



Province of Alberta

The 28th Legislature
First Session

Alberta Hansard

Monday evening, March 11, 2013

Issue 34e

The Honourable Gene Zwozdesky, Speaker

Legislative Assembly of Alberta The 28th Legislature

First Session

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Progressive Conservative: 61

Wildrose: 17

Alberta Liberal: 5

New Democrat: 4

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Legislative Assembly of Alberta

7:30 p.m.

Monday, March 11, 2013

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated.

Government Bills and Orders Second Reading

Bill 12 Fiscal Management Act

The Deputy Speaker: The hon. President of Treasury Board and Minister of Finance.

Mr. Horner: Thank you very much, Mr. Speaker. I am extremely pleased today to rise and speak to the Fiscal Management Act. As part of the budget tabled on Thursday in this House, the Fiscal Management Act really is about putting the rules, the fences, and the milestones around what this government and governments in the future are going to be doing. It will replace the Fiscal Responsibility Act and the Government Accountability Act, but when I say “replace,” I don’t mean that we’re going to take out a lot of the rules that used to be in those. We’re combining the two and bringing out a Fiscal Management Act.

It does reflect extensive consultations that myself and the Associate Minister of Finance and the Premier and many of our colleagues did around the province last year. We had town halls. We had online surveys. We had a number of one-on-one meetings with financial experts in the province and outside of the province. We had a long discussion as it related to the budget preparation but also, Mr. Speaker, to the future of the province. How do you establish that? How do you ensure that we reach Albertans’ priorities?

There were a number of things that we heard loud and clear. One was: live within your means. There had to be some fences around how we operate into the future, and there had to be some clarity and transparency about what it was we spend on operating, separating it out, as I mentioned today in this House, the same way that we tell municipalities to separate it out, for some very good reasons. The very good reasons are that Albertans want to know what we’re spending on operating, and they want to know what we’re spending on capital, and they want to know how much money we’ve saved and where that’s going. The reflection of the extensive consultation indicated that savings is an important priority for Albertans.

There’s a fundamental difference between financing for operations and financing for capital. This Fiscal Management Act is going to provide a clear set of fiscal planning rules and the requirement – the requirement, Mr. Speaker – for an operating plan, a savings plan, and a fully funded capital plan in future budgets and in this one. It provides guidance for accountability requirements for the new fiscal planning approach and will outline the transparency of government reporting requirements.

Key aspects in the new act. We’re going to have savings through the nonrenewable resource revenues. We’re going to ensure that the heritage fund income is retained. We’re going to ensure that the contingency account or sustainability fund is replenished and the clarification and enhancements of quarterly reporting. Obviously, my intention here in moving second reading of the Fiscal Management Act is to ensure that all of these aspects come to the fore for this budget and for future budgets.

We’re going to maintain the 1 per cent spending rule that also was included in one of the other acts. We’re going to bring that forward into this. We’re also going to introduce a debt obligation limit, something that we have not had in the past and that we’re going to indicate and put into this budget. The province will reduce its reliance on nonrenewable resources for funding current expenditures because, Mr. Speaker, we’re going to ensure that we take the dollars off the top, and we’re going to take the debt servicing costs off the top.

There will be a renewed savings strategy which addresses both the inherent volatility of resource revenue and the eventual depletion of the nonrenewable resource revenues. Through this act the government is going to commit to saving in both good times and in challenging times. Every year a predetermined minimum percentage of nonrenewable resource revenue will be set aside for the purpose of saving before we even calculate what our operating revenue will be. In any given year as the nonrenewable resource revenue rises above those predetermined threshold levels, the percentage of the nonrenewable resource revenue that is saved will increase. Savings levels will be driven by the province’s revenue intake, not by the operating balance. In other words, savings will be taken off the top of revenue and will not be driven indirectly by expenditure.

Mr. Speaker, the sustainability fund, which currently under the changes in the act will become the contingency fund, is now going to serve as a pure fiscal stabilization fund solely for the purposes of addressing short-term revenue volatility, not for paying for capital and other things that it has been doing in the past. The government will commit to a plan which ensures the growth of Alberta’s long-term savings over time through retaining the Alberta heritage savings trust fund’s income within the fund, something Albertans have been asking for for some time. We’re going to make it law.

Where economic and financial circumstances warrant, the government will undertake borrowing for capital infrastructure within prescribed limits and with a clear plan of debt repayment. In fact, Mr. Speaker, we’ve presented that plan in the House already. The proposal has been through a number of consultative processes. It has been through a lot of discussion within the legislative review that we have here. There are no federal government implications.

We are in the process, obviously, of debating the budget, but this financial management act is really the keystone of how we’re going to move this province forward with a fiscal framework that is a once-in-a-generation opportunity for us to guide and set the posts for future Albertans. I’m very proud of this new act: the new debt limit, the savings as being an intentional act, the separating of the capital and operating plans to recognize the differences between operational and capital expenses.

I’m also very appreciative, Mr. Speaker, of the stakeholder consultation we did and now the stakeholder feedback that we’re getting on the act. I was going to cite the Alberta Chambers of Commerce as a big one. There are a lot of their recommendations in here around the fence posts around debt, around changing the name of the contingency account, around legislative savings, around making sure that we’re spending every dollar wisely, and around separating out the operating and the capital accounts so that we can have a very transparent look.

In fact, there’s more information provided under this format than what was previously provided. As future budgets start to stack up comparative to this one, all Albertans and all businesses and all financial management analysts will start to see why this is such an important aspect for the transparency and for the accountability of future governments.

Mr. Speaker, as in previous acts, balanced budgets are required by law. The definition of the balanced budget is very similar to what was in the previous acts. We've brought that forward, changed the name of the sustainability fund to the contingency account, and we've done a number of other things that meld these things together.

Included in the act as well are a number of consequential and related amendments that will be coming into force as well. There are a number of bills that are in the back piece of Bill 12 that are the consequential changes, the majority of those being simply because we've changed some of the names.

Mr. Speaker, there are a lot of very, very good things in this bill. I'm very, very proud to present it to this House. With that, having moved second reading, I would adjourn debate.

The Deputy Speaker: Thank you, hon. minister.

[Motion to adjourn debate carried]

Bill 11

Appropriation (Supplementary Supply) Act, 2013

Mrs. McQueen: I'd like to move the act for second reading, please.

We had some questions the other evening with regard to this. I was not here the other afternoon, so I'd like to speak to those right now if I can. I'm going to go through the questions that were asked by the opposition parties, just go through those and answer as best I can.

The first question we had was: how does transfer from the government of Canada on disaster funding work in our funding model from ESRD? Municipal Affairs actually deals with disaster funding with the federal government. ESRD does not receive the federal funding, so that will be answered by Municipal Affairs.

Why is disaster relief funding a supplementary estimate and not a budgeted item? Wildfire and mountain pine beetle are managed as an emergency request. There is no way to determine the funding required for wildfires prior to a season. The funding model provides the department with a base budget to be prepared and standby but no funding to fight the wildfires. The mountain pine beetle overwinter survey is completed in the spring, and that is how we determine the beetle infestation. The department-based funding is available to determine what action is required before an emergency is declared and the required funding needed.

7:40

The \$59.4 million: what caused this specific line item? Nineteen overland floods. Again, Municipal Affairs and the municipalities are responsible for this line item.

Why do ESRD and Municipal Affairs both have line items for wildfire? ESRD responds to wildfires in the green zones, the forested areas of the province. Municipal Affairs has the responsibility to deal with fires in municipalities.

Why don't we budget for mountain pine beetle? There is a department-based budget to analyze survey results and determine if an emergency should be declared. Subsequent work is completed utilizing emergency funding based on the extent of the infestation.

The breakdown of mountain pine beetles was another question: control, survey, and municipal grants and a forest rehabilitation plan. The budget is broken down by survey and control, \$30 million, and \$10 million for forest rehabilitation.

The survey and control \$30 million is used to hire wage staff and aircraft contracting services and to provide grants to deliver the provincial mountain pine beetle action plan and management strategies, including population risk assessments to determine the

overwintering success of the beetle and the risk of its spread this summer. We conduct detailed, helicopter-based surveys of the leading-edge zone to detect the location of red trees, some fixed-wing photography surveys to assess the impact of beetles outside the leading-edge zone, and some fixed-wing sketch mapping of other areas of the province.

We complete ground surveys and control of high-risk infested trees; acquire data for tree inventory and planning initiatives; complete placement of early warning baits in noninfested areas of the province to detect major in-flights from British Columbia or spread in Alberta; deploy repulsion baits to protect provincially listed, endangered whitebark and limber pine trees and genetically important sites and research plots; collect pine seed in key areas for forest renewal; implement initial forest renewal strategies in areas where there is significant mortality; communicate with Albertans about the mountain pine beetle program and government actions; provide grant funding for municipalities to conduct survey and control activities and replanting of trees that were killed by the mountain pine beetle; and invest in research to guide control activities and rehabilitation efforts.

The \$10 million is for rehabilitation of stands that have been killed by the beetles in previous years north of Grande Prairie, near Peace River, and some areas around Slave Lake. It would include developing plans and options for forest renewal and reforestation activities for stands destroyed by mountain pine beetle, mechanically preparing stands identified for reforestation, purchasing seedlings for planting in the spring of 2013, and follow-up monitoring to ensure reforestation timelines and outcomes are being met.

For the question on the breakdown for \$17 million of oil sands monitoring, there is approximately \$16 million for monitoring work done by the federal government and approximately \$1 million for biodiversity monitoring done beyond the base monitoring of ESRD. The \$16 million will be paid to the federal government for the work that they have completed in 2012-13, and the \$1 million will cover the costs incurred by ESRD. As we know, this program is cost neutral as the funding will be collected from industry to pay for monitoring in the oil sands area that has been part of the process to date.

The oil sands industry through the Canadian Association of Petroleum Producers, CAPP, has agreed to pay \$50 million per year for three years to support the enhanced monitoring outlined in the joint plan. Industry expects this funding to replace the current system, where each year companies fund independent monitoring organizations such as WBEA and others directly to perform ambient environmental monitoring on their behalf in order to satisfy the conditions of their approvals. The intention is that company support for monitoring activities outlined in the joint plan will meet the requirements for ambient environmental effects monitoring outlined in the environmental approval conditions. Companies will still be required as a condition of their approval to continue monitoring their individual facilities.

Finally, a question about page 22, vote 8, lands, \$12.6 million. What are the details around this? The net amount of \$12.6 million is for a \$13.5 million legal settlement, and a \$900,000 department programs surplus offset the expenditure of this program line. The total \$13.5 million surplus amount was found internally by not paying some contracts and grants in 2013 which we normally prepay.

Those were the questions that were there. Thank you for the opportunity to speak to them.

The Deputy Speaker: Thank you, hon. minister.

I'll recognize the Member for Airdrie.

Mr. Anderson: Thank you very much, Mr. Speaker. Glad to stand in second reading of Bill 11. I think the comments of myself and my caucus will be brief as we talked about this a lot in estimates. I'm grateful for the Minister of Environment and SRD and other ministers – I'm assuming the Education minister and others – who are here to answer the questions put to them that were not answered in the last go-around. It probably won't be the case for Enterprise and Advanced Education. But, certainly, for Education and Transportation and Municipal Affairs, hopefully, we can get those answers.

Again, I'd like to reiterate my comments on the supplementary supply act, that it is a mystery – and I wish the Finance minister would answer this question – as to why, when they were doing their results-based budgeting activity and they had said that they had found hundreds of millions of dollars in year-end savings, if that's the case, that they found these savings, they are back here asking for more money.

I mean, we know the revenue side has changed from their predictions over the first few months – we understand that – but why the expenses? That's a question that I think needs to be answered. If we have hundreds of millions of dollars in in-year savings . . .

Mr. Horner: Because legislation requires it.

Mr. Anderson: Even with hundreds of millions of dollars in savings you would still require it. Well, thank you for the answer to the question. I love answers to the questions. That's fantastic. Okay. So there is an answer to the question. I'm not quite clear where that is in the legislation that he's talking about, but I will talk with him after about it. He can point it out to me. I'm always open to learn, hon. member.

Again, what that doesn't change, though, is that – we did talk about this as well. I want to commend the hon. Finance minister. I did notice in his budget, if I'm not mistaken, that you did budget this year for emergencies about \$200 million. This is a very, very good improvement in this process because we're always back here, every year, asking for more money for natural disasters. We know they're going to happen. You know, we don't hope they're going to happen, but we're 90 per cent sure they're going to happen every year. So it's good to have a little bit of money there set aside so that if they happen, when they happen, we have money that we can allocate. And if there's a surplus at the end of the year because a disaster didn't happen, that's fantastic. We can put that money towards . . .

Mr. Horner: Savings.

Mr. Anderson: . . . savings. Absolutely.

Debt repayment would be fantastic. That would like double the amount of the debt repayment they're planning for the next four years. It's fantastic. So there are all kinds of great things that they could do with that money.

I think that that is one very positive thing, that this may be the last time – maybe not the last time because there always could be that big once-in-a-hundred-year disaster that requires much more than \$200 million to deal with. But we hopefully will not be back here on a year-to-year basis asking for more money for disasters . . .

Mr. Dorward: It depends on the disaster.

Mr. Anderson: . . . because we have started the process of budgeting, which is good. Right, hon. Member for Edmonton-

Gold Bar? Disasters aren't good. We don't want that. We don't want disasters.

With that, I think we can move forward and hopefully approve this bill.

The Deputy Speaker: Thank you, hon. member.

The hon. Member for Rimbey-Rocky Mountain House-Sundre.

7:50

Mr. Anglin: Thank you, Mr. Speaker. I want to thank the member for explaining particularly with regard to the plan and strategy dealing with the pine beetle. I'm going to get right to that, without a doubt.

The question, though, really centred around the budgeting. Looking at the plan, looking at the strategy, talking to industry, no one's going to doubt that this is a serious problem. We have to stay on top of it. It requires consistent and stable funding. We know that. The question was: why is this not reflected? Rather than coming back for supplements, given certain parameters we should expect to spend so much. If there's an emergency, there's an emergency on top of that. The programs for actually dealing with the pine beetle, the plans and the strategy, are well laid out. It appeared that it was not budgeted properly, and it should be. That was really where the questioning was going. We can deal with that when it comes to estimates.

On the other side, dealing with issues like forest fires in particular, I understand there are other mechanisms for funding. The sad reality is that we've been underestimating it in our budget about a hundred million dollars a year consistently, year over year. Sadly, it's come in at that. We would love for it not to be true. I believe every member of this House would probably agree that if we spent zero on that because we didn't have any forest fires or natural disasters, that would be just great. The truth is that historically we know that this is what we spend, so we should plan on that in the budget accordingly. We know what the numbers should be, and if it comes under that, great. If it comes more than that, then we know we need to supplement the budget. Those are the two points that were basically raised.

To finish off, that's the question. We'll be talking about that come estimates, why we should be planning for that consistently and, basically, logically so we have a good handle on what we think we may or may not spend. Of course, as everyone knows, if the pine beetle infestation actually becomes more problematic, the risk for forest fires actually then becomes more problematic. The risk rises. These are things that we need to plan for and to budget for properly.

Thank you very much.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available if anyone has a question or comment for the Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Hancock: I'll ask the hon. member a question or put it in the form of a comment. I wonder if the hon. member realizes that supplementary estimates are not simply about voting additional spending. The way the estimates are approved and the line-by-line votes that are done in the estimates: you actually have to get approval to spend money in a different place. We can go through a results-based budgeting process, we can go through a year of saving money in various spots, not spending all the money that was voted in one area, but that does not give licence to spend it in another area. You have to actually get approval of Treasury Board and come back in supplementary estimates in most circumstances to vote the money in a different area. So a savings process and a

results-based budgeting process can go through and save monies, but it doesn't give you the authority just to move it to a higher priority area or a different area. I wonder if the hon. member was cognizant of that?

The Deputy Speaker: Thank you, hon. Government House Leader. I recognize the hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Speaker. Yes, I am. That wasn't the question I was raising. The one I was raising was not so much the zero-based budgeting or results-based budgeting, as you call it. What I was raising the question about was the actual budgeting and the planning perspective. Historically you know what you're going to be spending money on, so to properly plan for it with the expectation – I'll give the member an example. If you come in every year and say, "We're going to start off at zero for fighting forest fires," well, that's admirable. But is that realistic knowing that we have a history and a trend of spending, you know, where we're going to be under a hundred million dollars, and that's been the trend for a five-year average? That was the point and the question I was raising.

Then it also went back to the pine beetle. The issue of the pine beetle being that there was government, there was private industry, and there were nonprofit agencies, lots of different stakeholders involved. The strategy, the plan is well laid out to some degree – we can talk about that at a different time – but to plan and budget for the defence of that is not something that, in my view, is unanticipated. So, yes, you can make the mistake, and an honourable mistake, which is that you didn't expect to have an infestation spread quickly because of weather – that is a possibility – but have some sort of a benchmark in a budgeting process to measure yourself against. So if you have a plan and a strategy in place for the pine beetle, and then you have that benchmark that this is how we're spending money to execute the plan, to execute the strategy, you can measure yourself accordingly.

By the way, if you have surpluses, then maybe you have to adjust the plan. Of course, if you have an infestation that grows, you have to come back and adjust your plan. You're going to need to provide more resources. I understand that. I was just looking at the history, the trend year over year, and wondering why at this point the budget didn't reflect the trend that was in place, that was happening historically over the five years. That was actually more accurate if you looked at the trend.

Thank you very much.

The Deputy Speaker: Thank you, hon. member.

I'll recognize the hon. associate minister for PDD under 29(2)(a).

Mr. Oberle: Thank you. Just a quick question for the member. What you're actually measuring here is not your activity or the success of your activity but Mother Nature's activity through the summer, not just in forest fires but in pine beetle as well, what was their winter survival and those sorts of things. So I would point out that if you forecast zero, you have about the same chance of hitting that as you do if you forecast the average. I wonder if we could have the hon. member's solemn commitment that if we do forecast the average going forward, he'll never again question our estimates.

The Deputy Speaker: The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Speaker. One can hope.

The Deputy Speaker: I'll recognize the Member for Calgary-Buffalo to speak to second reading.

Mr. Hehr: Well, thank you, Mr. Speaker. It's a privilege to rise in second reading of Bill 11. I actually appreciate the commentary that's going back and forth here. I've been here now for five years, and I think I'm starting to figure out what supplementary supply is. I know every year we go around the bend as to why we're not planning more for disasters and for pine beetle and the like. Although seemingly we've come to agreement that this question won't be asked again next year, I can pretty much guarantee that this question is going to be asked. So we'll go through it again and again. I'll hopefully remember for the next year, and maybe it'll stick that time. You know, who knows? One never knows.

We had an interesting chance here to go through our supplementary supply on I believe it was Wednesday afternoon. We had some discussion regarding some of the ministries. I know the Minister of Aboriginal Relations was here and conducted business on behalf of the government and the like.

Needless to say, I appreciate the minister of SRD giving me a little bit of background on what the money is being used for, in particular some of the agreements we've now entered into with the federal government in terms of, hopefully, developing a more realistic and a more relevant oil sands monitoring of emissions and the like. It sounds to me that we're actually making some, albeit maybe smaller than we'd like, progress on this file.

In my view, it has been one of the things that we may have let fall through the cracks. We were in such a hurry to develop the oil sands and to get that economic engine running that we may have forgotten to put the environmental protections in place, ensure that our monitoring systems were of world-class standards, and assure the world community that we were, in fact, doing our level best to not only do things environmentally friendly but to actually use scientific evidence and base our decisions on fact rather than just dogmas.

As everyone is aware, it's becoming increasingly challenging to be in the oil and gas business, not only for this province but for many other jurisdictions and, in fact, companies who play in this space. We have to establish a social licence to continue on in this business. And I don't think it gets easier from this point, Mr. Speaker. I think it will become increasingly more difficult to continue to do this. It will be in our best interest that we act on some of the concerns expressed not only by the environmental community but, in fact, by citizens of the world and citizens of this province, that we are doing things to the best of our ability. I appreciate that.

8:00

It sounds like we're moving away from the day when we thought – and I'll be blunt – naively so, that self-reporting, or companies monitoring themselves, was a good idea. Frankly, I always thought that seemed to be a little bit of a misguided notion. It appears now that the government has recognized this and is moving on the folly of that decision and moving towards something that can be monitored and effectively dealt with, so I appreciate hearing that from the minister.

I do also note that many of the expenditures in Bill 11, Appropriation (Supplementary Supply) Act, 2013, are sometimes just necessary adjustments that need to happen on the government side of things to allow for some flexibility in the process. I note the Minister of Education is here. Many of these dollars are

simply a flow through to reflect the fact that we've had increases in the number of students who are attending our various different schools throughout this province, and we have an obligation to fund these education systems with the per capita grant dollars that were agreed to in the previous budget. It's my understanding that the vast majority of expenses in the Education department were related to those numbers and an increased and growing youth in our education system, that some or much of that expense was made of.

We do have some Transportation capital expenses, some Municipal Affairs expenses, and the like that appear to be not necessarily new but needed to be topped up given our necessary agreements and the like.

Like I said at the beginning, I've now seemingly got a reasonable handle on the Appropriation (Supplementary Supply) Act, and I appreciate the Minister of ESRD giving her comments here tonight.

Thank you very much, Mr. Speaker.

The Deputy Speaker: Thank you, hon. member.

I recognize the hon. Acting Deputy Premier.

Mr. Griffiths: Thank you, Mr. Speaker. Just call me Minister of Municipal Affairs.

I was not available previously to provide detailed information on our supplementary estimates as requested, so I wanted to provide just a couple of details now. Our total request is for \$59,318,000. We have two offsetting amounts, almost identical amounts. We are also requesting \$530,000 for some upgrades necessary at the Whispering Pines lodge in Grande Cache, which was an emergency situation, and we are returning \$583,000, which was made available because the home warranty program that we had anticipated is coming into effect a little bit later. So they almost cancel each other out, for that final request of \$59,318,000.

The remaining \$59,371,000 we're seeking is from a series of disasters that took place across the province from flooding to forest fires. We had a press release, actually, about those. I'm happy to provide details at another time if anyone has particular questions about those disasters.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you.

Standing Order 29(2)(a) is available. The Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Speaker. Just a clarification. I had requested 29(2)(a) on the member previous, Calgary-*Buffalo*.

The Deputy Speaker: Proceed. Seeing that I missed it, go ahead.

Mr. Anglin: Okay. Good enough. I just wanted to make that clear.

To the hon. member. You mentioned world-class environmental monitoring. Something that we often hear in the rhetoric of government is world-class this, world-class this. We're dealing with budgetary issues. I wonder if you would elaborate on how you would quantify and qualify a world-class monitoring system.

Mr. Hehr: Well, that's an interesting question given that I am neither a scientist, nor do I understand much of the engineering that goes on in producing our SAGD or our emissions program and the like. I guess what I would like to see is something where I hope that people who evaluated your systems in place, who looked at what you were doing and evaluated it, people with credibility and people with the background that I don't have, gave it a thumbs-up.

Up until this time, over the course of the last 10 years, what the Alberta government has done has not passed scrutiny of those people with the relative expertise in what would pass as world-class monitoring. In fact, this government has been royally panned on their performance to date when it comes to evaluating or at least getting a baseline of not only what is happening in our rivers and streams and lakes and such but as to what actual amounts of CO₂ emissions we're putting into the environment.

You were at the meeting of Public Accounts a couple of days ago, where the Auditor General specifically noted that the government has no idea how much CO₂ we're pumping into the atmosphere. When your Auditor General says that he has no confidence in your emissions program or that it has any air of reality, to me that's a concern. It seems to me that if your Auditor General is saying that, it backs up the fact of what many of the environmental community and others are saying. We often dismiss them as being, you know, just against development and against people having access to our products, but when your own Auditor General comes out in a report in Public Accounts and says that what we're doing is not credible and does not actively monitor emissions, I think that should give us cause for concern.

The Deputy Speaker: Thank you.

Are there others? The hon. Member for Edmonton-*Strathcona* under 29(2)(a) or to speak on second reading?

Ms Notley: On 29(2)(a) to the speaker after Calgary-*Buffalo*.

The Deputy Speaker: Okay. Proceed.

Ms Notley: Can I do that? Do you want me to blend it?

The Deputy Speaker: Proceed.

Ms Notley: I just was wondering if the Acting Deputy Premier would like to provide me with just a little bit more information about the in-year savings with respect to the \$583,000 from the home warranty program. Where did that money come from? How was it delayed? What was it expected to go towards? When was it expected to go? Maybe just a little bit more detail about what the explanation was for that savings.

Thank you.

The Deputy Speaker: The hon. minister.

Mr. Griffiths: Thank you very much, Mr. Speaker. I'm pleased to. Our first anticipation of the Alberta home warranty introduction, which we then changed the name of, was for this spring. It was actually anticipated and hoped that it would come in in February, but we were delayed with some consultation and a few other things that went on. We don't anticipate the regulations that go along to complement the legislation. We're in consultations on those right now. We still anticipate that this fall will be when we actually get the program up and running, which means we haven't had to hire the staff that would be doing the registry of the warranties and the monitoring, which is where the savings have come from.

The Deputy Speaker: Are there others?

Other speakers to second reading? The hon. Member for Edmonton-*Strathcona*.

Ms Notley: Thank you, Mr. Speaker. I'm pleased to be able to rise to participate in second reading of Bill 11, the Appropriation (Supplementary Supply) Act, 2013. I wasn't here during the estimates discussion, the supplementary supply. I do know that at

the time there was not a small amount of frustration on the part of those who were participating in that some of the ministers were not available to answer some of the questions that were put to them at the time. That really, you know, calls into question the sort of degree of respect that the government has for the Legislature when they come to us asking for what is in essence, I believe, an extra half a billion dollars, which in the overall context of things, I guess, doesn't seem like much. But I think that to the regular Albertans out there who pay their taxes, the idea of an extra half a billion dollars is somewhat significant, so I appreciate that the Minister of Environment and SRD was here today to be able to answer some of the questions that were sort of put on the record in her absence and, as well, the Acting Deputy Premier.

8:10

Notwithstanding that, the difficulty is that with the estimates debate there's more of a back and forth, so you're able to sort of follow up on some of those questions. As much as some of the information provided by the two ministers who are with us today is helpful, it's not the same as being able to have access to that information from a knowledgeable, informed person and to follow up on questions if the answers are not entirely clear. That undermines the integrity of the debate and, indeed, of the debate that we're having right now, Mr. Speaker, because we don't really come to it as informed as the legislative process would suggest that we should be because of the inability to really have full access to the ministers through the estimates debate process.

That being said, there are some key elements in this bill which do warrant further discussion and some consideration. You know, we've already talked about the whole issue of the sort of unpredictable expenses, the wildfire, the beetle, and we've had the discussion, as the Member for Calgary-Buffalo rightly points out. I've also participated in this discussion a few times where we debate back and forth: how much of it could you have predicted, and should you put more into the budget in the first place? All that kind of stuff.

But there are other overruns that I think we could have predicted and, indeed, in one or two cases did predict, so I'm a little concerned that we're here now. One of them that occurs to me is the issue of enrolment going up in the Ministry of Education. I am pretty sure that last year when we were going through the budget, certain school boards did in fact suggest that the predicted enrolment increases were not properly reflected in the government's budget and plans. There were concerns raised at the time that we were underestimating the demands that were going to be put on the system as a result of failing to properly predict the rate of growth of students in our K to 12 system. Now we have the Minister of Education coming back to us asking for I believe it's \$29 million, and the question is simply: ought we to have known that last spring, and should that have been included in the budget, and should the implications of that extra cost have been something that perhaps Albertans could have turned their minds to in the election? So that's a question.

The other one that I would have liked the opportunity to have more back and forth on, Mr. Speaker, as I just did with the Acting Deputy Premier, is the issue of in-year savings because that's really important. As a couple of members have already pointed out, we just went through a process in Public Accounts two weeks ago, I guess it was, where the Auditor General and officials from the Ministry of Environment and SRD had a discussion and ultimately disclosed that we were not going to get anywhere close to our targets when it comes to reducing CO₂ emissions.

If that's the case, the question then becomes: well, where are we finding these in-year savings? To what extent are those in part or

in whole connected to the failure of this government to meet our targets with respect to CO₂ emissions? What other areas are being compromised by these in-year savings? I mean, we're looking at essentially \$30 million worth of in-year savings in the Ministry of Environment and SRD. Mr. Speaker, I'm very worried about that. This year, in this budget coming up, we're somewhere around a \$22-million cut to Environment. I'm not exactly sure; we haven't quite managed to figure out the money coming in and the money going out and all that kind of stuff. In any event, we're looking at that, yet apparently we were able to find \$30 million last year.

Now, the Member for Calgary-Buffalo talked in response to the questions from the Member for Rimbey-Rocky Mountain House-Sundre. They were chatting, these two, in response to questions about this whole notion of how at least some people have managed to reach the conclusion that this idea of industry monitoring itself is an absolute recipe for disaster when it comes to establishing any sort of credible reputation both in Alberta or outside of Alberta, on the international stage, with respect to the integrity of our environmental protection system. Yet there are so many different programs within the ministry of environment right now that to this day – not just the oil sands monitoring, Mr. Speaker, but almost every activity of the energy and gas sector relies on industry to report to the ministry of environment.

Some of us with good intentions, always assuming the best of others, sort of have this idea that we've got these very well-resourced and informed environmental officers, who are out there checking on what industry does pretty regularly to make sure they're playing by the rules. It's quite shocking, Mr. Speaker, when you discover that in fact what's going on is that in something like 85 per cent of the cases all that's happening is that industry is filling out a bunch of forms, sending them in to the ministry of environment, and an administrative assistant is stamping them as received and checking to see if certain questions on the form have been filled out and then filing them. There's no auditing of industry's self-reporting. And we're not just talking about oil sands. We're talking about pipeline cleanup. We're talking about well reclamation. We're talking about any one of a number of things.

When the minister is able to find \$30 million in in-year savings, what it probably means is that we went from 80 per cent of the environmental protection being premised on the industry representative filling out a form and then having that form stamped by an administrative assistant and then it's all fine to 95 per cent situations where industry has filled out its form, and the administrative assistant has stamped it as received, and we're all done. Then we turn around and say: ah, we have world-class monitoring.

So \$30 million is a big problem, and I am very worried about a \$30 million in-year savings. We in our caucus have been very up front that with the level of development and the complexity of the development and the volume of development as well as the incredible impact that the nature of our particular industrial development has on the environment in Alberta, we could easily double the budget of the ministry of environment, and we could maybe make a good start on starting to monitor and enforce and protect our environment, not only for the sake of generations to come and for our clean air and drinkable water and nontoxic soil but also for the purpose of convincing anybody outside of this little bathwater-drinking community in which we live that we actually are credible on this issue, Mr. Speaker, because at this point we truly aren't. Nobody is buying the notion that we are except the folks drinking the bathwater here in Alberta. The reason for that is that we have such a starved environmental protection and monitoring system in this province.

I am very concerned that we have a \$30 million in-year savings but we don't have the kind of opportunity that we would have had in estimates to really go back and forth and talk about each program, each line item where that money was saved, and why it was saved in a time of industrial growth and activity in this province over the last year, how it was that we were able to save that kind of money.

8:20

Now, another question I had. In response to a question that was asked last week, the minister who was responding on behalf of all ministers, the Minister of Aboriginal Relations, indicated that the money that was coming from industry to fund the oil sands monitoring program – industry had agreed to pay up to \$50 million. Mr. Speaker, that is, of course, what I have heard consistently since the joint oil sands monitoring program was announced by this government and the federal government and the various and sundry industry reps who were invited to the press conference, but then I just heard this minister say that industry has committed to the full \$50 million.

I really am very interested about that because I had not heard that they had absolutely committed that they would provide \$50 million to this program. If they have, I think that's good news. That's a step forward because we have not gotten that black-and-white commitment. I certainly would be very interested if perhaps in the form of 29(2)(a) the minister were prepared to get up and ask me a question about how happy I am that, in fact, it has been definitively committed that they will pay no less than \$50 million as opposed to up to \$50 million. Since they were funding already about \$18 million or \$19 million and since the program itself calls on industry to give \$50 million, that's about a \$30 million differential, so I'd sure like to know if we've actually got them to agree that they will give that full \$30-million-a-year increase every year. That is one thing that I certainly would have liked to have heard more about.

Student loans, Mr. Speaker. We are being asked to approve an additional \$76 million for higher student loan disbursements. I won't spend a lot of time talking about the priorities of the Minister of Enterprise and Advanced Education and nonacting Deputy Premier in terms of where he chooses to spend his time in what period or point in the budget cycle except to say that I find it utterly appalling and, frankly, an intense breach of ministerial responsibility under the most basic of parliamentary tradition. That aside, if I could just talk a bit about the \$76 million for higher student loan disbursements, I would be curious about how that came about and the number of students that generated that increase.

With the draconian cuts that we've since seen in the budget that was tabled on Thursday, I expect that there are going to be two competing factors. On one hand, the costs for students are probably going to go up, and the quality of education is going to go down, so I suspect we're probably going to see an increased pressure on that student loan amount. Has that been budgeted for? Conversely, I believe it was the president of the U of A who suggested: well, no; actually, we might see the opposite effect. Really, Alberta's most mobile and probably most successful students will be fleeing the province as quickly as possible. Between an 8 per cent cut that's going to seriously affect the quality of their education plus a series of mandate letters, which is going to fundamentally compromise the notion of academic integrity and independence in this province, the two combined, you're probably going to see some of your best students leave the province.

Then the question becomes: are they still eligible for student loans? Well, certainly the ones who are in postgraduate work are as are the ones in law and, I suspect, medicine. Are we going to actually be giving them more money to pay the cost of them leaving home to go to a different university that will actually still provide a high quality of education with some semblance of academic independence and integrity? Will that cost our student loan program more or less? I'm not sure. These are questions I would have loved to have discussed with the nonacting Deputy Premier.

The Deputy Speaker: Hon. Member for Edmonton Strathcona, might I remind you that it is not proper to refer to the presence or absence of any member. I believe you transgressed twice during your remarks. I'm sure you'll take that under advisement.

The Member for Rimbey-Rocky Mountain House-Sundre, under 29(2)(a).

Mr. Anglin: Thank you, Mr. Speaker. I was wondering if the member would comment on the matter of auditing that she raised, particularly with regard to environment's auditing of the inspections and how that would relate to how we should see this in the budget.

Ms Notley: Well, I mean, there are a lot of ways in which this shows up in the budget, Mr. Speaker. There are so many things that industry reports to the ministry of environment and then we just take it on faith. For instance, the contribution to the mining reclamation funds needs to actually be audited, and the whole issue of how many of those audits are done or are no longer done or have been cancelled is something that matters not only to Albertans today but to Albertans long in the future because, of course, that mine reclamation fund is the only thing standing between us and our grandchildren having to kick hundreds of millions and billions of dollars out the door to clean up the tailings ponds, which nobody has had any success in making any kind of serious progress with, for instance.

Also, when there's a spill, a leak in a pipeline, the ministry of environment assesses the cleanup. You had this idea – or I certainly had this idea – that we had ministry of environment officials going out to where the oil had spilled and the water had been contaminated and the soil had become toxified and they spent a lot of time on-site watching over what was done to make sure it was done right. Oh, no, no, no, Mr. Speaker. That's not what happens. What happens is that the industry does it themselves. They clean it up. They clean it up on their own. Nobody watches over it. They fill out the forms. They describe: "Scout's honour. We did it. It's clean. It's good." And then it's sent in to the ministry of environment.

Now, if it's a really huge, gargantuan spill like the one that was, you know, the second biggest in the history of the country two or three years ago or the one that almost took out the city of Red Deer's water supply, well, then, sometimes the ministry of environment might actually send some folks down to take a closer look at it. But for the regular ones, the ones that happen almost weekly in this province, the small ones that rarely get reported publicly, for those ones we're just relying on industry to tell us that they've got it all right.

It's sort of like how we heard that the pipelines had been reinforced as per the recommendations of – I think it was the National Energy Board. We heard all that work had been done. Now, I guess that's more the ERCB. I'm now moving into the ERCB stuff. The cleanup is Environment; the preventative stuff is mostly ERCB. But, still, what happens is that we're still 9 times

out of 10 or maybe 8 times out of 10 relying on industry to report on how well it's cleaned up after itself.

Well, you know, Mr. Speaker, I ask my kids to clean up their rooms. They come down, and they proudly tell me that it's all done. I go upstairs, and you would be amazed at what I still find in that room and the shape that it is in and the garbage that's spilled all over the place, and somehow no one noticed that three banana peels from four days ago actually are still garbage and need to go. It was really important for someone to go and check on that. If you don't check on it, it just stays there. That's what happens when you cut monitoring and you cut auditing and when you make \$30 million of in-year savings cuts.

The Deputy Speaker: Thank you, hon. member.

The Member for Calgary-Buffalo, 29(2)(a). You have a minute left.

Mr. Hehr: Thank you, Mr. Speaker, and I thank the hon. member for her comments. It was interesting when you posed some of those numbers on our student enrolments. It goes back to the budgeting around last February, when there were some concerns around the entire budgeting process, and it even seems that may have been done on the postsecondary side of things, too. There might have been an underestimate of how many student loans were coming out. Had you heard in previous years that this mistake was made? Was there something about last year that the reporting mechanisms weren't getting through? Is your spider sense tingling in some other way as to why maybe the numbers were underrepresented?

Ms Notley: Well, you know, my spider sense was tingling because it was part of one of the most misleading budgets ever introduced in the history of the province. For that reason, my spider sense was tingling about the accuracy of the student loan numbers.

The Deputy Speaker: Thank you, hon. member.

Are there other speakers on second reading.

Some Hon. Members: Question.

The Deputy Speaker: The question has been called.

[Motion carried; Bill 11 read a second time]

8:30

Government Motions

Alberta Treasury Branches Act

20. Mr. Horner moved:

Be it resolved that the Legislative Assembly concur with the continuation of the Alberta Treasury Branches Act.

Mr. Horner: Mr. Speaker, section 35 of the Alberta Treasury Branches Act requires that a motion be introduced at least once every five years which will facilitate a debate on whether the Alberta Treasury Branches Act should be repealed. The purpose of this clause is to assure Albertans that the government will review their investment in Alberta Treasury Branches to ensure that it continues to serve a valuable purpose. The timing of this motion is not a result of any budget pressures. It is simply good governance to do a periodic review. As it happens, the five-year period required by law takes us to this session.

Prior to putting forward this motion for debate, I would like to take this opportunity to discuss what ATB has provided and continues to provide Albertans and the impact it has had on our financial services marketplace. In 1938 the members of this Assembly made the decision to invest \$200,000 and create Alberta

Treasury Branches. While the Alberta Treasury Branches started as Alberta's piggy bank, its purpose was expanded to promote a voucher program designed to encourage Albertans to support a variety of Alberta-made products and services. Alberta Treasury Branches has been supported by Albertans and has grown such that today's Alberta Treasury Branches, often referred to and branded as ATB, is focused on facilitating access to financial services for all Albertans as well as fostering competition between financial institutions throughout Alberta.

While the Alberta government has been a strong advocate of promoting connectivity, including enhancing access to the Internet throughout the province, we also recognize that access to financial services means more than picking up a phone or clicking a mouse. It means being able to walk into a branch and meet face to face with decision-makers, people who know you, know where you operate, and know the economy you operate in. It also means that the products and services you must have are accessible.

By restricting the activity of ATB to Alberta, ATB remains focused on the needs of Albertans, and it promotes reinvestment in Albertans and in Alberta companies. This focus also fosters a competitive environment throughout the province. To further encourage this competition, the government will continue to strive to neutralize competitive advantages and disadvantages unique to ATB as a result of government ownership. This mandate will be applicable in both good times and challenging ones and for the benefit of all Albertans, both rural and urban.

With respect to the impact ATB has had in Alberta's marketplace during times of economic stress, two recent events exemplify its presence, the recent market events that caused a general tightening of liquidity throughout Canada and most of the world and the more localized impact that BSE, or mad cow disease, had on Alberta farmers. In both circumstances ATB was not subject to a national or international decree to claw back on credit granting, and it continued to make credit available in Alberta. This was possible as Alberta is ATB's home market, and it is already enabled by its knowledge of Albertans and the local economy.

ATB has also been there to support Albertans during the good times, and I'm proud to say that Albertans have embraced ATB to that extent currently. It provides some or all of the financial services, including deposit taking, lending, and wealth management services, to over 635,000 Alberta customers. It operates in 242 communities throughout Alberta through 170 branches and 130 agencies and finances roughly \$29 billion in loans to Albertans and their businesses.

ATB has been a valuable part of the province's past, and I remain confident in ATB's ability to continue to contribute to Alberta's future by providing excellent service to Albertans, ensuring stable access to core financial services throughout the province, attracting and retaining highly skilled labour within Alberta, and operating in a financially responsible manner.

As you are all aware, the government has committed to a results-based budgeting review of all areas of government to ensure that programs and services align with the outcomes that Albertans have identified as priorities. The timing and the purpose of this motion result from the requirements under the Alberta Treasury Branches Act and will not serve to exempt the review of ATB Financial's role in government's overall goal to build relationships and markets in Alberta. The results-based budgeting review of ATB Financial is being done as part of the review of the enterprise and ministry support line of businesses.

In view of the above and as a means to notify Albertans, we believe that Alberta Treasury Branches should continue to operate in Alberta. Pursuant to section 35 of the Alberta Treasury

Branches Act I move that the Legislative Assembly concur in the continuance of the Alberta Treasury Branches Act.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you, hon. minister.

Are there other speakers? The hon. Member for Airdrie.

Mr. Anderson: Thank you, Mr. Speaker. I would like to stand on behalf of the Wildrose caucus and support this motion. Alberta Treasury Branches: you can't say it enough. They're just a part of our province. They're a part of our province and our history. They've done a lot of good things for this province and for the people not just of rural Alberta but of urban Alberta, too.

You know, I would say that there are two main reasons that I personally support them. The first is the security that they bring to our province. The Finance minister ably pointed some of those things out. When credit dries up on the world market or nationally for various reasons, it's just good to have that security of a bank, a financial institution, that can be there for Albertans no matter what. There are some basic services that we have to have, and banking is one of those. We've got to be able to have credit and banking to perform business in this province.

Although for the most part there are many different national banks and international banks that Albertans have access to in a competitive free market – and that's good – if something were to happen, whether through a financial crisis or some kind of tightening of credit and so forth, and we couldn't get access to funds, that would shut down the entire economy. That's not something that we can have here in Alberta. So having that stable backstop, that financial institution always there is very, very, very important. We cannot rely for essential services on the outside world. It's good to have them. We welcome that competition. There are some great banks out there. But we've got to have that backstop for the people of Alberta. It's very important.

The second great thing it's done – really, you can see it in rural Alberta. There are some rural communities that are simply too small to justify some of the bigger banks setting up shop there. Sometimes they're so small that you can't even justify a credit union there. So it's very good to have the option of having ATB in those small rural communities to provide that service to farmers, ranchers, and other entrepreneurs and families to use in those small rural communities.

The other thing it's been very effective at is helping new families get into their first home. That's something that I used ATB for. I had to get out of that mortgage down the road once I joined the Legislative Assembly or was elected. I had to switch my mortgage from ATB to another institution because you're not allowed to have a mortgage with ATB and be a member of the Assembly, so I had to switch that, but I remember that it was a very good thing to have. My wife and I were coming out of university at the time with, you know, no real credit to our names, and ATB was certainly an institution that was available to us for our first home right after I got my first legal job after law school. These are just some examples of the good that ATB has brought our province.

I would note that some people might say: well, why would a party or a caucus that espouses the benefits of capitalism and free markets and competition and so forth be supportive of a Crown corporation? I certainly can't speak for all my colleagues by any stretch, but I would say that this is again an indication that unlike what is sometimes claimed by other parts of this House, this party is not an ideological one. We look for solutions, and sometimes the free market doesn't solve everything.

8:40

Ms Notley: Oh, I need to keep that.

An Hon. Member: You know this is in *Hansard*, right?

Mr. Anderson: It's in *Hansard*.

There are instances where because of whatever it be – for security purposes, as I just talked about, for lack of competition, for other reasons – there are reasons that do exist for Crown corporations to occur. They are rare, very rare, but they do exist. Having a banking institution in this province that will always be there for our needs is one of those things.

I hope that it continues a long history, that we make sure we do everything we can to level the playing field between ATB and other banking institutions. I think that that's exceptionally important. I think that we're doing that. I think over time the government has levelled the playing field and made it so that ATB doesn't have an unfair advantage over other banking institutions. There's probably a little work still to be done on that, but overall I think that this is a very worthwhile institution.

I hope all members will support the Finance minister's motion to keep ATB running and functioning and a part of our Alberta family. Thank you.

The Deputy Speaker: Thank you, hon. member.

Are there others? The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Speaker. I'm going to just be brief on this. [interjections] I can please the other side every now and then.

For a small community that doesn't even have a stoplight, the ATB has provided not just some essential services, but it also helped provide some access to capital for the farmers, for the community so we could grow, so we could prosper. That has to be recognized as a real success story.

I urge all fellow members of my caucus to support this motion.

The Deputy Speaker: Thank you, hon. member.

Standing Order (29)(2)(a) is available.

Seeing none, are there other speakers? The hon. Member for Calgary-Buffalo.

Mr. Hehr: Well, thank you, Mr. Speaker. Sometimes in this House up is down, east is west, north is south. What I just heard come out of the hon. Member for Airdrie was truly one of those moments where I didn't see it coming. If I didn't have the side rails on my wheelchair, I would be lying on the floor right now, and people would be helping me back in. Nevertheless, I will compose myself and try to formulate some thoughts because I'm still flabbergasted a little bit here, sir.

We went through a little bit of the history here with the hon. Minister of Finance. The ATB was founded in 1938 under our Social Credit government. That would have been under the hon. Premier Ernest Manning. I must digress for a brief story. My father would the odd time channel Ernest Manning when he would catch me doing something wrong or when I was in trouble or something like that or do something stupid. He would say to me: well, son, if you haven't suffered enough, it's your God-given right to suffer some more. That was a quote from Ernest Manning. There you go.

An Hon. Member: That was Aberhart.

Mr. Hehr: Maybe it was Aberhart. Yeah. I'm getting them mixed up. It was Aberhart – sorry; I'm mixing my metaphors – and 20 years earlier. There you go. Nevertheless, you're perfectly correct.

In my view, the Alberta Treasury Branches has been a wise institution on behalf of the Alberta people. It has supported not only individuals, families, and small business, but as the hon. Member for Airdrie rightly pointed out, it has allowed us to have some skin in the game, have some control over our own destiny, and have a backstop if, when, and in case the need arises that we need to have a bank for Albertans and the like should things go to heck in a handbasket.

You know, luckily we resisted in Canada much of the move in the '90s and the early parts of this century to allow too much competition in the banks. We saw movement in the United States to have a lot of that open up. There was a lot of pressure put on the Canadian government at the time, the federal Liberals, and in fact from the current Prime Minister to, I guess, liberalize the banking system. Okay? That urge was resisted, and it was a move in the zeitgeist of the time, and in my view it was probably a wise decision. In fact, a lot of the things that we're doing today in celebrating the Canadian banking industry are the result of the wisdom of Paul Martin and Mr. Chrétien in this regard. We're seeing the country do much better as a result of having some of that thing.

I note, when I talk about some of the good things that possibly the federal Liberals did, you know, that the hon. Solicitor General should be longing for the days of the per capita spending rates of the Paul Martin-Jean Chrétien government. At this point in time, after watching Mr. Harper out per capita spend even that government, he must be longing for those days. But I digress.

Let's get back to the ATB and its benefits. It allows us to have some skin in the game. I always look back into the history of Alberta and the success of some other Crown corporations that we've had in Alberta and primarily the Alberta Energy Company. Its success from, I believe, 1971 through to 1993, when it was sold, was really, truly something to be celebrated. It established us with a foothold in the industry, it allowed us to have a base of knowledge and understanding, it allowed us to control our own destiny, and it allowed us to have a backstop against some of the private oil companies should they up and want to do something else. We always had an Alberta Energy Company, that was there on behalf of the people and would provide us with that knowledge base.

I look back, and the decision in 1993 to sell the Alberta Energy Company is, I believe, probably one of the true tragedies that has occurred in this province. I'm glad to see that we are not considering doing that with the ATB at this time. I think it allows us to have, really, some strength. It allows the Alberta people to have a position. The simple fact of the matter is that many Crown corporations work, and this is an example of that. It's my greatest hope – and it was, I guess, allegedly so when the election occurred – that we are going to turn the page on some of these ideology-based decisions that the free market knows everything. You know, to be honest, if I have to take two days off work to get the Shaw cable guy in to fix my Shaw cable, well, you know, let's face it. The free market really isn't as efficient sometimes as it's cracked up to be.

That's not exactly a direct parallel, but it just shows that governments have a role to play. Governments have a role to play in shaping our societies, and sometimes that's through Crown corporations. I know we had much discussion in our last committee, where we discussed the hydroelectric dams that could possibly be going into northern Alberta. One of the discussions around the table was on whether we should be doing that through a Crown corporation given that these are capital intensive and have a hundred-year life cycle. It's something that I urge this government to really consider. I know it's loaded with conten-

tiousness, and people have opinions one way or another, but when we look at those projects, really look at it as: what's best for the Alberta people over the length of the hundred-year life cycle of that institution?

8:50

You know, in 1938, when William Aberhart started the ATB, if he was looking at it from a one-year projection, he would have said: "Oh, my goodness, this is going to cost some capital outlay. My goodness, it'll be a one-year bad cycle on our debt. Oh, my God, what's going to happen?" But, no, he had a vision for this playing out over the long haul, a vision of this supporting Albertans from not only 1938 through to 1939 but hopefully throughout the life cycle or for as long as Alberta is around. That's what governments need to do, look at things for the long haul. Let's try and get out of planning on the four-year election cycle, which I know is awfully difficult. Nevertheless, we should try to do it in most cases and consider opportunities that exist in terms of Crown corporations like the Alberta Treasury Branch.

Thank you very much. I know that was all over the map, Mr. Speaker, but thanks for bearing with me.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available. The hon. Minister of Justice and Solicitor General.

Mr. Denis: Thank you, Mr. Speaker. I just have a quick question for the Member for Calgary-Buffalo. I always enjoy his comments even though I don't always agree with them. He's talked a lot about Crown corporations tonight. As he knows, Saskatchewan is king of Crown corporations: a publicly owned telephone company, a publicly owned power company, a publicly owned energy company. Would he like to see these services nationalized in this province?

The Deputy Speaker: Hon. member, do you care to respond?

Mr. Hehr: You're bringing up a hypothetical that I don't think has any type of relevance. I thought Lougheed had an amazing vision on the Alberta Energy Company having a role to play. I'll use the Alberta Energy Company as an example here. Peter Lougheed understood that in order to keep the private corporations honest, the other oil and gas companies, he had to have some skin in the game. He had to have government shored up in the expertise of drilling, shored up in the expertise of accounting, shored up in the expertise of how much money you actually made in this business to go from there and actually spur investment into upgrading, refineries, and pipelines.

You know, Premier Lougheed controlled much of the pipeline industry, so the government could through an arm's-length, independent corporation – that's what the AEC was; we forget that. Many people who went on to other private businesses in this province were the best and the brightest that Lougheed selected to run the AEC. It had a tremendous role to play, and I think that at its height the Alberta Energy Company controlled about 40 per cent of the Alberta energy market at that time because they had a knowledge of the industry and because they always had the backstop. They weren't worried the private companies were going to say: "Well, we won't drill. We'll just go drill elsewhere." "Well, fine. That's more for us to drill. All right. If you don't want to drill it, we'll drill it."

You know, it allowed us the opportunity where we weren't held at gunpoint or knifepoint by the threat of mass exodus, and Premier Lougheed understood that. Really, we haven't had that ability since that time. Oftentimes when we try to do things in our energy markets, well, we're beholden to what they say because we

don't have that option, that expertise, seemingly that will that Premier Lougheed had to establish the Alberta Energy Company even though it wasn't very popular. You've got to remember that his brother Don ran Shell Oil. Do you think he was that happy about the Alberta government starting up its own oil company? No, he wasn't, but he understood it.

In any event, everything is in a balance, so we don't have to get all hyperbolic and say that I'm the second coming of Hugo Chávez because I think we might have a role to play in our energy industry – okay? – which is what I think the hon. member was attempting to suggest.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you, hon. member.

Are there others?

Other speakers? I recognize the Member for Edmonton-Strathcona.

Ms Notley: Thank you, Mr. Speaker. You know, I'm somewhat conflicted in standing up to speak to this motion. We support the motion, just to be very clear. I was going back through the notes, frankly, provided by our staff and some of the review they've done, and in the past, in 2002 and in 2007, our caucus's typical and quite regular position was, you know, that of course we support this motion, and we're irritated that this has to keep coming back to us because it potentially jeopardizes the ATB every time we have to do this. I think the MLA for Edmonton-Highlands-Norwood said in 2002 that we're playing "sort of a game of Russian roulette" and that "sooner or later the chamber's going to come up with the bullet" every time we insist on doing this review.

To some extent he's not incorrect because in 1998 former Premier Klein did muse quite openly about privatizing ATB. Indeed, just a month and a half ago at the Premier's so-called Economic Summit in Calgary several of the panelists raised the prospect of privatizing ATB and talked about how it would be worth a good \$4 billion to Alberta. Of course, at this point in time there's a bit of a gap in the budget, and you know the two match up a little bit. So it's a little worrisome. However, we're very glad that this motion is here now.

On the flip side, as much as those were the points made by the Member for Edmonton-Highlands-Norwood and the previous Member for Edmonton-Beverly-Clareview, I personally quite enjoy listening to both the Finance minister and the Official Opposition House Leader get up and extol the virtues of this Crown corporation. It makes me very, very pleased that people can every now and then look past their otherwise very conservative but not at all extreme positions on some of these issues because, as has been rightly pointed out, the ATB has played a critical role in the development of Alberta.

It was first established to deal with the fact that small farmers needed protection against the banks who, notwithstanding the

purity and the wonderful morality of the unfettered capitalist free-market system, took advantage of small farmers and made it very difficult for them to build their businesses and grow our province the way it needed to grow. So it played an important role then, and indeed, as the Member for Airdrie pointed out, it plays an important role today.

I would simply ask that members of the House turn their minds to the possibility, as outlined by the Member for Calgary-Buffalo, that Crown corporations can actually do good things and that sometimes they can do other good things, too. The Member for Calgary-Buffalo talks about an Alberta energy company. We have examples in other provinces where we have, you know, Crown corporations that develop hydro, which, of course, is now a profound foundation of economic stability and strength as a result of that work having been done by a Crown corporation. We have examples of other provinces where right-wing governments have come into power on the plan to privatize public auto insurance only to discover that it is a win-win-win situation for the voters and the taxpayers of that province and that it would be utterly ridiculous to privatize auto insurance.

The fact of the matter is that Crown corporations can and do help citizens of the jurisdiction to which they are accountable just like the ATB helps and grows our jurisdiction. So we are pleased to support this motion. We hope that at some point we just give the ATB and its investors and its members, or its clients, the security that they need without having to worry about it being up for a constant review every five years and being a potential source of quick cash for a cash-strapped government because that would be short sighted in the extreme, Mr. Speaker.

Thank you very much.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available.

Seeing none, are there any other speakers?

Then the Minister of Finance to close debate.

Mr. Horner: Question, Mr. Speaker.

The Deputy Speaker: The question has been called.

[Government Motion 20 carried]

The Deputy Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. In light of the hour and in light of the fact that members of the House have requested a little bit more time to look at the Fiscal Management Act before we debate it further, I would have to conclude that we should move to adjourn until 1:30 p.m. tomorrow.

[Motion carried; the Assembly adjourned at 9 p.m. to Tuesday at 1:30 p.m.]

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