



Province of Alberta

The 28th Legislature
First Session

Alberta Hansard

Wednesday afternoon, March 13, 2013

Issue 35a

The Honourable Gene Zwozdesky, Speaker

Legislative Assembly of Alberta The 28th Legislature

First Session

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Xiao, David H., Edmonton-McClung (PC)
Young, Steve, Edmonton-Riverview (PC),
Government Whip

Party standings:

Progressive Conservative: 61

Wildrose: 17

Alberta Liberal: 5

New Democrat: 4

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Legislative Assembly of Alberta

1:30 p.m.

Wednesday, March 13, 2013

[The Speaker in the chair]

Prayers

The Speaker: Hon. members, let us pray. We give thanks for the abundant blessings that we have been given, blessings given to our great province and to ourselves and to all those who serve here. May we share in that abundance. May we be ever good stewards of it and be reminded frequently of the great and good fortune that we have. We ask for guidance in our deliberations to be the best stewards possible and to follow in the footsteps of those who came before. Amen.

Please be seated.

Introduction of Guests

The Speaker: The hon. Member for Leduc-Beaumont.

Mr. Rogers: Thank you, Mr. Speaker. I know that you already know these guests who are seated in your gallery, but I'd now like to introduce them to all members of the Assembly. They are all very dedicated volunteers who serve on the Alzheimer's Pro-Am hockey committee to raise much-needed funds towards treating the disease and towards finding a cure to eliminate it. I'll ask the individuals to please rise and remain standing as I call your names. They are Bill Gaudette, Alzheimer Society of Alberta and Northwest Territories; Mario Pailamilla, Face Off for Alzheimer's Pro-Am hockey committee; Javier Hernan Pailamilla, Face Off for Alzheimer's Pro-Am hockey committee; Alan Howat; Ryan Stempfle; Mark Asbell; Trish Dober; Greg Christenson; Dennis Fitzgerald; Terry Cavanagh, former mayor of Edmonton; and Bill Hobbins. I'd like to ask all members to give the traditional warm welcome of the Assembly.

The Speaker: The hon. Minister of Municipal Affairs and Acting Deputy Premier.

Mr. Griffiths: Thank you, Mr. Speaker. It's truly an honour as Minister of Municipal Affairs to introduce a second time but in a little more detail to you and through you to members of this Assembly one of the longest serving municipal councillors in the city of Edmonton's history. As you may recall, he was Edmonton's mayor in the '80s. Today, however, he's here to support fundraising efforts for the Alzheimer Society and, in particular, to support his good friend Gordie Howe, who is the patron for the Alzheimer's Pro-Am hockey tournament. It's interesting to know that he was also Gordie Howe's roommate during his hockey career a few decades ago. Please join me in welcoming to this Assembly Mr. Terry Cavanagh. Please rise.

The Speaker: The hon. leader of the Alberta Liberal opposition.

Dr. Sherman: Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to all members of this Assembly two grade 6 classes from Annunciation school in Edmonton-Meadowlark. These are amongst the hardest working, smartest students in the country, and they are our future, the future of our province. It's the hard work of their teachers that ensures that these young people have a bright future. I'd like to introduce their teachers, Maureen Ostrowerka and Chris Koper, as well as student

teacher Cristina Milite. I would ask all the students to rise and receive the traditional warm welcome of the Assembly.

The Speaker: The hon. Minister of Education.

Mr. J. Johnson: Thank you, Mr. Speaker. It's fitting that a day after we recognize the contribution of our francophone population, I rise today to introduce to you and through you to members of this Assembly some very special guests who are joining us from the Edmonton Garrison's official language centre. This centre provides the military community with second-language training in both English and French. Joining us from the centre today are members of the English course. I'd ask them to rise and remain standing while I introduce them: Sergeant Yannick Cimon, Master Corporal Tarik El Qasmi, Corporal Christopher Savard, Corporal Sylvie Paradis, Leading Seaman Erika Pruvost, Corporal Maxime Roussel, Private Maxime Proulx-Lepine, Private Guillaume Chouinard, Private Alexandre Thériault, and their teacher, Deborah Stasiuk. I had the opportunity to speak with them earlier. Of course, all of them are from the province of Quebec and are on their first posting here to Alberta, so we want to welcome them. I invite the Assembly to give them the traditional warm welcome they so richly deserve.

The Speaker: The hon. Minister of Tourism, Parks and Recreation.

Dr. Starke: Well, thank you, Mr. Speaker. I have the privilege to have two introductions today. For my first introduction it's my honour to introduce to you and through you to all members of the Assembly Jaclyn Denman of Community Futures Lac La Biche. Now, Lac La Biche recently was honoured for its Winter Festival of Speed, which was chosen as a winter Alberta story and was also one of Canada's top 10 winter events to attend by *Reader's Digest*. Jaclyn actively works with Travel Alberta to leverage marketing campaigns in her northern region year-round by accessing co-operative funding through Travel Alberta. Without that funding, their marketing reach would be significantly decreased. I would ask Jaclyn to stand and receive the traditional warm welcome of the Assembly.

Mr. Speaker, my second introduction. It's my pleasure to introduce to you and through you to members of the Assembly a group of very bright, energetic, photogenic, and, I might point out, musical students from Lakeland Country school north of Dewberry, who are visiting us today. They are accompanied by their teachers, Ms Vicki Reimer and Ms Tasha Loewen, as well as a group of parents, many of whom were former clients of mine, so I know that they're not only dedicated parents but also excellent stock people: Mr. and Mrs. Jeff and Ardith Warkentin, Mr. Milf Unruh, Mr. and Mrs. Murray and Lucy James, Mrs. Andrea Toews, Mr. and Mrs. Darryl and Mel Reimer, Mr. and Mrs. Rob and Monica Unruh, and Mr. and Mrs. Doug and Sondra Loewen. I might point out that I had the privilege of visiting the Lakeland Country school about 10 days ago, where their opening exercises every day include beautiful four-part a cappella Mennonite singing, which 10 days ago was accompanied by a slightly tone-deaf Lutheran bass. I'd like to ask them to stand and enjoy the warm welcome of the members of the Assembly.

The Speaker: The hon. Minister of Human Services.

Mr. Hancock: Thank you, Mr. Speaker. It is a privilege today for me to rise on behalf of my colleague the Minister of Health and the Member for Edmonton-Rutherford and introduce to you and through you to all members of this Assembly a group of 27 students from Steinhauer school in the constituency of Edmonton-

Rutherford. They're seated in the members' gallery. Accompanying these students is their teacher, Ms Angie Elsinga. I'm informed that they are bright, articulate, hard-working, and strong-questioning students. I would ask them to rise and receive the traditional warm welcome of this Assembly.

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

Mr. Bhardwaj: Thank you very much, Mr. Speaker. It's my honour to rise today and introduce to you and through you to all members of this Assembly an outstanding constituent of mine, Mr. Zora Singh Jhajj. Mr. Jhajj is very active in the community, a true volunteer. He gives his time to volunteering for his gurdwara and serving on the executive committee of the Millwoods Cultural Society of Retired and Semi Retired, a very unique organization within my constituency of Edmonton-Ellerslie. He is also involved as an officiator for Track and Field Alberta. This outstanding volunteer has not gone unnoticed. He has been the recipient of the SAGE award, which recognizes outstanding achievements and contributions of seniors in our community, and he was also the recipient of the Queen's jubilee medal. This individual is an outstanding example of the vital role volunteers play and can play in making the city what it is today. At this time I ask Mr. Jhajj to please rise and receive the traditional warm welcome of the Assembly.

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

1:40

Ms Blakeman: Thank you very, very much, Mr. Speaker. It's my great pleasure to introduce to you and through you to all members of the Assembly this year's reigning court from the Imperial Sovereign Court of the Wild Rose. Now, many of these members if not all are constituents of the fabulous constituency of Edmonton-Centre, and they are very special people to me. They have accepted me without prejudice, and they tolerate my foibles. They're also special to Edmonton because so far this year – and they're halfway through – they have raised \$15,000 for local charities. This year they have chosen the Pride Centre and Camp fyrefly, which is for youth. Please stand as I introduce you, and stay standing, please. First we have Mr. Gay Edmonton XXV Kewlio Twist; the treasurer of the board of directors, Michelle Pedersen; Imperial Grand Duke XXXVII Genuwine Velour; Imperial Grand Duchess XXXVII Tequila Mockingbird; Imperial Crown Prince Yeust Bobb; Imperial Crown Princess Kitty LeBehr; Emperor XXXVII of Edmonton and northern Alberta JJ Velour; and, of course, Her Most Imperial and Sovereign Majesty, heir apparent to the Empress of Canada, Empress XXXVII of Edmonton and northern Alberta, my favourite, Vanity Fair. Please welcome them to the Assembly.

The Speaker: Hon. Member for Edmonton-Ellerslie, my apologies. You had a second introduction. Please proceed.

Mr. Bhardwaj: Thank you very much, Mr. Speaker. For my second introduction I would also like to introduce two more volunteers from my constituency of Edmonton-Ellerslie, Mr. Nirmal Singh Grewal and Mr. Mohinder Singh Cumo. Both of these individuals are very active in the Society of Retired and Semi Retired and very, very active in the community of Edmonton-Ellerslie. At this time I ask both of my guests to please rise and receive the traditional warm welcome of this Assembly.

The Speaker: The Hon. Associate Minister of Wellness.

Mr. Rodney: Thank you very much, Mr. Speaker. It is a pleasure to rise today to introduce a shining example of the valuable work being done right here in Alberta to lower sodium in the food supply. Dr. Mirko Betti is an assistant professor in the department of agricultural, food, and nutritional science at the U of A, and he's the lead researcher conducting sensory and taste trials of a salt flavour enhancement product that his team has developed. Now, the potential for this product as a salt replacement is staggering since consumption of this product is not linked to the ill effects of sodium, including heart disease associated with the overconsumption of sodium, which is common in our diets. This is World Salt Awareness Week, so this is the perfect time to remind Albertans that high dietary salt contributes to high blood pressure, which is the leading risk factor for cardiovascular disease and death. Dr. Betti's research is funded by a grant from Alberta Innovates: Bio Solutions and the Alberta livestock marketing association. He's on his way to the members' gallery, I understand, so I invite all members to offer him the warm welcome of this Assembly.

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

Mr. Dorward: Thank you, Mr. Speaker. I have two. Firstly, Mr. John Craig, a partner from Bennett Jones, is with us today in the members' gallery. I'd like Mr. Craig to please stand up. Mr. Craig and I are working on a private bill that will come before the Assembly at some point in time in the future. If the Assembly could give Mr. Craig a warm welcome. Thank you.

The second one, Mr. Speaker: it's my great pleasure to introduce to you and through you to all members of the Assembly a constituent of mine who is also the executive director of Canada's foremost professional singing ensemble, Pro Coro Canada. I think all of us will remember the amazing rendition of *O Canada* that Pro Coro sang in this Assembly at the beginning of the fall 2012 session. Please join me in welcoming the executive director of Pro Coro, Mr. Russ Mann. [Mr. Dorward sang the name of the choir]

The Speaker: Some things you just don't have a comeback for.

Members' Statements

Provincial Fiscal Deficit

Ms Smith: Mr. Speaker, the Premier insists that the Official Opposition's positions on debt and borrowing are ideological and extreme. We don't think so. In fact, we share these positions with a number of Albertans, one of whom you might know quite well. I invite government members who like to call us names to listen carefully as I quote from a speech this individual made right here in this Chamber on October 24, 2011.

We have all heard of the crises in Europe. Debt is the trap that has caught so many struggling governments. Debt has proven the death of countless dreams. Many European countries are struggling with debt burdens that in some cases exceed a hundred per cent of GDP. Those unfortunate nations spent too much and took in too little. Now they are faced with hard choices: raise taxes and kill jobs, cut spending and devastate the social safety net, or both. Their citizens are paying the price.

Does anyone recognize those words yet and the speech from which they were taken? Well, let me continue.

Alberta has no net debt . . . We have the lowest overall taxes in Canada. We have disciplined spending priorities and no long-term debt . . . We are better off than many other places, and we have a future anyone else would envy . . .

But we can't take this for granted. Good fortune will not fall into our laps because we ask for it . . . This government will protect and strengthen our province . . . We will spend wisely and save intelligently, managing our finances . . .

Wait for it, guys.

. . . to protect future Albertans from debt.

These words come from the Premier's first-ever speech in that role.

Isn't it interesting that when she issues warnings about debt and promises to protect future generations of Albertans from it, the ideas are sensible and visionary. But when the Official Opposition issues the same warnings, they are extreme and ideological. It would be funny if it wasn't so sad.

The Speaker: The hon. Member for Edmonton-Strathcona, followed by Leduc-Beaumont.

Ms Notley: Thank you, Mr. Speaker. I must agree with the Leader of the Official Opposition. There really is not that much difference between the two.

Child Poverty

Ms Notley: On a long list of broken promises from this PC government one stands out as particularly egregious, the failure to dedicate any funding to eliminate child poverty in five years, which was the Premier's major promise during the last provincial election. How could the Conservatives make a major promise like this and then completely turn their backs on the 91,000 Alberta children and their families living in poverty?

Not only did the budget fail to dedicate any funding to eliminating child poverty; it also cut. Mr. Speaker, it cut \$32.5 million from income support; 20 per cent from the Alberta child health benefit; \$8 million from health benefits for Albertans receiving income support; 20 per cent from services related to addictions and mental health; 15 per cent from rent supplements; and a hundred per cent from affordable housing capital programs.

Ending child poverty requires in part ensuring household incomes are sufficient to cover basic costs, but for many Albertans that's not the case. A report from Public Interest Alberta showed that nearly 1 in 4 working Albertans make below \$15 an hour. Sixty per cent of those are women; 78 per cent are workers in their prime earning years. The per hour wage gap between men and women in Alberta is the highest in the country, \$6.05. Mr. Speaker, the national average is \$3.57. In spite of the high cost of living Alberta has the lowest minimum wage of any province in the country.

At the recent social policy framework consultations Albertans told this PC government that eliminating child poverty was their number one priority. Not only did the PCs break their promise; they also proved once again that they don't even listen on those few occasions when they do consult with Albertans.

Mr. Speaker, this kind of poverty is something that we should not be seeing here in Alberta. Because the Conservatives won't consider reversing their cuts to the wealthy, we see far too much of it.

The Speaker: The hon. Member for Leduc-Beaumont.

Pro-Am for Alzheimer's Hockey Tournament

Mr. Rogers: Thank you, Mr. Speaker. Hon. members, one of the most rapidly rising diseases facing our society today is Alzheimer's. Although it has been around for a long time, unfortunately very little is known about what may cause it, and even less is known about how to cure and eliminate it.

Fortunately, we have organizations like the Alzheimer Society of Alberta and the Northwest Territories, led by executive director Bill Gaudette, who are very dedicated toward their purpose of helping and supporting Alzheimer's sufferers. We also have a very dedicated volunteer committee chairman, Greg Christenson, who leads, sponsors, and organizes many of their related activities.

This debilitating disease, which is the most common form of dementia or memory loss, can affect anyone at any age but most commonly, Mr. Speaker, impacts those 65 and older. No treatment is yet known to stop, cure, and prevent this disease, but today we have with us a very dedicated, committed group of volunteer businesspeople who are helping raise awareness and money to facilitate more research into this disease.

1:50

Of course, I'm referring to the Pro-Am Face Off for Alzheimer's hockey committee, who is organizing a series of activities in Edmonton followed by several games in Leduc, my hometown, on April 27 and 28 to promote and raise funds for this cause. More than 20 community teams have already registered, and they're all raising funds to play alongside NHL all-time greats like Marty McSorley, Bryan Trottier, Curtis Joseph, Jeremy Roenick, Jim Peplinski, and many, many others.

Earlier today about 17 MLAs from all parties in this Assembly, including our Premier, were drafted to participate in this tournament as players, coaches, or cheerleaders, and we're very grateful for their support. We're also pleased to note that you, Mr. Speaker, will be refereeing the final game in Leduc on Sunday, April 28.

Hon. members, please join me in thanking these volunteers for all they do for Alzheimer's.

Oral Question Period

The Speaker: Hon. members, just before we hit the clock, a reminder that I'm expecting no preambles to your supplementals – obviously, a preamble is anticipated with your main question – unless you are an opposition leader, in which case I will give some leeway with the preambles for supplementals.

Let us begin.

Provincial Debt Repayment

Ms Smith: The Premier said this last fall: "Debt is the trap that has caught so many struggling governments. Debt has proven the death of countless dreams." Now, despite that warning this same Premier is prepared to destroy dreams with billions of dollars in new debt. During her mandate she will take Alberta all the way up to \$17 billion in debt. Now, we might discover how she's going to deal with that huge debt obligation by looking at how she handles our current obligations. There are several bond issues that are coming due next year totalling around a billion dollars. Will that debt be paid off, or is it just going to be rolled over and refinanced?

Mr. Horner: Well, Mr. Speaker, when the time comes, we're going to make the right financial decision at that point in time.

I find it ironic that the opposition is talking about that they can't find anything. What's the total revenue? What's the total expense? Mr. Speaker, if she would just go to page 127 of the fiscal plan, she will find our total revenue, she will find our total expense, and she will find what's in the contingency account; flip the page, and she'll find the rest of it. When I go to their document, their budget,

and I go looking for what the total revenue is, it's not there. When I look for what the total expense is, it's not there. Quite a budget.

Ms Smith: Well, Mr. Speaker, I'm prepared to help the Finance minister out because right here on page 141 in their budget document under refinancing of maturing debt it states that \$905 million will be refinanced. Is this the extent of the government's debt repayment plan? Just keep on refinancing and refinancing and never pay it off?

Mr. Horner: You know, Mr. Speaker, what I find incredible is that the hon. member has not actually figured out what we do in this government or in the financials, and it's easy to understand why. When I look at the document that they presented as a budget, it has absolutely no financial statements in it at all. It's got 13 pictures of their leader, but it has no financial documents in it at all. So it's easy to understand how the hon. member would miss the fact that we on-lend to Treasury Branches, to Ag Financial Services, to the municipalities, so sometimes we're going to refinance that as well.

Ms Smith: Well, clearly, Mr. Speaker, the Finance minister doesn't know how to read his own documents because this is for their own capital borrowing, not for ATB.

Let's take a look at their debt repayment plan for the coming fiscal year. Making it easy again, Finance minister, on page 141 is an allocation for \$40 million in principal payments. This is about one half of 1 per cent of the total debt that we'll have next year. Now, credit card companies typically require minimum payments of about 3 per cent every single month. The government's plan is either nonexistent to repay debt, or it's built on wishful thinking. So which is it?

Mr. Horner: Well, Mr. Speaker, the hon. leader has just proven that if they were running this government, they would be running it like they were running it on a credit card. We don't.

These are bond issues. [interjection] Listen and learn, hon. member. You're the Finance critic. You should know this.

These bond issues don't require principal payments until their maturity. So if their maturity isn't within the next three years, they don't come due. In fact, if you pay them early, you pay a penalty. The reason we get very, very good rates is because of the credit rating we have and the history of financial acumen that this government has.

Provincial Borrowing

Ms Smith: The Finance minister should know that to make those payments on \$17 billion worth of debt, they would need to be putting aside \$850 million per year. Instead, the Premier is driving Alberta back in debt, and their three-part approach to budgeting attempts to hide the fact. We know that they are planning to borrow at least \$17 billion over the next three years, but it might be more than that, in fact a lot more. Now, the government allows itself under its new plan to borrow money as long as the debt-servicing costs don't exceed 3 per cent of the average of the last three years of total revenue. If interest costs are as cheap as the government claims, does that mean that they're actually really prepared to borrow \$35 billion, \$40 billion, maybe even \$45 billion, maybe even more?

Mr. Horner: You know, again, Mr. Speaker, the hon. member across the way should maybe take – I understand she's an economist, as I heard in her speech last night – some accounting courses. The reality is that while we are planning on, as projected

right now, borrowing on the capital plan \$12.6 billion over the next three years, we're also going to be adding \$26.3 billion in assets that this province needs and Albertans have asked us to build because we're growing. I would take you to page 135, where you'll see the net worth of this province. You should do the math.

Ms Smith: Our net worth has fallen 50 per cent in the last five years, Mr. Speaker.

Speaking of debt-servicing costs, the Associate Minister of Finance ridiculed our claim that they were paying around 3.5 per cent as a ridiculous rate. Well, their last borrowing, \$200 million for highway 63, was at 3.41 per cent, and they have another recent borrowing at 4 per cent. Does anyone over there actually know what's going on with our finances?

Mr. Horner: Mr. Speaker, the last borrowing we did – hon. member, you should catch up – was 2.55 per cent. That was on \$500 million worth of bonds that have a maturity out there of nine years, which means that we will be paying it back nine years from now as one of the amortizations.

Actually, at least we show Albertans how we're going to pay for our capital plan. Nowhere in this document does it say how they're going to pay for anything.

Ms Smith: Because we're going to pay as we go, Mr. Speaker, just like Albertans expect us to.

Mr. Speaker, no matter what the cost we know that this government loves to borrow. The Premier, her Finance minister, and other government members have been selling hard the whole idea that borrowing for capital is good. So if \$17 billion by 2016 is good, does that mean that \$35 billion or \$40 billion is even better? Where does it stop? How much debt are we going to have?

Mr. Horner: Mr. Speaker, I am incredibly appreciative that the financial experts in our department do not operate the way she suggests. I'm incredibly appreciative of the fact that they are financial experts in their field, that they are able to garner the best rates in North America for the capital allocations that we're doing.

This document that I keep referring to is the wild alliance budget that they proposed. [interjections] Sorry, Mr. Speaker. I know it's the Wildrose Alliance Party. [interjections] Well, it's the difference between opinion and name, that's all. This document doesn't tell Albertans how they're going to cut as they go.

The Speaker: Hon. leader, for your third main set of questions.

Ms Smith: Thank you, Mr. Speaker. So much for raising the bar.

Prosecutions for First and Second Offences

Ms Smith: Mr. Speaker, it is obvious now that there is no place for a conservative in the government. Fiscal conservatives are not welcome. Just look at the debt deficit and cost of borrowing. Social conservatives wonder about the treatment this government provides to vulnerable seniors and the disabled. And today tough-on-crime conservatives are gone as well. The Premier has okayed a decision to ignore first and second offences for lawbreakers. The Crown won't even prosecute them. Doesn't the Premier realize that when you offer two freebie crimes, there's going to be a whole lot more crime?

2:00

Mr. Denis: Mr. Speaker, the statements that the member has made are so patently incorrect. I'll endeavour to correct them. As we move forward, prosecutors, who operate independently of any political interference, have many tools for how they deal with

crime. When we talk about individuals that deserve to be behind bars, I'm talking about murderers; I'm talking about people who purvey sexual assaults. On the lower end – guess what? – we can actually rehabilitate some of these people and at the same time save taxpayers' dollars. There's your conservative, Leader.

Ms Smith: I think Albertans would hope the Justice minister would care more about victims than criminals.

There is more evidence of this government embracing an extreme left-wing, soft-on-crime ideology with the decision to wind down the electronic monitoring of criminals. Why doesn't this government care about the potential danger to our communities of losing track of dangerous offenders, child molesters, and other criminals?

Ms Redford: The opposition is always so fond of reminding people that I'm actually a lawyer, and because of that, I will answer this question. It is unfortunate, Mr. Speaker, that we did have to make tough choices with respect to the electronic ankle bracelets, but that does not mean for any reason the courts are going to be allowing people to walk free. It simply means actually the opposite, which is that if we don't have the ability to ensure that we can locate people, secure people, and the police can connect to them, then they're not going to be let out of jail. It's exactly the opposite.

Ms Smith: Somehow I don't think Albertans are going to be comforted by that answer, Mr. Speaker.

Now, the Premier and the minister say that they'd rather have police on the streets, but I would say that they're going to need a lot more police if they let criminals on probation have free rein to go wherever they want and if they offer two freebie crimes to everyone else. How does this save money and protect Albertans?

Ms Redford: Mr. Speaker, the budget that was tabled last week very proudly defended a tough-on-crime agenda, one that this government put in place under Safe Communities. Not one judge, not one prosecutor, not one police officer was cut in this budget, and these hypothetical allegations that scare people, as we see again from the opposition, are not appropriate. People have to understand that they can have confidence in their justice system, that they can ensure that victims are protected, that police are on the street doing their job, and that we will continue to support a justice system that protects Albertans.

The Speaker: The hon. leader of the Alberta Liberal opposition.

For-profit Long-term and Continuing Care

Dr. Sherman: Thank you, Mr. Speaker. Yesterday I listed a variety of ways in which the quality of for-profit long-term care is inferior to nonprofit long-term care, yet this Premier said: "There is absolutely no reason to believe that there are differences with respect to level of care." But the Parkland Institute research survey I tabled on March 15 of last year finds that "for-profit facilities are less likely to provide quality care than nonprofit or public facilities." To the Premier: were you unaware of this? Did you misspeak, or were you misleading the House?

Ms Redford: Well, Mr. Speaker, the only thing I asked the hon. member for was details of reports which was he relying on with respect to his comments. Thank you very much. I received them about five minutes ago. I haven't had time to read them yet. But I will say that there are reports in here from the Parkland Institute, from the Health Quality Council, from BMJ that, as I reviewed them just now and spoke to our minister about them last week,

offer different perspectives with respect to care. I see already in these, because they've been so nicely annotated for me, some unfounded conclusions. There are certainly debates. This member has an opinion with respect to what these reports say. I don't happen to agree with him.

The Speaker: The hon. leader.

Dr. Sherman: Thank you, Mr. Speaker. Given that the Premier doesn't trust academics on this issue, perhaps she may be more interested to hear from Albertans. I have the Health Quality Council of Alberta's November 2011 Long Term Care Family Experience Survey, which found that "publicly operated facilities obtained significantly higher overall care ratings compared to private and voluntary operated facilities." That's on page 5. To the Premier: were you unaware of this Health Quality Council of Alberta report as well? If so, why?

Ms Redford: Mr. Speaker, when we take a look at the reports that are prepared by Alberta Health Services, by the Health Quality Council, by various institutions with respect to long-term care, we know that we're taking a look at systems that exist currently in this province, that are strong, that are providing health care for Alberta seniors and for people that are living with developmental disabilities. You know, what we see very often with these reports – and we've had this experience in the House before – is hon. members standing up and making wild allegations with respect to reports, then theoretically saying that they're based on, quote, academic reports. These are incredibly important issues. It is not fair to play politics with them, and we shouldn't do it.

Dr. Sherman: Mr. Speaker, I might not be a lawyer. You know, I'm just a simple doctor, and health care workers rely on facts and evidence, Madam Premier.

Given that this Premier has been brought up to speed on what the evidence actually says as well as how Albertans feel about the superiority of publicly delivered long-term care, my final question to the Premier is this. Premier, why does your bankrupt budget continue to prop up private companies instead of making smart, fact-based investments in public long-term care? Why, Premier? Stick to the facts.

The Speaker: The hon. minister.

Mr. Horne: Well, thank you very much, Mr. Speaker. This government is in touch with Albertans on this issue, and we know very clearly what Albertans care about. It is good access, timely access to continuing care across the province. What the hon. member conveniently ignores in the midst of all the reports and papers that he sends across the way is the fact that we have one set of standards in this province for continuing care, both for health and accommodation, and they apply equally to public, private, and not-for-profit providers.

The Speaker: We are going to proceed now with no preambles to supplemental questions, and we're going to see how that's demonstrated by the hon. Member for Edmonton-Strathcona.

Postsecondary Education Funding

Ms Notley: Mr. Speaker, in the last election the Premier promised Alberta's postsecondary students long-term, stable funding. Instead she is delivering long-term, unstable funding. Another promise made; another promise broken. Today we've learned that deans at the U of A have been asked to take an axe to their

budgets to find 20 per cent in cuts over the next two years. To the Premier: will you admit that your short-sighted, broken-promise advanced ed budget is going to hurt students and faculty across the province?

Ms Redford: Mr. Speaker, one of the things that everyone in this House will have heard our Finance minister say last week in the budget was that we're going to work in collaboration with research institutions, provide mandate letters, and ensure that base operating grants to the tune of \$2 billion are in place for postsecondary institutions. We know that there are tough choices in this budget. We're all having to deal with those. We had an opportunity to review some of the correspondence from the University of Alberta. I think their perspective is exactly right with respect to looking to collaborate, to find new opportunities, and to actually acknowledge that the investments that we've made as a government in postsecondary institutions in the last 10 years are allowing for better opportunities in the future.

Ms Notley: Well, Mr. Speaker, given that faculties are going to be asked to earn back 10 per cent of their future budgets and given that professors should be instructing classrooms, not planning bake sales or selling cupcakes in the hallways, will the Premier admit that deep cuts to advanced education do nothing to advance education and, frankly, neither does her minister?

Ms Redford: You know, Mr. Speaker, we have obligations to make sure that taxpayers' dollars are well spent, and we make sure that our postsecondary institutions are investing in research that leads to innovation that's going to allow for economic growth. The other thing that's fundamental is that we ensure that people, both in universities and in technical colleges, are acquiring the skills that they need to participate in the economy. Our minister has ensured that he's going to be able to work with postsecondary presidents across this province, all 26 of them, to ensure that those taxpayer dollars are being used to benefit and to grow the economy. That's what we're committed to.

Ms Notley: Well, Mr. Speaker, given that the new minister told us his focus will be on building the quality of education and given that the current budget for his ministry decimates funding for Alberta's institutions, will the Premier explain to Alberta students and faculty how her minister can build playgrounds in Vietnam while destroying universities in Alberta?

2:10

Ms Redford: Mr. Speaker, that was a really unfortunate comment. You know, I really recognize the fact that there are volunteers and people in our communities that work hard to help people not only in Alberta but around the world.

More importantly, if we get back to the matter at hand, our budget last year still committed base operating grants and capital infrastructure that is still amongst the highest in Canada. In the last 10 years our funding to postsecondary institutions has increased by more than 45 per cent, and in this budget, Mr. Speaker, we see nearly \$500 million in capital infrastructure that will be spent at five institutions over the next three years. That's quality postsecondary education.

Traffic Court

Mrs. Forsyth: Mr. Speaker, yesterday I had a phone call that passed on some deeply troubling information, if true, regarding a recent meeting the Assistant Deputy Minister of Justice had with traffic prosecutors and all related positions, and I'm hoping that

the Justice minister will clear this up for me. Now, I know this government's plan indicates Alberta should have a fair, accessible, and innovative justice system, but can he confirm if the government has a plan in place to reduce the number or eliminate all traffic prosecutors?

Mr. Denis: Mr. Speaker, to date there is no plan.

Mrs. Forsyth: Mr. Speaker, I also heard that the Justice department would be moving to close rural traffic courts under the justice system. Can the minister confirm this is also true?

Mr. Denis: Mr. Speaker, as I've indicated before, the member really may want to check her sources because to the best of my knowledge there's no such plan being considered at this juncture.

The Speaker: The hon. member.

Mrs. Forsyth: Thank you. Actually, Mr. Speaker, I'm pleased to hear that.

Can the Justice minister confirm whether or not it is this government's intention to mandate all future traffic tickets to be paid with no option to plead not guilty?

Mr. Denis: Mr. Speaker, I'm not aware of that either, but I have said publicly in the past that perhaps we may want to look at relocating traffic court outside of additional courthouses and making it more accessible to people, more economical to the public. But the three questions that I've got from the Member for Calgary-Fish Creek: I'm not quite sure where she's going with this. Maybe she wants to check her sources.

The Speaker: The hon. Member for Dunvegan-Central Peace-Notley, followed by Lac La Biche-St. Paul-Two Hills.

Medevac Services

Mr. Goudreau: Thank you, Mr. Speaker. At the end of this week medevac services from the north will be moving from the City Centre Airport to Edmonton International. This is causing a great deal of concern for patients, doctors, and others in northern Alberta who say that this means it will take longer to get critical patients to the hospital, endangering their lives. To the Minister of Health: why did the government choose to locate the new medevac facility so far from hospitals?

Mr. Horne: Well, Mr. Speaker, as I think most members know, the closure of the City Centre Airport was a decision of the council of the city of Edmonton. That decision was made some time ago, and at that time government began to look for a new location for medevac services. This morning I was very pleased to be part of the announcement of the opening of this new facility on Friday. We had many elected officials and stakeholders and media from across the province, including the north, who had an opportunity to see this first-class facility in action, and it is going to serve Alberta very, very well.

Mr. Goudreau: Mr. Speaker, my next question is also to the same minister. Did the government even consider forcing the city of Edmonton to keep a single runway open for this critical service?

Mr. Griffiths: Mr. Speaker, we have the utmost respect for property rights of the individual and the municipality, and they did a lot of due diligence and consultation on what they wanted to do with the City Centre Airport. It didn't take very long for us to assess what the possible cost would be, which the city claims is

close to \$2 billion, which just made it unfeasible. Much better to pour investments into hospitals in the north and invest in exceptional medevac services at the International Airport.

Mr. Goudreau: Again to the Minister of Health: how can you ensure patient safety with this move?

Mr. Horne: Well, Mr. Speaker, we're very assured of both quality and patient safety in the new location. As most members know, the Health Quality Council of Alberta reviewed the Edmonton International option. They made 18 recommendations. We've accepted all of them. We've implemented almost all of them at this stage. We're very confident that quality and patient safety are not going to be compromised.

Mr. Speaker, the other point that bears repetition is that when it comes to medevac, over 80 per cent of patients who use medevac services are coming for a scheduled service. They're coming for an MRI or a CT scan or perhaps to see a specialist. There are fewer than five patients per month on average that travel via medevac for a critical illness or injury.

The Speaker: The hon. Member for Lac La Biche-St. Paul-Two Hills, followed by Calgary-Hawkwood.

Prosecutions for First and Second Offences (continued)

Mr. Saskiw: Thank you, Mr. Speaker. It looks like the Justice minister's ideological approach to crime will start impacting small businesses and innocent victims across Alberta. Youth offenders can now get off scot-free for pulling off multiple crimes under this government's hug-a-thug approach. Now, I don't know if the Justice minister picked up on these soft-on-crime ideas during his time as a Liberal staffer in Saskatchewan, but telling youth that there are no consequences to their actions isn't justice for the victims or the youth. How can the Justice minister, then, possibly justify his hug-a-thug approach to crime that leaves businesses and communities ripe for the picking?

Mr. Denis: Surely, Mr. Speaker, with the many years that this member practised law, he understands that there are many, many options available to prosecutors when they're confronted with a crime. We have youth justice committees that go throughout the entire province. Again, we're adding another issue that the prosecutor can go and deal with only on very low-end offences. This matter deals with a conservative approach to justice. This member complains about people not being conservative. I suggest he look in the mirror.

Thank you.

The Speaker: The hon. member.

Mr. Saskiw: Thank you, Mr. Speaker. Given that the minister seems to not fully understand the cost to businesses of having their retail shoplifted or their property vandalized or how an increase in vandalism attracts more crime to our communities, why on earth is this government trying to bring the failed Liberal soft-on-crime policies here to Alberta?

Mr. Denis: Mr. Speaker, under our new plan prosecutors will continue to have full access to the courts, including the access to actually go and lay a charge under the old system, also under the new system. This member should know that, again, with the many years he spent practising law.

The Speaker: The hon. member.

Mr. Saskiw: Thank you, Mr. Speaker. Given that the government's new plan is to scrap electronic monitoring of high-risk offenders serving their sentences in the community, including those waiting for trial – and get this – for sexual assaults, does this progressive Justice minister know that these are bad guys . . .

Mr. Denis: Point of order.

Mr. Saskiw: . . . that they are likely to reoffend if they are not appropriately monitored, and that this reckless decision is putting public safety and security at risk?

The Speaker: Hon. Minister of Justice, you have a point of order at 2:18. It's been noted. Now proceed with the answer to the question.

Mr. Denis: Mr. Speaker, again, as we move forward with our justice system, the most important thing this member needs to know is that we did not cut one cop. We did not cut one Crown prosecutor. In fact, we're adding two more judges. You would think that someone who claims to be a conservative would get behind this policy.

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

Highway Construction

Mr. Luan: Thank you, Mr. Speaker. Here is a question about policy. There is no doubt that Alberta is growing rapidly and has become one of the fastest rising populations in our country, adding 95,000 people last year. As this trend continues, it is inevitable that our roadways will become busier, increasing the likelihood of car accidents. This is of concern to my constituents. To the Minister of Transportation: with the exception of twinning highway 63, what in particular is your ministry doing to help ease the demand on Alberta's highways and roads and to help improve traffic?

The Speaker: The hon. minister.

Mr. McIver: Thank you, Mr. Speaker. As the hon. member knows, Albertans depend on their transportation system to get them to work and back, to get their products to market, and to get products to them that they need. That's why this government is investing about \$3 billion this year to do road projects, which includes the continuation of the ring road in Edmonton, the southeast ring road in Calgary, some bridges in Medicine Hat. We'd like to do a lot more, but I can assure you that whatever we're doing is 25 per cent more than the opposition would have done. We will continue to build Alberta within our means to open new markets. That's what we were elected to do, and we're doing it.

The Speaker: The hon. member.

Mr. Luan: Thank you, Mr. Speaker. I'm glad to hear that the ring road has been mentioned, but on the Stoney Trail ring road my constituents are concerned about delays because of traffic construction there. My question is to the same minister. What is being done to ensure that this crucial ring road is being built in a timely and productive manner?

2:20

The Speaker: Hon. member, we had four great examples of no or extremely short preambles. Revisit your next supplemental before you deliver it, and we'll get an answer meanwhile.

Mr. McIver: Well, Mr. Speaker, the hon. member, I think, has a legitimate complaint, but the fact is that when you're building a major project, I don't know of a way to do it without some disruption. We are working with it the best we can. We've got a website up for the SEST project that people can look at. We're constantly trying to do work in off-rush-hour times. The southeast part of the ring road in Calgary will be completed by the end of this year. The one in Edmonton and the northwest part of Stoney Trail should be done at the end of 2014.

The Speaker: The hon. member.

Mr. Luan: Thank you, Mr. Speaker. My final question relates to Deerfoot Trail in Calgary. Many people call it the death trail because of the high rate of fatalities. My question to the minister is: what is your ministry prepared to do to address the safety concerns with this critical road?

The Speaker: The hon. minister.

Mr. McIver: Well, thank you, Mr. Speaker. Again, the hon. member points to an important situation. The Deerfoot Trail is very important, taking in some areas over 150,000 cars a day. We won't be doing very much on it this year because, of course, it would be a bad time to take a lane out of service before there's relief provided by the southeast Stoney Trail, which will happen at the end of this year. At that point we will be looking at operational improvements to Deerfoot Trail. I'm certainly well aware; it runs right through the middle of my riding. As budgets allow and as we're able to build the transportation network, we will make those improvements.

The Speaker: The hon. Member for Edmonton-Centre, followed by Edmonton-Calder.

Municipal Charters

Ms Blakeman: Thank you very much, Mr. Speaker. The issue of an Edmonton charter and a Calgary charter isn't about better or worse; it's about different than. Now, currently Calgary is treated the same as High Level, same restrictions, yet they are vastly different populations, economies, and environments. The big cities, small cities, and towns in Alberta have all been supportive of each other's need for different tools under or outside of the MGA. To the Minister of Municipal Affairs: why is it that the minister is the one who doesn't support Calgary and Edmonton charters?

Mr. Griffiths: Mr. Speaker, I don't know where this fantasy comes from for the hon. member. I've been very vocal that civic charters are going to be incredibly important for Edmonton and Calgary and other municipalities as we go along. We have an MGA right now that's the most progressive in Canada, which allows right of natural person powers to municipalities so they can control their own destinies. I've said it before in this House, and I'll say it again. We're a matter of weeks away from signing the civic charter, so I don't know where this fantasy world comes from for this member.

The Speaker: The hon. member.

Ms Blakeman: Thanks very much, Mr. Speaker. Is the minister's resistance to the two large cities having a charter, not a civic thing but a charter that has them sit outside but parallel to the MGA, about the province losing power and control over Edmonton and Calgary if they are outside the MGA with their own charters?

Mr. Griffiths: Mr. Speaker, when the charter gets signed – and I don't care whether she calls it a civic charter or a city charter. My point is that there are 349 municipalities in this province, and I treat everyone equally. I will not separate them into different classes or categories, because some municipalities are not more equal than others; they're all equal. They all have under the MGA the ability and the autonomy to run their affairs the way they see best, and we're going to stay that way.

The Speaker: The hon. member.

Ms Blakeman: Thanks very much, Mr. Speaker. How can the minister say that he is working well ahead of schedule when a year after an election, an election in which the government ran on big-city charters and everybody knew what it meant at the time, they are now running away and pretending that it's something else they're going to do?

Mr. Griffiths: Mr. Speaker, it's very public that we have a memorandum of understanding that was signed that we would complete the civic charter before the next municipal election, which the member knows is in October. The fact that we're mere weeks away means that we're months ahead of schedule. Again, the member is living in a fantasy world.

The Speaker: The hon. Member for Edmonton-Calder, followed by Chestermere-Rocky View.

Labour Negotiations with Teachers

Mr. Eggen: Thank you, Mr. Speaker. Recent comments from the Education minister suggest that he's looking to impose a legislated settlement on Alberta's teachers. Teachers already offered last fall to accept zero per cent increases with a commitment from the government to address class sizes and workload. My question is to the Minister of Education. Can the minister please explain why he refuses to partner with teachers to address serious concerns about the quality of education in our schools?

Mr. J. Johnson: Mr. Speaker, the member raises a very good question. I'm not sure if he was paying attention yesterday when the Member for Bonnyville-Cold Lake asked what we were doing about some of these exact same things: working with teachers, making their jobs better, and helping them focus on teaching and the students. So we had a great example of that yesterday. We've been reaching out to teachers in a number of ways, including through their organizations and through e-mails and through visiting the schools. I've been to most of the teachers' conventions. We're getting some great feedback, and we are taking steps on some of the things that can help make their job better and will help impact our kids in a very positive way.

The Speaker: The hon. member.

Mr. Eggen: Thank you, Mr. Speaker. Well, given that teachers are already struggling with workload and inappropriate class sizes and given that the minister cut funding to the Alberta initiative for school improvements, perhaps the minister can tell Alberta teachers how the government's broken promises on the budget and his own poor bargaining are actually building anything at all.

Mr. J. Johnson: Mr. Speaker, you know, I take offence to the attack on Alberta's education system and indirectly on Alberta's teachers because the great product we have out of the education system is because we have great teachers in the classroom, and they are doing great work. If he wants to talk about promises and

broken promises in education, how about the promise to live within our means? How about the promise to fund \$107 million, that the Premier put back into education. How about the promise to pass the Education Act, which we did? What about the promise to build 50 new schools and modernize 70 more, which we are moving ahead with?

Mr. Eggen: Well, Mr. Speaker, given that Alberta's teachers and students were promised stable, predictable funding but this budget flagrantly breaks this promise, how can the minister justify his cuts for school improvements and his public musings about imposing a settlement on teachers, who have already agreed to a wage freeze?

Mr. J. Johnson: If we had an agreement with the teachers, we wouldn't be having a discussion like this.

Mr. Speaker, this is a very a challenging budget; there is absolutely no question, and no one has tried to colour it in any other light. One thing I would have to ask the hon. member to look at, though, is how far the Premier has gone to protect Education. It's one of the very few budget line items, one of the very few ministries that was not cut. In the Education budget the operational budget has gone up by 0.6 per cent. It's one of the few that actually was not cut. That's presented some real challenges for school boards, absolutely, because of enrolment pressures, but we're trying to get every dollar that we can into the classroom.

The Speaker: The hon. Member for Chestermere-Rocky View, followed by Grande Prairie-Smoky.

Education Property Taxes

Mr. McAllister: Thank you, Mr. Speaker. My hometown of Chestermere is getting some very unwelcome news from this government, some changes in the way that education taxes are assessed and collected, resulting in a 53 per cent increase in property taxes. We're not alone: 96 per cent in Wood Buffalo, Blackfalds at 47 per cent, Coalhurst at 44 per cent. Airdrie, Beaumont, Banff, Cochrane are all looking at double-digit hikes. To the Minister of Municipal Affairs: can you explain to my neighbours and the rest of the communities in this province that this affects, how this fits into your government's plan to not raise taxes?

Mr. Griffiths: Mr. Speaker, across the province for the education property tax the government of Alberta has not raised the rate of property taxes on education, but assessments have grown in many municipalities, particularly the municipalities of Chestermere and Fort McMurray. That's why they've seen an increase in their assessments. There's been an increase in the property values, which is determined by markets, not by the province of Alberta.

Mr. McAllister: Again to the minister: given that you had the leaders of these communities on the phone, on a conference call, on Friday and you had the opportunity to inform them of this giant increase and given that you claim to be a very transparent minister in government, Minister, why didn't you warn them or consult with them about this?

Mr. Griffiths: The conference call was on Friday, and I gave municipal councillors a heads-up on how the budget was going to impact them. I informed them that the details of MSI and the education property tax would be available on Monday once the calculations were done on the information we received from municipalities. That's as transparent as I could be because that's

as fast as I got the information. I got it right out to them, Mr. Speaker.

2:30

Mr. McAllister: It's not going over very well, Minister.

Given that your government developed the mitigation program and put it in place to ease the rate of tax increases on growing communities like Chestermere and given that you have decided now to cancel it, do you not see that residents around this province only look at this one way, and that is that it is a giant tax increase?

Mr. Griffiths: Mr. Speaker, in terms of the mitigation formula there were 11 municipalities around the province of Alberta that had a mitigation formula that operated for many, many, many years when we moved to a different tax structure. There were over 30 municipalities that paid more in education property taxes so that those 11 municipalities could have it mitigated. We have removed the mitigation formula. There will still be four, Chestermere being one, that will have a mitigation going forward for a few years until they're off the mitigation formula completely. But the question they might want to ask is why 38 other municipalities were paying more than their fair share so that those municipalities that had fast-growing equity properties could not pay their full share.

The Speaker: The hon. Member for Grande Prairie-Smoky, followed by Lacombe-Ponoka.

Red Meat Processing and Marketing

Mr. McDonald: Thank you, Mr. Speaker. Our government's proactive approach in sustaining Alberta's role as the driving economic force in Canada is something that we pride ourselves on. However, beef raised in northern Alberta is processed in southern areas of the province, creating a missed opportunity in northern Alberta. My question is to the hon. minister of agriculture. What is your department doing to create better economic opportunities for northern Albertans by processing red meat at home rather than in the south?

The Speaker: The hon. minister.

Mr. Olson: Well, thank you, Mr. Speaker. It is true that three-quarters of Canadian beef is processed in western Canada, and most of that is in Alberta. We are always interested in seeing more processing – we certainly support that – but the idea of a large, new packing plant in northern Alberta would have to be a private-industry decision. It wouldn't be one that the government would be making, but we certainly would be prepared to support that kind of a decision in any way once industry would make it.

Mr. McDonald: To the same minister: given that much of our world-renowned beef is going to China at this present time by refrigerated cars, are there plans to ship more red meat to other foreign countries?

Mr. Olson: Well, Mr. Speaker, we're very interested in developing new markets. In fact, we're very happy to see that in the last year we have had some expansion of beef into markets in Korea and Japan. This is something that we're working on constantly. I have a really good relationship with Minister Ritz. We talk often, and we're very interested in supporting those types of initiatives. Our Premier has been very clear that this is something she expects us to be doing. We take that mandate very seriously. Also, I would just point out that we're following the

negotiations with the European Union, and we're expecting and hoping that that will bear fruit as well.

Mr. McDonald: Again to the minister: given that red meat is not limited to beef alone, are there any plans to process in our markets anything other than beef such as bison and elk?

Mr. Olson: Well, Mr. Speaker, again, we don't see the role of government as creating those industries. We certainly support them if private industry wishes to do so. We have numerous resources that help with the development of those industries. We will help with doing the business analysis. We have various supports available. We also have financing supports through AFSC, so we will certainly act as a facilitator once investors have made the decision that they choose to go forward.

The Speaker: The hon. Member for Lacombe-Ponoka, followed by Calgary-Currie.

Condominium Special Assessments

Mr. Fox: Thank you, Mr. Speaker. Condo owners in Alberta are being gouged. The Condominium Property Act dictates that all condo boards must carry reserve funds to pay for ongoing maintenance. A recent court ruling dictates that townhouse-style condos cannot use the reserve funds to pay for maintenance of things like walls, exteriors, foundations, driveways, windows, and decks. The judge ruled that these repairs must be paid for by special assessment, resulting in massive and unexpected bills to condo owners. To the minister: are you aware of the difficult financial position that this legislation and ruling puts thousands of Albertans in?

Mr. Bhullar: Mr. Speaker, I would like to start off by congratulating that member on asking that question. Why? Because I've been talking about this for – I don't know – a couple of months now. I've talked about it publicly, and yesterday in this very Chamber I went up to the member and said: "Hey, I'm looking to bring forth changes. Would you be supportive of that?" Today, instead of calling me back, he decides to issue a press release. Hon. member, congratulations on seeing the light, congratulations on coming around, and welcome to the conversation. [interjections]

The Speaker: Hon. member, you have the floor.

Mr. Fox: Thank you, Mr. Speaker, and I thank the minister for coming over and consulting with me. I've been working on this for a couple of months, too.

Will he commit to working with me and other interested members in this Assembly to fix this inequity in legislation, to make sure all Alberta condo owners are treated fairly and to spare them these often unaffordable bills?

Mr. Bhullar: Mr. Speaker, today is a great day. You see, the Vatican has just seen white smoke coming up, and I would say: let us send white smoke from this Chamber as well. Let this be a day where the opposition stands up and says that a new generation of honesty is coming forth. They're adopting our ideas. They're coming around to our ideals. We're looking to protect condo owners, and they're going to follow our lead.

Thank you, sir.

The Speaker: The hon. member.

Mr. Fox: Thank you, Mr. Speaker. You know, I am not the Pope, but I thank the minister again for his commitment to work with the opposition for the betterment of Alberta condo owners.

Will he commit to a timeframe in dealing with this urgent issue because so many hard-working Albertans are being affected daily?

Mr. Bhullar: Mr. Speaker, thank you. I'd like to ask the member a few questions. Nearly 3,000 Albertans have responded to the consultation so far. I'd like to ask the member opposite if he has. I'd like to ask what he feels we should do with building assessment reports. Should they be mandatory when a condo conversion project is coming forth? What should developers face if they are not honest about what condo fees should be? Hon. member, bring forth actual ideas.

Thank you.

The Speaker: The hon. Member for Calgary-Currie, followed by Livingstone-Macleod.

Ms Cusanelli: Thank you, Mr. Speaker. [interjections]

The Speaker: You have the floor, hon. member. Proceed.

Marijuana Grow Ops

Ms Cusanelli: Thank you, Mr. Speaker. On February 22 the Minister of Justice and Solicitor General announced that the government was going to take a closer look at marijuana grow ops in Alberta. While door-knocking, I spoke with members of the Killarney community, and they've been deeply affected by a notorious drug house in their area. Their children had to witness an investigation of a death and a stabbing, something that is difficult to explain to a young child. All of my questions are to the Minister of Justice and Solicitor General. What do you want to achieve now that the government has finally decided to launch consultations on marijuana grow ops?

The Speaker: The hon. minister.

Mr. Denis: Thank you very much, Mr. Speaker. This government continues to crack down on crime with our law and order agenda, that began many years ago and continues today. Marijuana grow ops are no exception. There actually have been 792 marijuana grow ops found in Alberta over the past five years. What are we doing about it? We're actually looking at consultations throughout the entire province involving police, involving home inspectors, involving health professionals, and involving everyday citizens on our website. After getting at this, we will look at developing new legislation to crack down on this insidious crime.

Ms Cusanelli: How does this minister expect to enact any initiatives that result from these consultations when in the 2013 budget safe communities and neighbourhoods funding has been slashed by \$7 million?

Mr. Denis: Well, Mr. Speaker, I'm very proud that this budget does not cut one cop. It does not cut one Crown prosecutor. It even increases our component of judges by two. I know this member was not implying, of course, that any one of these officers cannot handle this. [interjections] As I keep on listening to the yammering over here, we have capable law enforcement officers, and we're going to crack down on grow ops in our community. There are some everywhere, throughout each one of our constituencies. [interjections]

The Speaker: You know, we were doing reasonably well up to a few minutes ago. Let's see if we can restore ourselves.

Ms Cusanelli: Mr. Speaker, why has this government chosen to not include all Albertans in these consultations when clearly grow ops affect all Albertan communities?

2:40

Mr. Denis: Well, Mr. Speaker, nothing could be further from the truth. We actually have a website set up at justice.gov.ab.ca. If you didn't hear me the first time – I'm sorry; I have a hoarse throat today – justice.gov.ab.ca. We've received 695 consultations. You know, I'm hoping the Member for Edmonton-Centre talks about some of the words that oversee what she actually wants to deal with this particular issue. I'm looking forward to her comments.

The Speaker: The hon. Member for Livingstone-Macleod, followed by Lethbridge-East.

South Saskatchewan Regional Plan

Mr. Stier: Thank you, Mr. Speaker. The land-use plan passed under Bill 36 paved the way for the province to subject land- and leaseholders to a centralized government without full, fair, and timely compensation. Now this government is plowing ahead with the South Saskatchewan regional plan, where thousands of southern Albertans are deeply concerned that this government will dictate to them what they can and cannot do with their property. With the Property Rights Advocate role being hamstrung by an ineffective mandate, how can the SRD minister possibly guarantee that businesses, agricultural operations, and a way of life are not harmed by this regional plan?

Mr. Hughes: Well, Mr. Speaker, I'm pleased to take that question on behalf of my colleague. Nothing could be further from the truth. In fact, the South Saskatchewan regional plan is forward looking, constructive. This regional planning model has been identified as being important in the eyes of the government of the United States, in fact, in how they look at Alberta. This is critical to the future of this province. It ensures that we look after and preserve and protect the landscape of this province so that our children in 50 years or our grandchildren in a hundred years will be proud of what they have, the way we are today.

The Speaker: The hon. member.

Mr. Stier: Thank you again, Mr. Speaker. Despite that, hundreds of southern Albertans are worried.

Given that the lower Athabasca regional plan cancelled 19 leases for oil and gas companies without consultation of landowners, what will be the formula this time for compensating ranchers, farmers, and businesses that might be subject to sterilizations in the South Saskatchewan regional plan?

Mr. Hughes: Mr. Speaker, it's always possible to misinterpret reality and try and frighten people, and that is an irresponsible thing to do in this case. In fact, the lower Athabasca regional plan: in a nearly pristine part of the province those consultations were very deep and wide. Actually, those matters will be settled in a way that the interested owners are perfectly happy with. You cannot apply that suggestion, that model, to the South Saskatchewan regional plan.

The Speaker: The hon. member.

Mr. Stier: Thank you, Mr. Speaker. Given that this first round of consultations in the South Saskatchewan regional plan area is now completed, can the minister of SRD please let southern Albertans know when they will be able to see the first draft of the plan to see how this plan will actually impact their land?

Mr. Hughes: Mr. Speaker, I'll certainly take that question under advisement and ask my colleague to let the hon. member know. The answer, I believe, will be: in the very near future. But my colleague will answer with greater specificity.

However, Mr. Speaker, what I can tell you is that southern Albertans, as all Albertans, can be very pleased with the outcome and the work that's been done in the regional plans. This is important work for Alberta. It's important work to ensure that we make the most of the tremendous resources, including the landscapes, that we have in this province.

Statement by the Speaker

Preambles to Supplementary Questions

The Speaker: Hon. members, that concludes question period for today. I want to hand out some kudos, first of all, to Edmonton-Strathcona, Calgary-Fish Creek, Dunvegan-Central Peace-Notley, Edmonton-Centre, Grande Prairie-Smoky, and others for making a sincere effort to tighten up the preambles to the supplementals, which weren't really in the form of preambles at all, actually. Some of them were very, very cleverly worded. Edmonton-Strathcona, you started us off on a good path, and I'm grateful to you – and so is the House – because it resulted in 96 questions and answers being posed today. Ninety-six. We should be heading to over a hundred in the days to come. So thank you for that.

Secondly, by playing ball, so to speak, with this, it will allow the Speaker to interpret the rule that there should not be any preambles with some flexibility when it comes to your opposition leaders. That also worked well today, and I'd like to continue to allow the opposition leaders the opportunity to do preambles. That would be my interpretation, and I'd like to try that again tomorrow with your indulgence.

May we briefly revert to the introduction of some school groups who have just arrived? Is anyone opposed?

[Unanimous consent granted]

Introduction of Guests

(continued)

The Speaker: The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Saskiw: Thank you, Mr. Speaker. It is my absolute pleasure to introduce to you and through you to all members of the Assembly 58 students, staff, and parents from l'école Racette school in St. Paul who will be doing a tour of the Legislature later today. I really appreciate the students taking the time to visit us here today. I know that you all behave much better than the MLAs down here. I would like to introduce their teachers and supervisors and ask that they rise as I say their name: Paula Fejzullai, Simon Page, Melissa LePage, Martin Amyotte, Doris Stafiniak, Marilyn Turcotte, Mr. Darrell Henderson, Mr. Timothy Schweigert, Mrs. Eveline Luce, and their bus driver, Claude Labrie. I would now ask that all the students rise, and I'd ask the members to give them all the traditional warm welcome of the Assembly.

The Speaker: The hon. Associate Minister of Wellness.

Mr. Rodney: Thank you so much, Mr. Speaker. Earlier today I formally introduced my guest, who has since arrived in the Chamber, and now in person I'd like to introduce to you and through you Dr. Mirko Betti, assistant professor at the department of agricultural food and nutritional science at the U of A, the lead researcher, as you might recall, conducting sensory and taste trials of a salt flavour enhancement product that his team has developed.

I won't go into the details – I did before – other than to remind you, all members, and all Albertans that today, indeed, is the middle of World Salt Awareness Week, so it's the perfect time to remind Albertans that high dietary salt contributes to high blood pressure, which is the leading risk factor for cardiovascular disease and death. World-class work is being done in the area right here by this gentleman. I thank him for standing. Please give him the warm welcome of the Assembly.

The Speaker: Hon. members, in 20 seconds we will recommence Members' Statements, starting with Bonnyville-Cold Lake.

Members' Statements

(continued)

The Speaker: The hon. Member for Bonnyville-Cold Lake.

Great Kids Awards

Mrs. Leskiw: Thank you, Mr. Speaker. I rise today to recognize the work of three outstanding young people who made a lasting difference to their community and my constituency of Bonnyville-Cold Lake. These individuals are the recipients of the Great Kids award. Each year 16 children across Alberta are acknowledged for their hard work and community spirit, and this year on March 3 three young people from my constituency were presented with this honour.

The Great Kids award was launched in 1999 as a celebration of children and youth who impact their communities in a positive way. Each year Albertans are encouraged to nominate young people between the ages of five and 18 for their determination, generosity, compassion, courage, and strong spirit.

Maeson Stabbler, Hemzy Elkadri, and Winston Gamache are outstanding examples of just this. Hemzy was the motivating force behind the atom and novice hockey tournament in Cold Lake, raising over \$23,000 for the Stollery children's hospital foundation. Maeson raised over \$16,000 to go towards the Curtis Hargrove run across Canada, and Winston is actively volunteering in local organizations such as Students Against Drinking & Driving and HOPE, or Helping Our Peers Everywhere.

Each of these amazing young people is building the future of our province and communities through their determination, spirit, and compassion. These are the traits I believe all Albertans share. I encourage all my colleagues to continue to recognize the amazing work of youth in their constituency. The Great Kids award is one great way of doing that.

Thank you very much.

The Speaker: The hon. Member for Calgary-South East, followed by Olds-Didsbury-Three Hills.

2:50

Medevac Services

Mr. Fraser: Thank you, Mr. Speaker, for the opportunity to rise today. As you know, I am a paramedic, and I'm proud to be that. I'm also proud to be the MLA for Calgary-South East. Over these last many months I've had the opportunity to talk about emergency medical services, and that includes air medevac. I've

been a paramedic who's worked on the streets and continues to try to work on the streets to be relevant and to be genuine.

In that, there are things that are unpleasant with that job, and unfortunately I've been there. I've been there when things have gone wrong, but I've been there when things have gone great. But that emotion wells up, and it compels us to advocate for our patients. It causes us to do things that we normally wouldn't, and sometimes we have a hard time understanding. When we get to that point in emergency medicine, air medevac, or anything else, the only thing we have to rely on are the facts. I wanted to release some of the facts here in this House today.

Last year there were 3,071 flights, air medevac flights, air ambulance flights with paramedics, very skilled and highly trained people. They can't do their job without nurses and without physicians that also care and advocate for their patients and are emotional and have been on that scene, have been there and seen the carnage, but they've also seen the great opportunities and the great success stories.

Of those 3,071 flights there were 505 red patient flights flown into the province of Alberta, and out of those flights 282 were sent to the University of Alberta and 161 to the Royal Alexandra. When we talk about red patients, they're life threatening, absolutely, but there's a scale on that. What Alberta Health Services has done is that they've looked at that scale. They've calculated as the call came in, from the first part of that call, because the call coming in is very important from the beginning of that call until the very end. What they did is that they calculated the flight coming in, and they graded it.

Those 505 life-threatening calls coming into the city of Edmonton went to various hospitals, many of them ICU patients. They went to all of the various hospitals. At the end of the day they took a look at all that information. They calculated. They took the patient care reports at the end of that, and then they re-evaluated. That's where those numbers come up. It's medically based evidence that moves us forward. It's what makes this health care system the best in this country.

The Speaker: The hon. Member for Olds-Didsbury-Three Hills.

Olds College Centennial

Mr. Rowe: Thank you, Mr. Speaker. I rise to congratulate the Olds College women's basketball team, the Broncos, on winning the Alberta Colleges Athletic Conference championship. They entered the tournament in seventh place and won it. It takes a lot of hard work, teamwork, and dedication to be the best in the province. This week the team is in Nova Scotia for the national championships, and I know they will represent Alberta well.

Being provincial champions is a huge achievement, and it is especially fitting that Olds College women's basketball holds the honour this year, the college's centennial year. One hundred years ago the Olds School of Agriculture and Home Economics opened, offering courses in those two fields. The college has adapted, and course offerings have expanded, but its focus on hands-on training, applied research, and high-tech learning has remained constant throughout the century.

Throughout the year centennial events will be held to showcase the college's roots and look forward to its future. I'm looking forward to attending the Growing the Legacy centennial gala on March 22. In June the town of Olds will salute the college's anniversary with a community celebration. The Jack Anderson Charity Auto Auction will take place, made possible by Mr. Anderson's generous donation of his vintage car and truck

collection to be auctioned off in support of the future of Olds College. In July Olds College will host the 60th World Plowing Championship, and October will bring the centennial rodeo.

Mr. Speaker, these and other events will indeed make the 100th year of Olds College an exciting one. To all students, staff, and alumni: happy anniversary, and go, Broncos, go.

Thank you.

Notices of Motions

The Speaker: The hon. Minister of Human Services and Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. I rise to give oral notice of a motion.

Be it resolved that

- A. On Monday afternoons during the period that the 2013-14 main estimates stand referred to the legislative policy committees, the Assembly stands adjourned at 6 p.m.;
- B. Notwithstanding Standing Order 59.03(4)(b), following completion of consideration of the main estimates by legislative policy committees
 - (i) on April 22, 2013, or
 - (ii) on such other date of which the Government House Leader has provided written notice to House leaders and tabled in the Assembly,
 the Assembly shall reconvene in Committee of Supply at 9:30 p.m., at which time the committees shall report, and voting on the main estimates shall proceed.

Tabling Returns and Reports

Mr. Fawcett: Mr. Speaker, I have the requisite number of copies of an article from the *Airdrie Echo* that I referred to yesterday in an exchange with the hon. Member for Airdrie, in which there's a picture of him enthusiastically opening up a school or digging a hole for a school in his constituency that was funded by a P3 project, which essentially puts a liability on the government's balance sheet, unlike public debt.

I also have the requisite number of copies of a CBC article that I also referred to in which former Premier Klein essentially admitted that it was probably a bit of a mistake to pay down the debt so fast while ignoring the infrastructure demands in a boom economy, where he says: "They were right about [us] not having a plan. The plan is being developed, but no one could anticipate the phenomenal growth that was taking place." A mistake that this government does not plan to repeat.

Thank you, Mr. Speaker.

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

Ms Notley: Thank you, Mr. Speaker. I have two sets of tablings. The first is the appropriate number of copies of e-mail submissions that Albertans made to our prebudget tour which visited seven cities in February. Karis, Dennis, Cody, and Lydia are some of the Albertans who have provided valuable input. For example, Dennis would like to see this PC government end subsidies to fossil fuel industries while returning to a system of progressive taxation. Submissions like this clearly show the priorities of Albertans.

The second set is the appropriate number of copies of an e-mail I received from Julie O'Bray, who is a concerned parent with children in the Fort McMurray public school district. Julie is dismayed by the fact that only one new school has been built in her district in the last 26 years. She writes, "It is disgusting to me

that we do not have adequate funding to meet the educational needs of our children in this region."

Thank you.

The Speaker: The hon. Minister of Transportation, followed by Edmonton-Centre.

Mr. McIver: Thank you, Mr. Speaker. I rise to table the requisite number of copies of a letter dated March 1, 2013, from the registrar of motor vehicle services to the presidents of the Alberta Medical Association and the College of Physicians & Surgeons of Alberta. The letter outlines Alberta Transportation's use of assessment tools for medically at-risk drivers. Of particular interest is the following statement: "The Driver Medical Form currently [employed] by doctors is the key piece of information used by the Department to assess a driver's medical fitness to drive."

Thank you.

The Speaker: The hon. Member for Edmonton-Centre, followed by Edmonton-Meadowlark.

Ms Blakeman: Thank you, very much, Mr. Speaker. I'd like to table an e-mail that came to me from one of the pharmacists operating in the fabulous constituency of Edmonton-Centre. This is from Arif Virji, and he notes in his letter that the proposed new Alberta Blue Cross agreement would "remove the three tiers of dispensing fees, streamline injectable and contraceptive fees [and] decrease all generic drug pricing to 18% . . . [It's a] travesty for the pharmacy industry." If this keeps going, all Albertans will have are Rexalls, Shoppers Drug Marts, and Superstores. There will be no local pharmacies.

Thank you very much.

The Speaker: The hon. Member for Edmonton-Meadowlark, leader of the Liberal opposition.

Dr. Sherman: Thank you, Mr. Speaker. I have a number of tablings in response to the Premier's question to produce evidence about for-profit and not-for-profit long-term care facilities. First I'd like to table five copies of *Hansard* from yesterday, March 12, 2013.

Secondly, I'd like to table five copies of Residential Long-term Care for Canadian Seniors, by McGregor and Ronald. It states, "Research [finds] a link between for-profit ownership and inferior quality in residential long-term care for seniors."

I have five copies of a document from the Health Quality Council of Alberta, which states that "publicly operated facilities obtained significantly higher overall care ratings compared to private and voluntary . . . operated facilities." It's a report labelled Long Term Care Family Experience Survey.

Mr. Speaker, I have five copies of Quality of Care in For-profit and Not-for-profit Nursing Homes by Comondore et al. It states, "Not-for-profit nursing homes deliver higher quality care than do for-profit nursing homes."

3:00

The Speaker: Hon. member, we're beyond the 3 o'clock mark. Is this your last tabling?

Dr. Sherman: Just a couple more, Mr. Speaker.

The Speaker: A couple more? I wonder if we could just interrupt and get the Government House Leader to ask for unanimous consent not to conclude the Routine at this point.

Mr. Hancock: If you insist, Mr. Speaker.

The Speaker: I do not insist, but the hon. Government House Leader has asked for unanimous consent to allow us to go beyond 3 o'clock to conclude the Routine. Does anyone object to that?

[Unanimous consent denied]

The Speaker: Unanimous consent was not given, so let's proceed. There's a point of order. The Minister of Justice.

Point of Order Inflammatory Language

Mr. Denis: Thank you very much, Mr. Speaker. I'll endeavour to be brief given the time constraint here. I rise on a point of order relating to Standing Order 23(h), (i), (j), and (l). Earlier you admonished the hon. Minister of Finance and President of the Treasury Board for referring to the Official Opposition as the wild alliance, which is not their correct name, and I accede to your ruling. Similarly, this has to apply, with respect, on all sides of the House. I would just ask the Member for Lac La Biche-St. Paul-Two Hills to personally correct his reference to me to be the Progressive Conservative Justice minister.

The Speaker: Before we hear the argument, it should behoove us all to know that the Blues do not refer to you that way. They refer to a progressive Justice minister, undoubtedly a high compliment.

Mr. Denis: Mr. Speaker, with respect, that's the very inference in which I have raised the point of order.

Mr. Anderson: Mr. Speaker, obviously, there's no point of order. As you aptly pointed out, progressive is an adjective, and you can clearly call somebody – you know, "This is a progressive policy." As you very clearly pointed out, there is no problem using that here. It's not an insult.

I would note, though, that using the term "wild alliance" is, of course, meant to be an insult and is a misstatement of our name and that we have been warned by the Speaker many times not to do.

Mr. Denis: For the six months you practised law, you know a lot about it.

Mr. Anderson: Six months. Okay.

If we were to call the other side regressive conservatives, then that would be a problem, so that's why we don't say things like that. But in this case, clearly, there's no point of order here.

The Speaker: Hon. members, you know, if you're going to continue with bantering across the aisle, there's no point in even having a Speaker up here. I'd be happy to vacate and just shut it down and let you all just chat amongst yourselves. You know, let's pay some respect to the fine tradition and, regardless of who's in the chair, to the chair as well.

I think this is a point of clarification. I know that sometimes, hon. members, we do get into the heated cut and thrust of debate, and sometimes as a result of the interjections and the howling and scowling and everything else that occasionally erupts in the Assembly, you don't quite hear things. I'm pretty sure that that's what prompted the Minister of Justice to stand. I'm surmising, but I would think that that's what got you going.

The other part is the tone in which these things are delivered. The tone. I've admonished many of you before – and I'm going to remind you again – to watch the tone. We had several examples

yesterday and today where tone and choice of perhaps not the most appropriate words led to minor eruptions, which could have led to major ones, obviously, and I'd sure like to discourage that.

That having been said, points of clarification have been offered on both sides. Let us move on.

Orders of the Day

Government Bills and Orders Second Reading

Bill 13

Appropriation (Interim Supply) Act, 2013

[Adjourned debate March 12: Mr. Dallas]

The Speaker: The hon. Minister of International and Intergovernmental Relations. No?

Are there other speakers?

Ms Blakeman: Sorry, Mr. Speaker. I think I've got my ear plugged. I just didn't hear the number of the bill that we're debating.

The Speaker: Bill 13. It's the Appropriation (Interim Supply) Act, 2013. Second reading.

Ms Blakeman: All right. Okay. I guess I'm happy to speak to it, then. Thanks for the opportunity. Sorry about the plugged ears.

Mr. Hancock: Or we could vote it and move on.

Ms Blakeman: You know, Mr. Speaker, the hon. Government House Leader is suggesting that I pass on my annual opportunity to beat him up. . . .

Dr. Swann: Upbraid him.

Ms Blakeman: Upbraid him. Thank you. That's much better language. We have some classy people over here.

. . . to upbraid him and his colleagues for the almost annual introduction of the interim supply act.

[The Deputy Speaker in the chair]

For those of you that are following along at home with us here, there are three kinds of supply acts. One is the estimates, which is the big budget, what everybody would call the budget. The second one is supplementary supply, which is just what it says. It's more money. It's adding money in or moving money between departments. That's a supplementary supply, and again this government is astonishingly good at not getting their budget right the first time.

I'm struggling to think, but I'm pretty sure that between 1997 and 2013 they haven't missed a supplementary supply yet. You know, that's quite a record, deserving of applause. They're pretty bad at getting it right the first time. You know, they need a little help with those supplementary supply bills.

Mr. Speaker, some years they've managed not one but two supplementary supply bills, so they were really off the mark. Those were also the years, to be fair, in which they underbudgeted their expenses so badly that when the oil was pouring in, they ended up with gobsmacking surpluses, so they had a lot of money to give out. Did they have a plan about what they were going to do with a lot of surplus money? Did they think beforehand about the best way to use that? Hmm. No.

We had this kind of wild frenzy of asks from different places, and I cannot imagine what their caucus meetings were like as

everybody competed to get a chunk of cash to build a part of a road or do whatever they wanted to do in their constituency.

That was a long explanation. Sorry about that.

So there's an estimates supply, there's a supplementary supply, and here today we have interim supply. Interim means in the meantime or a passage of time that bridges over, and that's exactly what this is. Because the government has chosen – and it's entirely their choice – not to complete their budget debate by the 31st of March, which is their year-end, they don't have permission to spend money come April 1. Nobody gets paid. They don't buy anything. Contractors don't get their contracts paid. Nothing happens. So they have to give themselves permission to spend money so that life continues, and thus you get an interim supply bill, a bridging amount of money in which the government can cut cheques as of the 1st of April and carry on business until they get the budget passed.

For anyone that really loves details and transparency and accountability, interim supply is not going to be your favourite thing because there is no detail, and there is no explanation, and there is no transparency. Anybody that's really looking forward to that, take a break. What you actually get in this bill is one line for each department. The way this government is now doing things is that they cut it into operational and capital, so you're going to get two lines in most departments. You get the name of the department, like Aboriginal Relations, and you get \$3,069,000, which is the permission they're going to give themselves to spend that amount of money come April 1 until they run out.

When do they run out? Well, generally speaking – and I have not actually crunched the numbers on this one – it's about 40 per cent of the budget that they give themselves. The detail people that are out there: that's what you can do. You can divide these numbers into the total budget that they're looking at in the estimates in the general revenue fund that they distributed on budget day and see if this is coming out to 40 per cent because that's usually what they do.

3:10

They don't actually have an end date on this, so it's kind of a free-for-all. This is what I mean about a lack of detail and accountability. It's giving themselves approximately – let's take the 40 per cent number. But it doesn't tell you when it ends. It says that this is for the fiscal year ending March 31, 2014.

I'm trying to think of an analogy here. You go to your parents and say: "I'd like an advance on my allowance. I'd like 40 per cent of what I'm going to get in the next year." But you don't agree over what period of time you're going to spend that 40 per cent. If you go back after, you know, a month or two and you've spent the 40 per cent, is there going to be a little bit of a household argument there that you spent it too fast or that you might need more by the end of the year – "What the heck did you do with it, anyway?" – because you didn't lay out a business plan beforehand? That's kind of an analogy to what's going on here.

Now, what is a little bit different is that the interim supply request came in at the same time as the main estimates, the main budget, so we didn't actually need to have or it wasn't required to have a separate Committee of Supply debate on this, where we could go through and question each of the ministers in each of the departments. I can tell that my colleague the Government House Leader is heaving a huge sigh of relief that that did not have to happen this year.

But it is an interesting time because I always like to go through and ask the different ministers that were here – we actually have ministers here with us today. Isn't that delightful? Thank you so much for being with us.

An Hon. Member: I was here.

Ms Blakeman: I mentioned that, actually. Thank you for being here with us today.

I ask them if they have filled the requirements that the Auditor General had pointed out. You know, why were they asking for this additional money? What were they going to do with 40 per cent of their budget – that's almost half of their budget – and without a time period under which we understand it's going to be spent and accounted for?

Now, because we got the estimates at the same time, you actually could go back and forth. You could sit here with the interim supply budget and go: "Okay. Well, if I look at the plan from the government for this whole year and I take 40 per cent of it, I've got some idea of where they're going to go in spending this money." That actually is an improvement over past years, Mr. Speaker, in which we got the interim supply before we got the budgets, so we had no idea what they were going to spend the money on.

Just to go back again, the government has complete control of the agenda here. They can decide when we're going to come into session, when we're going to rise from session. They have a majority, so they can change the standing orders. They can move the dates around even if we've agreed to them in the standing orders, which they regularly do.

I'm just going to stop here and go on a tiny little tangent. You need to be able to have the government get the business of the day done. Fair enough. I understand that, but I would argue that this government gives itself far too many ways to hustle the business, to hustle it through.

For example, we have agreed, more or less, that there would be about 70 to 75 hours of debate on the budget. Most people would think: "Okay. Well, you know, doing one or two a day, maybe one in the afternoon and one at night, it would take us X number of days to get through the budget." Not these clever people. They want to be out by April 25, so they have guillotined everything. It has to be done by then. We now have squished all of these hours of debate into that little box that the Government House Leader wants us to fit into. It is a guillotine on the date. [interjection] He's not happy, because he's starting to heckle me from the other side, but that's okay. He can get up and talk about this if he wants to.

But that is what's happened. The government is totally in control of the whole agenda. They choose year after year after year with one recent exception. I think it was in 2010 that they actually got the budget passed before the year-end, and I celebrated with them for actually having managed that. Otherwise, we've had both supplementary supply and interim supply bills in order to backstop the government's decision about its timelines. This is where I have a problem with what's going on.

You would think that with the number of resources this government has, the staff in every minister's office, associate minister's office, wonderful people, many of whom live in the fabulous constituency of Edmonton-Centre, working in government departments with a lot of brains and heart and passion behind them about, you know, how they want to work certain programs through – there's a lot of expertise the government can draw on, yet consistently they're late with the budget. Why? Why are they consistently late with the budget? It's just commonplace now. I mean, when you think about it, in 16 or 17 years they've hit the budget date once, so you've got to go, "Okay; this is a deliberate choice." They can't have – I'm looking for a better word than what came to my head. You can't have mistakenly done this that many times. It must be on purpose.

I really question that. I think that with all of the opportunity and all of the money that we have in Alberta, we should be able to get our budget done before the year-end actually starts, so I always question why we're in this position with interim supply, that we're actually having to go through it. We don't get any information. You can't really debate anything. I mean, I could make everybody crazy by getting up and, you know, asking a whole bunch of questions about how the \$3,069,000 is being spent in Aboriginal Relations. I'm probably not going to get an answer, and they don't have to stick to the answer that they give me.

I just want to put this on the record so people understand that every time they hear a member of this government – and for the sake of the Minister of Justice I won't call them a Progressive Conservative government because his hair catches on fire. I won't say that. I know he gets upset with the word “progressive” because he doesn't want to be that. [interjections] Okay, you guys. You shouldn't let me get off on a tangent because I forget the point of what I was saying.

They hear a nonprogressive conservative – sorry, Minister – talk about what wonderful fiscal managers they are and how brilliantly they've managed all of the finances of Alberta. Ask them why they can't manage to get a budget done before the year-end. I'd love to hear what the answer is. I've heard some, so here's a couple. What's it called when you've got different answers on a test?

Some Hon. Members: Multiple choice.

Ms Blakeman: A multiple-choice test.

I've heard them say: well, we had to wait for the federal budget so we knew what to do. Okay. I thought we were independent Alberta. I thought we were get-out-there-by-ourselves Alberta. I thought we were leaders in Alberta, and we don't have to wait for no federal budget. But that's been used as an excuse for why they were late.

This year I only have pity for the members of the government and for the staff because I suspect there were probably about four budgets. It's why everybody's looking just the tiniest bit strained over there. I have the feeling there were a lot of budgets that they did before they finally sent one to the printers and said, “Okay; don't talk about it anymore because now they've printed it.” I don't know. We'll talk about that during the supply debate, Mr. Speaker.

It's one of the things that I don't get about this government. I don't understand, with all the resources they've got, why they can't deliver a budget before the beginning of the next fiscal year. If any of the not-for-profits or, indeed, any of the business sector that they work with, that they love, that they talk with about the way the world should be, you know, if any of those people didn't get their budget passed before or they hadn't done any kind of business plan, they'd be in public stocks. They'd be mocked. They'd lose their contract. But they themselves are allowed to do it, and we have been as late as late April, I think, in actually getting that budget passed in the past. Is this a good way to manage money?

Five seconds or five minutes?

3:20

The Deputy Speaker: Seconds.

Ms Blakeman: Seconds. Oh, that's too bad. Well, I look forward to another opportunity.

Thank you.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available if anyone would like to ask a question. The hon. Member for Calgary-Mountain View.

Dr. Swann: I'm just wondering if the hon. member had anything more to say.

The Deputy Speaker: It's not intended to carry on debate, hon. member, but I'll give the hon. member a few minutes.

Dr. Swann: Well, thank you.

The Deputy Speaker: Proceed.

Ms Blakeman: You don't want me to carry on the debate?

The Deputy Speaker: Well, hon. member, with all due respect, the intent of 29(2)(a) is to be questions or comments. It's not a way to continue the debate from before, and you can read that in the standing orders.

Ms Blakeman: Actually, it doesn't determine that, Mr. Speaker, if I may be so bold.

The Deputy Speaker: Please answer the member, hon. member.

Ms Blakeman: Standing Order 29(2)(a) does allow you to make a statement. It does say that. Not that I would ever argue with the Speaker, of course, you know, but I just thought that since I had my glasses on, I'd refer to it while I was standing here. It does indeed allow for a statement: “to be made available . . . to allow Members to ask questions and comment briefly on matters relevant to the speech and to allow responses to each Member's questions and comments.” So question, comment, statement: they're all kind of in there. Anyway, thank you for the opportunity to review that out loud. I really appreciate it.

In the few minutes that I have left, what's the real concern here? The real concern is that I can't reconcile this government saying that they're open, transparent, and accountable. I know it's become a mantra. It's become rhetoric that you hear all the time. I'm nothing special, just somebody, you know, that ended up luckily in this place, but I don't understand that. I'm not a stupid person. I've got my university degree and all of that. But this doesn't make sense to me. How are you accountable and transparent if you can't pass your budget by the date that everybody knows you're supposed to pass the budget by? Since you can't, then you have to have an interim supply bill.

For the folks at home, the bills are actually called appropriation bills, which is, like, the taking of money. So it's the taking of money – and I can't remember if it's from the Crown or to the Crown – for the purposes of an interim supply. So that's what all the highfalutin language actually means.

But I've heard a lot of rumours, which I'm assured are not true. Are you allowed to repeat things that you are not sure are true? [interjections] Oh, okay. I'm being egged on.

Mr. Donovan: It's budget. Don't worry about it.

Ms Blakeman: Yes, it's budget. It may fit into the same category of fairy tale. Who knows?

One of the things that a lot of people were talking about was that the government was essentially going to scarper. [interjections] I know. Does that seem wild? I know. As soon as they got the interim supply money so that they could continue to do business on April 1, they would scarper. They would shut down the Assembly and, whoosh, they'd be gone, a little pitter-pattering of feet out that far door. They would suspend the session,

and off they'd go. They wouldn't have to have – God forbid – another question period. They wouldn't have to be accountable or transparent or whatever the other word is.

The Deputy Speaker: You're still speaking to the bill, hon. member.

Ms Blakeman: Oh, I'm sorry. Yes. That's the point. If they pass this, they could go by tomorrow. They could. They could get up and go because they now have permission to spend money on April 1. I hope they don't do that because I so enjoy spending time with all of you, all your happy, smiling faces looking back at me.

Mr. Campbell: Right back at you.

Ms Blakeman: Right back at me. You know, there's a perfect example.

So please, please, with all of your expertise, please try not to bring forward an interim supply appropriation act again. You really are capable of better. I know you're capable of better. I know you're capable of fulfilling your rhetoric. Please don't bring another one forward next year because I don't want to have to do this speech again. You don't want to have to listen to it again.

The Deputy Speaker: Thank you, hon. member.

The hon. Member for Calgary-Mountain View on the bill.

Dr. Swann: Thank you very much, Mr. Speaker. Let me say that this is my eighth year, going into the ninth year in this Legislature. I can confirm what the hon. member from the fabulous constituency of Edmonton-Centre is saying about always coming forward. It's very consistent with late budgets and therefore the need for interim supply. My particular responsibilities around health care, human services, agriculture, and First Nations have certainly led me to those areas where I see the tremendous needs and a government that says that it wants to commit to supporting these important areas of work yet consistently misses the timelines and misses the target.

The interim supply is going to bridge funding between now and April. I guess, like my colleagues here, the question is: where has the planning been in this province for the last decade? It's clear that we have not planned on the very recurring ups and downs of the oil industry and have placed so much emphasis in our budgets on fragile income, shall I say, that we're constantly faced with very great challenges in some of the most fundamental of human services and supports for people in a province that is so well off that I guess many people, both in this province and beyond the province, are asking how it is, why it is that we are struggling for budgets and fail to make the foundational changes in our budgeting process and in our long-term commitment to stable funding. While there are different points of view on it, certainly it has to be seen as a consistent pattern in this province, where in one term we are struggling to find enough cash to keep teachers and nurses and other professionals in place – we're letting them go – and in another year we are hiring them back again and looking around the world for some of these.

I admit, Mr. Speaker, that we have tremendous growth in this province. That's been a consistent pattern. It's no excuse to say that we've had a hundred thousand people come into the province in the past year when that has been the case for a number of years, and we still don't see any longer term plan to provide some stability in funding of our most basic services.

The fact that each year we come back and need to boost and provide the interim supply, I guess, raises questions about what we're learning year to year and whether we're ever going to get to

the place where we can provide a stable, dependable source of funding through our tax base, through our fees, through our land sales, through our various royalty programs so that we can avoid some of this discomfort and, frankly, real suffering for people who are on the edge already in our communities.

I think for many of us in this province there is a strong commitment to longer term thinking, longer term planning. Indeed, I was gratified that some of the members from the opposite side have said that they want to get together in an all-party fashion and talk about some of the longer term planning issues, strategic governance kinds of questions that get beyond some of the partisan issues and help us to think about what it would look like to address in a long-term way some of our carbon issues, some of our need for stable funding, some of our water issues in the province that are going to be so critical for all of the development that has to go on here and ensure that at a base level we do take care of our primary responsibilities as government, which are to protect people and to protect the planet, the earth and animals that we have taken responsibility for.

3:30

While this may seem a bit of a departure from the issues of interim supply, it all has to do, as I indicated before, Mr. Speaker, with whether we are gaining or losing public trust, whether we are gaining or losing a sense of people in this province having a part to play in a sustainable, healthy, innovative economy. This is an indication, I guess, that we're not serious yet in this province about providing stable funding and ensuring that people understand why we need a base of funding that would guarantee, not only for some of the human services but for municipalities, the kinds of planning and opportunities that all of us deserve.

With those remarks, Mr. Speaker, I'm very pleased to take my seat. If there are questions, I will respond to them. It's my honour to speak to this in second reading.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a).

Seeing none, are there additional speakers?

Hon. Members: Question.

The Deputy Speaker: The question has been called. Would the Minister of Finance and President of Treasury Board like to close the debate?

Mr. Horner: Question, please.

[Motion carried; Bill 13 read a second time]

Government Bills and Orders Third Reading

Bill 11

Appropriation (Supplementary Supply) Act, 2013

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

Mr. Horner: Thank you, Mr. Speaker. It's my pleasure to rise today and move third reading of Bill 11, the Appropriation (Supplementary Supply) Act, 2013.

As I do this, Mr. Speaker, I did have the opportunity to listen to some of the comments by the opposition and also to go through and just have a look at some of the questions in *Hansard*. I did pull out two or three that I wanted to respond to the hon. members on.

The hon. Leader of the Official Opposition from Highwood had asked why we do not spend more time talking about the increases in our other revenue sources, that we spend too much time on bitumen issues. Really, apart from the fact that, yes, other sources are up, bitumen is taking the biggest bite. Our forecasts for other revenue sources were either bang on or slightly lower than the actual show. We had a lot of accusations of padding those forecasts, but in actual fact we were quite close.

The second question was why transfers from the government of Canada are lower than budgeted, that they would have thought they would have been constant. We got that one out of *Hansard*. The answer is that the federal transfers are lower due to prior year claims under the ag stability program being lower than the revenue and expense recorded in prior years, so this year's revenue expenses are reduced. The Ecotrust spending reprofiled to the future means that the federal government funding also had to be reprofiled. Their money coming to us got reprofiled out, so we had to reprofile it to match them in out-years. There are also a couple of less significant dollars being reprofiled in some of their other infrastructure programs when dollars are coming to us that are to be matched.

The hon. Member for Airdrie had asked why there is a large amount of in-year savings and we're voting for additional spending. I think we kind of clarified that in the House the other day. It really is all about that we voted for lines of expenditure here in the House, and if we're changing those lines, it has to come back to the Assembly to talk about that.

In addition, there were some comments or questions around Enterprise and Advanced Education having statutory expense in-year savings that could not be applied to that expense vote, so you've got to balance that out.

Environment and Sustainable Resource Development's request is mostly for disaster and emergency assistance. The hon. member from the Liberal opposition was kind of wondering if we could budget for that. Well, it's tough to do that. And that is net of their in-year savings.

Overall, Mr. Speaker, the '12-13 request for supplementary of \$533 million is the smallest for a fiscal year since 2001-2002, and the majority of this request is actually for disaster and emergency assistance.

With that, I'll take my seat.

The Deputy Speaker: Thank you, hon. minister.

Are there other speakers?

Ms Blakeman: I thought we were adjourning and coming back to it. I would be delighted to adjourn supplementary supply Bill 11.

[Motion to adjourn debate carried]

Government Bills and Orders

Second Reading

(continued)

Bill 12

Fiscal Management Act

[Adjourned debate March 11: Mr. Horner]

The Deputy Speaker: I'll recognize the hon. Leader of the Official Opposition.

Ms Smith: Thank you, Mr. Speaker. I'm delighted to rise to speak to the Fiscal Management Act, Bill 12. I'm not going to speak in favour of it because I think the bill is misnamed. I think it should actually be called the fiscal mismanagement act. I think part of the

reason why I call it that is that we have to ask the question: why does the government need this act?

Let me say just for context that I noticed that the researcher for – oh, nobody is here from the ND opposition. I noticed that the researcher from the NDs on Twitter said that I was sounding a little bit wonky. I do kind of get a little bit wonky when I am talking about budget issues because I have been breaking down the province's budget every year since 1999, so this is my 15th year looking at their budget. I've been watching the rise and fall of how they manage their budget for a pretty long period of time, which explains why it sometimes seems like I know parts of the budget better than the Finance minister. It's because I actually know where to look for some of this information.

The reason why the government needs this act is because the budget that they introduced into the Legislature on March 7 is actually illegal under the current legislation. They couldn't actually pass this budget under the existing legislation, under the Government Accountability Act as well as the Fiscal Responsibility Act. There are provisions in there that they would be prohibited from doing with the budget bill that they brought in on March 7. So the reason why they need to throw overboard the Government Accountability Act as well as the Fiscal Responsibility Act is so that they can make legal certain things that allow them to pass their budget.

That should give you some idea of why I oppose the Fiscal Management Act and won't be voting in favour of it. We're going to try our best to improve it with a number of amendments, and I hope the government will be open-minded and at least accept a few of them because a few of them are paralleled by what we see in some of the commentary in the media, among a number of advocacy groups and economic think tanks, including the Alberta Chambers of Commerce, which I was delighted to speak at earlier today about some of the recommendations that they have about how the government should be managing its finances.

But let's talk about what exactly is the problem with this bill and why I say it is not legal under the current legislation for them to pass their budget, which is why they need to change it. The Premier has said to at least one columnist that there is no deficit, and she is right about that because there are actually three deficits. There's an operating deficit, a savings deficit, and a capital deficit. I think that's why this bill falls short in all three regards.

First of all, on the issue of an operating deficit. To be able to get to the number that the government is talking about in this year's budget of \$451 million, they've had to go through a pretzel logic redefinition of what revenues are and what deficits are and what their sustainability fund is for in order to be able to arrive at that conclusion. This is the reason why there are at least five to 10, maybe even more – there seem to be new ones every day; they're popping up like mushrooms – new estimates every single day about what the actual cash shortfall of the government is for this year and for subsequent years.

Part of the reason it's problematic is because they've redefined what an expense is so that it's taken out all of the expenses for capital. They're no longer going to be budgeting for capital at all in their year-to-year expenses – that's one part of the problem – even though they covered half of it before and the other half was considered a transfer. But in any case, they've redefined what it means to have an expense with this legislation.

3:40

They've also redefined what it means to have revenue. Normally, a budget would include your total sources of revenue minus your total expenses, and you'd come up with a surplus or deficit figure. This one makes a number of very complicated

changes to that to again confuse the issue and make it so difficult to figure out what our deficit actually is.

On page 2 of the act, under section 1(1)(b), there are five different things that get reduced, five different types of revenue that get reduced off the revenue number to determine what the operational revenue is. This, I think, goes a long way to explaining why we can't actually get a straight answer or a real number about what the final deficit is for the current budget year in the budget that was proposed.

In addition, the change to the contingency fund. I'm glad to see that the sustainability fund, renamed the contingency fund, still exists in the legislation. But I would like the government to return to what the original purpose of the sustainability fund was because in this legislation I think they go a long way from what the original intention of that account was supposed to be.

When the sustainability fund account came in, the idea was that it was going to have a certain balance in it so that if there was a given year where resource revenues didn't pan out, an unusual year where resource revenues did not pan out the way they were expected to, the government would be able to go into that fund to be able to sustain them over a couple of terms.

Unfortunately, we haven't seen that. What we ended up seeing is that the sustainability fund was grown to \$17 billion, and the government has been living off it year after year after year after year, even though revenues have been high, they've been low, they've been stable. They've been at relatively high levels compared to historical averages, yet they have continued to draw down on the sustainability fund.

Unfortunately, the new definition for contingency fund allows them to continue with that practice, drawing on the contingency fund in any given year if it so happens that they spend more than they take in under these new definitions of what operational revenue is. I think that that is one issue that needs to be corrected in the bill. There has to be some limitation on the kinds of things you can dip into the contingency fund to be able to cover if we're going to see any kind of discipline restored to government spending.

The second area where the bill falls short is on the area of savings. Now, the first problem that we have – and I shouldn't say that I'm opposed to the notion of savings. There are actually some good measures, at least in part, taken in this legislation, if only the government would actually live up to what is in the legislation. Unfortunately, the government doesn't have a very good history in this regard.

Forty-two years in government, three major resource booms, and they've blown every single one of them. So they now start talking: "Trust us next time. After the next election we're going to start saving." If you look at the provisions that they've got in the legislation, they don't start retaining any of the interest in the heritage savings trust fund until 2015-16, which means that with the fixed window for elections, we won't actually know whether or not they live up to that commitment until the consolidated statements are delivered in June of that year. You know, I guess we can always cross our fingers and hope. After all, they certainly wouldn't campaign on one thing and do something else and then change the legislation, would they? No one would imagine that they could do something like that.

In any case, after that, in 2016-17, is when they talk about it being 50 per cent of revenues retained, and then in 2017-18 and beyond they talk about having a hundred per cent of revenue retained. As I say, I'm not opposed to this part of the legislation. I think that this is not a bad provision. I just think there's a credibility gap. I just don't actually think the government is going to make good on this because otherwise they would start now.

They would start now, even if it was with a smaller amount, to demonstrate that they actually are going to walk the talk, which is, I think, unfortunately, now where Albertans are at. They don't trust the government to do what they say they're going to do. They actually want to see the government doing it before they believe. That's a credibility issue that this Premier and her government now have to live with in the way that they've governed in the last year.

The other part of the legislation which I think is far more problematic – and there does need again to be a loophole closed to be able to prevent what they've structured this to do. They talk about having a certain percentage of resource revenues set aside to go into one of four different accounts: the heritage fund, the science and engineering fund, the medical research fund, and the heritage scholarship fund. They want 5 per cent of the first \$10 billion, 25 per cent of the amount between \$10 billion and \$15 billion, and then 50 per cent of the amount over \$15 billion.

We haven't had very many years where we have had revenues in the \$10 billion to \$15 billion range. I don't even know that we've had one year where we've actually seen revenues in the \$15 billion plus range. I think we have to focus in on the smaller end of the range, zero to \$10 billion, because that's where you're actually going to see the government have to comply with the terms of the legislation.

The problem is, going back to the issue of there not being any limitation on what you need to do to be able to dip into the contingency fund, that the way this works is that the contingency fund has to get topped up to \$5 billion, and that's the first cull of any of our resource revenue. You can see how this works. If you don't have any spending limitation, the government can overspend, draw from the contingency fund, and then any resource revenues at the first cull would be going back into the contingency fund. Then you end up with this cycle where you don't actually ever end up seeing any dollars go into the heritage fund, the science and engineering fund, the medical research fund, and the heritage scholarship fund. Looking back on the pattern of behaviour that we've seen of the government over the last 42 years, looking at the way they structured the legislation to allow them that loophole, I have no reason to believe that we would see any difference.

What we need to be able to close that loophole is a spending limit law. It's something we have proposed, the Canadian Taxpayers Federation has proposed, the Canadian Federation of Independent Business has proposed, the Alberta Chambers of Commerce, the OECD even, in talking about jurisdictions that have fluctuating resource revenues. The only way that you can actually get spending under control is to have a spending limit law.

Now, of course, on this side we propose an absolute maximum of spending increases to be in line with inflation and population growth. It has to be below that. But I notice in this legislation there isn't any spending limit law. The Alberta Chambers of Commerce proposes a combination of inflation, population growth, GDP growth. The point is that there isn't any limitation. And this government needs it because what we've seen, especially over the last decade, is that if you look at inflation and population growth, the government has consistently outspent it, in most cases by more than double. This is the reason that if this plan is to have any credibility on the savings side, it has to be coupled with some kind of spending limitation so that you can actually ensure that those dollars are going to flow through to one of the long-term savings accounts.

The third area, the capital plan. I've got two different points that I want to make on this, one about the debt-servicing limit and one

about the debt repayment plan. In the first case, the debt-servicing limit, the government is talking about there being a limit on debt that would ensure that they do not pay more than 3 per cent of overall revenues averaged over the last few years in direct finance charges. Looking at that number – and you can look at the budget documents, page 141; it's got a wealth of information in that part of the fiscal plan – what that means is that by 2016, when the government has taken out \$17 billion worth of debt, they will be paying \$583 million worth of interest payments, and under this 3 per cent debt charge limitation, they would be able to still borrow double the amount that we have in 2016 before they bump up against that limit. They could borrow as much as \$35 billion to \$40 billion, depending on what interest rates they're able to get.

Now, we weren't able to get any answers today from the Premier or the Finance minister about what that upper limit should actually be, but I can tell you that looking through what others are recommending on this route – we, of course, recommend that we don't have debt at all. But if you're going to look at what even the Chambers of Commerce has suggested, they say that the debt limit should be 1 per cent, that you shouldn't be paying finance charges on more than 1 per cent of your revenue.

Now, what would that mean? If the chambers' rule was applied, the government would not have more than \$400 million worth of finance charges in any given year. That would imply a real debt limit. That would imply that they could not borrow more than about \$12 billion, which we think is pretty high, but at least that's an amount that you can envision paying off over a period of time. The idea that we are with this legislation writing the government a blank cheque to go up as high as \$35 billion or \$40 billion without any restraint other than, "Trust us; we know what we're doing," I think is asking for members on this side to put a level of faith in the government that they simply haven't earned.

The second part of what the Chambers of Commerce has suggested is – you're not going to believe this – a priority list, that the only way you can actually determine how many projects you should be allowed to borrow for and take out bonds for in long-term borrowing is that you have to relate it back to the kinds of projects like schools and hospitals and roads. You have to have a public priority list. You have to be open and transparent about how high you're going to go with your borrowing. Otherwise, once again it's one of those cycles that you can get on where it's never-ending.

3:50

This is the main problem that we have with governments taking out debt. Once they start down this path, you end up seeing all kinds of silly things get recategorized as long-term capital expenses. In British Columbia, for instance, they started saying that computers and desks and software upgrades were legitimate long-term capital projects. That is not, I don't think, in keeping with the kind of commitment and the kind of thing that the government keeps on talking about, but that is the kind of thing that you allow to happen if, number one, you don't have a real spending limit like 1 per cent, which is a real spending limit, and you don't have a priority list. You give carte blanche to the government to spend money, recategorize it into capital, whether it deserves to be there or not.

The bigger part of the problem with this legislation – and this is, I think, the main reason why they are throwing the two other bills overboard and bringing through this new piece of legislation in order to be able to pass their budget – is that there isn't any serious effort or thought given to how any of this debt is going to be repaid.

The hon. Member for Edmonton-Gold Bar asked on Twitter

why it is that we didn't acknowledge or raise a fuss about the \$2 billion or \$3 billion that has been on the books for the last few years, and I think it's quite easy to explain. It's because in the prior act there was a requirement that if you had debt, you also had to have an equivalent amount in your debt repayment fund so that as those bonds came due, you had money on hand to be able to pay it off. I mean, I could accept that argument. That was the argument that Premier Klein made when he announced that the province was debt free. We re-created those two graphs so you could show: "Here's the amount that we still have outstanding. Here's the amount that we have in the debt repayment fund. Technically we're debt free, and as the debt comes due, we're going to pay it off."

What this legislation does and what this budget does is throw that out the window. We will not ever see an equivalent amount of money in the debt repayment fund as we see the government take out in new debt, and you need look no further than 2016 to see just how dramatic this difference is. In 2016 the government will have taken out \$17 billion worth of debt, and how much will they have put aside to pay it off? Well, they're planning on putting aside only \$40 million in 2013, \$112 million in 2014, \$205 million in 2015, for a total of \$357 million. There's an imbalance: \$17 billion dollars worth of debt, \$357 million in a debt repayment fund to offset it.

Now, I do find it interesting that one of the things the Premier and the Finance minister have been arguing as we've been pressing them on this for the past number of months is that why they're doing this is that they say that we can borrow at 3.2 per cent and invest at 8.5 per cent and that if you can do that, you're ahead of the game.

This is where the argument falls down for them. Number one, we're not able to get all of our debt at 3.2 per cent. I talked to the Finance minister about this today, and I should give a little bit more detail because he didn't seem to know what I was talking about. But they did issue a bond on March 1, 2013 – so I guess we're talking some, you know, 12 days ago – and it was for \$196,110,000. The rate on that was 3.41 per cent. This is the rate they went to the market with for a 20-year bond, and it was 3.4 per cent. Already we're paying a higher amount than the government had initially intended for us to be paying, a level that the associate Finance minister called ridiculous to be paying, 3 and a half per cent on March 1. That's kind of the ridiculous area that we've entered into now with the borrowing for the provincial government.

That being said, will they be able to year after year invest and earn an 8 and a half per cent return? Year after year. I mean, I think it takes a leap of faith to think that they're going to be that successful in the long term since we know that this debt they're taking out is for 20 years. I'm not sure how many financial experts have a long-term record year after year of getting 8 and a half per cent, especially with the volatility we've seen recently. But even if you acknowledge that that's what the government wants to do, I've got to tell you that with \$17 billion worth of debt, you have to pay \$583 million worth of interest on that. If you only have \$357 million offsetting it to invest, even if you're earning 8 and a half per cent, that's only \$30 million that you're earning to be able to offset that debt. The argument that they're making is that if you're borrowing money and then you're investing the balance, you're going to be net ahead. You're absolutely not. These numbers show that we're behind, massively behind, by over half a billion dollars.

Beyond that – and I've mentioned this before, of course – is that the government does not have a credible plan to actually pay it back. If they were going to seriously, as the Finance minister tried to argue – if they've structured this debt similar to an interest-only

mortgage, with a 100 per cent balloon payment at the end of 20 years, to be able to have that balloon payment on hand in their debt repayment account, they would need to be setting aside, on \$17 billion worth of debt, \$850 million year in and year out, every year, so that when the debt comes due, it can be retired. But that's not what they're doing, and this is why I asked him the question.

It seems pretty clear that the government's strategy is to do one of two things, cross their fingers and hope that the pipelines get built in time so they can have a gusher of new revenues so that they can pay off the debt when it comes due, which is the strategy that, unfortunately, the government has followed for the last 40 years: just cross your fingers and hope that oil and gas prices bail you out. This is, again, what I'm witnessing with their strategy. Or the other part of the strategy is that they don't intend to pay it back at all. They intend to lock Alberta taxpayers into paying at least \$600 million a year every year, year in and year out, and when this payment comes due in 20 years, they'll just roll it over. We're already going to see evidence of this next year. Government members can look at their own budget documents because that's the plan. When the \$905 million comes due next year on this debt that's already outstanding, it's going to be simply rolled over; it's not going to be paid off. They've already demonstrated early on that that is going to be the practice. So why would we believe, since they're not putting aside enough money to repay, that it's going to be any different five years, 10 years, or 20 years from now?

What does that mean? They're trying to argue that they're going to be able to build more schools and roads and hospitals by doing this. I will argue that they're going to actually be able to build fewer schools and roads and hospitals because if we have \$600 million worth of interest payments that we have to pay year in, year out for 20 years, that's \$17 billion worth of interest payments. If they roll it over and we have to continue paying it for another 20 years, it's \$34 billion worth of interest that we'll end up paying on \$17 billion worth of borrowing.

This is the debt trap. This is why governments should never go into debt because they have a very difficult time making the decisions and having the discipline to actually pay it back. Taxpayers are much better off having a pay-as-you-go approach, budgeting for infrastructure as core government spending, and making sure that they live within their means. That's the kind of thing that we're proposing in our Wildrose fiscal recovery plan.

The last area that I would like to touch on is the issue of the reporting that is in this document. The reporting used to be, in the other two acts that I mentioned, quite a bit different than what is being proposed here. In this bill we will now only see the consolidated financial statements from all three of these different budgets once, and that will be at year-end, before June 30, as essentially their fourth-quarter update. That's not the way the system was originally designed when Premier Klein changed the system to make sure that we had a single consolidated set of books. When Premier Klein brought in a different approach, to have a single consolidated set of books, he wanted to have a single number for revenue, a single number for spending, and then a single number to determine whether we were in surplus or deficit.

The other thing he had in his legislation was that every quarterly update had to give an updated representation of the status of that fiscal plan, meaning the full-year fiscal plan. What this bill does is that it actually makes legal the process that the Finance minister has been using for his last couple of updates, which was offside with the legislation. The legislation was supposed to project out for a full year and give a full-year update. This new legislation now entrenches in law the bad practice that he's had in place for his last couple of fiscal updates, where they will only give the

actuals on a quarterly basis. The first quarter will only be the first three months, the second quarter will only be the six months up to that point, and the third quarter will only be nine months. We only get to see the consolidated financial statements once a year.

4:00

Once again, I don't think that that is in keeping with the commitment that the Progressive Conservatives made to the province when they changed the way they did their reporting back in the 1990s. The reason why they did that was because they had lost credibility after the Getty years, which drove up the total amount of debt to \$23 billion and made it impossible to determine what the true nature of the actual deficits was. It's astonishing to me that the government would not want to hold on to that legacy, hold on to that history because I think that is what the expectations of Albertans are.

The other thing I'm still waiting to see – and I did ask for the Finance minister to provide us with this; I'm still hoping that he will – is a historical fiscal summary. Now that they have finagled with the numbers and moved things from one consolidated budget into three, you actually have to restate all of the previous years so that you can figure out what our true status is, so that you can do an apples-to-apples comparison. I still haven't seen that. We'll continue asking for it, and hopefully it will one day be delivered.

As you can see, we've got significant issues with this legislation. The whole premise of it is flawed. They're taking Alberta in a direction that I think is a betrayal of the past, a betrayal of the legacy of Premier Ralph Klein, certainly a betrayal of the campaign commitments that the Premier made when she was running for the Progressive Conservative leadership, certainly a betrayal of the campaign promises that she made when she was running in the last election, and I think that it's not in keeping with what Albertans want to see. We'll certainly have an opportunity to see that in the next election. We believe that the proposals that we are putting forward are in keeping with what Albertans want to see.

I'd said, when I started off my speech, that I don't call this the Fiscal Management Act; I call it the Fiscal Mismanagement Act. But it could have a subtitle. It could be the Buy Now, Let our Children and Grandchildren Pay Later Act, and I think that that is, unfortunately, the true lasting legacy that this Premier will be remembered for, a once-in-a-generation budget. Well, unfortunately for future generations, that's exactly what this piece of legislation delivers.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you, hon. leader.

Are there other speakers? I'll recognize the Member for Airdrie.

Mr. Anderson: Thank you very much, Mr. Speaker. Well, it's always an honour to stand in this Legislature and have the opportunity to speak on behalf of my constituents even though I am somewhat saddened by having to speak to such a piece of legislation as this. But on behalf of my constituents I'm going to speak on it.

You know, everyone has different reasons why they get into politics. Almost every time it's a good reason. There's a cause or a theme or something that has driven them there. For me, I'd just finished my articles, I was just coming to the end of my first year as an associate, and the opportunity to run provincially came up. I hadn't really thought about running for politics, and I decided that I would run for politics at that time because my wife, Anita, and I had just started having children. We were starting our family, and I realized that the direction our province had been heading in over

the last three to four years at that point was starting to get a little bit off course from where I hoped that we would be going. I wanted to make sure that my children had the same opportunities and, in fact, more opportunities than I had.

I wanted to see our province become just an absolute beacon of financial stability, a place where my kids would always be able to not only find a job but would have opportunities long after oil and gas was not as valuable as it was then. That's why I got into politics. I wanted to keep the Alberta that I knew and loved and grew up in. I wanted to keep those principles that we had strong for my children so that they would stay. I joined what I thought was a conservative party at that time and that was kind of drifting slightly. Unfortunately, I was entirely unable to stop that drift. Essentially, somebody put an anchor through the hull, and it's sinking down, down, down into the depths. But it should be interesting, I guess. [interjection] Listing. We shall say listing. It's listing to the left and the right, back to the left.

Anyway, I'll speak to this act, the Fiscal Management Act. This bill, maybe more than any other piece of legislation put forward under this Premier, epitomizes the culmination of this government's track record of incompetence and fiscal mismanagement. Appropriately and regrettably, this bill repeals and replaces two cornerstone Alberta laws, the Government Accountability Act and the Fiscal Responsibility Act. The startling fact that the legislation we are debating today eliminates the two laws that explicitly call for government accountability and fiscal responsibility is not lost on me and shouldn't be lost on anyone else. This Premier has sure talked a lot about change. Well, vapourizing government accountability and fiscal responsibility to accompany this government's six consecutive deficits into one complicated, opaque, and evasive law is sure some kind of change.

Of course, this government has a track record of doublespeak and broken promises when it comes to the province's finances. Albertans first saw it coming in the last third-quarter update, when the Finance minister broke with tradition and, as the Premier said at the time, changed the way they present the information by producing a document many commentators called useless, deceiving, and many other terms and that only summarized spending and revenue in broad categories.

Unfortunately, it is not surprising that this government is moving to formalize its third-quarter attempt to present only a consolidated fiscal summary rather than an actual consolidated fiscal plan. The accountability act had mandated that Alberta's quarterly updates include comparisons to show the accuracy of projections, detailed borrowing requirements, the net financial position, and breakdown of liabilities in quarterly updates, all of which, we recall, were missing from the third-quarter update. But now we understand. That transparency is just too inconvenient for a government that makes promises it can't keep, says absolutely anything it can to get elected, and has created a financial mess so bad that it wants to keep it shrouded from Albertans in meaningless quarterly updates and budgets with no bottom lines.

Now here we are, debating this act. No one knew until just a few days ago that we were running an operating deficit for the last year. Did you notice they were just kind of: "Oh, we maybe had to run an operating deficit last year" and maybe this, that, and the other thing? Third quarter: still nobody knew. Just recently we came to the knowledge: oh, we ran a \$1.5 billion operating deficit last year, and we're going to have a half-a-billion-dollar operating deficit this year. Wow. That wasn't in your third-quarter update. How did that get missed? Everyone is just in the dark, and that's what this government wants to do, keep Albertans in the dark as to the fiscal health of their province.

Make no mistake. This bill symbolizes a very unsettling change. It tosses out an established 20-year format for budgets and quarterly updates in this province, and it eliminates strict rules around debt in order to make this new budgeting process legal.

This government likes to talk a lot about how it is more sophisticated than all the Albertans who want to see government live within its means, just like Alberta families and businesses have to do every day. This government likes to say that those who want government to balance its budget, spend responsibly, and stay out of debt are backward and ideological and extremists. This government wants to pretend it is moving forward, but let's be honest. This government is regressive. They are moving backwards as we speak. In fact, moving backwards is exactly what this bill is all about, moving backwards to the self-perpetuating cycle of spiralling government deficits and debt, corporate welfare, and doomed economic intervention, back to shrouding the books so that Albertans can't tell what the government is doing with the hard-earned tax dollars with which they are entrusted.

Indeed, during the disastrous Getty-Johnston years convoluted and confusing budgets were deliberately designed to mislead Albertans and to cover up the scale of their government's deficits. These important financial reforms, among them the Government Accountability Act and the Fiscal Responsibility Act, had been implemented to clean up government, to force them to accurately report to Albertans the provincial government's projections, spending, revenue, and shortfalls and to regularly demonstrate how the government's fiscal situation measured up to its comprehensive and transparent fiscal plans. But this government wants to undo those reforms that pulled Alberta out of its past and ensured the government would be open and prudent. This government wants to go backwards, not forwards, and this most recent budget revealed why.

4:10

Because of their incompetence and their irresponsibility, not just of the current administration but especially over the last four years, they have squandered Alberta's wealth, vapourized our savings, created a structural deficit, and now have plunged the province back into long-term structural debt. Why would they want to be honest about that?

Now, they want to pass a law to endorse what they tried to pull off in the budget, defying logic and common sense or perhaps only those of us who believe in balanced budgets and are just too – what's the word? – parochial to get the government's budget gymnastics. This government is trying to convince Albertans that debt shouldn't be included in a deficit and that capital shouldn't be included in spending. This government wants to break up the budget documents to hide the truth from Albertans. They want to take billions of dollars in spending out of the budget and pretend that debt is revenue. Definitely not accountable, definitely not responsible.

The main shift is to move all capital spending off the books into a separate account and to present only a deficit surplus number based on operations. The proposal to take capital out of the bottom line removes accountability entirely. Under capital spending about two-thirds used to be classified as capital grants, and these grants were included in operational expenses. In Bill 12 it will be treated as an investment and largely funded through borrowing. It is clearly not a sustainable approach to encourage the provincial government to cover capital spending, which is a major portion of every budget, almost entirely out of debt.

Worst of all, Bill 12 does not require the government to report a debt repayment schedule, leaving the government forced to pay

billions in debt repayment fees every year. We know this government is well on its way. A billion-dollar payment is due next year. The debt ceiling laid out in Bill 12 is sky-high, opening the door for this government to borrow up to \$40 billion, mortgaging our children's future and putting the long-term sustainability of public, core social programs at risk.

Against this backdrop of compounding borrowing and debt is this bill's savings plan. After more than three decades of the heritage trust fund being allowed to lag and the sustainability fund being almost entirely obliterated within the last five years, it is about time this government realized that actual parameters need to be set to keep current and future governments from using taxpayers' dollars as politicians' vote-buying personal piggy banks. We've got to end that practice.

Although I'm happy to see the call for the interest from the heritage fund to remain in the fund, phased in over four years, mind you, and for an escalating percentage of royalty revenues to be put in the fund, even this section of the bill puts an extra nail in the coffin of accountability. The update to the heritage fund act removes the requirement that the heritage fund standing committee review and approve the annual business plan for the heritage fund. The fund doesn't even have to have an annual business plan anymore. It also removes references to ministerial titles and removes expired provisions for a transition and endowment portfolio. The last thing the heritage fund needs is less disciplined management and oversight than it has in the years since it was established by Premier Lougheed, seeing that it is now worth less than in the year he first established it.

We in the Wildrose know we must do, of course, more than just oppose. We must demonstrate how we would do things differently and make proposals for change that would actually move the provincial government forward on accountability and fiscal responsibility. We've done that in previous balanced budget alternatives, in this year's Wildrose financial recovery plan, in our 10-year debt-free capital plan, and already in our responses to the budget over the last week, and we will continue to do so. We will bring forward a number of amendments to Bill 12 to show how to balance the budget, increase savings, and to be honest with Albertans about how government is managing their money. I very much look forward to the debate.

I want to end by briefly discussing debt. This Finance minister and the Premier continue to talk about comparing the debt that we're taking on to a home mortgage. I want to help folks understand why that comparison is shockingly inadequate. The first reason is that we don't take out mortgages on our homes every year. If I was to go home to my sweet companion and say, "Darling, we're going to take a mortgage on a house every year going forward" – we, of course, would not do that – she would say, "Have you been drinking?" and I would say, "No, I haven't been drinking." Of course I would say that. Clearly, that's not a good course of action and not something normal people go on and do.

The second piece is that when you take a mortgage on a house, you are gaining, generally speaking, an appreciating asset – if it's a business loan, an appreciating asset or an income-generating asset in the case of a business – that you can sell in the future. When you build bridges, roads, schools, and so forth, these are immediately depreciating assets that cost incredible amounts of money to maintain, and you cannot sell them on the open market. Finally, unlike an individual taking out a mortgage, government is not responsible for the debt that it takes out. It's taxpayers that are responsible for it. When it's a mortgage, it's the individual that's responsible. That's why this comparison is, frankly, juvenile and completely ill considered.

The last point is the idea that government should be borrowing vast quantities of money and then reinvesting it in the stock market because the interest rate they borrow at is going to be, hopefully, lower than the interest rate that they invested at. We just learned in western Europe and in the United States about the term "too big to fail." We saw that when massive companies, and banks in particular, go out of business, they can take the economy down with them.

There's something even bigger than banks. They're called governments. They are too big to fail, and that's why we cannot risk – we cannot risk – borrowing billions of dollars in money in order to put it into a bank account so we can save it down the road or invest it down the road. That's what this plan is contemplating. We're talking about borrowing money and saving at the same time because we think we can get a higher return. I mean, it's lunacy, Mr. Speaker. All governments, certainly the provincial government, are too big to fail.

We need to stop going down this road of fiscal insanity, do the right thing and not pass this act, and get back to the principles that made this province great.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available. The hon. Minister of Finance and President of the Treasury Board.

Mr. Horner: Thank you, Mr. Speaker. I listened with interest to both of the previous speakers, and I did just want to comment on a couple of things and ask the hon. member something at the end. The first one that I wanted to comment on was that the hon. member mentioned that businesses have assets that they borrow for that they can sell. The hon. member said that we can't sell these assets. Well, I wonder if the hon. member is aware of a number of jurisdictions that have sold infrastructure, including our federal government, because they didn't want to have it on their books anymore, because they wanted to raise some money. I mean, currently they're looking at selling their coal transfer station. They've sold a number of buildings that they owned and then leased them back because financial experts have told them that that was the way to go.

Mr. Speaker, I would suggest to the hon. member that when he dug the opening for the three new schools in his jurisdiction that were built under the P3 model, which is debt, he was pretty happy about that and that those schools have a great deal of value in his constituency. In fact, we've sold some properties in this province that used to be schools, and we got pretty good value out of them because the land that they sit on actually had appreciated.

I'm curious, Mr. Speaker. If the hon. member is suggesting that, well, we should not do any more P3s, obviously, because that would be debt, that we shouldn't actually allow municipalities to borrow because, well, we're on the hook for that, too, that perhaps we should rein in those municipalities, that they shouldn't be borrowing money on the taxpayers' dime, would the hon. member, then, advocate that we abolish the Alberta Capital Finance Authority and get rid of the debt that all these municipalities have built and that Alberta taxpayers are one hundred per cent liable for?

Mr. Anderson: Good questions. Glad to be able to answer them. There's this funny comment that keeps coming up. The Member for Calgary-Klein tabled earlier the picture of the sod-turning for one of the three schools being built in Airdrie as if that was some kind of smoking gun. As the minister well knows, we have a \$50 billion 10-year capital plan. We would build the schools that we need for this province. We would build them with money in the

bank. We would build not what we need politically but what Albertans need to educate their children.

4:20

That's one big thing. Am I happy that they're building schools? Yeah. Am I happy that they're building schools using debt? No. That, I think, is an interesting argument they keep bringing up, as if it means anything. Obviously, we want to build the things that Albertans need, the infrastructure they need, but we want to do so in a sustainable way, debt free.

How much time do I have? Two minutes?

Mr. Horner: I'd like to ask another question.

Mr. Anderson: You asked a lot of questions. You know, I've got to go through them.

The second piece that you talked about was regarding selling infrastructure. Well, granted, obviously, on the books as a province we own tens of billions of dollars in provincial assets and infrastructure. Clearly, there are going to be some provincial assets that one can sell. There's no doubt about that. But as a total of the entire amount of assets, it's probably somewhere in the area of, like, 2 per cent that we will ever sell for the value that we've spent on them. Maybe. In rare circumstances. So I would like to know – and I'll return the question. [interjections]

The Deputy Speaker: Hon. members, the Member for Airdrie has the floor, please.

Mr. Anderson: Correct me if I'm wrong. I would like to know: what list of schools are you planning to sell off? What list of bridges are you planning to sell off? How many roads or seniors' care centres or hospitals are you planning to sell off? Tell us that, and then at least we can know all these great assets that we're going to sell off one day.

The Deputy Speaker: Are there others?

Mr. Horner: I appreciate the opportunity to stand and talk about the fact that these are assets on our books, and because they have value and they could be sold off, that's the premise on which the hon. member was saying: we shouldn't be valuating them as an asset that we can't sell. We can sell. That was my point.

Mr. Speaker, they talk about a \$50 billion capital plan that they're going to pay cash for, but they don't tell us in this document how they're going to pay cash for it because they don't tell us whether or not they're going to use it as part of their operating expense. There are no financial documents in here. With all of the speeches that they gave, which were very passionate, about us changing the way we presented, this doesn't present any financial documents.

The Deputy Speaker: Thank you, hon. minister.

Are there others to speak to the bill? The hon. Associate Minister of Finance.

Mr. Fawcett: Thank you very much, Mr. Speaker. It's an honour to stand up today and speak to Bill 12, the Fiscal Management Act. This is something that has been a passion of mine probably since I was elected back in 2008 to represent what was then called the riding of Calgary-North Hill but now Calgary-Klein.

It's been a journey, Mr. Speaker. It's been an interesting one, one where I've learned a lot but one where I feel I've been able to contribute to the public debate and contribute to what we have before this Legislature today.

I know that the Member for Airdrie mentioned how passionate

he was about these issues. In fact, I remember just a few years ago, when he and a few other members of the government caucus decided to make the long-term fiscal sustainability of this province a broader issue. I could tell you, Mr. Speaker, that what motivated me in doing so was just my concern that as a province we were moving from budget to budget without any long-term vision, any long-term plan about how we're prudently going to manage our finances not just for today but for future generations.

That's our challenge as government. What we're really talking about here is: how do we meet the needs of today's society? And there are needs; there's no doubt. Every single one of us goes out to our constituents and engages them in discussions about what would make their community better, what would make things easier for their family. There are all sorts of needs. As their elected representatives we bring those to the table, and we're asked to make some very tough decisions.

What's important, though, is that we meet those needs and that we do so in a way that doesn't put any burden onto future generations, whether that future burden means substantial cuts in public services because we just can no longer pay for them moving forward or whether it means increasing taxes.

I know, Mr. Speaker, that when I come to the Legislature every single day, it's my goal to make sure that every single advantage that Albertans enjoy today, whether it be the quality of life that they receive through the economic opportunities that they have, that rival anywhere else in this world, or whether it be the quality of life in their communities that they have through investment in public services and infrastructure or whether it be the quality of life that they have through being able to keep more of their hard-earned taxpayer dollars in their own bank accounts and in their own pockets for them to decide what to do with – that's what I come here to this Assembly every day to talk about.

I was ecstatic when the Premier asked me after the recent election to serve as Associate Minister of Finance. In her mandate letter to me she asked me to go out and talk to Albertans about the purpose and the use of and how we can build up the Alberta heritage savings trust fund as well as look at different ways to explore options to finance public infrastructure projects in this province. I and the Minister of Finance and President of Treasury Board developed a plan to go out and talk to Albertans, to allow Albertans to come and talk to us at public town hall meetings, to allow them to go online and fill out a survey. We went and reached out to some of the financial experts in this province – people that run businesses, multibillion-dollar corporations, academics that study public economics and other economic fields – to give us advice on what they think is the direction that we should go.

Let's be honest. As the Minister of Finance explained in his budget speech, you know, we are at a watershed moment. It seems that every 20 years we make changes to our fiscal framework, to the way that we're managing our finances to ensure that we have these principles of intergenerational equity when it comes to public services and taxes, Mr. Speaker.

We went out and did that consultation. I just wanted to talk about these two particular areas, the savings part and the capital financing part, that are part of my mandate letter, Mr. Speaker.

One of the things that struck me as we went out and talked to Albertans is that Albertans have tremendous pride about the Alberta heritage savings trust fund. There might not be the greatest understanding about what the fund is used for or what it should be used for, but I can tell you that Albertans have pride that we have it, and they want the government to continue to invest into it. That's what we're going to do with this legislation. The reason is – and this was unanimous – that they want to make sure

that, again, the benefits we enjoy today as a province we can pass on to future generations. The intergenerational transfer of benefits is very, very important. Again, it has to do with the public services, the fairness around that, and how we can pass on the high-quality public services and infrastructure that we enjoy today, the tax advantage that we enjoy today, and the economic opportunities that we enjoy today.

The other thing that they talked about when we asked them about our savings is that they were very grateful about the sustainability fund. They were grateful that it was put in place. It definitely saved us from the economic downturn in 2008-09 and having to drastically cut public services as a result. What we did hear back, though, Mr. Speaker, was that there was some confusion about what exactly the purpose of the sustainability fund was. It seemed like the majority of it, to be honest, actually went into capital projects. That's not a bad thing, but they weren't sure whether it was a capital account or a fiscal stabilization account. In fact, its origins actually started off as both those separate things.

A lot of the experts that we engaged with in this process suggested it's important to have a fiscal stabilization fund to get you through some of those ups and downs of being a nonrenewable resource economy but that, you know, probably you should manage your capital in a different way. That's what we've done. What we've done is that we've repurposed the sustainability fund to be more like a contingency reserve. This was something that was championed by the Calgary Chamber of Commerce.

What we've done is that we've come up with a policy that will allow us to take right off the top of our nonrenewable resource revenue a percentage on a sliding scale. It's 5 per cent on the first \$10 billion, 25 per cent on the next \$5 billion, and 50 per cent on any money coming in after the \$15 billion.

4:30

Mr. Speaker, this does two things. This is going to allow us to grow our Alberta heritage savings trust fund in real terms, something that hasn't happened in a while. You know, I will admit that this is something that I don't think is a proud record for the government. I think that we could have been doing a better job in this area in past years. But I can tell you that when this Premier became leader of this party, this was one of her passions, that we continue to put in place, where we establish a policy that will allow us to grow that fund in real terms, like Peter Lougheed envisioned when he brought it in originally.

The other thing that I think is very, very important is that we can talk about spending controls and legislated spending controls, but when you take money off the top of nonrenewable resource revenue, that essentially acts as a spending control. Okay? It's more flexible, yes, than legislating inflation plus population growth, but let's consider this for a second, the whole concept of inflation plus population growth and legislating that.

It's well known that that's a pretty simplistic way of determining how government or public expenditures should grow. I could tell you two examples of where it doesn't make sense. When you have an aging demographic, Mr. Speaker, that adds additional costs that are beyond the growth of inflation and the growth of your population. You just can't account for those types of things with such a simplistic formula. We do know that we do have an aging population in this province, and the pressures that are going to be on public services as a result of that need to be accommodated. The government needs to have the ability to be able to accommodate those pressures.

Again, Mr. Speaker, another example is around economic growth. Quite honestly, economic growth is not proportionately

correlated to the growth of inflation plus population, yet it puts tremendous pressure on public infrastructure here in the province. So let's have some intellectual honesty and be honest with ourselves that this whole notion of inflation plus population growth is a great guideline. It is a great guideline, and if you ignore that guideline for long periods of time, you might run into a problem. But is it something that should be legislated year over year over year over year? No. That doesn't make sense. It doesn't allow the government to provide effective public services that are needed in the communities. So what we've done in bringing forward this savings policy is that we've allowed a policy that limits the government's ability to spend all of the revenue that it brings in every year and to control spending, but it allows flexibility on a year-over-year basis to meet the needs of the population.

Now, the second piece is around debt financing for capital. You know, I will admit that back seven, eight years ago, I was probably one of the ones standing up right beside Ralph Klein when he said that he put out the debt in full. I can tell you that when that happened, I had been elected to the public school board in Calgary, and one of the biggest issues that I faced on my term as a school board trustee was the fact that there were a number of communities that didn't have schools. That was a consequence of that policy decision. I could stand here today like Ralph Klein did back in 2007 when he said that that probably was a mistake.

Mr. Speaker, there are a number of ways to finance capital projects, and not one of them is right, and not one of them is wrong. In fact, there are three major ways. You could do the pay-as-you-go, where you pay cash; you can do a P3 project; or you can debt finance it through some sort of public debt instrument. Okay? We should allow the government to be open to all three of those where they make financial sense. This isn't an ideological argument as to: you take a bunch of those off the table. You utilize those tools when they financially make sense based on sound financial analysis, not based on some ideology.

When we went out and talked to experts, economists, academia, it was almost unanimous that they said this, Mr. Speaker. I could go back to the conversations we had in the town hall in Medicine Hat. I know the Member for Medicine Hat is not here right now. [interjections] Oh, sorry, Mr. Speaker. He's here. He would be able to verify that when we asked the question in the town hall whether or not government should debt finance, it was unanimous. The over 25 people that decided to come out to that town hall decided to say . . . [interjections] The point is that there was no one that showed up, when the minister and I went out to ask, to tell us that we should not be doing this.

The point is that – guess what? – there might be years in the future when we decide not to debt finance capital projects because it financially does not make sense to do it. You have to do the analysis. The fact is that when you say that you're going to pay as you go on debt financing capital projects, you need to consider one of the things that we haven't done in this province in a long, long time, and that's the opportunity cost of what you could do with that cash asset that you would be paying for. We've never done that analysis on this, and any economist – and I know that the Leader of the Official Opposition has an economics background – would do that analysis before you make that decision.

Mr. Speaker, all we're doing with changing this legislation is allowing the government the flexibility to make sound financial management decisions that will allow us to manage our cash and physical assets to the best financial ability of the government.

Not only that; there are all sorts of risks associated. The traditional pay-as-you-go, where you pay cash and you go out to

public tender, has risk associated with it. Typically, cost overruns are passed on to a government. This is where P3s have their advantage because the government shares those risks with the other partners in that project. This is all part and parcel of the complexity of doing this work, that cannot be fit nicely into some ideological box that government should or should not have debt. The fact is that all governments have debt. Debt is part of cash management. It's part of asset management. What's important is that the government is transparent and puts that information out there and that we do so in a way that has limitations. That's what we go to.

There are a number of lessons that I think we need to learn throughout the world, whether it's right here in our backyard or across the ocean. I think the lesson from the Klein era, in the document that I tabled earlier, that even Ralph Klein recognized himself, is that we cannot be so ideological that we would not have the government have any debt. I mean, at the time, when we were going through the boom, we didn't have any debt, Mr. Speaker.

The Deputy Speaker: Thank you, hon. minister.

I'll recognize the hon. Member for Little Bow under 29(2)(a).

Mr. Donovan: Thank you, Mr. Speaker. I appreciate your input. I don't agree with all of it, but I appreciate it. I just wanted to touch on a couple of things you said about when you get up in the morning and you come to this job and about the quality of life for Albertans and how to make sure that they're not hindered any more than they were when they got up the day before. Ironically, last week when I got up on the Wednesday, I could buy my farm fuel with a 6-cent discount. The Thursday by 3:15 that was 6 cents more. I guess I'd like to ask you: what do I tell my constituents that woke up with 6 cents more a litre, a tax, than they had the day before? I feel that's a tax.

The second part to my question. You look to be maybe a bit of a movie guy. If you want to watch *Inside Job*, it's a movie on economists and how the whole crisis down in the States happened in 2008. There are three parts to it: how they got there, the bubble, which ironically ties in with the bitumen bubble a little bit; the crisis, where everybody figured what they were doing was wrong; and then the accountability. This all goes back to what's going on in this government, the accountability.

I'd like to hear your input on how you stopped, or maybe even voted for, the 6 cents a litre for the farm fuel, because that's inhibited the life of a lot of farmers in Alberta. [interjection] Well, that's a 12-step recovery program for your economy. Don't worry about that one.

Mr. Fawcett: Mr. Speaker, I appreciate that question. I just wanted to go back to this movie that the hon. member is talking about. You know, I have seen that movie. What's important, as I was just getting to, is that we put the proper limitations in place. This isn't a conversation on whether debt is right or wrong. It's a conversation about what the appropriate use of debt and the limitations of debt are when it comes to public spending.

4:40

It was quite clear from the financial experts that we engaged. They said it made sense. In fact, I've got a quote here from Jack Mintz, who said: "My argument is simple. Some debt for infrastructure is appropriate, since capital providing long-term benefits should not fall entirely on the existing population." With any of these financial experts that we engaged, that argument was unanimous. What they said, though, was: we want to make sure

that you're putting in the proper limitations. That's what we've done with this 3 per cent rule.

Remember the goal in mind. You know, the Finance minister could talk about this. He's gone and talked to the rating agencies out in New York and Toronto. They were quite clear that even at 5 per cent we would not even come close to putting in jeopardy our triple-A credit rating. We've engaged these people in this conversation. We've moved it down to 3 per cent. Remember that most of the municipalities, particularly the two major ones, are around 10 per cent here in this province. I think what's important is that we make sure that we have those limitations in place and we engage in a conversation about those limitations.

With that, Mr. Speaker, I just want to finish off. I think what this really does is that it puts principles in place to allow us to make the decisions that the hon. member was talking about. It provides the government flexibility to make decisions of the day that, yes, sometimes are tough decisions but are appropriate decisions. It puts in place that flexibility. It allows the government to find that balance between meeting today's needs and meeting future needs. It's a pragmatic bill that is going to move Alberta forward, that finds that balance, and it delivers on the vision.

That's what budgets do. That's what financial documents do. They're a tool to deliver on the vision that the government and the Premier have for this province. That's what this does. They're not an end in itself; they're a means to an end, Mr. Speaker. That's what we've done. We've put the proper mechanisms in place through this bill to allow this government to continue to build Alberta like this Premier promised in the last election.

Mr. Horner: Well, Mr. Speaker, I understand that the hon. member wants to ask a question that has no relationship to the bill, and that's fine. The 6 cents a litre is something that we did have to cut, unfortunately.

I know that the hon. member went to a number of the round-table discussions, but he also had some individual discussions on the savings piece in terms of some small working groups. I wonder if he could let the House know the relationship of what he heard in those meetings to the bill that we have before us in this House.

The Deputy Speaker: You have eight seconds, hon. member.

Mr. Fawcett: Thank you, Mr. Speaker. I think what people said was: be pragmatic. We're not going to save all of our nonrenewable resource revenue today.

The Deputy Speaker: Thank you, hon. minister.

I'll recognize the hon. Member for Innisfail-Sylvan Lake.

Mrs. Towle: Thank you, Mr. Speaker. This government revels in telling Albertans that they can manage the budget and be open and transparent. However, we've seen time and time again that that's not the case. A good example of this is the supplementary supply bill, where the government has overspent from the budget they presented last year and is now coming to the House to ask for more money. Sadly, when you troll through that bill for specifics, there are none, only line items that ask for bulk dollars. We also see this with the appropriation interim bill, where they need to get the permission of the House to extend the spending of dollars past March 31. This is interesting because the first one could have been solved by living within their means, and the second could have been solved by actually coming to the Legislature on the scheduled date in February to start budget debate. Unfortunately, this government is not able to set the budget and stick to its commitments.

Additionally, if this government wasn't so busy revamping the legislation, creating Bill 12, the Fiscal Management Act, to ensure their budget was legal, then we could have been here in plenty of time and would not have required an extension past March 31. This government is failing to keep their promises to run a balanced budget and to raise the bar on transparency. Bill 12 is indicative of that. This bill tosses out an established 20-year format for budgets and quarterly updates as well as strict rules around debt in order to make the Premier's and the Finance minister's new approach to the budgeting process legal.

This is the same 20-year format that was implemented in Premier Getty's reign, when serious concerns were raised regarding the reporting of financial information by the government. Premier Klein's government created the Fiscal Responsibility Act and the Government Accountability Act to ensure that Albertans knew the truth about where the government was spending their hard-earned dollars. Yet this Premier is returning to an approach that hides information, makes the budget harder to read and understand, and separates dollars into three different deficits. This Premier is lowering the bar on transparency just so their new approach to budgeting can be legal. This is not leadership.

Now, Mr. Speaker, when the Finance minister tried to change the way PC governments presented the province's fiscal situation from how they had in the past, the national director of the Canadian Taxpayers Federation, Scott Hennig, wrote an article. He called it *Why I Think Alberta Finance Minister . . . Is Breaking the Law*. After articulating how he felt the Finance minister's 2012-2013 fiscal update and economic statement was breaking the law, he concluded by saying this:

The Alberta government used to be heralded by me and others for the details, transparency and easy to understand budgets and quarterly updates. No more. When governments start to try and hide information from the public, look out.

This is the legacy the Premier has brought and the legacy that Bill 12 helps to solidify. It is a legacy of broken promises and a government that tries to hide their fiscal management from the public. This government wants to hide how big their deficits are, but Albertans will not be fooled. Albertans know that this was the sixth straight deficit budget, and Albertans know that this budget contained a \$5.5 billion deficit even if the government tries to hide those facts.

The government would also have Albertans believe that they are not hiding anything, yet they now have three different deficits. They have an operating deficit at about a half a billion dollars, a capital deficit at around \$5 billion, and a savings deficit. This is an interesting new way to look at accounting for this province, so interesting that they produced this budget before passing the legislation of Bill 12, the Fiscal Management Act. If this new reporting is so open and transparent, why not bring in the legislation in the fall session? You could have explained it to Albertans, and you didn't have to push it through for your own agenda.

This new outlook on budgets and deficits is a new look for Albertans as well: by 2016 a \$17 billion debt for Alberta. We are now poised to regress backwards to a very negative time for Albertans, a time when Albertans made it clear that debt was not acceptable and they would make the sacrifices required to ensure their children and grandchildren would not have to make the same sacrifices they did. I remember those days. I remember when \$8 a barrel oil was there, and I remember the sacrifices my parents made and their friends made in order to make sure we don't have those days today. They also had a Premier that campaigned on the truth. Premier Klein campaigned on paying the debt, tough times, and difficult choices, and Albertans gave Mr. Klein that mandate.

Albertans have been fooled this time. In April the economy was strong and still is. The Premier gave no indication that she would beg, borrow, and steal from future generations and still not keep her promises from that campaign. Interestingly, this debt, like household debt and business debt, requires a debt repayment plan that is robust and surgical to ensure that \$17 billion is actually paid off in 20 years, as this government promises.

However, if you look at this government's repayment plan, you will see they plan to pay back \$40 million in 2013, \$112 million next year, and \$225 million the year after that. Interesting that most will realize that to pay off \$17 billion in debt, you would need much more than \$377 million. In fact, you would need about \$850 million per year in a debt repayment account to pay it off. It begs the question: does this government actually intend to pay this off, or does it really intend to roll the debt over in 20 years?

The Premier has called this budget a once-in-a-generation budget. Sadly, that's true. However, with this type of repayment it will be many more generations than one. This is a deficit that future generations of Albertans will have to pay, and if the government continues to pay as little towards the principal as they did this year, it could take many, many, many generations to pay it off.

This would be comical if it were not so sad that in the same budget, the same bill they talk about savings. This is the government that over the last five years, despite revenues and taxes that other provinces would beg for, has drained a \$17 billion sustainability fund with billion dollar deficit after billion dollar deficit and has allowed the heritage fund to be worth less per capita today than it was under Mr. Lougheed. How this government believes they have the right to talk about savings precludes all logic.

4:50

The Leader of the Wildrose Official Opposition and Member for Highwood spoke earlier about how much better we could be doing with the heritage fund if we had made a couple of serious commitments. We would already be on the sustainable path and collecting \$7 billion to \$8 billion annually in interest from that fund. We have a plan to build the heritage fund, and it is a lot more realistic than the one the government has proposed. It involves, first and foremost, getting our spending back in order and getting back to surplus budgets. It involves putting 50 per cent of every surplus into the heritage fund and all accumulating interest back into the fund. This will ensure that it is affordable, and it ensures that a good proportion of boom time revenues will get put away.

Mr. Speaker, the government's savings plan only offers more borrowing and no real value to Albertans. This is the same government that has said year after year that they will balance the budget next year. Now, they continue to say that, but they also say that they will start to add to the savings next year. Why should Albertans trust this? This Premier misled Albertans in the campaign and is clearly showing that she's not able to keep her promises.

While Bill 12 may change the law to make the Premier's and Finance minister's approach to budgeting legal, it certainly doesn't make it ethical. We all know the story of Enron. At the end of 2001 it was revealed that its reported financial condition was sustained substantially by an institutionalized, systemic, and creatively planned accounting fraud, known since as the Enron scandal. Enron has since become a well-known example of wilful corporate fraud and corruption. The scandal also brought into question the accounting practices and activities of many corporations in the United States. Surely, we would not want the province of Alberta to suffer any such fate.

Fiscal responsibility is the cornerstone to good governance and is achievable. Most Albertans regularly practice fiscal responsibility. There's nothing new to hard-working Albertans who use sound economic practices each and every day. Albertans know that you don't spend more than you make, you don't get a mortgage every year, and that borrowing from an RRSP to pay the credit card is not good judgment.

More importantly, Albertans expect legislators to achieve a higher standard. They expect us to be stewards of their dollars on loan to us. No one enjoys paying years of interest on depreciating assets, yet this is what this government is proposing. They will tell you that they're investing in Alberta's future. They will also tell you that these assets appreciate, which is simply not true. It is important to invest in infrastructure, and this absolutely should be at the top of the list. However, you don't have to do it all in one shot, and you don't have to borrow to ensure Albertans have what they need.

That is why the Wildrose Official Opposition put forward the 10-year capital debt plan. This allows for over \$48 billion in spending on infrastructure in 10 years. This will also provide Albertans with a prioritized list of what projects are being built and their priority and make it public. Most Albertans understand you can't have everything at once, but they would like to know where they are in the plan, and a Wildrose government would give them that. We would cut spending by ending corporate handouts and shrinking the public bureaucracy, and we should do that now. While doing that, we would not hide facts from Albertans. We would be open and transparent and not pass bills such as the Fiscal Management Act, that hide these facts from Albertans.

The Premier promised to govern differently. We're certainly seeing that. She does govern differently. This is a government that spends at an alarming rate, offers no real plan for savings, and continues to make promises that they cannot keep. The Premier promised to raise the bar on accountability and transparency. Clearly, Bill 12, the Fiscal Management Act, shows that this government is more concerned with hiding the facts than being open. This bill cannot be supported as presented. Legislation that hides information from the public is never good. That being said, I'm looking forward to the opportunity to work with the government and bring forward amendments that could benefit all Albertans and that will allow for all Albertans to benefit from a more open and transparent financial outlook.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a). The hon. Minister of Finance and President of Treasury Board.

Mr. Horner: Thank you, Mr. Speaker. Very interesting to listen to the comments from the hon. member. I have just two or three questions. They're not really difficult or anything. I find her comments around supplementary supply interesting because that's how we were able to pay for the disasters that actually occurred during the period of 2012-13. I'm sure she's not advocating that we wouldn't have paid for those disasters, so I'll leave that one alone.

I did want to ask the hon. member: given that she believes that this new format hides information, is harder to read, and is illegal, does she believe that municipalities' presentation of their financial documents and budgets are hiding information, illegal, hard to read, and crossing the boundaries of accountability? That's the first question.

The second question I have, Mr. Speaker, is that she mentioned the Canadian Taxpayers Federation, which, you know, obviously agrees with the Wildrose Alliance in their assessment that our

assets have no value. That's the only way that they can come up with a \$5.2 billion number. They've come up with different numbers, Mr. Speaker, but they actually came up with this number based on what Mr. Fildebrandt – I mean, they agree with them on a lot of issues. The CTF wants to get rid of the Human Rights Commission. The CTF wants to get rid of the Francophone Secretariat. I'm assuming they agree with that, too.

But, Mr. Speaker, if she believes that the assets that we hold have no value, would she suggest, then, since they have no value, that we shouldn't be expensing a billion dollars of depreciation of these valueless assets every year in our operating expense and where we go with that? Perhaps that's how they intend to pay for the stuff that they have on their list, which has no financial statements in it.

Mr. Saskiw: It's not called the budget.

Mr. Horner: Well, no. It's been called a budget several times by your leader, actually.

Mr. Saskiw: It's a recovery plan.

Mr. Horner: I would ask, then, if she believes that the municipalities are breaking the law, hiding information, and are presenting confusing statements.

I'd also just bring one other thing, whether she believes that the chair of Suncor actually understands accounting and how we do business, you know, in terms of being able to operate. I'm curious whether she would believe the chairman of Suncor's comment that said, and I quote: I think it's very positive that they're separating the operating and the capital budgets. They're two different things. I think it creates more accountability, and I think overall it will be the right thing to do.

So those things, Mr. Speaker.

The Deputy Speaker: Would you like to respond?

Mrs. Towle: Thank you, Mr. Speaker. I appreciate the comments from the hon. member. I absolutely agree that we should fund disaster relief. I just guess I have to wonder why this government continues to fund disaster relief in supplementary supply bills. It seems that we should have an emergency relief fund that is budgeted for regularly every single year. Emergencies: we know they happen. Slave Lake fire, absolutely. Now, we may not be able to cover all of the costs in the fund, but we should be building that fund to absolutely do that. Actually, if you started building up the heritage trust fund, just like you promised to do and like the Wildrose would do, you may be able to actually establish a fund that is dedicated to emergency relief coming straight off the interest.

So, yes, I agree we should fund disaster relief, but it should be a regular occurrence in the regular budget that is proposed every year rather than coming here for supplementary funding for the whole amount. Right now it's not built into the budget at all until we come to supplementary.

Secondly, as for the municipalities, the municipalities are not proposing an act before this House to change the way we provincially administer our budget and report our budget. The province is doing that. The government of the province of Alberta is doing that, and the province is the one who is changing the format that's been in place for 20 years, the same format that actually eliminated what we saw with Premier Getty's reign, where financial reporting was questionable and it was able to hide parts of the government spending habits from Albertans. This was an acceptable practice for 20 years.

Like I said, if you want to bring forward the Fiscal Management Act and if it is so good for this province, all the more power to you. You could have done this in the fall legislation. You could have brought it forward as a government bill in the fall. You could have taken it to Albertans, and you could have explained to Albertans what the next budget was going to look like rather than presenting a budget to Albertans that, right now, does not fall within legislation and actually having to push through the legislation before the budget is passed so that it's actually legal. That's the reality that we're facing.

So it's not about what municipalities are doing; it's about what the government does.

The Deputy Speaker: Thank you, hon. member.

I'll recognize the next speaker, the Member for Calgary-Varsity.

Ms Kennedy-Glans: Thank you, Mr. Speaker. People often ask me why I went into politics after 28 years in the private sector. [interjections] It's exactly for this reason that I did that, and this is a very serious comment. I was delighted that the Premier asked me to sit on Treasury Board, and I am delighted to be able to participate in putting together legislation that commits our government and all Albertans to fiscal discipline.

5:00

I grew up in a family where my parents were both born during the depression, were a farm family, and fiscal discipline meant everything. They were very compassionate people, but no matter how much money we had or didn't have, fiscal discipline was everything. A lot of the constituents in my area grew up in the same time. I have a lot of seniors, and when they come to my office, they say exactly the same thing. No matter how much money we have as Albertans or we have in our home, fiscal discipline is a responsibility. I see the same from businesspeople, and that's where I grew up. That's where I've worked. I see the same at my dinner table every night. My husband is a CA, a CFA. Our oldest son is a CA. Our middle son is a finance grad.

This is a conversation that I care deeply about. This is exactly why I went into politics. These are real commitments. They're commitments to savings. Right off the top we have to save a defined portion of nonrenewable resource revenues. I've worked in 35 countries in the world where nonrenewable resource income is their primary source of income. This is amazing. What we're doing here in Alberta is remarkable. We can listen to the banter around this Legislature, but the truth is that this is exceptional. To put it into law is unbelievable: 5 per cent of the first \$10 billion must be saved, 25 per cent of the next \$5 billion must be saved, and 50 per cent of all nonrenewable resource revenues in excess of \$15 billion must be saved. That is fiscal discipline.

We've also committed to building a contingency fund, up to \$5 billion, to act as a fiscal shock absorber on the operational side and, clearly, to deal with operational deficits. That is fiscal discipline. We're committed to growing our endowments once our contingency account reads \$5 billion. Additional nonrenewable resource revenue is contributed to the Alberta heritage savings trust fund and other provincial endowments, which we are very clear about. In 2015-16 we're committed to retaining 30 per cent of the heritage trust fund's net income, and by '17-18 we've legislated – we've not just said it; we've legislated it – to retain a hundred per cent of that fund's net income. That's fiscal discipline.

The act requires that the operating budget be balanced and retain a 1 per cent limit on in-year operating expense increases. That's fiscal discipline. This act prescribes how we will service

our debt. Notwithstanding what we're hearing in this House, annual debt-servicing costs are limited, and we're absolutely, expressly saying how we're committed to set aside and repay capital and interest. That's what we talked about in Treasury Board. We're making that commitment into a law, Mr. Speaker. That's fiscal discipline.

If that's not enough, alongside these commitments we also have a results-based budgeting plan. I'm chairing one of the committees. I know what we're doing. We're looking at how every dollar is spent in economic development right now, and I have colleagues doing the same. That is fiscal discipline.

Mr. Speaker, I am very proud to support this act. It honours and respects exactly the kind of fiscal discipline that I grew up with, that my constituents talk to me about, and that all Albertans care about. I'm very proud of this act.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a). The hon. President of Treasury Board and Minister of Finance.

Mr. Horner: Thank you, Mr. Speaker. I recognize that the hon. member was talking about the experience that she's had in the commercial sectors in various other countries and, obviously, has a very strong financial background and a business background. I would ask the hon. member to comment just a little bit about the framework of how we're presenting these financial statements and these projections as it relates to what she saw in industry previously and whether or not there's any correlation.

The Deputy Speaker: Thank you.

The hon. member.

Ms Kennedy-Glans: Thank you, Mr. Speaker. I'd be delighted to. When I was evaluating projects on behalf of energy companies, companies who were British, American, Canadian, we would often look at how host governments were managing their nonrenewable resource income. It was very, very, very rare – it was an exception to the norm – to see this kind of transparency and this kind of clarity between operating and capital costs.

This fall I had the good fortune to participate in conversations hosted by the Commonwealth for jurisdictions like ours, where we are dependent on nonrenewable resource income. Canada and Alberta in particular are miles ahead in terms of clarity and commitment. To commit to this in legislation is something that is very, very, very rare.

The Deputy Speaker: Thank you.

The hon. Member for Calgary-Shaw.

Mr. Wilson: Thank you, Mr. Speaker. The hon. member was commenting on how debt servicing was going to be in this act and that it is in the act, and we're adding a rhetorical argument that isn't factual. I'm wondering if you could add some facts as to how you plan to repay the debt that you are now so proudly advocating for.

The Deputy Speaker: The hon. member.

Ms Kennedy-Glans: Thank you, Mr. Speaker. When we were talking in Treasury Board about capital programs and limits on how much we borrow and how we pay that money back, the conversation was very clear that we wanted to make sure that Albertans knew how we were going to pay back the interest and how we were going to pay back the loans. That's something we're committed to doing and we will be doing.

Mr. Wilson: To follow up, I'm wondering if you have any specifics that you could add.

Ms Kennedy-Glans: Until we have the loans in place, I don't think I can share specifics with this particular member, but clearly the conversation is one that intends to expressly state the capital repayments and the debt repayments. I can't be much more explicit than that.

The Deputy Speaker: Thank you, hon. member.
The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Saskiw: Thank you, Mr. Speaker. I guess, you know, when one takes out a significant amount of debt – and the government likes to compare this to a mortgage. Generally there's a plan for how to repay that mortgage over time. One would assume that you can create a particular interest rate, and then you would create the amortization period there. I find it really odd that the government right now is admitting that they have no plan to repay this debt.

Ms Kennedy-Glans: I find the statement by this member quite astounding. I don't think there's anyone in this House who has said this, and it's certainly not what's represented by this legislation or by the statements by members in this House. It's a very clear commitment that if we're going to borrow capital, we're going to have a plan for how we repay the capital and the interest. We're responsible about that.

The Deputy Speaker: I probably should recognize the Member for Edmonton-Gold Bar.

Mr. Dorward: Thank you, Mr. Speaker. Following that answer – and thank you for the answer – I see in the bill:

- 9 A fiscal plan must include, in respect of the revenue and expense of the Government and prescribed Provincial agencies,
- (a) an operational plan,
 - (b) a savings plan,
 - (c) a capital plan . . .

And (d). But my focus is on the operational plan, savings plan, and capital plan. Now, as I've gone through the bill, I don't see anywhere on here whether we pay our operational bills within six days, nine days, 14 days, 26 days, or any other number of days or indeed months. Would you comment on the fact that this bill, as you've reviewed it, seems to be laying out the groundwork for the work that's done thereafter and that the very wording of a plan – the party opposite doesn't seem to understand exactly what a plan is – is that the plan will contain the wording that says when these kinds of things will be able to be paid. Is that your take on the bill?

The Deputy Speaker: Hon. member, briefly.

Ms Kennedy-Glans: Thank you, Mr. Speaker. In fact, I've talked about this bill with my children. My middle son is 23, so he's a very new finance grad and just cutting his teeth in industry. I've talked about this bill with students who are at the university, and I asked them if they understand it based on their reading of this bill exactly as the member across the aisle has described. Can they see, can they envision what we're talking about? Without exception they understand what's envisioned here.

5:10

The Deputy Speaker: Thank you.
I'll recognize the next speaker, the hon. Member for Strathmore-Brooks, followed by Edmonton-Strathcona.

Mr. Hale: Thank you, Mr. Speaker. I'd like to take this

opportunity to speak against Bill 12, the Fiscal Management Act, which forces government into debt to save money. This act serves one political purpose, to obscure the true state of Alberta's finances. But what's worse: it opens the door to running deficit levels that will last generations and generations. The Fiscal Management Act is a smokescreen. It forces into law the kind of drastic fiscal management that has tragically plummeted this province back into debt. I hope this government realizes that touting a savings account built on borrowing dollars is wrong and that it's a crime against future generations. This isn't a plan. This is Getty era finance at its best.

Bill 12 takes capital spending out of the bottom-line finances entirely. Bill 12 allows government to use debt to cover its capital costs now and into the future. Bill 12 lets the government take capital spending off the books entirely. This is not good governance. This is the kind of short-sighted budgeting that has no place in Alberta.

The Alberta debt is projected to grow by about \$4 billion per year. By 2016 we're looking at a deficit of about \$17 billion. Still, they would have us believe they're doing Albertans a service now and into the future. Seventeen billion dollars of debt by 2016. Something tells me that our kids won't be happy with the gift we're leaving them.

Bill 12 tosses out an established 20-year format for budgets and quarterly updates in order to make the new budgeting process legal. This new, convoluted system serves only one purpose, to sweep the fiscal mess we're in under the rug. Using debt to save money is wrong. Using legislation to hide the real deficit numbers is even worse.

There is a kind of silver lining here, though. Bill 12 forces the government to do something it seemed incapable of doing before, saving. The government will finally come to its senses and keep interest in the heritage fund and allow it to grow and compound. Sadly, however, this realization has come too late. If this government had always done that, the heritage fund would be over \$130 billion today, nearly 10 times what the fund is worth.

The Premier promised during her leadership campaign to allocate every dollar between \$6 billion and \$9 billion of resource revenue to the heritage fund. Consider that another broken promise. Bill 12 takes only 5 per cent of the first \$10 billion. This is insufficient.

The problem is that government doesn't know how to govern anymore. They sit back and plan for windfall resource revenues each and every year. It's boom or bust each and every year. Bill 12 will toss out the kind of debt rules that would stifle a spend-happy government. It reminds me of the kind of budget documents Finance Minister Dick Johnston put forward under Premier Getty, which hid the fiscal mess the province was in at the time. Bill 12 hearkens back to darker times in Alberta.

The debt limit of 3 per cent of revenues means that this government can borrow almost \$40 billion before having to amend the law and raise the debt ceiling. It drops the reporting requirement for nonoperational numbers. The worst part, however, of Bill 12 is that there's absolutely no plan in place to pay back this debt that they're taking out. There's debt, there's savings, but there's no payback plan. Individuals and businesses don't take debt without a plan to pay it back, so why does this government? Individuals and businesses certainly don't think of a way to misrepresent debt to themselves, so why does the government?

This government would do well to look at the Wildrose capital plan. The Wildrose capital plan has been dismantled by the government as extreme. There's no doubt in my mind that a pay-as-you-go attitude is a foreign concept to this government, so let

me enlighten them. Spending prudently in line with revenues is not extreme; it's sound fiscal management.

There's also no shared understanding between government, economists, and policy-makers on what Bill 12 means in terms of how the numbers will be reported. It's been dismissed as nothing but cheap strategy.

What we're seeing now is a trend. The government has trended far away from its fiscal conservative roots, six deficit budgets in a row and counting. I'm wondering what my friends across the aisle stand for. Bill 12 isn't about building for the future; it's about protecting the government through a smokescreen. Let's be honest about where we stand, and let's practise the same kinds of lessons we teach our children: when you borrow something, give it back.

I'd like to finish with a couple of quotes from friends of mine that are quite a bit older than I am and have seen different times come and go and booms and busts. One of the gentlemen said: using tax increases to get the government out of debt is like standing in a bucket and trying to lift the bucket up by its handles; it just doesn't work. Another friend of mine suggested: we are tired of supporting this government on the inheritance from our grandfathers and the wages of our wives.

Thank you.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available. The Member for Edmonton-Gold Bar.

Mr. Dorward: Thank you very much, Mr. Speaker. There are deficits around here, but they're knowledge deficits. I'm still reeling from the comparison between Enron and the government of Alberta, which I think I heard although I wasn't able to get up and give a direct reaction. That boggles my mind. I also heard comments such as three different deficits because of three different plans. I don't know how you have a deficit in a savings plan. I just can't get that concept. Quite frankly, you can't really have a deficit in a capital plan, but I'll speak about that later.

I do have a couple of comments with respect to this good member. I heard that it is a crime to save money, and I dare say that the government coming up with a savings plan is a brilliant, wonderful thing. In fact, a simple question for the member is this. Does he know anybody that saves any money when they have a mortgage? Mr. Speaker, that's exactly what's happening here, and this is the example that the government of Alberta is going to lead the nation in, in putting away firstly, before they can spend money on anything, some money, like a person would do, to save for a rainy day. It's a smart thing to do, and I don't understand why the people on the opposite end of the spectrum here, that spectrum that they get mad if we mention, can't understand that or support that concept. That's the first question. Is it really a crime to save money, and does he know anybody who saves money when they have a mortgage?

The second question is this. I do want to allow him some time to answer these questions. The bill allows us, the government, I guess, to take the debt off our books. I would just like to know the section reference for that in the act, please.

The Deputy Speaker: Thank you, hon. member.

The hon. Member for Strathmore-Brooks to respond.

Mr. Hale: Sure. Thank you, Mr. Speaker. Well, I'll tell you something my grandfather told me many, many years ago. It was a long time ago, and times do change. When I was growing up and spending a lot of time with him, he told me: "You know what? If you don't have the money, you don't spend it."

Mr. Horner: He never borrowed any money?

Mr. Hale: He never borrowed a dime. He said: I never bought a single car that I couldn't pay cash for. He bought his land with cash. He bought everything with cash. The bank came to his neighbours because they financed and financed and kept rolling over and rolling over, and they couldn't pay for it. Interest rates went up. Taxes went up. They couldn't pay for it. His land and his stuff were all paid off. They couldn't pay for it.

An Hon. Member: What if interest rates go up?

Mr. Hale: Interest rates went up. They got tough times, more debt, more debt, couldn't pay it off. [interjections]

The Deputy Speaker: Hon. members, please, through the chair.

Mr. Hale: You know, back in the '80s, when the interest rates were 17 per cent, there were many landowners that had to sell their land. The banks came and took their land because they mortgaged and financed and didn't have anything saved up, spent all their money. The interest rates were too high. They couldn't make it. The bank came and took it away.

Our Wildrose financial recovery plan has been referenced many times. I'll just give you a few examples of where we would make some savings so that we wouldn't have to take out all the debt and try to come up with ways to hide it in here so we can justify it. The first one would be – and I'm not sure if many of the members have read this or not. They pack it around.

Mr. Saskiw: They looked at the pictures.

Mr. Hale: The pictures? There are some very nice pictures in here, I will say.

Revoke the 8 per cent MLA pay raise, return to the MLA salary that was in place after the 2012 election, and reduce cabinet salary by 30 per cent: \$1.5 million. Eliminate ministers without portfolio, and cut ministries to 16: \$5 million. Let's reduce the Public Affairs Bureau: \$10 million. Eliminate political patronage posts: at least \$2 million. Postpone federal building add-ons: \$4 million. End grants to for-profit companies: \$230 million. Reduce salaries, benefits, bonuses, severances for non front-line workers and government bureaucracy by 20 per cent over four years: savings of \$428 million in 2013, \$343 million in . . .

5:20

The Deputy Speaker: Thank you, hon. member.

I'll recognize the Member for Edmonton-Strathcona.

Ms. Notley: Well, thank you very much, Mr. Speaker. It's a pleasure to be able to rise and speak to what appears to be the government's flagship bill this session, one that provides not a small amount of amusement and indeed provided not a small amount of amusement when I first heard that this was what the government was going to hang its hat on. I thought: "Wow. That's really leading with your chin. But all right. If that's what you want to do."

Yes, this is the bill. The debate up to now has been a lot of sort of back and forth on appropriate accounting practices, all of which, of course, is certainly relevant to ensuring that Albertans get a good sense of what it is that's being passed in this House.

I want to take a step back to sort of give maybe a little bit more context, at least from my perspective, around what this bill represents. I have to say, ironically, that even though the political drivers which are at the foundation of this bill being introduced are very different than those which drove the government

initiative about which I'm about to speak, nonetheless this government is responding in exactly the same way.

Let me explain that. Back in 2006, 2007 – I don't know when it was – before the world-wide recession, when the economy was percolating along, there really was, and for good reason, a great deal of concern in the public consciousness about the issue of climate change. It was a huge issue, and it was in fact becoming a bit of a vote-getter. There was a lot of discussion. That, of course, changed pretty significantly after the recession. Nonetheless, that certainly was a huge topic of conversation.

This government, being the sort of politically skilled folks that they are, decided to hitch their wagon to that particular star, and they came up with a grand declaration and a grand plan about how they were going to sell the credibility of the oil and gas industry in Alberta and do so by coming up with a grand plan for being the leaders in climate change initiatives in the country.

They came up with a plan that, interestingly, didn't actually ask for any kind of results for two or three years. The hope was, of course, that by the time anyone started checking on those results, people would have long since moved on, and this issue would have lost their attention. No one would notice that, in fact, their grand plan really wasn't worth the paper it was written on and, frankly, never really was intended to be. Indeed, that is in large part what happened. In particular, unfortunately, with the recession people really lost attention, more than I wish would have been the case, on this extremely important issue. Just in the last few weeks and months we've had repeated acknowledgements by independent observers that this government is on track to absolutely fail miserably with respect to every target it ever identified for itself on climate change.

Now, Mr. Speaker, this bill is kind of a replication of that same model all over again. It's a different topic, it's a different issue of the day, but it's still the same kind of dynamic. It's mapping out this great fiscal plan, this great savings plan. "We're going to wean ourselves off reliance on nonrenewable resource revenue. We're going to start saving," yada, yada, yada, and that all starts three years from now.

You know, I've seen this movie before, Mr. Speaker. These guys are really good at mapping out plans, and they've become extremely cynical in the way they use this Legislature to give substance to the plans that really are born in some office where a bunch of communications folks are sitting around the table desperately trying to figure out how to come up with the most recent answer to the current credibility gap.

They come up with grand stuff, and they decide: "You know what? Let's try and make this real. Let's run this baby up the flagpole in the Legislature and see if we can get people to spend a lot of time talking about it and getting lost in the details, and maybe they'll think we're serious about it." The fact of the matter is, Mr. Speaker, that there are so many examples of where this government articulates these grand plans and it all goes by the wayside. Quite frankly, getting really enmeshed in the details of this one makes me think that we would become a little bit the victims of a bait-and-switch tactic here because, really, it's not about their theoretical plan to start saving money four years down the road or three years down the road.

What is really going on here, Mr. Speaker, is that 11 months ago this Premier ran an election campaign to Albertans, and in that election campaign she made a unicorn's basket full of promises. You know, Disney could not have written a platform as full of sparkly twitters and singing birds as the platform that this government introduced to the people of Alberta last spring. They promised full-day kindergarten. They promised stable and predictable funding from K to 12. They promised stable and

predictable funding for our advanced education system. They promised 140 family community care centres although the rumour out there is that somebody misplaced the decimal point. They promised they would end child poverty. They promised they would end all poverty. I mean, I don't even know that Gandhi tried to promise that, but the Premier certainly did. You know, there was just no end to the joy she was going to bring to this province.

Of course, once they managed to inch their way through the election through a number of interesting strategies, including those which I just outlined, they were then in a position where they could make one of two choices. The first choice was to fix the chronic revenue problem that exists in this province and which is as predictable as the sun rising in the east notwithstanding the Premier's regular attempts to convince people that it does in fact rise in the west. It is highly predictable with Conservative governments that they get themselves locked into this decision to capitulate to their friends and insiders and to cut taxes to their wealthy friends and to corporations to a point where we end up in a position of tremendous financial uncertainty and insecurity.

You see that this is exactly what happened in the U.S. This is what is happening federally. The deficit numbers are growing federally because this is what Conservatives do. They cut and cut and cut taxes, and then suddenly they find themselves being held politically accountable for the suffering and the problems that that kind of cutting creates. Then they create a fiscal imbalance or a fiscal problem.

Here in Alberta that particular trend has been ameliorated or masked somewhat by the fact that we've been able to rely on these, you know, repeated windfalls of nonrenewable resource revenue. Now that's starting to have to be addressed. Quite frankly, they knew it was going to have to be addressed long before the election. You know, the whole bitumen balloon thing is, again, another creation at the same table, probably, that generated this bill. Nonetheless, it doesn't deny the fact that we have a fiscal problem in this province. You can either choose to fix the revenue problem, or you can choose to make a lot of cuts to the most vulnerable Albertans. There's no question that this government made the latter choice in direct contradiction to the promises they made in the election and certainly in direct contradiction to the narrative and the image that they put a lot of money into projecting for their leader.

That being said, the ironic thing about all of this is that even though they've chosen to go the cuts route, Mr. Speaker, they still have a problem. They still can't wean us off relying on nonrenewable resources. They still can't start saving. They still can't even do that. You know what? They are so far down the hole in terms of their tax cuts and their corporate tax cuts and the flat tax and the fact that we've got the lowest royalty regime for the oil and gas sector in the world except, apparently, Angola, which somebody proudly pointed out at the Calgary fiscal conference that occurred about a month ago. Someone very defensively said: no, no; Angola charges less than we do. Well, yeah, that's true, but you have to take an army into Angola to extract resources, so I don't know that that's really where we should be setting the bar.

5:30

Nonetheless, we've done that, so now we have a problem. Now we have a bill that's designed to make us look like we are managing and planning, and indeed it does look like we're managing and planning, but again it all starts a long time down the road. One of the previous speakers was very proudly saying: when we get more than \$15 billion or \$20 billion of nonrenewable resource revenue, we're going to put 50 per cent of that into

savings. Well, Mr. Speaker, this government's own projections are that we're not going to get past that 5 per cent stage for the foreseeable future. In the next four years, until the next election, we're never going to get past the point where we're putting anything more than 5 per cent of our nonrenewable resource revenue into savings. I'm sorry. That's not saving. That's not shifting away from being reliant on nonrenewable resources. That's being very reliant on nonrenewable resources.

On top of that, it's refusing to actually change the rate at which we collect those nonrenewable resource revenues. There's nothing in the budget in terms of collecting all that uncollected nonrenewable resource revenue that we're currently entitled to, which could actually help our situation quite a bit. Nonetheless, we've got this situation where we've got this bill that maps out grand plans that the government's own projections don't really see coming to fruition before the next election. Really, that's clear because this government is as arrogant as a group that's been in power for 41 years can be, and certainly, you know, you've got to give them some credit. If I'd been in power for 41 years, I too would think that that was the way of the world, and it would never change.

Nonetheless, we cannot look at any piece of legislation for longer than the term of the government, so when you look at this piece of legislation, it is good until 2016 unless, of course, another shiny object comes along and these folks have to change gears. But we can assume it's good till at least 2016. Well, their own projections do not see these grand 50 per cent diversions of money into savings occurring until well after the next election. I mean, really, I just don't know how real any of it is.

In the meantime, Mr. Speaker, what's not happening is that we are not looking at dealing with the fact that while wealthy Albertans pay the lowest taxes in the country, the rest of us pay more than at least two or three other provinces. So it's not fair. It's the rest of us, the middle- and low-income Albertans, who are feeling the effects of not having full-day kindergarten, who are feeling the effects of – and, of course, I have to go back to my office and do a little bit of research every day after I finish here, but by my count thus far I've found about \$260 million that's been taken away from seniors in this budget. So those people certainly don't get the benefit of the lowest tax rate in the country for wealthy Albertans. As I say, neither, of course, do the low-income Albertans, who've had their income clawed back to the tune of about \$120 million. Neither do the people that rely on affordable housing and the rental supplements. They don't get the benefit of the lowest tax rate in the country for wealthy Albertans. They don't get that benefit at all.

Mr. Hancock: Yes, they do. They don't pay any sales taxes.

Ms Notley: It has nothing to do with sales tax. It has to do with income tax. Wealthy Albertans pay the lowest taxes in the country, and low-income and middle-income Albertans pay more than many in the country, not the most but more than many. There's a choice that's been made, and that choice is to stand up for the wealthy and to stand up for certain corporations and, in particular, the oil and gas industry.

This bill doesn't change that. This bill is not fixing the fiscal problem that we have in this province. If the projections that the government has put forward, which I've already heard are, once again, somewhat optimistic in terms of economic growth, in terms of employment growth, do not come to fruition, then we're going to be continuing a debt situation.

Of course, you know, I'm sure people in this House are tired of me reminding them of the report of the federal Parliamentary

Budget Officer, who identified that, in fact, over the last 25 years the governments that have been the most successful at balancing budgets in the country are not Liberals, not Conservatives, but New Democrats. One of the ways you do that is you sit down and you look at whether you've got enough revenue that you can count on and can predict.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available. The hon. Member for Lac La Biche-St. Paul-Two Hills.

Mr. Saskiw: Thank you, Mr. Speaker. I'd just like to give the member an opportunity to talk about which aspects of the bill – are there any aspects of it that you like?

Ms Notley: Well, I'm looking forward to the opportunity to go through the bill in more detail in committee and third reading. In terms of things that I like in the bill, I will say that one thing that did jump out at me that I was a bit disappointed – I believe it was members from both the Official Opposition as well as the Liberal caucus who raised the issue of requiring reporting that goes back a couple of years in order to maintain an enhanced accountability for Albertans who were looking at the budgeting activities of the government.

I believe it's section 8 that talks about creating fiscal plans that look two years ahead and all that kind of stuff, but it would have been very nice to have seen them say that where there are changes to the reporting mechanisms, they must also go back at least two or three years in order to ensure consistency and an ease of oversight, my understanding being that that's a point that's been made by both other opposition parties, and they've characterized that as being good accounting practice. It's unfortunate that while we have what is effectively here an accounting bill geared to distract attention from all the things that this government is not doing in this session, they didn't even introduce what I'm told is a best-practices accounting measure.

The Deputy Speaker: The hon. Member for Drumheller-Stettler. Standing Order 29(2)(a).

Mr. Strankman: Yes. Mr. Speaker, I'd like to ask the member, too, regarding section 6. It talks about that the debt servicing costs "must not exceed 3%." I was wondering if she's looked into that and what her opinion is on that section.

Ms Notley: Well, it's a very good question. In fact, just today I sent a note to our researcher saying: "How does this relate to what happens in other provinces? Is this average? Is this high? Is this low? Should we be worried about it?" My answer is that I don't have an answer yet, but it's a very good question because it's one that I just asked. I still don't have an answer, so I'm not giving comment on it quite yet.

The Deputy Speaker: Thank you, hon. member.

Others under 29(2)(a)?

I'll recognize the Member for Edmonton-Gold Bar, followed by Drumheller-Stettler.

Mr. Dorward: Well, thank you, Mr. Speaker. I think I have 10 minutes, is it?

The Deputy Speaker: That's correct, hon. member.

Mr. Dorward: Let me start my timer.

The Deputy Speaker: Oh. Fifteen, rather, hon. member.

Mr. Dorward: That's great. I don't know where to begin. I seriously don't. Maybe I do. Maybe I'd like to start talking about the growth in population plus inflation as being a measure of the expenditures of government. In managerial accounting you always want to make sure that the measurement tool actually reflects reality. It's a very important concept. There is no reality, in my opinion, between the growth in population and the inflation. The reason for that is simple. That would stick you in something in the past. Now, there are people opposite who seem stuck in the past, so this is a concept that they want and they absorb into their policies, but it isn't real.

For example, Mr. Speaker, let me say that the social responsibility that we have in the province of Alberta has changed tremendously in the past while. Some of this is economies of scale or negative economies of scale, perhaps. As you have a bigger population, approaching 4 million people and upwards from that, the number of people that are on the social rolls increases exponentially. It doesn't just increase a small amount. As well, when you talk about the environment, our environmental stewardship and the need to look after environmental issues have a reflection on budget costs. Those environmental costs are increasing exponentially. They're not just increasing by the amount of inflation and the number of people that move into the province.

5:40

Those are just two quick examples of reasons why that doesn't make any sense. It keeps getting brought up. Over time people's needs in the arts and leisure world and our stressful world change. To be able to run things on a computer versus the way they used to be, on paper, is an increase in cost. It just doesn't make any sense. There's no correlation.

Mr. Speaker, I would like to talk a little bit about this concept of what a deficit is. An actual deficit is an excess of expenditure or liability over income or asset. I'm going to slow down because, clearly, people do not understand this. It's an excess of expenditure or liability over income or asset. Now, I've not heard a lot of discussion in this Assembly regarding the income side, so I assume people think that there's an expenditure issue relative to putting us into a deficit, if you will.

Now, Mr. Speaker, this bill, as I read it, helps people to understand this. The party opposite is saying that this confuses and hides things. This is actually not the case. It's quite the opposite. It pulls out three very distinct pieces of any person's, any business's, or any government's actual interaction with financial numbers. That is, it pulls capital away from operational expenditure, which means that you can clearly see whether there's more money being spent on operations than is being brought in from the income of a province; operations, you could say. Therefore, if there is a deficit there in that area, it will be clearly shown.

I dare say that if I walked down the streets of Gold Bar and asked people, when capital is a part of the expenditures of the province, if people understood exactly what the deficit was, they'd probably say, "No, I don't really understand," because capital is included in that and mixed up in that. [interjections] This is proof when the other side doesn't exactly understand what the deficit is and didn't understand, for example, that P3s are debt and P3 debt is on the financial statements of the government of Alberta. It has been for eight years. They don't understand that. They didn't understand that. They have to be taught that. This bill will actually extract that out of the operational numbers and clearly show people how much money is being paid on P3s, for example.

Ms L. Johnson: I have a timer going for you.

Mr. Dorward: That's fantastic. I've got eight minutes and 33 seconds left. I'm going to keep on going here. I know I won't finish, but I hope I get a question because that will give me five minutes. Heck, in that five minutes, quite frankly, I don't even need to answer the question because I've had so many pure examples of not answering questions that get asked.

Let's move on to the deficit that might be possible in a savings area. You know, when you have a savings plan – I'm just going to stop and contemplate here for a second; please don't shut off the microphone because I'm going to pause – how on earth could you have a deficit? I mean, when you save money, Mr. Speaker, you take some of your revenue, and you tuck it away for the future. That's a simple concept. There can be no deficit.

In fact, I would say that a capital plan cannot have a deficit. It can be fully funded, but if you don't have any money to pay for the capital, Mr. Speaker, well, then you don't have any capital. So by definition it has to be funded somehow. This bill makes it so that the government has to come forward with an operational plan, a savings plan, and that capital plan, which will clearly show in future years, as it's brought before this Assembly here, exactly what's going to happen with the capital. I don't think the details of this need to be in the bill right now. I mean, we're setting the framework. That's why we clearly called it a plan.

Now, Mr. Speaker, I've got to tell you that when I decided to run as an MLA and get out of the business world and devote a hundred per cent of my attention to being an MLA and to serving the 42,000 people in Edmonton-Gold Bar, on the legislative side of things I had some ideas of what would be great about myself as a professional accountant serving the Legislative Assembly. I've got to tell you that this bill is probably three or four years of what I hoped would be accomplished in this Assembly by myself reviewing legislation. This is something that's outstanding.

Let me tell you, Mr. Speaker, that – I'm going to section 4(4) of this bill – when it says, "For the 2017-18 fiscal year and subsequent fiscal years, 100% of the net income of the Heritage Fund must be retained in the Heritage Fund," I'm proud of the government and the Finance minister for bringing forward this kind of proactive legislation. In fact, I've heard from the other side in committee and in other places that this is something that should be done. Now I hear catcalls. Why do I hear catcalls? I think that the people on the other side want to talk more about politics and power than they do about good legislation.

I'm happy as well that in this bill, section 5, the contingency account is still there. Although there are caps on the contingency account, there are rules regarding the periods of time when money needs to go into the contingency account or can come out. It was formerly the sustainability account, for those who haven't had a chance to read the bill, which I know there are some. There's a debt-servicing limit on here of 3 per cent of the average of actual operational revenue. This is laid out for us in this act.

Mr. Speaker, when you go to the nonrenewable resource revenue section of the act, section 3, I'm very proud of the fact that now Albertans can understand that the government must take a portion of the nonrenewable resource revenue in a fiscal year and put it directly into the future of our province. That's a wonderful thing. It's in this bill here. I look for full acceptance of that. [interjections] Thank you. I trust there are no amendments in that area.

Mr. Speaker, with respect to the disclosure – you know, I've created annual reports. I've looked at annual reports. I've looked at annual and quarterly reports for listed companies. I don't know what the concern is over the numbers. I just think it's that situation where people aren't used to them or haven't read enough of them to be able to digest the information that is there. This strengthens

the ability for the government – it clarifies the things that they must report to the people of Alberta.

I've got to tell you as a chartered accountant and as a certified management accountant that this bill, the Fiscal Management Act, is something that I'm very happy with. It will set the tone and the guiding that's needed by the province of Alberta to actually lead the nation in terms of its reporting and structure in the fiscal area. I'd maybe predict – I don't know if that's the right word. I would encourage the other provinces across our nation to take a look at what our Minister of Finance has done under the leadership of our Premier. I've sat at the table in Treasury Board and listened to her and to him speak to these issues that are contained in here in the last eight months as these kinds of concepts have been developed. I hope that those other provinces take a close look at the kinds of things we're doing here and consider adopting them into their own provincial bills and statutes.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a). The Member for Calgary-Shaw.

5:50

Mr. Wilson: Thank you, Mr. Speaker. I truly appreciate the opportunity. In my hand I have a copy of the Budget 2012 speech, and I thought I would use this and another document that came along with it to ask the Member for Edmonton-Gold Bar a couple of questions.

First off, he commented on how using the measure of population growth and inflation doesn't make sense and that it's inconsequential. However, in the speech delivered last year it suggests that "the increase in expenses is due almost entirely to increased spending in Albertans' priority areas . . . Mr. Speaker, this increase is less than population growth plus inflation." It's interesting that "is less" is even underlined, so there's actually extra emphasis on that. I can't understand why a Finance minister from that government would emphasize something so inconsequential.

The second thing I would like to ask. I've never been to Edmonton-Gold Bar, and I'm sure that there are some very, very bright people there. What I've got here is Budget 2012 fiscal summary. It takes up less than half a page. I know you're all fond of pictures, so perhaps you could reflect on that. Right here line 13 says: surplus/deficit, line 1 minus line 12. Well, that's pretty simple to figure out. I wonder. If you dropped this on someone in Edmonton-Gold Bar and said, "Hey, what's the deficit," if they wouldn't have a clue.

Please, if you could, sir.

Mr. Dorward: I'm pleased to be able to answer those questions, Mr. Speaker. With respect to the first one, there's a floor and ceiling concept here. I just stood here and said that inflation and population increase needs to be considered in the realm of other social needs and things like that. In other words, I don't think that that's a measure that should be entrenched anywhere, and I hear that the folks opposite want to entrench those kinds of things. That is why it shouldn't be in there. Making a statement as to exactly what the deficit or increase in expenditure is relative to those measures is perfectly acceptable. There's absolutely nothing wrong with that.

With respect to the throwing down of the reports, I apologize; I don't know which report you had in your hands. But I dare say, Mr. Speaker, that if I did sit down with anybody in Edmonton-Gold Bar, I would be able to explain those things, and I will be able to explain the future reports of the Minister of Finance in a

very, very clear way so that they can understand as citizens of this province exactly what's going on.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you, hon. member.

I recognize the President of Treasury Board and Minister of Finance.

Mr. Horner: Well, Mr. Speaker, not having the benefit of the professional designation that the hon. member has, perhaps we could ask him to explain the relevant feasibility of using a capital plan and using the capital markets to build assets that have value for future Albertans as it relates to the cost in future of deferring, perhaps, those capital assets relative to the financial decisions we have to make.

The Deputy Speaker: Thank you.

The Member for Edmonton-Gold Bar.

Mr. Dorward: Thank you, Mr. Speaker. There are many facets to this. The first one is that there is a workforce out there. I had the pleasure of meeting with several of the unions that work in this province and how they're working in harmony with the corporations that provide jobs for Albertans right now and provide jobs for those union workers and the things that they're working together on. We need to keep those labour forces busy and active. You just can't stop building things in this province. We've already had examples today of the deficit that was caused when government didn't spend.

The private sector takes their cues from government in the sense of: what is government doing? We feel the confidence that then gets into the economy, and they continue to spend, and those workforces are kept busy and active. The capital markets look very closely, Mr. Speaker, at us in Alberta. When they do, they look at the whole picture. They don't just look at one tiny little segment, one tiny little word. Yes, the MLAs got an 8 per cent increase in their RRSP after they took a 25 per cent reduction in their pay. You can't look at one little segment. You have to look at the entire picture.

So when people look at the province of Alberta, they know that there are better roads, better hospitals, better schools because this government has continued to spend on this and under this fiscal plan will continue to spend like that.

The Deputy Speaker: Thank you, hon. member.

I'll recognize the Member for Drumheller-Stettler as the next speaker.

Mr. Strankman: Thanks, Mr. Speaker. It's kind of an interesting honour for me to rise and speak on this because with all the gesturing and the banter that goes about in the Chamber, sometimes the seriousness is kind of lost. I'd like to go forward.

I'd like to speak to this Fiscal Management Act as a lifelong resident of the special areas, and I know that the Minister of Finance has family members also out in the special areas. There's somewhat of a difference in the municipal accounting that goes on in the special areas as to what's going on in this budget. The management of the special areas and the advisory council, which is made up of members of that constituency, has actually the equivalent of one year's budget in surplus rather than \$50 million in debt. Fifty million dollars is approximately the annual operating budget of the special areas. They have approximately a \$50 million surplus.

Now, Mr. Speaker, I know that recently you travelled to my constituency location of Stettler. On January 23 you and the

Minister of Municipal Affairs and three others were out there. I'd encourage you to come out also to Hanna at some point in time and meet with the special areas advisory council because they have a completely different modus operandi for how they manage. I just heard the member opposite say that maybe they're holding themselves back by not going forward in this vision involved in this bill on fiscal management by saving for the future. They understand in the special areas – and the Minister of Finance knows wholeheartedly that it's mandated under an act and operated under the auspices of the Minister of Municipal Affairs – that it is a special area and it is adverse and it is harsh, not unlike, possibly, some of the financial times that we are and could be going through in this province. So I have somewhat of a different view on how we're coming forward with this management here.

We talked about it earlier, saying something to the effect that the plan of this act may not be unethical, but in some cases I believe the constituents of Drumheller-Stettler might believe it to be immoral, going forward with this sort of management. [interjection] It may be a stretch, but the minister is hearing what I'm saying. I'm pleased to hear that, even though he doesn't look over to this side of the House very often. It seems that on many occasions he's had a chance to count the lights, so we've all got an understanding of how many there are.

I want to speak again to the seriousness, Mr. Speaker, of this bill. It repeals the accountability act and the Fiscal Responsibility Act, and it amends the Heritage Savings Trust Fund Act. Now, going forward, I believe that the members previous to us that passed this legislation must have done it with some sincerity. So for this government to in one fell swoop make sweeping changes to three acts is to me quite significant.

I've had a chance to say my small piece on that, and if anybody would like to speak under 29(2)(a), I'd appreciate the discussion.

Mr. Horner: Well, Mr. Speaker, just so the hon. member knows, I am looking over there on a fairly regular basis, actually, just to make you feel a little bit better.

I would ask the hon. member: given his concern that we are repealing two acts and creating one new act, what out of the other two acts that we are not putting into this act is he concerned we're leaving on the table?

The Deputy Speaker: Hon. minister, I hesitate to interrupt, but it is 6 o'clock. The House will stand adjourned until 7:30. Perhaps the member will have a chance thereafter to respond.

[The Assembly adjourned at 6 p.m.]

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