000. For April 1, 2010, to March 31, 2011, it would be \$255,000. For April 1, 2011, to March 31, 2012, and for April 1, 2012, to March 31, 2013, it would increase by the percentage amount of the year-over-year increase, if any, in the Alberta consumer price index for the preceding calendar year. There are also stipends for administrative judges, so salary differentials are increased by \$5,000, from \$15,000 to \$20,000, and there is a step up each year. I can give you all of the details if you'd like.

Mr. Hehr: Well, I'd like to follow up with the Alberta consumer price index. I know we signed the last teachers' contract to the Alberta weekly wage index. How does the Alberta consumer price

index work? Is that relative to the rate of inflation? What comprises that statistic, and why was it chosen?

Mr. Olson: I'm going to give the hon. member my best effort to answer that question. Pension indexing and so on has never been one of my strong points.

I do know that there were some submissions made as to how those calculations should be done. Our position was that the Alberta consumer price index is what should be used, and that was more favourable for us, the payer. It was a more favourable measure than the other recommendations that were given.

Mr. Hehr: Are there any estimates currently of what the Alberta consumer price index is supposed to be over the upcoming years?

Mr. Olson: Well, the whole purpose of using a measure like the consumer price index is because we don't know what it's going to be; therefore, you have to have something to tie it to. I think it's reasonable to use something like the Alberta consumer price index because, obviously, that's something that's relevant to Alberta and, I would think, would be a fair measure.

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

Mr. Anderson: Thank you, Mr. Chair. Just a quick question, hon. minister. Obviously, one of the points that our party, our caucus has made over and over again is the need to keep wages under control and the need to have that start at the top by example because it gives the Alberta government a better bargaining position when we deal with all negotiations in the public service. So I was a little concerned to see the judges' salary tied to the average weekly wage index. Certainly, over the last several years it seemed like an index that greatly outpaces inflation, the cost of living. I would just like to ask again if you could explain why you didn't tie it to inflation and why you went with the average weekly wage index when I think that's probably something that the government seems to be trying to get away from when it comes to negotiations with other unions, with other public-sector employees.

Mr. Olson: I'm sorry I don't have the report with me, which, by the way, is available online. The report does talk about the various submissions that were made. My recollection of my discussion with my department when we discussed the index in question is that this was a more favourable measure than the other position that was being taken.

I'm sorry I don't have any more detail than that for the hon. member, but I'd be happy to do some more checking on that and get back to him.

7:50

Mr. Anderson: To be clear, in other words, the report that came back with the recommendations didn't give – an inflationary cost adjustment wasn't one of the options that you had to work with, and you had to work with one of the options given. Is that kind of how it worked?

Mr. Olson: Maybe I could just talk a little bit about the commission, how it's constituted and the rules within which we have to work. This is not a traditional type of negotiation. The whole point of there being a commission is that we can't negotiate with the judges. So we appointed a representative, the judges appointed a representative, and then a third representative was appointed. We made submissions, the judiciary made submissions, and there were a few independent submissions. The report that

came back was unanimous. Even our own representative was supporting the recommendation that was made.

The report comes to me, and then I have 120 days to respond. The Supreme Court has set out criteria that we have to follow in terms of a response, and it never can get to the point of a negotiation: "Well, if you would agree to this, then we would consider that." It's basically accept or reject. If you reject, you have to set out the reasons why you would be rejecting. There was one part of the proposal that we did reject in terms of full indexing, but on everything else we didn't feel as though we would be able to win the day if we had to take the next step, which would be an application for judicial review if it went to that. So we essentially followed the recommendation.

Of course, I can say that we, too, would have preferred to have paid less, but the thing that makes it even more substantial is the fact that it's retroactive. I think that probably it had been in 2005 that the Provincial Court judges and masters had had an increase, so now this comes three years into the next cycle. That's the reason for the big ask here today.

Mr. Hehr: I guess I have two questions. I understand the need for public servants to be reasonably paid commensurate with what their counterparts are making across the country. I'm just wondering and for a little more clarification: is the consumer price index the same as the Alberta weekly wage index? Is that what we base this on?

Mr. Olson: No.

Mr. Hehr: No, they're not. Okay.

Did you base the judges' salary on the Alberta weekly wage index or on the consumer price index? I guess that's my first question.

Mr. Olson: I'm just going to look back at my notes. Just bear with me for a second while I find my notes. The Alberta consumer price index.

Maybe I could just offer a few more pieces of information, which the hon. member may be interested in. As of April 1, 2009, Alberta judges ranked seventh in terms of pay. If you include the federal judges, it would be eighth. With this increase they would for a short time be ranked first, and that would be for 2009-10 and '10-11. By the time you get to 2011-12, they would be ranked second behind Ontario judges.

In terms of pension the pension adjustments in this proposal would bring them in line with most other judges in the country. They had been lower ranked in terms of pension.

Mr. Hehr: I guess a follow-up question. You indicated that your salary reviews of masters in chambers and other judges fell behind. Is there a plan in place to do a more regularly patterned negotiation? Is this scheduled by law, or is there some process put in place so that we're not having to go back in time to settle things and have more predictable and sustainable amounts coming out of the treasury going forward?

Mr. Olson: I'd like to thank the hon. member for that question because it's the same question I asked when I became involved in this process. My understanding is that this seems to have been the practice. It's a four-year cycle. A commission is struck, and the resolution comes some time in the cycle. There's nothing I can do until I receive the report of the commission. The commission was struck and went to work. Once they report to us, that triggers a response that comes from government.

I think that's a reasonable question, and it's one that I'm thinking about already. This would cover us until April 1, 2013, so we have a little bit of time to figure it out before the next one comes.

Mr. Hehr: Well, just a suggestion. You know, obviously, you've got some very highly qualified people on this, and possibly you could give some parameters and some outlines of when you'd want the report back. That might behoove them to do their job a little more quickly. I understand that they're on their timelines, but the government needs to know what their costs are going to be, and so do the people. I just offer that as a suggestion. You probably get many suggestions. I know that.

Mr. Anderson: If I could, by way of suggestion I would just say, too, that one of the reasons, I think, that you have – it would make sense that this commission would say that we should adjust it to the average weekly wage index because, for example, that's what everyone in this House technically is supposed to be indexed to. I think it's really important for the government on that side, when the new report comes up from Justice Major and so forth, to take that into consideration because if we could tie the salaries in this House to the rate of inflation, I think that in the next report, when they do this with the judges and other like individuals, they'll probably tie it to that same amount. You could see a committee member saying, "Well, if the MLAs are getting indexed to the average weekly wage index, then surely the judges should, too." So if we could maybe start with an example for ourselves going forward, tie it to the inflation rate, I think it would be good savings for the taxpayer.

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

Ms Notley: Yes. I just had a couple of quick questions, and I apologize if you've already gone over them because I was a little bit late coming in. Is there currently a connection, some kind of link between a deputy minister's salary, between our public servants' salaries and the judges' either one way or the other?

Mr. Olson: Mr. Chair, it's my understanding that this commission looks at what other judges as well as senior civil servants make across the country, but I think one of the principles in terms of judicial compensation is that the judiciary is different and unique. As far as I know, there is no mandate to tie it in any way to that. Although the commission may well have considered those types of things, in fact, I think the principle is that there is a uniqueness to the judiciary and its independence that does set them apart, and they need to be considered separately.

8:00

Ms Notley: I'm just wondering. Please forgive me if this sounds a little bit like I'm sticking a pencil in your eye; I don't mean it to. With the submissions that were made on the part of the government to the commission, was there any consideration of the argument with respect to, for instance, the Alberta earnings index, that, of course, this government had fundamentally rejected for people receiving minimum wage in this province and that we'd clearly decided they were not entitled to have, that kind of indexing formula attached to the minimum wage, and that perhaps when dealing with something that's very much on the other end of the scale, that the same kind of consideration ought to have been put in place? Has the government considered the clear contradiction in those two positions it has taken? Just scanning very quickly online here over this submission that went from the government to the commission, I don't see any mention of that in there.

Mr. Olson: Well, the government representatives made numerous recommendations. In terms of the indexing it was my understanding that, again, there were several options and that the option we have here is one that was more favourable to government than some of the other options that were being considered. I'm sorry. I don't have access to the report right in front of me here, but I'd be happy to have a further discussion with the member about that.

The Chair: Any hon. member? Edmonton-Gold Bar on this subject?

Mr. MacDonald: Yes. On this subject, Mr. Chairman. I've been listening with interest to the exchange between the hon. members on this side of the House and the Minister of Justice. When we look at the \$28 million request that we're debating this evening and we look at the provincial judges' and masters in chambers' pension plan, the expenses for the pension plan for the year ended March 31, 2011, were \$10.1 million and for the year previous to that \$9.3 million. With this new salary rate, or with this latest adjustment, how will this affect the pension plan if at all?

Mr. Olson: In my earlier comments I provided a breakdown which said that the total cost over four years is \$43.7 million for what the implications of this report are and the acceptance of this report. The amount is broken down as \$20 million for salary increases, \$22 million for pension cost increases due to salary and pension indexing increases, and then assorted other costs for things like professional allowances, administrative stipends, and so on. The global amount over four years is \$22 million. The cost for moving on from this year forward is \$8 million, the additional cost.

The Chair: The hon. member.

Mr. MacDonald: Yes. That leads to my next question on the liability that has been created as a result of this adjustment. Now, for the provincial judges and masters in chambers in 2010 there was a liability in the pension plan of \$11 million. I believe it was reduced – it's just a global amount in a schedule in the financial statements – to what is now a \$2 million liability. Will this liability be going down or up in the next couple of years as a result of these adjustments?

Mr. Olson: I'm not sure I understood the question. Again, I can say that it's \$8 million for the next year, which includes salary and pension. Obviously, a portion of that is a pension liability.

Mr. MacDonald: But you don't know as we're debating this what portion of that \$8 million will be used for this pension liability of \$2 million or if there will be an additional liability created as a result of this adjustment?

Mr. Olson: I'm just trying to do the math quickly, and I probably won't do a very good job of it. These will be very, very general numbers. There are approximately 150 judges, but they're not all full-time line judges. There are some part-time judges in there and supernumerary judges and so on. If you multiply that by the \$30,000 raise per year, basically, from \$220,000 to \$250,000, whatever that number is subtracted from \$8 million would be roughly the pension contribution.

Mr. MacDonald: Thank you.

The Chair: Any other hon. member on this subject?
The hon. Minister of Municipal Affairs.

Municipal Affairs

Mr. Griffiths: Thank you very much, Mr. Chair. I'm pleased to rise today requesting support for an additional \$18,300,000 for the Alberta Emergency Management Agency disaster recovery at the Slave Lake wildfire, to be offset by \$523,000 in savings from ministry support services, for a total of \$17,777,000 requested.

I'd also like approval for a transfer of capital investment. The details of that are that Municipal Affairs was approved to spend \$30 million in the budget for housing accommodations, interim housing for the Slave Lake wildfire, when, in fact, it was the Alberta Social Housing Corporation that eventually expended the \$30 million to purchase the properties. So it's simply a transfer of a preapproved amount from Municipal Affairs over to Slave Lake.

I'd ask for members to support this request.

The Chair: Thank you, Minister.

Any hon. member wishing to join the debate? The hon. Member for Edmonton-Riverview.

Dr. Taft: Thank you, Mr. Chairman. It's indeed a pleasure to engage the minister in some discussions on this. I think the government has been widely commended for its response to the Slave Lake disaster, and I think even beyond that, the people of Slave Lake deserve enormous credit for the courage and determination they've shown.

The resources that are going into rebuilding the houses and buildings in Slave Lake: I have a question for the minister on this. You know, I can't pull it off the top of my head, Mr. Chairman, but there are a number of examples over the last century . . .

An Hon. Member: Here are some.

Dr. Taft: Yeah. That's not what I'm looking for. You can raise that.

There are a number of examples in the last century of cities destroyed by fire or earthquake or other disaster rebuilding to a higher standard. [interjections] You know, a couple of people have mentioned Chicago right now – and that's true – and long before that, London was like that, but I was thinking on a much smaller scale. I think there's a town in Norway that was destroyed by a disaster or fire earlier in the 20th century that rebuilt, and there's one in New Zealand. These are smaller centres like Slave Lake.

What I'm setting up here, Mr. Chairman, is this. As terrible as this disaster was, it is also an opportunity to begin with a clean slate, shall we say, in terms of rebuilding a town and its buildings to a higher standard. In particular, I'm interested in energy efficient building because I think there's a lot of, as I say, low-hanging fruit in Alberta just to be plucked, as it were, by investing in better buildings. That's a long set-up. Sorry, Mr. Minister, but really my question is this. Of the \$18,300,000 that's here or other funding that your department has put into building houses and other buildings in Slave Lake, has there been any special emphasis put on pushing the limits on things like energy efficiency or, for that matter, fire protection in these buildings, or are they just being built generally to the standard levels?

8:10

The Chair: The hon. minister.

Mr. Griffiths: Thank you, Mr. Chairman. I really appreciate the question, and I want to say thank you to the member for complimenting the citizens of Slave Lake for their efforts in rebuilding. It really was a demonstration of how powerful the human spirit can be when a third of the community burned down so tragically. Thankfully, there was no loss of life, but there was such a loss of

personal possessions and memories. To see the people of Slave Lake and the Tri-Council come together and do the job that they did – I mean, I'm going to take this opportunity to also thank the previous ministers of housing and municipal affairs because I didn't do all of that great work in that circumstance. They did. There's been nothing but incredible co-operation in helping to rebuild that community.

In the budget \$289 million was approved collectively for Slave Lake and the rebuilding enterprise. This isn't asking for more money; this is asking for an advance. This money goes specifically for development of the sites where the interim housing was put. The interim housing, that the Alberta Social Housing Corporation and Municipal Affairs in partnership, thankfully, with Infrastructure, that helped do a lot of the groundwork on the leveling of the land and such, simply goes to put up the trailers, which are good quality housing, but they're still interim housing and temporary housing.

The insurance companies that operate for the houses that burned down are the ones that are responsible for the rebuilding of new, permanent properties for the individuals. I'm not sure that the Tri-Council or the people in the community who would ultimately have responsibility for that are pushing new energy efficiency, but I can tell you that we have seen a couple of examples of people who have taken the opportunity to design a different house. Some of them are incorporating new environmental technologies. Some of them have taken the opportunity to downscale their housing a bit, which also improves the energy efficiency when they're not building grand mansions.

So there have been unique changes. But those changes are being driven, I confess, by the individuals who are rebuilding their properties in negotiations with the insurance companies that are covering the cost for the loss of those properties.

The Chair: The hon. Member for Calgary-Buffero on this subject.

Mr. Hehr: Well, just following up on that, has the ministry maybe looked at this as an opportunity to point out some suggestions as to how to do best practices on redesigning a home in that area? Maybe you've done some proactive measures to look at fire safety or things of that nature.

The Chair: Minister.

Mr. Griffiths: Thank you. I know that the Tri-Council and community members have been discussing issues around fire prevention and safety measures in the home. They've also been discussing it in the context of the community at large because nobody wants to see this happen again. So they've been discussing mitigation of another potential disaster.

It's really the Tri-Council – the First Nations settlement, the county, and the town – that have worked together to help with not just discussions about how to rebuild the homes and what new technologies they could use; they've talked in the context of rebuilding the entire community. I don't want this to come across negatively, but when a third of the community burned to the ground, some members of the community have really taken it upon themselves to look at it as an opportunity to build the community from the ground up, undoing any mistakes that may have developed from ad hoc development. They're really capitalizing on some of those opportunities when it comes to recreational services, the partnerships they have between the municipality and the library and the county, so that they can find economies of scale. We've discussed it, but I'd be reticent for the province to try and push those three councils to come up with a solution that's

good for us. We really want them to come up with a solution that's good for their community going forward.

We have, actually, a couple of people who permanently have been working up there with the Tri-Council to work on how the funds are going to be allocated and what sort of new initiatives could be driven. But the ideas: we're really encouraging the municipalities to generate them.

The Chair: Any other hon. members?

Hon. Minister of Seniors, it's your turn.

Seniors

Mr. VanderBurg: Thank you. There are two very important programs in our ministry, AISH and PDD, and I don't think I have to explain that to the members opposite. Of our \$2.1 billion program Seniors is requesting an additional \$11.3 million for these two vital programs. The amount will be offset by a \$1 million reduction in the capital funding under our affordable supportive living initiative. As you can see, on page 32 there is a clear explanation for the costs: \$5.9 million for the caseload growth for financial assistance for AISH, \$1.6 million for costs related to higher caseload growth and higher health benefits administration for health assistance, and \$3.8 million for higher costs for the persons with developmental disabilities program. It pretty well explains itself.

Thank you.

Mr. Hehr: This might just be more of a comment than a question, but I'll see if the minister would like to respond. It just seems to me that the process we go about in giving AISH raises – I think we did one back in 2008, which was of about \$200. We've now gone through one where we've given a \$400 raise. I commend the minister for doing it, and I commend the Premier for following through on her promise in that regard. But it seems to me a little bit of a system whereby we're always having to go back to the drawing board and assess: what are the people who are in this difficult circumstance entitled to?

It seems to me from a political standpoint as well as, actually, feasibility for these people's lives that if you tied it to an inflation rate – let's just assume that you have a reasonably fair sum of money to have AISH recipients receive. If you compare it across the country, arguments are that it is a fairly fair rate. Of course, you know, you could do more. Of course you could do less. But it is what it is. If you tied it, then, to an inflationary thing, then it just takes the whole equation and takes the political out of it, takes out the necessity of people coming into my office four years from now and saying: "Look, the rate of inflation here has been 5 per cent a year. I'm making 20 per cent less." Then it would sort of keep them in a standard that would be reasonable, seemingly fair given this arbitrary number we've come across, and save the minister and the Premier the political angst of always having to go through with it and me always having people in my office saying: my AISH didn't go up this year.

Mr. VanderBurg: Fair comments, and I wondered why we haven't done it ourselves.

I will tell you that since 2005, if we would have taken your example of 5 per cent a year, it would have been a 35 per cent increase. Instead, we have an 87 per cent increase, the most generous program all across the country.

The predictability issue that you raise is fair, and it's something that I'm going to have some discussion on with my colleagues and with our staff to see if, indeed, there is a better way. But I have to

tell you that with an 87 per cent increase since 2005, using your scenario, they'd be behind the eight ball.

Mr. Hehr: I understand that. We're basing it on whether the first amount was actually fair and reasonable. I'm not saying that that was. I'm saying that this number we're at now is much more fair and reasonable than it was in 2007. I'll grant you that. But on a going-forward basis, it seems that we've arrived at – arguments can be made both ways – a fairly reasonable place, in my view, where we can go. It would take the politics out of it as well as some of the personal angst out of it. Those are my only comments.

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

Ms. Notley: Thank you. I too, of course, am pleased to see the increase in payment to people receiving AISH. I will say that I can't go out into my community without people coming up to me, or previously coming up to me, and saying over and over and over again: "Do you think they're going to really do it? Do you think it will really happen?" I know that it meant a lot to those people because, of course, they were and still are, frankly, living below the poverty line. At the time it was that much more, you know, 87 per cent more, below the poverty line than they are now.

8:20

Just in terms of the comment that the last speaker was making around indexing and having regular increases built into the formula, not in any way to negate a review in the future about whether the base amount is adequate, perhaps you could bring the experience of the judges to the attention of your cabinet colleagues because, of course, we just spoke about how they were very successful at getting a very generous indexation formula applied to their raise. Perhaps we might want to try considering doing the same for recipients of AISH as well as those who are forced to live on the minimum wage. That aside, just a hint for future cabinet discussions.

I note that your increase is not large, but certainly a portion of it arises from a decrease in expenditure in the affordable supportive living initiative program. Now, obviously, we'll talk more about that when we get into full estimates because there's a much bigger decrease in this year's budget, but I'm wondering if you could explain what the source was of the in-year savings thus far to ASLI.

Mr. VanderBurg: First of all, that your constituents came in front of you and said: will they really do it? So did my constituents, and so did hundreds of callers from the time that this issue was raised until last week. Stay tuned. On March 27 the cheques will go out. That's the next question: when will we get this? You know, remind them that if they were getting the maximum benefit of \$1,188 this month, they will get \$1,588 next month, March 27. It's in the works.

I can tell you that, personally, I would have preferred to have spent that million dollars and built some more housing units, but as the program and the bidding process, where people bid into the ASLI program – we had the successful bidders of large projects; you know, 60 units, 80 units, 120 units. It was just the money left over based on the successful amount that we had. I think we had \$67 million or something.

You're right. This upcoming budget: there's \$25 million in it, and I'll defend that portion at a later time. It was just the leftover amount that we had out of that grant. Our choice was to either offset some other increases or find an innovative way to spend a million dollars. My choice was to do this.

Ms Notley: Okay. Well, that's a reasonable explanation.

The increase that you're seeking: I guess a significant portion of it basically amounts to a recalculation of the number of people who are eligible for AISH and the associated health benefits. I note that the same kind of dynamic has occurred most years, that in fact we end up having more eligible applicants than are budgeted for. I'm wondering if you can comment on the formula that's used to predict the number of eligible applicants and whether that can be improved so that we actually approve the correct amount of money when we're first going through the budget rather than having to come back because we've underestimated. I realize it's not a huge number that's been underestimated, but I do see that there appears to be a bit of a pattern year over year. I'm wondering what discussions there have been in that regard.

Mr. VanderBurg: Well, there's no doubt that the caseload increase follows the population increase, and as our population in the province will increase, the caseload will. You can see that the curve that matches our population growth will match the case growth. It's the scenario that we've used from the history of the past years.

Once again, you know, \$559 million was the current estimate for AISH, and we spent \$565 million. Pretty close. It's not half a point. You know, it's pretty small. But the choice that I have is to spend the money, try to help these individuals out, or ignore them until the next budget year, until you approve my budget. To me that's not a choice.

I would rather come here, defend that the caseload was higher than we had predicted, beg you for some more money, and ask for forgiveness because ignoring those people and telling them to wait another six months or until we had the opportunity to be here this evening and get approval is not an option for me. So I'll spend the money; I'll take the heat. It's very small. I would say that seeing the process that our staff use – they're professional. They've used the best estimates they can.

Again, I will say that anything I can do to make sure that the person on the street, the Albertan that needs the help – I'll take the criticism for spending a few extra dollars.

Ms Notley: I was certainly not suggesting that you should be approving all those who were eligible because, obviously, the eligibility criteria should have absolutely no connection at all to what you budgeted. It should simply be who needs it because that's how the program is administered. I was simply inquiring as to whether there were plans afoot to try and tighten up a little bit the estimation, not necessarily suggesting that it's way off or anything but just to tighten it up a bit – that was all – always to ensure that everybody who is eligible receives the funding to which they're entitled.

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

Mr. MacDonald: Yes. Thank you very much. I, too, would like to note and commend the government and the Premier for their increase in AISH allowances or benefits. Certainly, it was the right thing to do, and it's long overdue.

It's interesting to note that that's a little over a 30 per cent increase, I think, yet we have persons with developmental disabilities getting by with a 5 per cent increase, and we're looking at \$3.8 million for higher costs per case with persons with developmental disabilities in that program in this supplementary supply request.

Something that has been sort of overlooked in all of this is SFI, or social assistance benefits. The average per file or per caseload increase in this budget, Mr. Chairman, I think was around 5 and a

half per cent. Certainly, if we're going to finally do the right thing with the AISH program, I think it's about time that we treat the persons with developmental disabilities program and SFI in the same manner.

Now, that being said, the million dollars that was made available through this supplementary amount is in affordable housing initiatives, I understand. I, too, would prefer to have seen that used for housing initiatives. Hopefully, next year the minister can at some point inform the House that that initiative is fully funded and working well.

However, specifically with AISH, is this going to be an example of giving with one hand? I think the minister said that in March, March 26 or 27, there will be a \$1,588 benefit payable to a client of the program. Am I right and are citizens right in assuming that over 80 per cent, 83 per cent to be precise, of AISH clients cannot supplement their income through a part-time or a modest work program? Can the hon. minister confirm that for me, please?

Also, confirm that now that we're going to increase the payment, we're not going to start taking away benefits through the Blue Cross program for AISH clients. I hope, Mr. Chairman, that this is not the example of giving with one hand and then taking away medical or drug benefits with the other hand. If I could have that assurance and the answer to: am I right in assuming that over 80 per cent of AISH clients cannot, will not, never will be able to supplement their income, but there is between 15 and 17 per cent that are or can expect one of their household to help out in that way?

8:30

Mr. VanderBurg: First of all, I want to correct a couple of things that you've said. PDD clients are on AISH, and they will get a raise as well. That's two different issues that you're talking about. Those that get \$1,188 – that's the maximum cash benefit – will go up to \$1,588.

I think you're right on your figures. It's about 17 per cent of those on AISH that are earning over and above their amount, and that exemption limit for a single person on AISH is \$400 today. Next budget year it will be \$800, so it's doubled. We'll be able to track that to see the employment opportunities that those AISH clients have to earn more.

Again, I'd like to correct you on the assumption that, you know, 80 per cent plus will never work. I think that with the right tools and with the right opportunity they may have some opportunities to work. There are some great service providers and some great agencies in your riding that offer some assistance and some employment training and partner with great local city businesses that allow them to learn some skills and earn some money. So I think that there is more opportunity. We've just got to bring that out.

Again, we're talking supplementary estimates, but looking ahead, there is no intention to decrease any medical benefit because there is a raise in pay. It's simply a raise in pay.

The Chair: The hon. member.

Mr. MacDonald: Yes. To clarify to the hon. minister, I think last year the budget for PDD was \$604 million or \$608 million, somewhere around there, and when you compare the increase to that budget, I'm certain in this year it's 5 per cent. It has nothing to do with whether these individuals are or are not on AISH.

Now, how many of the AISH clients, what percentage or what number, will get the full benefit of \$1,588?

Mr. VanderBurg: I don't have that figure with me tonight, but when we do the budget and talk about that, I'll have it. You're

guaranteed that I'll have it because my staff is listening tonight, and they'll make sure that I'm armed with that.

Mr. MacDonald: Okay. Thank you.

The Chair: Any other hon. member wish to speak?

Mr. Hehr: To just add to the question from my hon. colleague for Edmonton-Gold Bar, I think we often do better for our AISH clients – and take that as a relative comment – than what we have traditionally done on SFI here in Alberta. I believe a report came out a couple of years ago comparing Alberta to the rest of Canada, and we scored highly on our AISH score, but we didn't do that well in supporting people who were out of work or single mothers or people who were on that program. That report highlighted that in other jurisdictions the people are (a) living in more dignity and (b) able to hopefully incorporate themselves back into some sort of measures. Although sometimes for political reasons it's easy for us – we take care of our assured income for the severely handicapped people better than any other province while we ignore the other people because it's an easier political sell. So I'd just ask the minister to consider that.

My actual question in this regard. Oftentimes people come into my office, and they're having a difficult time with organizing their AISH submission. Now, I should know this, but is there a detailed accounting on your website on how to present your AISH claim in that regard, and is there any way to sort of, I guess, ease the administrative burden on the people who are in your department, who then have to say to an individual, "Look, you may very well qualify, but this is nowhere near complete"? I'm sure that takes up a large portion of their time. They have to go back and appeal, and when their appeal isn't right, they have to go back and reapply, then, some other time later. Is there a streamline, for instance, some information out there? Maybe there is. I'm just asking a question.

Mr. VanderBurg: Well, two parts to that. One of the issues that the Minister of Human Services and I are working on is to make sure that the programs we offer Albertans have some reason behind them. Remember, the AISH clients for the most part are not expected to work. Then there's a different class under support that are expected to work. They're in a transition period or a period of time where maybe they've had an injury or a hip replacement, and they need some supports for a small period of time. Usually those that are on AISH, they don't opt in and opt out. They have 46 per cent physical disabilities and 32 per cent mental disabilities, many of them both. You're not opting in and opting out. You know, you're looking for support, and the agencies that provide those 45,000-plus Albertans offer great supports. Like you said, when measured against other provinces: nothing even close in other provinces.

The other point that you raised on the AISH application. I can send you one over. It's pretty easy to follow. There's some steps on the website of how to prepare before you apply, you know, the doctor's certificate and your last financial records. But for the most part an AISH worker is needed to carry them through the application. It's not onerous. It's pretty clear. I've filled it out myself. I went through the process to make sure that I understood, that there wasn't a whole bunch of information. Information between departments can be shared. It's not onerous. It's a very transparent process.

There are appeals, and that's just the nature of the beast. When you have applications, not everybody gets what they want, and there's an appeal process. I know in my community I've heard

about the process from people who have been there, and they found that they've been treated very well and very respectfully.

If you like, I can send you a copy of the application.

Mr. Hehr: Now I'll go find it.

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

Mr. Anderson: Thank you, Mr. Chair. I just wanted to put on the record on behalf of the Wildrose caucus our agreement and our support for the government raising the AISH payment \$400 a month. We think that it's certainly a compassionate change that needed to be done. We agree very much with it.

This is a classic example where – I mean, obviously, roughly \$200 million, a little over \$200 million, is a lot of money, but in the grand scheme of things, when you look at the Health budget, when you look at the Education budget and so forth, it actually is a doable piece of money, and it goes a long, long way. It's very direct. It doesn't go through a big bureaucracy. The folks that receive it and their families can decide how to use it best for their needs. We very much think that this was a very good change. It is something that we've included in our alternative budget and is something that we will certainly vote for and support going forward.

8:40

We also like the idea – and it's my understanding, if you could just clarify it for me, Minister – that on a go-forward this will be indexed to the rate of cost of living index. Is that correct? No, it won't. We would suggest that it should be. We think that having it go up every year by the rate of inflation just makes sense. Again, that's a fair amount, and it makes up for, you know, the cost pressures that are going on today. I wonder: are there any plans that you have going forward to index that to inflation? Is that something that in the future, should you be the minister in several months, you're going to be asking your government to continue doing?

Mr. VanderBurg: First of all, thank you for the support, and I look forward to you standing beside me and approving the budget when this whole process is done. That will really confirm that you're all forward and supporting the budget, and I will need that. I'll need that from each and every colleague here, and you're all colleagues. It's all important to Albertans that this raise gets passed and that our budget gets passed.

Like you, I would say that every colleague here has come to me on all sides of the House and asked me to address the same issue that you've addressed, a long-term stable process that Albertans on AISH can count on. I make that commitment to you. I make that commitment to all of my colleagues that 12 months from now this won't be an issue.

Mr. Anderson: Excellent. Just for clarification purposes, we will be supporting that portion of the budget, but I can guarantee you that we will not be supporting the overall budget for different reasons, but not because of that reason. Your AISH payments increase was bang on. So just as a point of clarification.

The Chair: Does any other member wish to speak on supplementary supply for Seniors?

The hon. minister.

Human Services

Mr. Hancock: Thank you, Mr. Chair. Under the supplementary estimates today we're asking for Human Services the amount of

\$6.989 million. Now, to put that into context, really what we're needing is \$10 million to supplement the child care choices plan increase in child care spaces. We had a program over the last few years to increase to approximately 20,000 new child care spaces, and the program was overwhelmingly successful. We have 22,500 in the child care subsidy caseload for this year, which is 1,900 more than the budget that was in place of 20,600.

So that's essentially it. We need \$10 million to pay for the child care subsidies due to the increased child care load. We were able to surplus this year approximately \$3 million from some other programs. For example, the \$0.6 million increase for the Immigrate to Alberta web portal, \$0.7 million for the Appeals Commission, \$3 million for reductions in programs funded under the labour market agreement, things that we'll have to deal with in due course but for the purpose of supplementary estimates are able to be net off against the \$10 million that we need.

That is essentially the request, together with \$700,000 for the Appeals Commission for the Workers' Compensation Board to reduce the processing time for claims and \$608,000 for the Immigrate to Alberta web portal. Those two are essentially flow-through expenditures, as I understand it.

So the need that we're requesting is the \$6.989 million to pay for the child care subsidies for our wildly successful child care program.

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

Dr. Taft: Indeed. Thank you, Mr. Chairman. I'm just looking for a little clarity from the minister. The \$10 million, as it's written in the statements we have been provided, is to address increased subsidy caseloads within child care subsidy and supports. Does that mean the number of cases has increased, or is more being spent per case?

Mr. Hancock: Two answers, Mr. Chairman. The caseload has increased. I think, as I indicated earlier, it's about 1,900 over what was budgeted. But we also have, as I understand, a program in place to encourage the improvement of credentials and the funding that goes with that. So the money would be on both sides, the increase of the caseload and payment for improving credentials.

The Chair: The hon. member.

Dr. Taft: Yes. That was helpful. I appreciate that.

Just to pursue that, would some of this, then, go to increased salaries for the workers? As their credentials go up, does this give them an incentive to stay in that sector?

Mr. Hancock: Mr. Chairman, that's essentially what the credentials program is, a wage supplement for those who improve their credentials. It's an incentive for people at the lower income levels to improve their credentials and move their income level up.

The Chair: Any others?

Ms Notley: Well, I just wanted to follow along on those questions as a start. I'm wondering if you could advise us specifically. You mentioned there were 1,900 more families accessing the subsidy. Obviously, the amount of subsidy varies by family, depending on their income. What was the total number of families receiving the subsidy right now? Did you say that?

Mr. Hancock: Twenty-two thousand five hundred.

Ms Notley: Okay. That's what I thought. Can you advise, then, how many more staff are receiving the additional payment as a

result of additional training and where it is those staff reside? Is there a geographic pattern there at all?

Mr. Hancock: I don't have those specifics at hand at the moment, but I certainly don't mind getting them if they're available and providing them to the hon. member. I don't know if I have a geographic breakdown, but I would assume that we would be able to. Certainly, we should be able to delineate that, so I can get the hon. member those numbers, but I don't have them right at the moment.

Ms Notley: The other reason I was looking for the number of staff is because it depends on what level of education they're getting and what the overall amount is that they're receiving. It helps us to determine if it's the same people carrying on further or if we've got new people that are getting certified and additional certification going on. That's the information that we're looking for as well as a breakdown between the amount of the \$10 million that's dedicated to the new subsidies versus the portion of the \$10 million that's dedicated to additional staffing costs.

Mr. Hancock: Certainly, Mr. Chairman, I can get that information. I would suspect that with respect to the education side you would find that it was both. As I understand it, we're at an exceedingly high level – and there are voluntary standards in place – of compliance with those standards. I think there's about 5 per cent of people that we're still moving to those standards, so I would suspect that that is part of it. But also part of it would be people improving from where they are to where they could be. I can get you some more definitive information with respect to that.

The Chair: The hon. member.

Ms Notley: Thank you. The final piece that I'd be looking for on that same thing is whether you can advise what the breakdown is between nonprofit and for-profit in terms of where those staff reside.

Mr. Hancock: If it's readily available without spending all of the money to find it, I would be more than happy to provide it.

Ms Notley: I appreciate that we'll talk about this more in the overall discussion of your budget, but given that we do have a profound shortage of child care still in this province, the whole issue of how it's delivered and the best way to increase the number of spaces as well as the accessibility to those spaces does factor in very much to that conversation, so it's relevant.

You'd mentioned, I think – or perhaps it was in my notes – that part of the place where you'd found that \$10 million, the reason you're coming to us for roughly \$7 million, is because there was a \$4.3 million saving from employment. I didn't quite get the details about where those savings came from. I'm wondering if you could provide those.

8:50

The Chair: The hon. minister.

Mr. Hancock: Thank you. Mr. Chairman, \$3 million is the reduction in expenditures for programs funded under the labour market agreement due to a decrease in the number of learners participating in LMA-eligible programs. Federal funding allocated through the LMA that has lapsed may be carried forward into the following year. The request can be made as part of the ministry's 2012-13 first-quarter fiscal update submission.

The long and the short of it is that we have some funding in the labour market agreement program which we are not expending

this year because of not sufficient people applying in that particular category. We will have to account for those monies. We can carry them forward. In other words, they're federal monies, so we have to expend monies in that area, but we can carry those forward into the next year. In the meantime the accounting rules provide that we have to offset that or that we can offset that against the supplementary request, so that's what was done.

The \$1.2 million reduction is related to the targeted initiative for older workers. Due to delays in project approvals by the federal government we are not going to be able to utilize that money in this fiscal year. Again, we'll carry it over to the next fiscal year, but in the meantime the money in the budget, the voted money, can be applied against the child care need.

The Chair: The hon. member.

Ms Notley: Thank you. I'm sorry. I should know this, but can you explain very briefly the labour market agreement? Who are the recipients of the funds in that and under what scenario? These aren't temporary workers, are they? I'm sorry, but I can't recall what that program refers to.

Mr. Hancock: Again I'm going to have to beg the indulgence of the member for me to get the specifics about which particular categories qualify under that particular agreement. We have a number of areas in which we help fund learners or people who want to upgrade their credentials, et cetera. Some of them qualify for federal funding, and those ones would fall under that labour market agreement. Rather than speculate as to which are which off the top of my head, I'll get you that definition.

The Chair: The hon. member.

Ms Notley: Yeah. I'm wondering if these are the additional immigrants that come to Alberta after having been counted in a different province. I'm not sure. Anyway, if you could provide us with that information sooner than later.

The Chair: The hon. Member for Edmonton-Gold Bar on the subject?

Mr. MacDonald: Yes. Thank you very much. To the Minister of Human Services. The \$700,000 request for the Appeals Commission for Alberta's workers' compensation: is that as a result of an increase in the number of files or the number of appeals that they're hearing, is there an increased workload there, or are there some sorts of salary adjustments being made where this amount as requested is necessary?

The Chair: The hon. minister.

Mr. Hancock: Thank you, Mr. Chairman. My understanding is that there are a number of vacant chair positions with the Appeals Commission. As a result there is becoming a need to conduct additional hearings to achieve a reduction in the timelines, so those need to be funded. Now, as I understand it, that's basically a flow through. That's an assessment against the Workers' Compensation Board. There is a revenue item on the other side, but we have to account for the expenditure in our budget, so we need the supplementary supply of that \$700,000 to account for filling those vacant positions so that they can get on with reducing the waiting time with respect to appeals.

The Chair: The hon. member.

Mr. MacDonald: Thank you. I have one more question, regarding waiting times. I find it very unusual that in the past, and I haven't plugged in my computer to see if it has been changed, certainly the Appeals Commission – and the hon. minister is the man in charge – has been very reluctant to produce an annual report, as is requested. In my view, they are obligated to do that. I was disappointed in the past to not be able to find that annual report. Maybe things have changed, and maybe they're there now. I would certainly hope that a small portion of this money could be used to make sure that annual reports are produced in a timely fashion and are also accessible to those who are interested in reading them.

Thank you.

The Chair: Hon. Minister, do you wish to comment?

Mr. Hancock: All of these comments will be passed on to the relevant areas, and if there's a requirement for an annual report that hasn't been fulfilled, I'll certainly look into that. You know, the hon. member might understand that there are corners of my ministry that I'm still learning a little bit about. I haven't honestly looked to see what the annual report status for the Appeals Commission of the Workers' Compensation Board is, but I will.

Ms Notley: In the spirit of helpfulness – I was just online – it appears the most recent annual report was 2003.

The Chair: Any other hon. members wish to speak on Human Services?

Seeing none, the chair shall now recognize our Solicitor General and Minister of Public Security.

Solicitor General and Public Security

Mr. Denis: Thank you very much, Mr. Chair. I just want to tell the members opposite that I'm really not feeling well this evening, so if I'm not on my game, I will come back and give you some written responses.

I'm here to request an additional \$1.74 million for SGPS for the 2011-2012 fiscal year. That is .26 per cent of the total budget. Like all of the departments, SGPS has had to find money this year to accommodate the AUPE settlement. Since my ministry is highly human power intensive, we faced a \$5.4 million shortfall. The good news is that after a detailed review of programs and operations we were able to find some short-term savings for two-thirds of this amount. The funding was then allocated to staff compensation to address the AUPE settlement and cost pressures. We are still, Mr. Chair, short \$1.74 million. We need this money to ensure that we're compliant with the global settlement that the overall government agreed to with AUPE. I seek approval, then, of this House for \$1.74 million.

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

Mr. MacDonald: Yes. Thank you very much. I can certainly sympathize with the hon. Solicitor General and Minister of Public Security, and I hope he's feeling better soon.

I have a question before we make this allocation. Certainly, last year most departments transferred money back into the general revenue fund. There was an amount last year of over \$600 million transferred back into the general revenue fund. How much, if any, was from the Solicitor General and Public Security department?

Mr. Denis: I'll undertake to advise you at a subsequent juncture.

Mr. MacDonald: Thanks.

The Chair: Are there others? The hon. Member for Edmonton-Strathcona.

Ms Notley: Yeah. I see that you're looking for an additional \$1.7 million but that, in fact, you're really looking for about \$3.5 million and that roughly \$1.76 million is being paid for by your ministry through in-year savings. I want to ask you a little bit about those in-year savings. In particular, I want to ask about sheriff services, where it seems that your ministry has saved about a quarter of a million dollars. Yet we had quite a flare-up of concern – I'm not sure when it was, earlier in the year, anyway – about the level of security from sheriffs in the Queen's Bench courtrooms. I believe it was in Edmonton that the issue was raised. Given that at the time, I believe, there was talk about hiring more sheriffs – and I'm assuming they come out of your budget, maybe they come out of the Justice minister's budget – and given that there was talk of the need to hire a significantly greater number of sheriffs, I am wondering how it is that you have in-year savings in this area in your budget at this point.

The Chair: The hon. minister.

Mr. Denis: Thank you, and I thank the member for that question as a fellow member of the Law Society. There are, in fact, four levels of security in the courtroom as it is. Security has been increased substantially over the last five years, at least in my last year of practice of law, anyway.

9:00

Typically, you have your perimeter security. Then what happens is that as you come in, there is airport-style security in most courtrooms, which didn't exist several years ago as well. Then, on top of that, there are also sheriffs that roam the courtroom. In addition, individual judges have a panic button, which many of us do have. I know the Speaker has pointed out to me his panic button in the past. Then, even on top of that, in a matter where there is a significant risk to security for whatever reason, the particular judge or justice can in that case actually go and request additional security as well.

You know, I don't totally agree with respect to the member of the judiciary who raised that particular concern, but I can tell you that it is a priority for us and so much that in this year's budget there are 30 additional sheriffs. Given the state of my health this evening, though, I will undertake to get you some further information on that as you have requested, Member.

The Chair: Any other member wishing to speak?

Mr. Hehr: Just one quick question. I note that the main of this expense is going to correctional services that will be run in correctional centres. Could the minister enlighten me if this expense is for additional security guards or overtime pay given some of the numbers that are currently in our prison systems and the amount of overtime that's happening? Where is this money actually going?

Mr. Denis: Overtime is inevitable in any department, but it's not desired, obviously, because it is time and a half. I do believe that the 30 additional sheriffs as allotted in this year's budget are going to address that. That's a continual concern, I think, that all government departments have. I think it's also a continual concern for private employers. The reason there is time and a half is to discourage people from working the hours that every member in this Chamber does and, rather, to hire additional sheriffs where needed, and that's what we've done, Member.

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

Ms Notley: Okay. Well, just going back on the same issue, I understand why you're coming to us looking for more money, but I'm wondering – notwithstanding your health maybe someone else can give you some advice. I'm not sure. I'm looking for what the explanation is for the \$1.5 million savings in contract policing and policing oversight. I'm also looking at the half-million-dollar savings in commercial vehicle enforcement, and I'm wondering if we can get a bit of an explanation for how that came about.

Mr. Denis: To this member: good questions again. Policing oversight deals with the whole mandate of the department, so that's an efficiency we've found, actually, in the department.

With respect to contract policing I'll get you some information about that as well.

The Chair: Any others?

Seeing none, the chair shall now move on. The hon. Government House Leader on the office of the Chief Electoral Officer.

Office of the Chief Electoral Officer

Mr. Hancock: Well, Mr. Chair, it would be the tradition and practice of the House that we do not challenge the estimates of the legislative officers because they're not here to defend their estimates.

Dr. Taft: Mr. Chair, if I may.

The Chair: The hon. Member for Edmonton-Riverview on the electoral officer supplements.

Dr. Taft: Yes. I understand the tradition of the House as the minister just expressed it, but I just want it to be on the record that I regret as a member of the Assembly not having a proper opportunity to debate the estimates of this particular office of the Legislature or any of the others. So perhaps for future practice we can make some changes.

Thank you.

Mr. Hancock: Mr. Chairman, I'm not about to offend the practices of the House. The Standing Committee on Legislative Offices reviews the budgets, debates the budgets, brings them forward, and the chairman refers to that at the beginning. They shouldn't have been called, and we're not going to offend the practice of the House by defending them.

The Chair: The hon. Minister of Municipal Affairs on behalf of the minister.

Intergovernmental, International and Aboriginal Relations

Mr. Griffiths: Thank you very much, Mr. Chairman. I will run through this, and I'll endeavour to answer any questions that you may have for the minister. I can answer just about everything, I think, except where he gets his hair cut, and I won't tell you where I get my hair cut.

Mr. MacDonald: The same place as the Human Services minister.

Mr. Griffiths: No, it wasn't the same place. It was faster.

Mr. Chairman, IAR is requesting an additional supplementary estimate of \$2 million for its 2011-2012 budget. It has \$500,000 that has been made available from lower than budgeted expenses, and the request for \$2 million collectively means \$2.5 million

flowing through the department to the First Nations development fund. The \$2 million is actually a flow through from higher than expected casino revenues on-reserve.

So it's simply a flow through of the \$2 million plus the \$500,000 in lower than budgeted expenses flowing through to the First Nations development fund. I ask for members to support this.

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

Mr. MacDonald: Yes, Mr. Chairman. The \$2 million that is being added to the First Nations development fund and its additional revenue: could the minister please tell the House how that additional revenue was generated? Was it from slot machines? VLTs? Which First Nations casinos had that revenue generation occur?

The Chair: The hon. minister.

Mr. Griffiths: Thank you, Mr. Chairman. I'm sorry. I don't have that detailed information. I simply know that for the structure for the lotteries the way it works now in the casinos is distinct on-reserve, and approximately 30 per cent of the funds that come from First Nations casinos flow through to the First Nations development fund. The exact breakdown of whether it was from slots or terminals: I don't have that information. But I know the minister would be happy to provide that if he has that breakdown.

Mr. MacDonald: Thank you.

The Chair: On the supplementary supply for Intergovernmental, International and Aboriginal Relations does any other hon. member wish to speak?

The hon. minister.

Tourism, Parks and Recreation

Mr. Hayden: Thank you, Mr. Chair. I'm requesting supplementary estimates of \$1.32 million to cover the expenses in Tourism, Parks and Recreation that were not anticipated in the 2011-12 budget estimates. The request is simply to address the funding pressure from the collective bargaining agreement that was reached with AUPE. The increased compensation and other benefits for employees cannot be funded internally without impacting services provided by the ministry, and without this funding the ministry would have had to reduce current staffing levels and services directly affecting Albertans to cover their funding shortfall.

Thank you.

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

Mr. MacDonald: Yes, Mr. Chairman. Now, the hon. Minister of Tourism, Parks and Recreation . . . [interjection] Not perks. No, I didn't say perks. Someone here said perks, but it wasn't me, Mr. Minister.

You said that this money is needed, I believe, to facilitate a collective agreement with AUPE. I have to take exception to that unless you can provide additional information. The supplementary estimate here for the minister's office is for \$18,000; the deputy minister's office, \$30,000; strategic corporate services, \$163,000; and communications, \$9,000. Now, certainly, that is well over \$200,000.

The employees in the minister's office, if I am to understand correctly from you the reasons you are requesting this money, certainly wouldn't belong to AUPE. They wouldn't be in any collective agreement. They would be considered management. How can you tell us that all of this request, if I heard you correctly, is as a result of this collective agreement with AUPE, when

this group, if they are to get this money for employee compensation adjustments, is considered management?

9:10

The Chair: The hon. minister.

Mr. Hayden: Thank you, Mr. Chair. That is indeed correct. The AUPE collective agreement benefits that were awarded were awarded also to the non-unionized staff that are not in the management position. So the numbers that you talk about are not management. Those are for the support staffing that is non-unionized. It's a small part of that overall \$1.32 million.

Mr. MacDonald: A small part of that comes to \$220,000, which is, oh, we could say, 8 per cent, 8 and a half per cent, maybe a little better than that. Of the people who are not part of the collective bargaining process, how many individuals are sharing in the \$220,000 employee adjustment compensation?

The Chair: The hon. minister.

Mr. Hayden: Thank you, Mr. Chair. I'd be pleased to get you that information and find out how many of the 800-plus employees are non-unionized.

Mr. MacDonald: Thank you.

The Chair: Is there any other hon. member wishing to speak on Tourism, Parks and Recreation? We are still under three hours.

Vote on Supplementary Supply Estimates 2011-12, No. 2 General Revenue Fund

The Chair: The chair shall now call the question after considering the 2011-12 supplementary supply estimates, No. 2, for the general revenue fund for the fiscal year ending March 31, 2012.

Agreed to:

Office of the Chief Electoral Officer	
Expense and Capital Investment	\$3,100,000
Human Services	
Expense	\$6,989,000
Intergovernmental, International and Aboriginal Relations	
Expense	\$2,000,000
Justice	
Expense	\$28,093,000
Municipal Affairs	
Expense	\$17,777,000
Seniors	
Expense	\$10,300,000
Solicitor General and Public Security	
Expense	\$1,740,000
Tourism, Parks and Recreation	
Expense	\$1,320,000
Transportation	
Expense	\$29,418,000
Amount to be transferred	
Municipal Affairs	
Capital Investment	\$30,000,000

The Chair: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Chairman. I move that the Committee of Supply rise and report the supplementary estimates, No. 2.

[Motion carried]

[The Deputy Speaker in the chair]

Mr. Rogers: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again. The following resolutions relating to the 2011-12 supplementary supply estimates, No. 2, for the general revenue fund for the fiscal year ending March 31, 2012, have been approved.

Office of the Chief Electoral Officer: expense and capital investment, \$3,100,000.

Human Services: expense, \$6,989,000.

Intergovernmental, International and Aboriginal Relations: expense, \$2,000,000.

Justice: expense, \$28,093,000.

Municipal Affairs: expense, \$17,777,000.

Seniors: expense, \$10,300,000.

Solicitor General and Public Security: expense, \$1,740,000.

Tourism, Parks and Recreation: expense, \$1,320,000.

Transportation: expense, \$29,418,000.

The Committee of Supply has also approved the following amount to be transferred.

Municipal Affairs: from capital investment to expense, \$30,000,000.

The Deputy Speaker: Having heard the report from the hon. Member for Leduc-Beaumont-Devon, does the Assembly concur in the report?

Hon. Members: Concur.

The Deputy Speaker: Opposed? So ordered.

Consideration of His Honour the Lieutenant Governor's Speech

Mr. Fawcett moved that a humble address be presented to His Honour the Honourable the Lieutenant Governor as follows.

To His Honour the Honourable Colonel (Retired) Donald S. Ethell, OC, OMM, AOE, MSC, CD, LLD, the Lieutenant Governor of the Province of Alberta:

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

[Adjourned debate February 8: Mr. Hancock]

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

Mr. MacDonald: Yes. Thank you very much, Mr. Speaker. It was with interest that I sat last Tuesday and heard His Honour deliver the throne speech. It was interesting to sit here a few minutes before the proceedings started. I got to witness the parade, the citizens from throughout the province who came to hear the throne speech. Certainly, it was enjoyable. It was interesting, as I said earlier.

I was outside after, and of course there was a gentleman who came up. I had no idea who he was. He came up to me in the rotunda, and he asked me some questions about the throne speech and the proceedings that occurred in here and the people that were seated on the floor of the Assembly. I was surprised at his take on all of this. He asked me if those that were seated closest to the Premier's chair gave the most amount of money to the Progressive Conservative Party in political donations. Now, I had to stop and think about that. I didn't have an answer for him, but I gave him this advice: ask some of the Progressive Conservative MLAs if

that's how all this works. I don't know. I got busy in conversation, and I didn't hear from him again. Hopefully, I will, and hopefully he got the right answer to his question. Certainly, that was his notion or his idea of how things were arranged.

9:20

Now, the throne speech also had, Mr. Speaker, six reviews. I was disappointed or at least I did not see a commitment to review the property rights legislation. Now, maybe it was there, but I didn't see it.

I was also disappointed to see that this government is not making any effort whatsoever to unplug electricity deregulation. Now, I have been listening to question period since last Tuesday, and it seems to be an issue on everyone's mind but government members'. The current Minister of Energy, the former Minister of Finance, would get very, very nervous whenever he had to present a budget, and I can understand why the hon. member would be nervous, being a fiscal conservative and carrying on with the tradition in this term by this government of significant deficits from one budget to the next.

With electricity deregulation I heard the other day about Quebec, what Quebec does or does not do and how ridiculous it is to suggest that Quebec Hydro's comparisons of our electricity prices to other jurisdictions not only in Canada but in America are wrong. Well, we know, Mr. Speaker, that that's not true. Electricity deregulation: 12 years into this madcap ideological experiment we know what's going on. Prices are going up. We've gone from some of the lowest costs for electricity in North America to some of the highest costs with price spikes.

We know that on January 17 – and we've been fortunate that we've only had one week of really cold weather this winter. During that week we had two energy emergency alerts, one that lasted about an hour and a half and one that lasted about an hour, as I can remember. But the result of these energy emergency alerts was significant on the price. In fact, the price of electricity was over 93 cents a kilowatt hour. This was at peak time, peak demand in the day, between 5 and 6 o'clock. In fact, Mr. Speaker, I think we set a new record, and it was well over 10,400 megawatts.

Mr. Speaker, there could be some ways for the government to deal with this. That certainly was not evident in the throne speech, and I'm very disappointed in this government. It's such a sensitive issue for this government that the Premier is reluctant to answer. She tries to hand it off, and it's a lame performance from the Minister of Energy to try to defend this policy. I know that down in his ideological heart he knows it's the wrong thing, but he has to defend this government as we get closer and closer to an election, and it's getting harder and harder to do.

The hon. Member for Whitecourt-Ste. Anne must be very, very perplexed. He must be very nervous about electricity deregulation after the newsprint plant in Whitecourt – I would assume it's the largest employer in the town – had to cut back production because they couldn't afford the electricity bills. The hon. member is shaking his head that that's wrong. Well, the *Edmonton Journal* must have been wrong when they reported it. He would have had all kinds of opportunities to correct the *Edmonton Journal* if they were wrong, but I haven't seen any correction to that story.

In my own constituency a lot of people who are employed at AltaSteel are residents of Edmonton-Gold Bar. In fact, I believe the hon. Member for Edmonton-Manning would be a former employee of AltaSteel. He must be as concerned as I am about what the cost of electricity does to AltaSteel whenever it spikes in price. They had to close down production and hope and wait for the prices to moderate, which, fortunately, they did. These are the economic consequences of a bad public policy.

Close to 80 per cent of the load, the capacity, in this province is for industrial or commercial purposes. I think it's 83 per cent, and 17 per cent is for residential use. Now, residential users get their bill on a monthly basis. If they're listening, they know that the Minister of Energy is offside on this issue to say that this a roaring success. In fact, it hasn't been. If it was successful, we would have more than 7 per cent generating capacity in reserve for the cold nights such as January 17. We don't have enough reserve capacity. Prices go up. Who wins, the generators or the consumers? The generators. Of course, they do.

Now, I was watching the news this evening, and certainly a former – he possibly still could be – member of the PC Party, a fundraiser for the PC Party, people would say a member of the glitterati of the PC Party, the chairman of this panel that went around the province looking at the transmission system and what we could or shouldn't do, was on the news tonight. I listened with interest. We need those two new transmission projects. We need them now. It doesn't matter which one we build first, but we need them both now. And that's going to add to the electricity consumers' power bills for the next 30 years. Well, that's a real handy way to pass all the costs on to consumers.

There was no mention in the throne speech; there was no apology by this government for overruling the regulatory process eight years ago to pass all these costs on to consumers, where the regulatory authority thought they should be shared 50-50, with generators paying 50 per cent of the transmission upgrades or expansions and the consumers paying that. There was no mention of that.

Certainly, Mr. Speaker, we heard that there's a commitment to getting to a balanced budget. Lots of people on our side of the house, including the hon. Member for Calgary-Buffalo, worked hard to come up with a plan, that was presented the day before the throne speech, to come up with a balanced budget. Taxpayers can't understand how the Progressive Conservatives are having such difficulty with our revenue stream of balancing the budget. This will be the fifth year in a row with a deficit.

I don't know how to explain it, but just in the last half hour we had this suggestion that it's a tradition of this House that when the Chief Electoral Officer is asking for money, we just provide it. I sit on the Standing Committee on Legislative Offices, and I was present when this supplementary funding for the office of the Chief Electoral Officer was requested. We had a robust debate on this. I didn't vote for that \$3.1 million request, and I had good, solid, valid reasons not to. To just watch the government members quietly put their hands up and vote for this \$3.1 million request is a reminder to me and it's certainly a reminder to taxpayers of how easy it is for this outfit and how comfortable it is for this government to run these big deficits year after year after year. To suggest that, you know, we ought to respect the offices of the Legislative Assembly – no one is saying that we shouldn't, but at other times, whenever it has been convenient to attack these legislative offices, well, the government has been really good at that.

9:30

We only have to look at some of the recommendations the former Chief Electoral Officer made. The government disagreed with all those recommendations, and they made their point known publicly in and outside this House. Then some of the reports that were released by the office of the Auditor General in the last number of years, whether they were on mental health, whether they were on our royalty system or any other issue, on our health care system – and there were enough of them on the health care system and Alberta Health Services and the conduct of Alberta

Health Services with public money. Government members had no problem commenting on those.

I will make that point. I appreciate the opportunity to get a chance to speak this evening. It certainly was an interesting throne speech. I wish the Lieutenant Governor and his family all the best. Thank you very much, Mr. Speaker.

The Deputy Speaker: Standing Order 29(2)(a)? The hon. Minister of Seniors.

Mr. VanderBurg: Thank you for the comments. I just wanted to let you know that you're right. The power issue is a big issue for the northern communities with forest-based plants. Did you also know that those plants have PPAs? They have purchased large bulks, millions of dollars worth of power, and when they have the opportunity to lower their consumption, they sell into the grid at that higher rate. They make that business decision. At times maybe they decide to ramp up production after midnight, or during the peak hours they may slow it down. It goes back and forth both ways.

What I did in my home: my wife and I looked at the opportunity to protect ourselves. We looked through the UCA's list years ago, and I locked in for five years at 7 cents with an EasyMax contract. My mom was alive then. She was a pretty smart businessperson, and she said: I kind of like the ability to lock in my rate and have the assurity that on a fixed income I can protect myself. She did that, too, you know, so I'd like to ask the member if at his household he bought a power contract and locked into the rate.

Mr. MacDonald: Mr. Speaker, that's very, very interesting. It's a good question, and it's a valid question. If anyone in my household wants to gamble, we'll go to a casino. We do not want to gamble on our utility costs. Neither do a lot of people who live in the constituency of Edmonton-Gold Bar. If you look at one of the latest seniors' magazines that was published, the seniors in this province – they may be different than the ones in Whitecourt – do not want to gamble on their electricity bills or their natural gas bills.

Speaking of natural gas bills, of course midway through this experiment on electricity deregulation the cost of natural gas as a fuel source for many of the peaking plants was blamed for the high cost of electricity. Now we see that natural gas costs are low. In fact, historically they're the lowest they have been since deregulation started, and the cost of electricity is still through the roof. So this is not working.

Certainly, when you look at industrial facilities such as the newsprint plant in Whitecourt or AltaSteel in Edmonton or you look at VersaCold, which is an example of a company that freezes large volumes of food, electricity is getting very, very expensive for them regardless of the contract, and many of the managers tell us that they do not want to be fixed to the AESO website to see if they can work or not. Their electricity costs are a problem.

Some of them are considering moving out of this province because of the cost of electricity. For some of those companies 40 per cent of their all-in costs are their power. They cannot afford to stay in places like Calgary to conduct their businesses. They're better off going to Manitoba. Saskatchewan is a very, very good example. It's a smaller province, certainly, but it has basically the same amount if you look at the percentage of coal-fired, natural gas fired, and other forms of electricity generation, and they don't have the price spikes that we do.

To the hon. member. Certainly, it may have been beneficial for his household to get EasyMax for 7 cents per kilowatt, or 7.2 cents

it was, over a five-year period. Other people have felt when we talked to them about that contract that they didn't want to have these bundled services. They didn't want to have natural gas. They didn't want to have electricity. Some people are even suggesting that we have phone and Internet and everything else included in this bundle of services.

What people want is the lowest possible cost for electricity, and they know that electricity is an essential service. It's not a commodity. It's not a commodity like wheat or gold or potatoes, where you can grow it and you can store it until the price goes up.

The Deputy Speaker: The hon. Member for Airdrie-Chestermere on the throne speech.

Mr. Anderson: Thank you, Mr. Speaker. It's my pleasure to stand and respond to the throne speech. I'd also like to thank the Lieutenant Governor for giving the speech and wish his family the best in their new position. I know that it's a lot of work and sacrifice, and I would say on behalf of the people from Airdrie-Chestermere a thank you to him. Also, as it is this government's duty to prepare that throne speech and give us something to talk about, I thank them for taking the time to do that.

There are some good things in the throne speech. There are some not so good things in the throne speech. Obviously, as we alluded to earlier, we think that some changes to the way that we treat persons with developmental disabilities, giving increased AISH payments for AISH recipients and so forth, is a very good thing and something to be commended. In a province like ours with the money that we do have, it's long overdue.

There is a strong emphasis on education in the throne speech. That was certainly welcome, and you saw that reflected in the budget, of course, with the emphasis on new school infrastructure, which I think is very key. There are issues around how those infrastructure dollars are handed out that is problematic, but indeed I'm glad to see the emphasis on education.

I would have liked to see a little bit more emphasis on funding for students with special needs in education because I feel that, frankly, for every dollar that we spend on students with special needs in their youth, in their developing years, we will save \$10 down the road. Of course, the value to the students themselves cannot be valued. It's priceless. We have a very good preschool program with regard to students with developmental disabilities, but once you get into the grade level, after you get past kindergarten, it's actually pretty underfunded in a lot of ways.

Ms Notley: Hugely underfunded.

9:40

Mr. Anderson: Hugely underfunded, in fact. That's right. So there are some issues there. If we could try to match the zealotry with which we treat kids with special needs prekindergarten, if we could do that postkindergarten, I think we would have some incredible results.

There are many things, you know, to highlight in this speech. I want to talk more broadly about some of the things that I felt could be improved. I know that the folks in Airdrie-Chestermere, who I represent, are very concerned about these things. They're concerned about the financial direction of this province. We have to understand that, you know, it's very easy for us. We sit in here for a couple of hours earlier, and we approve a supplementary supply bill for hundreds of millions of dollars in new funding. That's part of the government business.

We have to realize that what we do in this House with regard to money is not just affecting us and those today, but it also affects our children for years to come. If you look at what is happening in

Europe and in the United States and around the world, you see the result of governments who have, frankly, sacrificed the rights of liberty of their posterity, of their kids and their grandkids. They've sacrificed that financial freedom and, therefore, their financial liberty because they were too consumed with buying votes in the here and now from their various constituencies. It's a terrible lesson.

Look at the news today. I mean, just google what's going on in Greece with the riots there and the backlash against some of the austerity measures that the Greek government has brought in, which frankly aren't that harsh, certainly not by Canadian standards. Nonetheless, it shows what happens when governments get out of control and they build up this level of entitlement that is so great and becomes such a fabric of their society that when things go wrong, when it comes down to it and they can't pay for all of these entitlements and so forth, the people revolt.

You see what's happening in Greece with the firebombings and the riots and some deaths and so forth. This has been going on and will continue to go on for some time. Our thoughts and prayers are with the Greek people. We hope that they'll be able to work through this problem in a peaceful manner and come out on the other side a stronger country for it. Closer to home you see that in the United States they're not too far behind Greece in that regard. Of course, if they were to collapse to the extent of Greece, we'd all be in a great deal of trouble.

We can't be so blind and so set in our ways or so comfortable because we happen to be sitting on a huge treasure trove of oil and gas that right now, particularly the oil obviously, is worth quite a bit of money. We can't be sitting here and comfortably thinking: oh, well, let's just go along, promise what we need to be popular in the here and now without thinking of the long-term effect of those decisions. That's what I think about. Obviously, it's something that I feel very passionate about.

As we go forward in this House, I'm obviously not too hopeful with regard to what I've seen in this recent budget with regard to this principle. But I would hope that people at some point in the future in this House would be resolute and say, "You know what? We absolutely are no longer going to tolerate running deficits in this province; we're just not going to do it" and that we find a way to make sure that that doesn't happen.

Hopefully, that way doesn't include: let's just raise taxes. If we were spending the average per capita in Canada or if we were spending below the average per capita in Canada and if we were still running deficits, maybe we could start having a discussion about: well, maybe our revenues aren't where they should be. But we're not. We're spending more than any province in the country per capita, certainly a great deal more than any of the larger provinces in the country – Ontario, Quebec, Saskatchewan, B.C., and Manitoba – so that should be a warning. We're not in a position where we need to be spending these huge amounts of money that we're spending and still running a deficit. It is irresponsible, and it's wrong. It's immoral, frankly, because we're using our children's money today for the here and now instead of thinking about the fact that we don't have to pay the bill, that it's them that has to pay the bill. To use the Greek example, guess who gets to pay the bill there? That's why they're mad. It's the rising generation who's just new in the workforce or in the workforce right now. They're the ones that have to pay the bill for all of the freeloading and entitlement that occurred by, well, specifically their parents' generation. That isn't fair, and it's not right.

So when we look at budgets and deficits, it's not just about the numbers; it is an issue of morality and what we leave to our children with regard to a debt. If we don't do our job here, we will quickly go to the path of what we see in Europe, specifically in

Greece, and of course in the United States we see the beginnings of some very troublesome things happening there. That is important, to look at that in that context. I hope that this government as it goes forward will take it upon themselves to remember that principle, that this is about our kids.

If you look at our sustainability fund, it is almost gone. It will almost be gone in the next couple of years. If the price of oil were to go down to even \$75 a barrel, which historically is a very high level, we would be approaching \$5 billion, \$6 billion in deficit this year alone. I mean, we were just at \$75 a couple of months ago, for crying out loud. That's how volatile it is. So to bet the farm on \$100 oil this year and \$106 next year is just incredibly irresponsible, and I hope the government would reconsider that going forward.

Those are the budgetary issues. There are others, too. Obviously, we need to save more, but that's not something too much on the table right now because we can't seem to balance our budget. So we're doing a disservice to our children in that regard, too. But let's at the very least get our books balanced.

Now, of course, it is more about numbers. One of my other huge passions and the reason why I originally ran for the PCs, the Progressive Conservatives, and why I ran to be an MLA and why I'm here with the Wildrose now is a love of education. I am very passionate about the education system and about the education that our children receive. I think it's just so important.

I did have the opportunity to live in a couple of places in the world for a time. I had an opportunity to live for a time in Central America. I had an opportunity to live for a couple of years in Taiwan. I worked on one job where I had the opportunity to see a lot of the Caribbean nations and islands there. Of course, I lived for a while and went to college in the United States, which is where I met my lovely wife, so I got to know the folks in Missouri pretty well, where she's from. Obviously, Canada is where I grew up and where I've lived all but the time I've been away.

I've noticed one thing. There's one common theme. You can tie the progress of society, the success of society almost perfectly to the education that is provided to our children. Those countries that do not have the resources or choose not to spend sufficient resources on their children's education, many of them are bound in poverty. Many of their economies are stumbling. They have huge problems in the Americans' case, specifically in Missouri's case, where my wife is from, where some of the public schools are complete failures. You see violence and all kinds of problems, illiteracy, all kinds of issues that stem from a lack of proper education. So that's something that I feel very passionate about.

9:50

I would hope and what I'd like to see from this government going forward is a commitment to depoliticize education, to completely depoliticize it. I think the way we can do that, first off, is that when we've determined that we're going to be funding new schools – the budget this year I think is \$300 million or \$400 million in new schools. When we make the determination we're going to spend \$300 million, \$400 million, \$500 million, whatever it is, on new schools in a year, what I would suggest and what I know parents would like to see in various communities is a list posted online of the most-needed schools from number one to number 100. They would like to see that list.

They would like to see the criteria that were used to arrive at that list. Perhaps student population levels are a part of that criteria, projected student growth, age of the facility, whatever it is, just some independent formula that our Education minister with the Premier and others could come up with and then apply across the province and come up with your list of one to 100.

Then when there's new money for new schools – say it's \$400 million – the first X amount of schools or \$400 million dollars' worth of schools, those top 14 or 15 or 16, whatever it is, are built. They're first in line. They get done. They move out of the queue, everyone gets bumped up, and the list is adjusted. It would be adjusted year to year, obviously, because populations and census data and everything change.

I really think that taking politics out of which boards and which schools we build is essential, and I'd like to see that.

The Deputy Speaker: Standing Order 29(2)(a) allows for five minutes of comments or questions. The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Yes. To the hon. Member for Airdrie-Chestermere: could you give us examples, please, of where you would feel that politics were involved in the allocation of funds to construct schools?

Mr. Anderson: Well, there have been several examples. One of the big examples was in 2008. I know this because I've had discussions when I was with the government about what happened when those schools were announced in 2008.

I understand that you don't want to pit community against community. I get that, but it's not about that. That's a political consideration. It should always be about the kids. It should always be about their education and what they need, not what's politically correct to do.

At that time there were school boards, clearly, in the province of Alberta that went down in student population quite significantly, and there were school boards that were going through the roof with regard to student population. Obviously, Airdrie was one of those latter ones, Fort McMurray. Beaumont was another one, Chestermere was another one, and there were others. There were several in Calgary, specifically in the new areas in Calgary, and some areas in Edmonton as well.

What happened was that the government said: "We're going to stick 10 schools in Calgary. We're going to put them in Edmonton. We're going to stick X amount and spread them out in rural Alberta." It was clearly political. It's not that those schools won't be put to good use – they probably will – but the problem is that clearly there were needs that weren't met and should have been met. There are schools – for example, clearly in Rocky View, clearly in Beaumont, clearly in Fort McMurray – that should have been higher up on the priority list than some of the places that actually got them.

Maybe the government disagrees with that, and if they do, then let's do this right next time. Let's start this year. What an opportunity for the new Education minister to really, I think, change the way this has been done for a while. Post that list on the website so everyone can see it. Everyone knows where their community is in the queue, and they know the reasons for that. I don't think you'll see community rise up and complain against community. You might get some of that, but the average Albertan is a very reasonable, educated person. If you post it online and you post the reasons for why the priority is what it is, there'll be a few naysayers, but the vast majority of folks will say, "You know what? That's reasonable. Maybe that community needs a school more than my community because they've got, you know, twice the student population growth that we've had in the past couple of years" or whatever the reasons are. But I think that we sell our kids short when we politicize how schools are handed out in that way. It's not fair, and I hope that the government will change that.

Thanks.

The Deputy Speaker: Hon. Member for Calgary-*Buffalo*, 29(2)(a)? No.

The hon. Member for Calgary-*Buffalo* on the throne speech.

Mr. Hehr: Yeah. Well, thank you, Mr. Speaker. It is a pleasure to rise and speak to the throne speech. I'd like to thank the hon. gentleman, Donald Ethell, who gave the speech and who has represented his province with great dignity, honour since his time in the position. I, too, listened with great interest to the throne speech, and some of the things that weren't there were obviously disappointing to me, like trying to deal with our electricity issues in this province, which a great many people are finding are not working for them. I would have liked to have seen a greater commitment to at least some supports for a discussion around mental health. I would have liked to have seen a broader discussion about how we're going to continue to evolve in the health care services.

What I was really actually excited to hear about in the throne speech, the first time we seem to have recognized this in this province, was that there seems to be an admission by this government that they're going to look at revenue streams. I was highly encouraged by that response.

If we look at things as they are here in Canada and Alberta, we have a difficult time balancing our budgets with \$100 dollar oil. There's a reason for that. One of them is that things are more expensive here in Alberta. It costs more to run services given the nature of our economy. It costs a little more to pay our public servants because of the nature of our economy. We're competing against an oil and gas sector that pays its people pretty well, so you can see why this happens.

You can also see the other side of it. I believe it was also mentioned in the throne speech that compared to the next lowest tax jurisdiction in Canada, which is British Columbia, we bring in \$11 billion less in tax revenue, \$11 billion less. Even if you believe in a tax advantage, there's no reason for a tax holiday. In my view, it is really unfair to future generations, given the largesse of our oil resources, what we have done over the last 25 years.

If there's one thing we've proven in the last 25 years, it's that we can spend every last dime of fossil fuel resources that has come into the government treasury: \$200 billion to \$250 billion has come into this government's treasury since 1987, a largesse of epic proportions if you look at other jurisdictions around Canada and other jurisdictions around the world. We have been unable to save one iota of that money and add it to our heritage trust fund.

In my view that is just wrong. I don't think we're entitled here in this House or outside in this province to take this one-time gift from the heavens and spend it all in one generation. Simply put, I think it would be wrong both morally and ethically. We have an obligation to do better here in Alberta and, in my view, save something for future generations from this one-time resource. Hopefully, at the end of the day, when it's all said and done, when all the oil and gas has been exploited, when all the oil sands have been dug out, when all the natural gas has been sold, we have something here in Alberta that is going to sustain us in the long run because right now things are reasonably okay. The Alberta advantage is, simply put, oil and gas, our luck of landing on one of the largest reservoirs known to mankind. Again, I'll go back to my point, that just because we have this money, I don't believe it's morally correct that we should spend all this in one generation. That's why I was highly enthusiastic about this government at least opening up the revenue streams here in Alberta.

10:00

If you look at it, we don't have a sales tax. We don't have a progressive income tax. We don't have a lot of those things that other jurisdictions put into place to ensure that the things their society uses, things like public education, public health care, senior citizens' homes, are paid for by the public that uses them. I think that's a much more reasonable position to take. Why aren't we paying more as we go?

I think it's actually a conservative argument. Why wouldn't you ask the citizens who are currently using the services to pay for those services? Okay? It's our children who are using the public education system. It's us who are using the health care system. It's our seniors who need long-term care facilities. Why isn't it us that pays for those services that we are using? Really, it's a conservative argument, okay? Then we would be able to save some of these fossil fuel resources when we're able to.

Now, we are coming out of a time of economic turmoil, and it has been difficult to balance our budgets. That said, by all accounts we're headed for another boom. But does heading for another boom take away the argument for increasing our revenue streams? I think not. I think we have to go there if we're ever going to get ahead and save something for the future. It's not only the right thing to do today because it allows for governments, your government, to have predictable, sustainable funding.

How can you have predictable and sustainable funding in an oil and gas economy? It is very, very difficult. That's why we've seen since the '80s a shutting off of the public purse when times are bad, a ramping up of government expenditures when they're good, and a ramping down again when times are bad. Really, this is cyclical or countercyclical to when governments should actually be kicking in something to government coffers. We've been unable to do this because (a) it's a political risk always to run deficits, but it's also difficult to counteract these cycles and balances. If we had some contribution by the taxpayer to regular revenue streams, it would be very easy for us to be running balanced budgets here if not surpluses.

In fact, with even the modest tinkering to the tax system that we've done on our side of the House, the Alberta Liberal plan in this upcoming election – even these modest increases to revenue streams would allow us to run a budget surplus this year. Going forward, that would allow us to save more in the future, in my view a much more conservative principle, paying for what you use now and saving for the future.

I think we've got it wrong here when we think it's not conservative to pay as you go. Somehow I think that's got some twisted logic to it that doesn't make sense. Then again, you know, if you think through it clearly, I hope you'll join me in that thinking or at least have the debate with yourself as to what is actually more conservative: paying as you go or spending every last dime of fossil fuel resources to inordinately keep tax revenue as low as possible.

It's a great election strategy, never having to ask your citizens for any contributions to the public purse. Sure, that's easy. But for real leadership, for real betterment of predictable and sustainable funding as well as saving something for future generations, it's the right thing to do. I was encouraged that we at least had that discussion in the budget speech.

Now, it could be my wish upon a wish that we would discuss this before the election, but I won't hold my breath on that as I'm sure the government may not want to be the most honest in this fashion, although they've outlined their plans pretty clearly in the throne speech that at some point in time they are going to raise the revenue stream. That I'm happy about. What I'm not happy about

is that it doesn't appear that we're going to have this discussion right now.

I believe that the average Albertan looks, really, at our revenue stream, does the math, looks at the lack of savings we've had, and asks themselves whether it's the morally correct position. I think the only answer can be that it's not morally correct, that we have to pay as we go, and that we have to try and save something for the future.

There is always the argument here that we have, you know, a hundred years of oils sands left, or maybe two or three hundred years, so there's lots of time to save. But who knows? Who would have known 12 years ago when natural gas prices were at \$12 to \$14 that they would be down to \$2 now? Who could have predicted that? I bet no one in the government departments at that time did. Okay?

How do we know now that the world, which is increasingly looking at carbon, increasingly looking at other ways of harnessing wind, solar, and the like, isn't going to come through? All of the reports I read right now say that the technology isn't available to do that, but who knows? When human ingenuity really puts its mind to it, great things can happen in a 45-year span. We could be out of business in 45 years, and I don't think that's too crazy of me to assert in this room. A 45-year window for the world's scientists and the best and the brightest to work on these projects could mean that we're out of business.

So in my view we need a look at our revenue streams, an increase in those revenue streams but not to spend today. We have to have disciplined spending programs where people are getting the services they need, but we need an aggressive savings plan. Without that, we're simply going to do what we've always done, done it the easy way and spent fossil fuel resources on paying today's bills. It would be like a family farm selling off pieces of the land to pay today's bills. Eventually that farmer runs out of land to sell to pay today's bills, and there's a day of reckoning for that.

So, hey. Hopefully, we'll get serious about this. Hopefully, we'll get on this path, and hopefully we'll be able save something so our future generations can look back and say that we didn't squander it all.

Thank you very much, Mr. Speaker.

The Deputy Speaker: Standing Order 29(2)(a)?

Seeing none. The hon. Member for West Yellowhead.

Mr. Campbell: I move to adjourn debate.

[Motion to adjourn debate carried]

Government Bills and Orders

Second Reading

Bill 1

Results-based Budgeting Act

[Debate adjourned February 8: Mr. Anderson speaking]

The Deputy Speaker: Hon. Member for Airdrie-Chestermere, you still have two minutes left.

Mr. Anderson: All right. I'll just summarize my argument from last time, and that is that Bill 1 is a waste of this House's time. This is not something that we needed to legislate. Results-based budgeting, as was spoken of earlier today by the former Treasury Board president and Member for Vermilion-Lloydminster, is something that we expect the government is already doing. I hope they would be already doing it. If this was zero-based budgeting,

then maybe there would be something there that we might want to talk about legislating. Although even that, I'm assuming, could be ordered by the Premier and the cabinet.

10:10

This is not anything but a public relations exercise, and it actually sends the wrong message. It says that we haven't really been doing this for the last however many years. Clearly, we would hope that that was not the case. So we would prefer that we not waste time further and that we vote this bill down. We think it's a waste of the House's time.

Thanks.

The Deputy Speaker: Standing Order 29(2)(a)?

Seeing none, any other hon. member wish to speak on the bill? The hon. Member for Edmonton-Gold Bar on Bill 1.

Mr. MacDonald: Yes. Thank you very much. I appreciate the opportunity to speak to this bill, Bill 1, the Results-based Budgeting Act. Certainly, when I first heard about this in the lead-up to the start of session – I heard about it in the media – I thought: now, isn't this another example of a public relations exercise by this government, pretending they care, pretending they listen as we get closer and closer to the election. When you look at this bill and you look at the government spin around it, you've got to wonder what they've been doing for the last number of years. There's one taxpayer who would say, "Well, maybe after five years of provincial deficits we need this Results-based Budgeting Act," and the other taxpayer in the coffee shop would say: "What have they been doing? Why is this necessary? What's been going on?"

Well, I would like to point out that if you look at past copies of the annual report of the government of Alberta, you will see where there has been, even in these deficit years, considerable cash transferred from the previous year into the general revenue fund. Now, if we go back to 2007-08, my research indicates there was \$682 million, 2008-09 there was \$928 million, in 2009-10 there was \$2.2 billion, and then last year there was \$619 million, and by last year I mean the year ended March 31, 2011. So there would be a total of \$4.4 billion in these deficit years transferred back in unexpended amounts from various departments to the general revenue fund. So there's something going on there. There are considerable amounts of money that are going unexpended, and they are being returned.

There are any number of reasons why this would be occurring, but of course news like that is kept behind closed doors and the curtains are drawn, hon. minister. So the taxpayers have no explanation as to how this happens. For instance, we did our government Supplementary Supply Estimates (No. 2), and there are countless minutes from Treasury Board meetings that are referenced here, but none of those Treasury Board minutes are made public. At least I can't find them, not in the Leg. Library. They may be somewhere else, but I can't find them. If they were, then the Results-based Budgeting Act wouldn't be needed, wouldn't be necessary. I'm not convinced that it is.

This bill, as we understand it, essentially directs the government to do a program review, a program review of all departments. It's interesting that the term "results-based budgeting process" in this bill is undefined. Now, the Treasury Board is going to have a role to play in this, and I'm pleased with that. Many people don't realize, Mr. Speaker, the important role the Treasury Board plays and the President of the Treasury Board plays whenever we get spending requests from that big spender the current Minister of Finance, that right-wing fiscal hawk. It turns out that the feathers

are not very long; he can't fly very far. I don't know whether they're pinfeathers or they're long ones that make a bird soar.

Anyway, Mr. Speaker, I think the Premier was so concerned about the spending habits of the current Minister of Finance that it was the Premier and the Premier's office that put the directive in that if there's to be any money spent, we're going to change the rules, and the Minister of Finance is going to have to go cap in hand to the President of the Treasury Board before any money is spent. With the history of this minister I can understand why the Premier would be concerned enough to make that directive in the Government Organization Act that came out last October. That was done. That would eliminate the need for this bill.

The Treasury Board is to provide a comprehensive review of the programs and services provided to the government and its agencies, and this is going on now. You can see from the cash transfers that there are program reviews. There were efficiencies in the last number of years noted in the consolidated financial statements. Some years there was \$200 million; other years there was \$220 million in deemed savings. Certainly, I would be interested to hear what the former Finance minister and Treasury Board president, the hon. Member for Vermilion-Lloydminster, would have to say regarding this bill. I don't see why we need this. We certainly need to have openness and transparency in the processes that we currently have. No one is explaining how much money they plan to save using this bill, what programs will be cut.

Certainly, when you look at what's going on, I will point out the corporate internal audit service. Now, this is a very secretive audit service, extremely secretive, because they never seem to produce anything. No one knows what they do, but we do know that their budget goes up and up and up. This year it's estimated to be \$4.1 million. I would challenge any hon. member of this Assembly to produce a report that the corporate internal audit service has done and what was in that report.

We were having a discussion in the researcher's office today on this bill before tonight's debate, and this was brought up. Well, maybe this office is going to work with the Results-based Budgeting Act as proposed. Maybe they're going to do all this work in the Treasury Board. Maybe they're going to advise the deputy ministers. Maybe they're going to advise the minister of what should or should not occur. But then I pointed out to the researcher that, well, you'd better check out who is running this internal audit service. It's the deputy ministers. There are other people on there from the corporate sector, and there are a couple of accountants by profession, but mostly it's deputy ministers and assistant deputy ministers. The leadership role on this is rotated. They decide what's to be looked at and what's not to be looked at. I think that if we were to look at this bill and consider its merits to reduce sort of that conflict of interest, maybe this bill has some good points.

10:20

We had quite a discussion this afternoon on this, and the only conclusion that we could really come to accurately was the fact that we cannot find any examples of the past work of this board. We can see the budget inch up every year. We have a new President of the Treasury Board, and who knows? Maybe before the election all the audits that they have done and the results of those audits are going to be made public.

No one, whether they're from the Wildrose, from the New Democrats, or the Alberta Liberals, will be able to say that this is a very secretive government, that operates behind closed doors with the curtains drawn. Maybe candidates on the stump won't be able to say that. Maybe the hon. Member for Calgary-Buffalo will have to acknowledge finally that, you know, this is a government that's

open and is transparent. But I think he's pretty confident that he's not going to have to say that, and I'm pretty confident that he won't as well because if you look at jurisdictions across not only Canada but North America, after 42 years the door is closed. The curtains are drawn. This government does not want the taxpayers to know what they're up to, what deliberations they have come to, what conclusions they have drawn to spend this year now over \$40 billion of taxpayers' money.

Now, will the Results-based Budgeting Act satisfy taxpayers? I don't think so. It certainly is going to be part of the government's spin. I haven't looked up what the Public Affairs Bureau is going to get this year in the budget, but whenever you add up all the amounts in each department that will total the public relations budget, I would have to say that it would be significant.

There are some items that I have noted in these consolidated financial statements that I hope I have an opportunity to bring up in question period at a later date. I don't think they belong in the discussion here this evening on Bill 1.

Certainly, in conclusion, Mr. Speaker, I would be very suspicious of the government and their motives in promoting this bill. It's not about good public policy. It's about promoting their own interests through this public relations exercise to get them through this election cycle. It's to simply say that, yes, they are going to have another look at how they spend money. Someone within the department, as I pointed out, is already doing that. You just have to look at the balance sheet to see the cash transferred from previous years. There are, fortunately, unexpended amounts that are coming back into the general revenue fund.

I really don't think we need this. I do think we need to have some openness and transparency with these internal audit services that are going on. This bill doesn't make any adjustments or any suggestions to that.

Again, it's about public relations, not good public policy, and I don't think it should be supported, and I don't think it should proceed through the House. Thank you.

The Deputy Speaker: Standing Order 29(2)(a)?

Seeing none, on the bill the hon. Member for Edmonton-Strathcona.

Ms Notley: Well, thank you, Mr. Speaker. It's a pleasure to be able to rise to speak to Bill 1, which, like the throne speech – I'm going to have to disagree with the hon. Member for Edmonton-Gold Bar. I didn't actually find the throne speech very interesting at all. I know you said that many times, and I give a nod to you that you found the throne speech interesting. This bill is like the throne speech in that it purports to say a lot, but it really says very little.

Probably one of the most concerning elements of what it does in terms of saying so little is that it really does not even define very well or very effectively what it's talking about. I mean, we're all used to governments engaging in an increased level of public relations based governance and electioneering-based governance the closer you get to an election, but typically you would expect the communications professionals, who essentially write that piece of legislation and who lead that governance, to do so with more skill than was injected into this particular piece of pre-election governance.

Frankly, Albertans don't care that this was Bill 1, but more to the point they have no idea what Bill 1 is even supposed to do. It's interesting because I'm not entirely sure that the Premier is completely aware of what Bill 1 is supposed to do. You really have a disconnect between her communications folks and their

pollsters and Albertans and the Premier and everybody who should be part of the introduction of this bill.

The reason I think the Premier doesn't really understand what she's talking about – excuse me; I have also been unwell the last couple of weeks, like the Solicitor General – is because when the Premier first announced that this would be her signatory legislation, that this would be what would define her and her new government to Albertans, once, you know, most reporters who were there woke up from the press conference, they went back over their cassettes to figure out what she'd actually said at that point.

Of course, she went back and forth talking about results-based budgeting, which, of course, we see in the act itself, and zero-based budgeting. If you sort of do a bit of research on the use of that terminology, the fact of the matter is that in some cases it's been used interchangeably, in some cases it's been used to distinguish two separate things, and in neither case in the Premier's conversation about this bill has she ever clarified what it is. She's moved back and forth from using zero-based budgeting to talking about results-based budgeting, and I kind of wonder if halfway through the process somebody pointed out to her that zero-based budgeting actually meant something a little bit different than what she originally thought it meant when she, after meeting with her communications folks, came up with what her idea would be for Bill 1.

In any event, I'm not exactly sure how these matters are deliberated. All I know is that there really seemed to be a disconnect between the Premier's office communications people and the election planning committee of the Conservative Party and those who were involved in coming up with this piece of legislation because it really leaves Albertans disinterested and also confused.

But let's just say for the moment that she really is talking about the type of results-based budgeting that's often equated with zero-based budgeting. Quite frankly, Mr. Speaker, that type of practice has not really received a tremendously positive discussion or characterization by people who are in the business of reviewing the merits of this particular strategy. Generally speaking, zero-based budgeting is perceived as being something that is impractical for the superlarge organizations to engage in. It ends up becoming one of those things that generates far more work than it ever saves, and it also creates tremendous uncertainty within departments and also between government and those stakeholders with whom it has a governance or a funding relationship. So it doesn't work in that setting either.

Basically, any kinds of programs that involve outside partnerships and trust- and relationship-building, I guess, with those other partners are typically affected quite negatively by zero-based budgeting. Now, notwithstanding that, of course, you know, there's no question. The Premier, if she's talking about zero-based budgeting – and we don't know if she is or if she isn't because she keeps changing her mind, and the comms people sort of write first and research later. You know, if you're talking about zero-based budgeting, of course, it tends to not only be more expensive and time consuming, but interestingly she's lined herself up with a number of prominent Republicans in the southern states in the United States.

10:30

An Hon. Member: Oh, come on.

Ms Notley: She has. I'm sure that the Member for Airdrie-Chestermere would find that very, very heart-inspiring and maybe might even reconsider his allegiance because, you know, we're

going back to the roots there in terms of those brilliant political and financial managers, the Republicans in the U.S.

Nonetheless, that's where it's being discussed right now, by Republicans throughout the U.S. Frankly, for those of us in Canada who tend to look at a lot of the ideas that come out of the U.S. with some surprise, shall we say, and concern, I don't know that this is a tremendous endorsement for the Premier's plan.

Generally speaking, though, what is more concerning to us with this bill, in the unlikely event that there is actually any substance to this, which, again, is hard to say because getting the Premier to really be clear on what she's doing is like trying to nail Jell-O to a wall, and this is no different – but should this be along the lines of zero-based budgeting, given the fact that if you combine it with her previous statements about her plans to review the degree to which we can start privatizing and contracting out government services just because privatizing and contracting out is always the better way to go, well, then, I think Albertans should be concerned.

It's a very ideologically driven approach, and it's certainly not designed to actually identify what Albertans need. Rather, it's focused on this notion, the starting point shall we say, that if you privatize and contract out and give it to volunteers to do, well, then, we can assume it's going to be done better. And while volunteers may do some of these jobs with as much passion, the fact of the matter is that in many cases they're just simply not equipped to do it as well. That's what we've seen in so many of the support sectors in this province over the course of the last couple of decades.

That is, obviously, a huge concern for us. If there's any substance to this bill, it's probably something that the Premier will rely upon in the future when she comes to the conclusion that she can't carry on the way she is right now. I think that everybody in this House who's not on the government side can agree that the budget brought down by this Premier is not a realistic budget. It's not a sustainable budget. It's not a budget that we can anticipate outlining a clear path for Albertans to vote on for the next two or three years because it's not realistic.

If you take the obvious hyperbole, shall we say, inherent in this budget and you combine it with this pin Jell-O to the wall bill, that may or may not mean something – and certainly it doesn't appeal to most Albertans or seem particularly relevant to them – there is the possibility for there to be some pretty bad news for Albertans down the road in that the government may well use this and the Premier's previously identified plan to review how much more she can contract out to find a way to cut services that Albertans rely upon. So that's a problem.

Instead of having a bill that is focused on looking at our spending in this zero-based way, which most experts agree is not sound public policy, I'd be really interested in having that kind of approach applied to our revenue generation in the oil and gas sector. Now, you might say: "Well, you know what? We actually did that four or five years ago. We had a blue-ribbon panel. We had an Auditor General that told us that we were selling Albertans short constantly, day in and day out." Then after the Auditor General said that, we appointed a blue-ribbon panel, and they agreed and said: "Yeah, we're kind of selling Albertans short day in and day out. We're not collecting enough royalty revenues." So what did we do? Well, we talked about fixing that problem until after the election, when we got scared of the new political environment, and we decided to not only back off fixing the problem but to make things worse.

We probably could use a bit of a results-based assessment of the benefits that Albertans currently receive from our oil, our resource that belongs to the people of this province. That's probably a good

place where this could be used because we know the evidence is out there that we're not doing a very good job on that. It's pure politics – pure politics – nothing less, that has pushed us off doing the right thing in this area. So that might be something substantive.

What this bill is, I'm afraid, is at best nothing and at worst a harbinger of future program cuts and contracting-out plans to come. Because the Premier herself is so unwilling to even use the terminology consistently, I suspect that at this point what we're really probably dealing with is nothing, but it also means that we really have no idea what we can expect down the road.

In terms of leaving Albertans with an impression of what the Premier brings to the province with her new leadership through this bill, I think it's really a profound failure. I think members in this House have talked about it being a bit of a waste of our time to have to debate it, but of course the government decided to make it Bill 1, so we feel we need to.

It really would be helpful if somebody from the government side would clarify and maybe point to some clear definitions of what they are referring to when they use the term "results-based budgeting" since it has been used in so many different contexts in so many different ways. Since this is Bill 1, I think it would be quite reasonable for them to clarify to members of this Legislature what exactly it is they're talking about because, of course, anyone in the industry would tell you that it could mean one of any 10 things. I mean, I appreciate that there's only about, you know, 50 words in this bill, and you would think you'd want people to understand what they say. So I would recommend that that might be something that this government ought to be considering.

In the meantime we will watch to see what's coming forward. I've been quite surprised, actually. I came back to session a week and a half ago, or however long ago it was, expecting to see bold actions, some real leadership, some real statements that were going to reach out to Albertans and say: "We are not the same government that we've been for the last 40 years. We really are new now because that's what we are. We're bold and we're new and we're moderate and we're young and we're progressive and look at us."

I expected a little bit of definition, something to define where this government was going, and I have been really quite surprised at the beige reproduction of tired, old phrases that I've heard over and over and over again in this House over the course of the last four years. I expected more. Almost from the perspective of being an observer of Alberta politics, I expected we'd see more, and I truly am surprised at how meaningless so much of what this government has brought into this session so far is.

The budget is meaningless. Bill 1 is meaningless. The throne speech was not bold; it was simply old. It was regurgitated phrases from previous throne speeches. There was nothing unique in it, and this bill continues in that theme. I don't know if what we're doing is that we're just kind of limping our way towards the election in the hope that, you know, we'll be able to use the momentum of the 40-year position in this Legislature to get through the election and then start making real decisions for which you will not be accountable for another four years. This will be part of that.

The Deputy Speaker: Standing Order 29(2)(a)?

Seeing none, is there any other hon. member who wishes to speak on the bill? The hon. Member for Calgary-Glenmore.

Mr. Hinman: Well, thank you, Mr. Speaker. It's a privilege this evening to be able to get up and speak to what I wish was actually a bill of some importance. It's somewhat amazing to me as we see

this 41-year-old, tired, and worn-out government that doesn't have any new and innovative ideas come up with a bill like this called Bill 1, the Results-based Budgeting Act. Everyone that I talked to about this can't believe it and says: well, if they're going to start doing results-based budgeting, what have they been doing for the previous four budgets when they ran deficits?

10:40

I was just looking in my office tonight, Mr. Chair, where I had the *Sun*, and there was the Premier sitting on a pot of red ink. It was the red Stelmach budget, the fourth deficit.

An Hon. Member: Hey, hey.

Mr. Hinman: I thought that he was no longer in the House. Did he not resign? I apologize. Sorry. Someone had told me that he had resigned. [interjections] Well, you guys have so many things happening over there, and it would be the honourable thing to actually do.

Anyway, what we have here is a government that has a major problem with balancing its budget, so they think they need to put up some smoke and mirrors as if Albertans are going to buy this. They're going to say that they're going to start doing results-based budgeting. It's an insult to Albertans because the result of this government's budgeting has been five deficit budgets in a row.

I find it interesting to listen to them talk about the great investments that they're going to make and how wonderful the opportunity that they have going forward, yet the only thing that we see going forward is an escalation of spending that's going to result in us cycling back to the period of 1992, when this government ran into a \$23 billion debt and we had to take some major steps. Probably what's most concerning, Mr. Chair, about this is the fact that the world is different today than it was in '92. Today we see around the world many, many governments that are on the brink of bankruptcy and failure because of this exact type of thinking, that deficit budgets are okay, that it's okay to spend. I mean, they had this idea: we've got to spend during the tough times, but we have to spend even more during the good times. When do we ever balance it?

It's interesting that, when I saw the Premier's brochure that was dropped off at my home in Calgary, it said: one of the things that we want to do is to save more for future Albertans. Well, how does this budget, how does this Bill 1, Results-based Budgeting Act, save anything for Albertans? It doesn't even save us from the embarrassment of having all of the record revenue and having to say that we can't balance our budget yet, but it's okay. Two years from now we're going to have \$6 billion worth of surplus. How many times do we see individuals, companies, and CEOs say, when they're in financial distress, "Two years down the road the pot of gold is there; we just need to make it two years," when they don't have the discipline to balance their budget at that time.

Again, the hon. Member for Edmonton-Strathcona said that the Premier seems to be confused about what is results-based budgeting or zero-based budgeting. I guess I'd like to talk just a little bit about zero-based budgeting. There are some advantages. I'm a believer in zero-based budgeting, but the disadvantage many say is that it's very time consuming, and you have to go through every year the reasons why you're doing something. Again, showing the results. Why do we need to spend a billion dollars in agriculture again? So you go through the line items, and you say: well, do we need to cover off on this insurance policy, or do we need to put more money into this research? You actually go through this process of asking: should this be continued the next year?

I think that zero-based budgeting is something that should always be in the back of one's mind even if you're not actually doing it, to go through and ask the questions: "Is this the right thing to be spending our money on? Does this fit our criteria? Is this to be prioritized?" Let's face it. There are so many things in the world today. There is always the opportunity to spend more money. But the questions are: how are we going to spend the money that we do have, and are we going to prioritize it right? Zero-based budgeting gives one that opportunity, yet the question is: what has this government been doing? If it isn't zero-based budgeting, it's just incremental budgeting. So all that you really need to do is justify why you need to increase the budget. Perhaps you might say: well, IT has said that we need to upgrade our programming, and that's expensive; therefore, we need to increase our IT, you know, by 25 per cent. We look at the incremental increases with the thought that, well, we wouldn't have spent any money poorly last year, so we'll just look at anything where we need to have the increases. Zero-based budgeting takes us back to that question and having to justify each and every expenditure on an item basis. I believe that Albertans expect that from their government. They want every dollar spent wisely. They want to have a priority list.

I think it's another area where this government insults Albertans. My colleague was talking earlier about schools and whether or not that list should be made public. I'm always amazed when the government members over there say: "Oh, no. That would just be politics. People would be upset and fighting if they actually knew, you know, which schools were at the top of the priority list." Heavens. They act like Albertans don't understand. If a school in Beaumont is at 140 per cent capacity versus one that's at 70 per cent, do we need more there? I still remember that day when they saw children in Beaumont carrying their desks across the road to get to the other classes.

This government has failed on how they're prioritizing their budgeting. They can't even do an incremental one. The government and the Premier have decided that we don't want to go with zero-based budgeting, that what we want is results-based budgeting. That's very generic. It's even more embarrassing, in my opinion, as an Albertan to say that our budget is results based.

When you read through this very short bill – and I must say that brevity is always a bonus – it doesn't say a lot on what those results are going to be. The result of our budgeting is going to ensure that we don't have over a 10 per cent deficit. We're not going to expand. I mean, it doesn't even explain what results the government is looking for other than to say that next year – next year – we're going to go through everything. Well, if there was anything to go through since last October when they took over – they went through the budget. Yet they come forward and say: we can't make any cuts.

This Premier has said many times that there will be zero cuts. We don't need to cut, yet we need to expand. We need to increase our spending, and we need to increase government. Just operational alone: a 6.9 per cent increase in operations. This is an area in the alternative budget that we put out that said: no, we'll cap it at 2.5 per cent. I believe that that was a \$1.6 billion savings by just reducing the operating.

Those are the types of things that results-based budgeting should reflect. We need to be able to see: what are going to be the results of cutting back in this area? What are the results of reducing the management and moving \$800 million from management to front-line workers? What are the results, you know, if we go through an attrition program for the next four years and remove those top-end managers? What are the results if we actually build 3,000 beds for our seniors so that they can get out of the hospitals and into long-term care as opposed to

keeping them in the hospitals and clogging up 50 per cent of our acute-care beds?

The government never talks about those things. They pontificate about it. They don't show the results. And if they had the results, one would surely think that they would be astute enough to realize, you know, that if we refocus our money, if we refocus these dollars on front-line teachers, on seniors' caregivers, on police officers and doctors and nurses and in equipment for diagnosing medical conditions, what would be the results? If we were to increase the amount of operating time for doctors so that they could get in and do the cataracts, do the hips, do the knees, what would be the results?

I just truly think that this government didn't even stumble upon it when they put results-based budgeting in their Bill 1 to think, you know: could our results be any better? Could we balance the budget this year? It's been clear that the result of their thinking is that, no, there's nothing to do any better. This is as good as it can be. This is what we want to do, go to Albertans and say: "You know, a \$3.1 billion cash deficit for the fifth year in a row, totalling close to \$16 billion, is the result of this government's thinking on how to balance the books." It's very disappointing, and it's very concerning. One has to ask: where are we going to be six months from now?

10:50

We need to do better, Mr. Speaker. This government needs to do better. If they don't, the results are going to be that we're going to have to make drastic cuts in areas that we don't want to. Those core services in our health care, in our education, in our policing, and the necessary infrastructure are going to be compromised in a few short years because this government insists on using a sustainability fund for unsustainable spending. It's not in the best interests of Albertans. It seems like their only interest is to say, "Well, if we spend enough money, people will vote for us, so we need a budget that gives to all so that no one can criticize it." But the fiscal conservative Albertans are criticizing this. They say that this isn't acceptable. They still remember the drastic cuts that were needed to be taken in order to get out of debt. For this Premier and cabinet to say that we're not in debt: well, they're running a deficit. The money that they spend is short \$3.1 billion, I believe, of the revenue that they're taking in. That's the result of this budget which this government just brought down last week. It's not in our best interest.

We have an opportunity here to make some changes in the next 20 days or so and say: "You know what? Let's make some cuts. Let's look at those areas that aren't cost-effective." Why are we subsidizing industries? Why are we putting \$2 billion into carbon capture and sequestration? What are the results of that? A shortage of hospital beds, a shortage of nurses, a shortage of teachers, a shortage of teaching assistants, a shortage of operations: hips, knees, cataracts. The results are that we are not addressing those things with a much higher priority whereas we're focusing on – I don't know – the cotton candy, the fluff, the sugary things, hoping that if it's sweet enough, they'll be able to get a majority government and come booming back and then say: "Let's talk about taxes. We have a problem here. The results of our overspending now have us in a position where taxes need to go up. Why didn't we think of that?"

I'm amazed that they want to bring in this Bill 1, Results-based Budgeting Act, yet they have so much referral to after this next election we'll need to have a discussion because the revenue is too volatile, coming from our resources, to be able to be dependent on it, so we'll need to talk about how we're going to shore up the revenue. They seem to say that more stable funding – we have record revenue, and they're not able to . . . [interjection] What's that?

They have record revenue, yet they have an even higher record of spending. They want to say that, you know, this is best for Alberta, that they're investing in the future, investing in people. I would say it's just the opposite. What they're doing is they're going to be taxing future generations. They're going to put them in a situation where they will not be able to recover from this.

The world, when you look out there, is in a very precarious situation right now. It'll be interesting here in the next few days to see what happens in Greece, whether they sign on to an austerity program and agree that they can't keep spending that much or whether they break away from the euro and have their own currency again. Then we'll see the repercussions of that, the devaluation that will go forward in order to monetize their debt out.

The Deputy Speaker: Standing Order 29(2)(a) allows for five minutes of comments or questions.

Any other hon. member wishing to speak on the bill?

Seeing none, the chair shall now call the question on the bill.

[Motion carried; Bill 1 read a second time]

The Deputy Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. Given the hour and given that Valentine's Day is fast approaching, I would move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; the House adjourned at 10:56 p.m. to Tuesday at 1:30 p.m.]

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