



Province of Alberta

The 28th Legislature  
First Session

# Alberta Hansard

Tuesday evening, April 23, 2013

Issue 51e

The Honourable Gene Zwozdesky, Speaker

## Legislative Assembly of Alberta The 28th Legislature

First Session

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Goudreau, Hector G., Dunvegan-Central Peace-Notley (PC)  
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Wilson, Jeff, Calgary-Shaw (W)  
Woo-Paw, Hon. Teresa, Calgary-Northern Hills (PC)  
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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Eggen	Rowe
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Luan	Strankman
McDonald	Xiao

**Standing Committee on the Alberta Heritage Savings Trust Fund**

Chair: Mr. Khan  
Deputy Chair: Mrs. Jablonski

Anderson
Casey
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Eggen
Kubinec
Sandhu
Sherman

**Select Special Chief Electoral Officer Search Committee**

Chair: Mr. Rogers  
Deputy Chair: Mr. Quadri

Blakeman	Leskiw
Eggen	McDonald
Goudreau	Saskiw
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**Select Special Conflicts of Interest Act Review Committee**

Chair: Mr. Allen  
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**Special Standing Committee on Members' Services**

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**Standing Committee on Resource Stewardship**

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Barnes	Johnson, L.
Bikman	Khan
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Blakeman	Lemke
Calahasen	Sandhu
Casey	Stier
Fenske	Webber

## Legislative Assembly of Alberta

7:30 p.m.

Tuesday, April 23, 2013

[Mrs. Jablonski in the chair]

**The Acting Speaker:** Please be seated.

### Point of Order

#### Remarks off the Record

**The Acting Speaker:** Before we proceed with the next member to speak on Bill 16, we have a point of order that I need to talk to you about. Hon. members, there was a point of order raised by the hon. Minister of Justice and Solicitor General a few minutes prior to the afternoon adjournment. The chair has reviewed the matter and consulted with *Hansard*. Given that the chair did not hear any offensive remarks nor were any such remarks recorded by *Hansard*, the chair cannot find a point of order.

In situations such as this the chair would refer members to the *House of Commons Procedure and Practice*, page 618, where it states:

If the Chair did not hear the offensive word or phrase and if the offensive language was not recorded in the Debates, the Chair cannot be expected to rule in the absence of a reliable record.

The same principle is in *Beauchesne's* at paragraph 486(4). Accordingly, the chair cannot find a point of order.

We will now go back to the debate on second reading for Bill 16. I would remind everyone that it would be a good idea if you remember to speak through the chair and to show respect for each other and the institution. That's what's important in this Legislature.

## Government Bills and Orders Second Reading

### Bill 16

#### Victims Statutes Amendment Act, 2013

[Debate adjourned April 23: Ms Blakeman speaking]

**The Acting Speaker:** We'll carry on. Are there any other members who would like to speak on Bill 16? The hon. Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Thank you, Madam Chair. It's a pleasure to say Madam Chair.

**Ms Calahasen:** I like you.

**Mr. Anglin:** I like you, too, Member for Lesser Slave Lake.

Madam Chair, I rise to speak in favour of this bill in the sense that victims' rights have long been ignored. I can go through multiple stories. We don't need to hear all the stories that go along with this. [interjection] You want to hear the stories? I've got my coffee. Not to diminish the seriousness of this bill . . .

**The Acting Speaker:** Through the chair, please.

**Mr. Anglin:** Through the chair.

For far too long victims have watched a legal system that protected the rights of criminals for due process of law. Due process of law is extremely important, and I won't take away the importance of that. But what victims go through when a crime is being committed, whether it's a violent crime – even in the case of criminals with misdemeanors and things like petty theft,

people feel violated. What some legal scholars point out is that it's not justice; it's a legal system. This type of bill brings some sense of justice to the process. That's why I will support the bill.

I have one concern. It is a concern that I would like the government to take into consideration, and that is the concern of due process of law. I always want to make sure that the rights of the victims are protected but also that we don't create other victims in haste or accidentally or unintentionally, that we wouldn't eliminate due processes of law. That would allow injustice to happen as an indirect result of passing this bill. Clearly, there are some concerns here, but I feel the overall intention of the bill is good. It does address this issue.

In some cases maybe it doesn't go quite far enough. How do we address the losses of many of the victims? There are so many different aspects to what these losses are. This isn't the end-all. The government doesn't yet have what I think is a very good solution in the sense of bringing justice to the victims of crime, but it is a step in the right direction. I would prefer to see a system of justice where victims of crime not only receive compensation but closure. That's a complicated issue, closure for people who have been violated. It's different for the different types of crimes that are committed.

I commend the government for bringing this forward. I will be supporting it. I'll ask my members here to support this act. Whether or not we bring some amendments forward, it is possible to address some of those concerns. Maybe the hon. members from the other side can actually address those up front to make sure that there are processes in place that guarantee due process of law. That's the only thing that I'm concerned about.

We like to think that our system of justice always operates at an extremely high level, but we know that sometimes mistakes are made. We're human. People inject into the system their own belief systems, or in some cases we have people that have to be disciplined as a result of improper actions. That deserves to be addressed. We never want the system of justice to actually abuse those who come before it.

These are my concerns about dealing with due process of law, and I've seen it. I've seen it a number of times. I've seen where judges were held accountable, prosecutors were held accountable, and defence lawyers were held accountable for improper behaviour. We want the system to work to hold them accountable. We don't want anyone to be abused, but we want justice served.

To address the issue that deals with victims and how we're going to deal with their rights: this is an ongoing issue in our society. This is something that in many ways we always look at in terms of financial support or financial issues dealing with compensation when, in fact, for many victims of crime, what they're looking for is closure. It's that emotional feeling of being abused, violated, in many ways, and it is for some unending to get over, to have closure, to get on with life.

To have somebody who has been victimized suffer that penalty, in some cases for years, particularly with violent crimes – you hear women who have suffered from the violent crime of rape talk about how it haunts them for many years to come and how difficult it is to deal with it. That's the issue that I think goes beyond this bill. It goes beyond this bill. It is about closure. It's more than just the compensation issue. It is about dealing with the victims of crime and bringing justice towards, you know, an end of closure, I guess is how I want to put it.

That's where I am with this bill. I'm going to support the bill. I support the intent of the bill. I just have my concerns, and I don't want to support the bill and let this government know that I think this is the solution, the end-all, and it satisfies everything

that needs to be done. A lot more work does need to be done, and I hope the members on the other side think about that. Maybe we can do something to even improve this bill so we address those types of issues. Maybe that needs to be a whole different undertaking, and I would still support that.

Victims of crime suffer immeasurably, and sometimes their sentences are far greater than the sentence handed out to those who have actually committed the crime. That, to me, is a tremendous injustice. We're dealing with an issue of victims' restitution and compensation, but that is not necessarily justice. I think that if we take a step back, we can pass this bill but still address these other issues or keep in mind how we're going to address those, how we're going to help the victims of crime get back to where they can live a whole life and enjoy life and have a decent quality of life.

7:40

With some crimes it's not that difficult to have a victim get over it, get on with life. With other crimes it is devastating. It can be devastating not just for the victim of that crime – and it's something for government to think about – but as a parent. I think many of us are parents in here. If our son or our daughter is a victim of crime, I think the parents and the grandparents suffer just as much as the actual victims themselves. It does affect everybody. It needs to be looked at in that context of who the victim actually is here and what justice is in the sense of putting closure to these events that these victims go through and, in the other venue, how we protect society as a whole.

Clearly, as stated earlier, this is in my view a good bill. I think it's a right step in the right direction. I'm pleased as a member of the Official Opposition to go with the government on this and support the bill. I want to see it go forward. We will scrutinize it at great length as we always do. But the fact is that taking these right steps is a positive thing not just for government but for the fact that we as a legislative group in a bipartisan manner can actually come to an agreement and say: "Okay. Let's take the right steps. We will support this, but let's continue, and let's build upon what we're doing and address more comprehensively the issues that deal with victims of crime."

With that, Madam Speaker, thank you very much. I urge all my colleagues here to support this bill. Thank you.

**The Acting Speaker:** The hon. Minister of Justice and Solicitor General.

**Mr. Denis:** Thank you very much, Madam Speaker. I wanted to say thank you very much for . . .

**The Acting Speaker:** I'm sorry, hon. Minister. I forgot to call 29(2)(a).

**Mr. Denis:** That's what I was on.

**The Acting Speaker:** Carry on.

**Mr. Denis:** Thank you. I just have some brief comments. I wanted to thank the member for supporting this bill. I think it's very important in a bill like this that we have bipartisan support.

The one comment that he did make that I did want to address is when he talked about, for example, a woman who had been sexually assaulted and not wanting to victimize her twice. I couldn't possibly agree with him more. One of the most positive changes in this particular bill is that fact that if the person who would have suffered such a violent and heinous crime would apply to the Criminal Injuries Review Board for compensation,

this person would have the choice of presenting an oral submission or a written submission. In that case I can imagine that many of these victims would want to just simply present a written submission. The pith and substance, the idea, behind this bill and the changes that it's making to the Victims of Crime Act is that we do not want to victimize people twice, particularly but not limited to situations like that.

I want to thank the member again for his comments and his support.

**The Acting Speaker:** Thank you, hon. Minister.

Are there other members who wish to speak? The hon. Member for Airdrie.

**Mr. Anderson:** Thank you, Madam Speaker. I would like to stand in support of this bill. I think it's an important bill, Bill 16, the Victims Statutes Amendment Act, 2013. This is a very good piece of legislation. It's a very good idea, this victims' fund in general, and it's something that is very good. It's very, very, very good. This is something that we certainly should be strengthening going forward.

I like the ideas in this bill. I like the idea of being able to seize more assets from organized crime, prostitution rings, things like that, and this legislation seems to make it easier for that to occur, makes it easier to seize money from these organizations. They stockpile a lot of cash. Sometimes when police raid their facilities or their hideouts and bases and things like that, they are able to seize some of those funds. Those funds can now be directed, I think, more expeditiously into the victims of crime fund. That's a good thing.

One thing I would like to see in this bill is addressing the issue of, for example, Dani in Airdrie, who we've gotten to know with regard to the sexual assault case that was dropped. The victims of crime fund, as far as I understand it, would apply to someone like that if there was a finding of guilt, but I don't know if that fund would be available to her and her family in her case.

I think that a good amendment would be that if the Crown for some reason is to drop a case like Dani's or like somebody else who had had their case dropped because of Crown and court delays, so system delays, not for lack of evidence – sometimes there's a lack of evidence, and cases are dropped because of that and so forth. Then I think that it is important that those victims who have essentially been revictimized by not having their day in court – hopefully, that won't happen again, but if it does happen again, those individuals in those very few cases, if any, I would hope, should also be able to access the victims of crime fund.

I'm not sure if that's the case right now. I'm not sure if this bill entertains that notion. I think that we should perhaps think about doing that. I don't know if we can find a way to do that in Committee of the Whole, but it certainly would be something I'd like to see.

I think that what this victims of crime fund allows us to do, Madam Speaker, is it gives us an opportunity to change the dynamic. I think that for many years there seemed to be an overemphasis on the rights of criminals or the accused and much less emphasis on the rights of the victims and what had been taken away from them, the dignity that had been taken away from them, the fear that they had to live in, the cost associated sometimes – the emotional cost, the physical cost – with the crime that was perpetrated against them.

Of course, this is an amendment to an existing piece of legislation that we have on the victims of crime fund. I think that

this kind of turns it around a little bit and is a recognition that crime has two sides, obviously. It has someone who commits the crime and someone or multiple people who are the victims of the crime, and those people need to have more than just – in order to have true reconciliation, there has to obviously be justice to the person who perpetrated the crime. That's important, and one would say that we need to improve that side as well. But for real restitution to occur, they need to be compensated even if it's not fully, because some things, of course, you can never fully compensate a victim for. But there needs to be a recognition that something has been taken from them and that society recognizes that and feels an obligation to compensate that victim for their loss. I think that that's a real important step.

I think what will happen here with the victims of crime fund is that this will allow it to build up more, that there will be more funds available to the victims of crime fund because of this amendment. My understanding is that we have a surplus in the victims of crime fund, and I think that that needs to be addressed as well. We need to make sure that the funds are going to the victims, and if we're seeing a surplus built in that fund every year, that means that we need to have more compensation going to those victims of crime or expand the scope of it, like I said earlier, to someone like Dani Polsom, who I think should have access to that fund, as well as people like her who are victims of court system delays and Crown delays and so forth when it does happen.

I support this bill, and I would encourage all members to support it. There is a comment sometimes that we worry about the civil rights of individuals in situations like this, where you have personal property being seized by the police before an accused is convicted of a crime. Obviously, that shouldn't be done just willy-nilly. There have to be protections around it, but I would say that I do think that a piece of legislation like that is open to abuse.

7:50

That said, all legislation is open to abuse, and with all legislation that we pass when it comes to policing and so forth, there are always ways that that legislation can be abused. You'll never get away from that. At some point you have to make sure that the civil liberties of individuals are protected, but you can't go so far overboard with that that you make it impossible for the police and law enforcement and the court system to do their jobs, and that's what's kind of happened. We've made it so difficult with paperwork and all kinds of rules and regulations around how to process the accused and so forth that now what's happened is that it's become so onerous that a lot of people are never even getting their day in court or the sentences aren't as stiff as they potentially once were for very serious crimes. Things like that will happen, so there has to be a balance.

I think we'll probably always be working at that balance between protecting civil liberties and protecting the rights of the victim and serving justice. I think that this bill strikes that right balance and gets us closer to that balance, and I applaud the government for doing a good job on that bill.

Thank you, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member.

Standing Order 29(2)(a) now applies, five minutes of questions and comments. Are there any members who would like to speak under 29(2)(a)?

Seeing none, I would ask: are there any members who wish to speak on Bill 16, the Victims Statutes Amendment Act, 2013? The hon. Member for Calgary-*Buffalo*.

**Mr. Hehr:** Well, thank you, Madam Speaker. I'll be relatively brief. This looks like a reasonable piece of legislation put forward by the hon. Solicitor General. It looks to strengthen the rights of the victim, enabling them to obtain compensation and assistance when they have suffered, having been a victim of crime, and that is always a good thing.

I, too, echo the concerns of the Member for *Airdrie*. The civil liberties component of this bill is always one of those things we have to look at very closely to decide whether and in what situations we are going to seize property prior to a person being found guilty of committing a crime. I will analyze this bill in greater detail to satisfy myself that we have not overstepped sort of, I guess, my radar on those things.

Nevertheless, I'm of the understanding that people who are victims of crime do suffer a great deal. They do need to be compensated, and they do need access to support mechanisms that may be made available through the victims of crime compensation act with the support of this amendment to enable them to try to move forward, move past, and try to be made whole as a result of the situation that they've been put through.

I will briefly comment, too, on the fact that the victims of crime fund, by all appearances, does have a surplus. The victims of crime fund, where possible, hopefully could be used to support not only individuals but community-minded efforts that not only allow for a reduction in crime but a social good that leads to positive outcomes, whether that be supporting a local community group to keep kids busy after school or something of that nature.

I think there are a whole host of opportunities where we'd look at reducing acts of violence and acts of crime in our society as a result of investments by government in helping people better themselves, better their community, and the like, both when they're young and at other stages in their lives, because that seems to be a much more proactive approach than locking people up in jail forever and a day. In my view, the American experience hasn't, I guess, produced satisfactory results. The price of keeping people in jail forever and a day far exceeds the measures for investments in your community that would keep them out.

If the fund could be used in such a manner and on such occasions to do that, I would hope that it is embracing those opportunities. At this point in time I reserve final comment on it, but it looks like it's headed in that direction, and we'll see it at the next stage of the bill.

Thank you, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member. Are there any members who wish to speak under 29(2)(a)?

Seeing none, I'll ask if there are any members who wish to speak further in second reading of Bill 16, Victim Statutes Amendment Act.

**Hon. Members:** Question.

**The Acting Speaker:** The question has been called. Would the hon. Minister of Justice and Solicitor General like to close debate?

**Mr. Denis:** I just would like to thank all members from all sides of the House for supporting this important bill of victims. If there are any amendments coming into Committee of the Whole, I would appreciate advance notice so we can discuss them.

Thank you.

[Motion carried; Bill 16 read a second time]

**Government Bills and Orders  
Committee of the Whole**

[Mrs. Jablonski in the chair]

**Bill 14  
RCMP Health Coverage Statutes  
Amendment Act, 2013**

**The Deputy Chair:** Are there any members who wish to speak in Committee of the Whole? The hon. Associate Minister of Seniors.

**Mr. VanderBurg:** Thank you, Madam Speaker. It's a pleasure to rise in support of Bill 14, the RCMP Health Coverage Statutes Amendment Act, 2013. I appreciate the support of all members of this Assembly in the second reading. It's clear that the members of the RCMP have the respect and admiration of all Albertans, including all of my colleagues here in the Legislature.

The passage of this legislation is not a choice. It's a requirement created by the federal Bill C-38, and it's a requirement to ensure that Alberta remains in compliance with the Canada Health Act. Before the federal government's Bill C-38 members of Canada's national police force, like members of the military, were excluded from the definition of insured persons under the Canada Health Act. Bill C-38 changes the definition of insured person so that an RCMP appointed to the rank is no longer excluded. This means that roughly 3,000 RCMP members in Alberta who are appointed to the rank will now need to be insured under the Alberta Health Act insurance plan, and that requires changes to the provincial legislation.

Like the Canada Health Act, Alberta's own health care legislation defines who qualifies for provincial health care coverage and who needs to register for coverage. The Alberta Health Care Insurance Act and the Alberta Health Insurance Premiums Act have clauses that exclude members of the RCMP who are appointed to rank. Bill 14 amends these two Alberta statutes to remove the exclusion, so members of the RCMP appointed to the rank are eligible for provincial health care coverage and may register for coverage.

The RCMP Health Coverage Statutes Amendment Act is amongst the shortest acts I've ever had the pleasure to speak to. It has just two sections, consisting of two clauses each. The Alberta Health Care Insurance Act section 4(3)(b) identifies residents who are not entitled to payments of the benefits in respect of the health services. The first section of Bill 14 removes members of the RCMP who are appointed to the rank from the list of unentitled persons. The Health Insurance Premiums Act section 3(1) also lists members of the RCMP who are appointed to a rank as being amongst those exempt from the requirement to pay health premiums.

8:00

The second section of Bill 14 removes RCMP members appointed to a rank from the list of exemptions. With these two amendments, Madam Chair, Alberta's health system will have the legislative authority to include members of the RCMP appointed to rank.

In second reading the hon. Member for Innisfail-Sylvan Lake raised the question of whether the province has recognized the cost of health care coverage. The simple answer is yes. The financial impact is small. RCMP members represent approximately .08 per cent of the population. Based on RCMP billings, the average yearly cost for physician services is between \$1.3 million and \$1.5 million. Plus, under the prior arrangements Justice and Solicitor General already paid for 70 per cent of that

total. Government will now be assuming the other 30 per cent, and we expect higher federal transfers to cover that cost.

I hope that clears up the information that the member asked for. I also look forward to any further discussion and debate at committee stage and once again want to thank hon. members for their support in second reading. Today I ask for your continued support for Bill 14, the RCMP Health Coverage Statutes Amendment Act, 2013, so we can bring these dedicated police officers into the publicly funded health care system that every other Albertan, including their spouses and children, is entitled to.

Thank you.

**The Deputy Chair:** Thank you, hon. member.

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

**Mr. Anglin:** Thank you, Madam Chair. I rise in favour of this bill. I did not speak to it during second reading, but I wanted to make sure that I did put it on record, because it is very personal for me to make sure that we support and that I support the RCMP. I understand where this comes from. I understand the origins of it and why we need this bill. I'm also of the belief that sometimes we can't do enough to support our men and women in uniform, that put their lives on the line every day.

I just want to emphasize one point. All too often people think that when these men and women go out there and put their lives on the line that they have some sort of anticipation or some sort of idea of what to expect every time that call happens. The reality is that they don't. These men and women don't just put their lives on the line, but they get hurt in the most awkward of situations and sometimes the most incredibly surprising venues, where they totally did not expect to find violence from the direction it came from. That's why it is such an extremely dangerous profession.

I'll just share one experience of mine where we went on a domestic call. Most police officers will verify that they are the most volatile in some cases. My partner actually rescued a lady who was being assaulted, and while he was rescuing her, she bit him on the arm to such an extent that he was laid up for more than three months. Nobody saw that coming, nobody expected it to happen, and now all of a sudden we had somebody who was severely injured. And if anyone knows anything about a human bite, it is amazingly infectious, and that's what happened.

I can go on and on with stories like this. It's so important that we take care of our men and women in uniform, and it is so important that we support them in every way, shape, or form.

To the hon. Member for Whitecourt-Ste. Anne: I remember that day. I remember that day. I was driving to Sylvan Lake when those officers from Red Deer were heading north, going to the event that happened in Mayerthorpe. When they went by me, I knew something was out of the ordinary as one cruiser after another cruiser after another cruiser came by in a parade at full speed heading north. I knew something serious had happened that day, and later on when it hit the news, my heart sank. I felt that loss.

Again, I support this. Thank you.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak on Bill 14?

**Hon. Members:** Question.

[The clauses of Bill 14 agreed to]

[Title and preamble agreed to]

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



**Hon. Members:** Agreed.

**The Deputy Chair:** Opposed? Carried.

**Bill 12**  
**Fiscal Management Act**

**The Deputy Chair:** The hon. Member for Airdrie.

**Mr. Anderson:** Thank you, Madam Chair. Bill 12. It seems like an eternity since speaking to Bill 12. It was just like . . .

**Mr. Hancock:** All that time we spent in estimates.

**Mr. Anderson:** All that time we spent in estimates. That's right. We almost forgot about Bill 12. I thought it was just a bad dream, a nightmare, perhaps. But, no. It is real. It is a real bill.

Madam Chair, Bill 12 is a piece of legislation that I certainly cannot support. [interjections] I know that's shocking and disappointing to those opposite. Although I will note that I voted for the majority of the government's bills both in the last session and in this session, this one I cannot support.

It is a bill that, in my view, first of all, allows for more clouding of the budget documents that we receive. It essentially allows for less transparency in the budget process and in the budget documents, which I can't support. It contemplates a savings plan, which is good, but I believe that the savings plan in the way it's articulated allows for, well, essentially borrowing to save, which is something that I don't think government should be doing. I realize there are some private investors that use that strategy, but I don't believe that government should be borrowing to save money, which essentially this savings plan does allow for. I do think it's good that we're at least contemplating a savings plan, which is at least a small step.

In my view, by separating the operational from the capital and the savings plan and so forth, it allows the government to continue this practice that they have of taking capital spending off and essentially treating it separately as if it's completely different from the regular activities of government. It's not. We build capital every single year, so we should treat it as a regular expense, not as a separate category.

I think that there are some major flaws in this bill, and I think that it's being passed for the sole purpose of allowing the government to be less transparent. One of the ways that it is less transparent, in my view – and I don't know what the excuse for it is – is this idea that we have quarterly updates. As everyone knows, that was an idea for more fiscal accountability, fiscal transparency, that was passed in two pieces of legislation during the Ralph Klein revolution, actually by the Finance minister of the day, Jim Dinning. A lot of confidence had been lost by the people of Alberta in the way the finances were handled under former Premier Don Getty. A lot of confidence was lost in that. Huge debts were being run up, and they were using accounting practices that – let's put it this way – were not as clear as they should have been with the public, so there was a lot of confusion and so forth.

**8:10**

When Premier Klein came into office, one of the things that he directed his finance minister to do was to restore public confidence in the way that numbers were reported. They passed two significant pieces of legislation to accomplish this. In that package of legislation one of the things that was brought to pass was the idea of quarterly updates. What these quarterly updates would do is give people – obviously, we have the budget that's delivered usually in February or March or April, and that sets out

the government's plan for the coming year, obviously, and explains how the money is going to be spent and where and so forth and what they expect revenues to be and what they expect expenses to be and so on.

Quarterly updates were intended to give the people of Alberta – the government and the opposition parties as well as the general public – an update as to where they were, what had changed in that first quarter, if anything, to change the original budget, what had happened. Were revenues coming in as strong as first thought? Was there an emergency that we didn't expect? Was there some kind of program that just had to be implemented, or was there something that was cut that was in there originally? And so forth.

There are all kinds of things that can change in a quarter throughout a year, so what Mr. Dinning did and what Premier Klein did, rightfully so, was that they said: look, we need to give Albertans an update and show them every quarter, every three months, how things are proceeding, how we think the budget has changed over the last three months, what we're projecting the budget to be now that we have more up-to-date information. This would again restore the trust that Albertans had in the budgeting process and in the books that the government was publishing.

Well, this Finance minister decided recently that that was not – he released a quarterly update, but unfortunately it did not include projections as to how the budget had changed. All it did was give a summation of the revenue for that first three months and the expenses for that first three months in question. But it didn't look at what the projected deficit would be by the end of the year, what the projected surplus would be by the end of the year, the projected expenses, the projected revenues if the price of oil had changed, what the projected revenues would be and so forth. He didn't include that as had been done for more than a decade previously by his predecessors. He decided he didn't want to share that information. He said that his interpretation of the legislation on the books at that time was that he didn't need to, that he just needed to show the revenues and expenses for that quarter and so forth.

I've read that act. I disagree with his interpretation, however. I know folks at the Canadian Taxpayers Federation, a great watchdog over the public purse, also disagreed with the Finance minister on that as did CFIB and several other third parties. Nonetheless, the Auditor General looked at it as well and certainly did not say that the Finance minister was doing anything contrary to the legislation, so we'll have to agree to disagree on that one, I guess.

But I think that it is stunning that after more than a decade of doing it that way, of clearly articulating, clearly showing what the projected end-of-year budget was going to look like every single quarter as new information came, giving Albertans a more fulsome picture of what the budget document was going to look like at the end, to change that so that it doesn't need to be done anymore, which is what this legislation makes very clear now, I think is not a healthy practice for our democracy and, frankly, for our financial affairs here.

We saw this very clearly with the release of the budget. We also got a third-quarter update just before that. If you notice in the third-quarter update, we didn't know if we were going to have an operational deficit, we weren't sure of the size of the deficit because there was no projection at that time. Then, sure enough, when the budget was released, we found out that, indeed, there was an operational deficit for last year and that the real cash deficit was massive. It was north of \$5 billion. It was a huge cash deficit, and that was taken out primarily from the sustainability fund.

We had to wait to the very end of the year to figure that out. There were all kinds of questions and all kinds of games being played as to what the size of the thing was, and we couldn't get a clear answer or a clear projection until after the fact. I think that's wrong. That's the government trying to control the message, and that's not what budget documents or quarterly updates are for. They're for transparency, accountability, so everybody can see the projections, so they can know if the government is holding back some expenses to the last minute to mask the size of the deficit, which is indeed what was happening, whether intentionally or just that's the way the program works, whatever.

The point is that we were totally unaware of the size of the deficit and the sustainability fund and everything else. We didn't know what the projection was going to be until after the year was over, and that's not appropriate.

Anyway, going to my first amendment on Bill 12, that is meant to deal with that. I can pass the amendment around if you'd like, Madam Chair.

**The Deputy Chair:** Hon. member, do you have the original of the amendment?

**Mr. Anderson:** Yup.

**The Deputy Chair:** If you could have that sent to the table, please, through the pages.

Hon. members, we'll call this amendment A1, and we'll wait a minute while we have the amendment distributed among the members.

Hon. member, I think that you may proceed.

**Mr. Anderson:** Okay. Now, what this amendment does – if you turn to section 9, it currently says:

- 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) the major economic assumptions made in preparing the fiscal plan, including a comment on the effect that changes in those assumptions may have on the finances of the Government in the fiscal years to which the fiscal plan relates.

What would happen is that it would add a clause (e) at the end that says:

- (e) a consolidated expense and revenue balance sheet which includes all capital spending as an expense.

Now, what this is an attempt to do is to create essentially a line item there which would show the cash surplus or deficit. The intention of this is to treat capital spending, all money outflows from the government, detail exactly what those are, detail all the money, the inflows and outflows of the government for a given year.

**8:20**

What had happened previously in the budget document is that if you looked under expenses, the government would have all the operational expenses listed, and then they would also have the capital expenses listed as it applied to grants that they gave out to municipalities and so forth. Then there was a line item there, infrastructure spending for capital, essentially, and it would range from \$2 billion, \$3 billion, or northward. There was a little asterisk beside that number, and if you went down to the footnote, it would say that this amount is not included as an expense in the balance sheet. The reason is because it was offset. It was an asset owned by the province that was being purchased with that money,

so what they would say is: "Look. Even though there's money going out, because we're getting an asset, it offsets. We paid a billion dollars for a road or whatever, and it's worth a billion dollars, so that spending didn't count."

Now, the problem with doing it that way – I mean, it's all fine from an accounting perspective. There's nothing illegal or Enronlike going on with that. But the problem with regard to the public is that it masked the size of the true cash shortfall of government. Because of that, you would have really silly things where the government would announce a deficit, say, of a billion dollars, yet the sustainability fund would go down by 3 and a half billion dollars or \$4 billion that year. The question is: well, if the deficit is only a billion dollars, why are we taking \$3 billion or \$4 billion out of the sustainability fund? The reason for that is because that capital spending was not counting as an expense and was being paid for at that time by the sustainability fund.

So it became very unclear, and people would say, "Well, you know, a billion dollars, yeah, it's a deficit, and we need to correct that, but it doesn't sound like the end of the world," yet their sustainability fund just kept dropping like a rock until at the end of this year it'll be worth roughly a half billion dollars when it was \$17 billion not too long ago.

The intent of this amendment is to ask the government to make sure that when they're putting out a fiscal plan, a budget and all the quarterly updates that go with that budget, they will clearly outline the cash flow – inflow, outflow – so we can have an idea of what the true cash deficit or cash adjustment, as the Finance minister sometimes calls it, is. That number should be very clear, and it essentially should equal how much was taken out of savings and how much debt was taken out to finance.

In the case of this last budget that number totalled 5 and a half billion dollars. That was the amount of debt that we're taking out this year plus the amount the government is taking out of the sustainability fund. You add those up together, and it's \$5.5 billion. So that was the cash adjustment. And, yeah, there are some amortization costs and a whole bunch of other things that kind of change the number. I will leave that to much smarter people to figure out how all that affects the number. What I'm talking about here is just the actual cash in, cash out of government, and I think that the people of Alberta would have a better understanding and it would also give government members a better understanding and opposition members a better understanding of the state of our government's books.

I think that that's very important because when we have debates on finance and when we have debates on budgets, it's good to have everyone agreeing on the basic facts instead of trying to find agreement on what the real deficit is. Is it the one the government is saying? Is it the number that they give? Is it the number the opposition is giving? Is it the number that the CFIB or Canadian Taxpayers or Public Interest Alberta or whoever is giving out or a number from the media? We had literally 10 to 12 different numbers flying around the Legislature on budget day. The lowest number for the budget deficit was given by the Finance minister. I believe it went up to as much as – I think the NDs had it pegged near \$6 billion. That was the highest number. We had it at about 5 and a half billion dollars.

The point is that it's not healthy. That's not healthy to the debate. We've got to be able to debate from an agreed to set of facts with regard to the numbers, and right now we're not doing that. So I would urge members opposite to agree to this amendment so that we can have a little more transparency in the budget document.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Speaking on amendment A1, the hon. Minister of Finance and President of Treasury Board.

**Mr. Horner:** Well, thank you, Madam Chairman. I was listening with interest to the hon. member's discourse on his belief that assets the government of Alberta buys or builds are worthless. I guess that's where it comes down to the fundamental difference between what he's trying to do in his accounting methodology, which doesn't follow anybody's standards, and where we have brought our financial statements to, which has actually been talked about in a very positive light by the chambers of commerce in Calgary and Edmonton, the Alberta Chambers of Commerce, by Scotiabank, by CIBC, by Standard & Poor's, by Moody's, by RBC Capital. National Bank Financial actually said that the way we're doing it now is more transparent because now we see exactly what the operating is without the blend of capital that so confused the hon. member that he now needs to go to a cash-flow statement to try to describe what he's doing.

Frankly, Madam Chairman, when I look at a consolidated expense and revenue balance sheet, there is no such thing. You have a balance sheet. You have a cash flow. You have a profit and loss or a financial statement. But capital spending is not listed as an expense in any one of those things. Generally accepted accounting principles, public-sector accounting principles would be violated if we said yes to this amendment. It would be ridiculous for a province who's known for having accurate, businesslike financial statements to move away from that to something that, frankly – well, maybe it's closer to how he does his chequebook. I don't know. This is a \$40 billion enterprise. It needs to have the backing of the Standard & Poors, the Moodys, the CIBCs, all of those folks who look at what we do and provide us with that triple-A credit rating that Albertans take pride in very much, which is not affected by this budget.

Madam Chairman, I'll probably have an opportunity to rise on several more occasions, I'm sure, and talk a little bit more about this. You know, just a couple of things. The hon. member earlier in some of his statements this afternoon talked about how you couldn't sell any of Alberta's assets and a school doesn't actually appreciate, and he's wrong. He's absolutely wrong. Our assets have value, and Albertans should put them on their balance sheet. It is on our balance sheet, page 135 of the budget documents and the overview. The balance sheet shows the difference in the net financial position, which I agree was how we used to calculate what we called the surplus deficit, which no other jurisdiction did, by the way. Today under the new fiscal framework that we're proposing in this act, our financial statements will mirror what business does. It will mirror the way Standard & Poor's and Moody's actually break down the old stuff, and they used to build it back into this formula. Today they can just look at it; they understand.

When Albertans want us to show them how much we're spending on operating expenditures, Madam Chairman, they want it to be clear of the clutter of what used to be the capital expenditures. They want us to show them what we're going to spend on capital and operating expense, and they want us to show them how much we're going to put in their savings accounts. That's the fiscal framework that we have in this act. All of the other controls that the hon. members across the way are concerned about are actually still in the act. the 1 per cent spending rule. In fact, we have a new cap on debt ceilings that is now interest rate sensitive – it wasn't before – and no other jurisdiction has it. We now have legislated savings in this act. No other jurisdiction has this kind of savings plan.

Frankly, this kind of attempt to change accounting rules so that the hon. member can figure out what our cash requirements are is a little bit of a stretch given that if he was to use the financial tables that we actually have in the financial documents, he would find that the cash adjustments section would actually tell him what the cash requirements are. You know, if the accountants wanted to figure it out, they could. It's a very easy calculation, but it's not one you use to measure where you're going. If you put cash into savings, that's a cash requirement. But now you have cash. Now you have savings. The difference, Madam Chair, is that we are going to take a businesslike approach, not a chequebook approach, so I cannot accept or support the amendment.

8:30

**The Deputy Chair:** Thank you, hon. minister.

**Mr. Anderson:** Thanks for clarifying that you won't be accepting the amendment. I wasn't totally sure about that, but... [interjections] Well, I appreciate the impassioned defence. This member seems to think he's the smartest man in the room. That's for sure.

This is Graham Thomson from today. "On managing its finances, for example, the government [in this recent Leger poll] gets the thumbs-down from 77 per cent of Albertans and the thumbs-up from just 11 per cent. On government trust and accountability, 71 per cent are shaking their heads and only 17 per cent are nodding."

**An Hon. Member:** The polls didn't help you much a year ago, did they?

**Mr. Anderson:** Yeah, well, you did a good job of telling some good stories. They sure did a number on those polls.

**The Deputy Chair:** The hon. member has the floor.

**Mr. Anderson:** Absolutely. Hey, that's fine. It's all good. You got your election victory. You had to sacrifice every principle that you had to get it, but that's all right. You got your election victory.

Seventy-seven per cent of Albertans disapprove of this government's handling of the finances. [interjections] They feel really guilty. You get that? You get the guilt? You're feeling the guilt over on that side?

**The Deputy Chair:** Hon. members, the level of noise is so loud that I'm having a hard time hearing the member speak, and I'm also hearing a member sing in the background. You can go into the Confederation Room and sing, but singing in here is not quite appropriate.

Hon. member, please proceed.

**Mr. Anderson:** The guilty take the truth to be hard, Madam Chair. It cuts them to the very bone. They just can't seem to deal with it.

Seventy-seven per cent of Albertans disagree with the way that this government is handling its finances. If that isn't a damning indictment, I don't know what is. Now, they can say that those polls are made up, pulled out of thin air. They can do whatever they want, okay? But that is reflective of what everyone around the province other than the folks living in the dome on that side of the aisle are saying. There is no doubt. People are furious with the way the finances of this province have been handled, especially given the promises and the litany of broken promises of this government. I think that it is very apparent to everyone but apparently a few folks on the opposite side, but that's okay.

There's an expression you hear once in a while, that everybody is lost but me. When I hear the Finance minister talk, that's what I hear. We're expressing what the people of Alberta are saying. They don't think this government has been transparent with the finances. They don't like this budget. They don't like this act. You've seen commentator and study and person after person line up and say that this act is not being transparent. The government's response is: "You guys are all dumb. We're all smart, so nyah-nyah. Standard & Poor's accepted our principles." I mean, come on.

As I said in my remarks, I'm not saying that there's any Enron here. I'm not saying that there's any fraud here in the accounting. I'm saying that there should be a way in the budget document to account for a consolidated cash balance, a consolidated cash flow balance for that year. You can word it any way you want, but that's what we're talking about here. We're not talking about changing generally accepted accounting principles. We're talking about making it clear to Albertans how much money is going in and how much money is being taken out of savings and taken out in the form of debt. I think that that's a very reasonable request from the people of Alberta.

You know, I don't question the intelligence of the Finance minister and his ability to balance a chequebook and things like that. This is not personal for me. I just want clarification and transparency in the budget documents, and I think a lot of Albertans feel the same way. I think that the minister ought to think about that a little bit before going off on a litany of personal attacks. If that makes him feel better, go for it, I guess.

The point of this amendment, Madam Chair, is to increase transparency in government. You know, the minister said something very interesting. He said that no other jurisdiction in the country was doing it like we did before. Is he saying that when they had a semiconsolidated cash surplus or deficit, either the government wasn't following generally accepted accounting principles before, which I don't think is what he was saying – I think he was saying that he was going above and beyond the call of duty for what accounting principles ask for. Yet he's saying that if a proposal comes from this side to do that exact same thing, to do something exceptional, to show real transparency, that's somehow juvenile and ignorant or whatever.

That's silly. You can't have it both ways. What were you doing before? You said that what you were doing before was above and beyond generally accepted accounting principles. So you can't do this now? A little humility from that side in that regard would be a good thing. Perhaps that's why generally speaking it's a good idea to switch governments once every 30 or 40 years, because after a while they start thinking they know everything. That's not a good idea. We should probably just respond to what our constituents are writing to us and telling us they want to see. Ours certainly want to see more transparency on this issue.

I think this is a reasoned amendment, and I would ask the minister to give it due consideration. Hopefully, we can vote on it and move on.

**The Deputy Chair:** Thank you, hon. member.

**Mr. Fawcett:** Madam Chair, I don't think we can support this amendment because I think, frankly, it duplicates what's already in the act. It would take a very quick calculation of clauses 9(a), (b), and (c) to figure out what he's requiring in (e). Essentially, what is being proposed in (e) is that the member is mixing up concepts of the balance sheet and the income statement. Essentially, what he's asking for is for us to produce a statement that takes all of the liabilities from the balance sheet accrued in

that year and put them on a statement but not put any of the assets from that year onto the statement. Again, that doesn't make any financial sense. It doesn't meet any of the criteria of any sort of basic financial statement. It would beg me to ask the question: why would this amendment even be appropriate?

**The Deputy Chair:** Thank you, hon. associate minister. Are there any others who wish to speak?

**Mr. Anderson:** Well, it's appropriate because Parliamentary Counsel approved it, so it's fine to be in the document. You contradicted yourself, hon. member, when you said that this is duplicative, yet it's stupid. So if it's duplicative, that means it's already in there, and if it's stupid, that means you're calling your legislation stupid.

**The Deputy Chair:** Hon. member, through the chair.

**Mr. Anderson:** Yeah.

I sometimes have trouble with this member's explanations on a whole range of concepts. Certainly calling something unnecessary because it's duplicative and then calling that same thing stupid doesn't seem to make much sense, I would say.

Again, I think, obviously, we'll have to agree to disagree on this point, which is fine. Hopefully, we can vote on this amendment and move on.

**The Deputy Chair:** Are there any more members who wish to speak on amendment A1? The hon. Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Thank you, Madam Chair. I rise to support this amendment, and I want to address some of the issues that were brought up. I understand where the hon. member and the minister can take issue with maybe the language but certainly not the intent. I don't believe it's confusing a balance sheet with an income statement. I think what he's really looking for is the operational, the investment, and the financing cash flows.

**8:40**

I think the members can confirm this. What this member is really looking for is that whenever you change your methodology of accounting – and I stand corrected if they want to correct me – you have to restate, I believe, at least one year of accounting so there's continuity for looking back. That wasn't done with our budget. Now, it doesn't have to be done. The member knows that. But the fact is that for transparency to restate past financial reporting to coincide with the new methodology that you've adopted is what is normally good accounting practice. That wasn't done.

What this amendment is trying to do is to show the total cash flow by showing what has been changed from the way capital is addressed. I understand where it's going. I'll give you credit. I'll give the members credit for being smart enough to figure out exactly what we're trying to do. What we're trying to do here is quite simple, and it's out there in the public. It wasn't just the members here in the House in the opposition coming up with different deficit numbers. The NDP came up with a set of numbers. The Liberals came up with a set of numbers. We're all in the same ballpark. We saw what each other was accounting for.

But when you went out to the press and said, "How does this budget compare?" the press, some of the experts being interviewed, as has been mentioned, were coming up with different deficits. They were coming up with different levels of debt depending on what they were including in the process.

What this amendment is trying to is bring transparency so that there's no question about it, that members of the public, people who have accounting backgrounds, accountants themselves would consistently be able to look at what we're doing and say that it is very clear, that it is very transparent, and that the number they came up with would be the same number somebody else came up with, which would be the same number the other experts would come up with. That's where this is going.

We don't need to insult each other. All you need to do is look at the reporting that took place once this budget was announced, look at the experts that were interviewed in all the media, whether it was radio, newspaper, and look at the consensus. There wasn't one because of way the reporting was handled. What they wanted to see was consistency, and that's what this amendment is trying to bring forward so that it would be absolutely clear where we were on our debt, where we were on our deficit, and nothing was hidden.

To the members who claim that it's all transparent: I don't deny that from your perspective. But from the public's perspective, from the fact that the opposition couldn't even come to the same consensus because we might have disagreed on one or two items that changed the final number we came up with, clearly what you've brought forward is not that transparent, not if that many different experts and that many different people can come up with a different deficit number, a different debt number. We all came up with debt. We all came up with deficit. But the numbers were different because of the way the accounting was presented to the public. Good accounting principles seek to avoid that.

Maybe this amendment itself isn't the end-all in the sense that it doesn't accomplish everything we want to accomplish, but it's the right start. It's the right start because what we're trying to get to – and you know this – is where you present your books and there's absolutely no disagreement among the different factions on what you're presenting, where it's accurate, where they can agree to it consistently, not just the opposition but members in the public. Yes, you can parade those who agree with you out front, but you have 60 members that will agree with the one, and rightfully so; you will agree. But the reality is that you know, I know, the Liberals know, the NDs know, and the people that were interviewed know.

When you presented this budget, I was driving to Camrose, and I was listening to an accountant for one of the major banks, who was evaluating this for one of those talk show hosts. It was fascinating because he pretty much knew what he was talking about, and he gave a good synopsis of the budget and of the inconsistency on the size of the deficit, the inconsistency on the size of the debt. When he detailed that – it now becomes the interpretation of the person who is presenting it and not so much the person who is reading it. That's what this amendment sought. It was just clarity.

So you could take issue with the language of a consolidated expense and revenue balance sheet, but I think that when you read this as a whole, no one is asking you to violate any accounting rules. No one is requesting that you falsify any information. What we're looking for is consistency in reporting, and what we don't have is consistency in reporting. You've changed the methodology on how you want to report. It is your right to do so. I understand that. But you should have at least restated it so that we could get some sort of consistency from the past year to the current year, and we don't have that right now.

What we don't have, and this is clear – I like to call this the new Coke that Coca-Cola came out with many years ago. They introduced it to the market. They said that it was better tasting than the old-fashioned Coke. They spent billions of dollars, and it

was a flop, but they tried to sell it. What you're doing here is trying to sell a new reporting methodology, saying that it's clear, it's concise, and it's transparent, but the public itself is saying no. You're telling the public they're wrong. That's not right. You know that. You're smart enough to know that.

What you have here is a new methodology for reporting. What we're asking for is better clarity and better consistency. You can call it any kind of financial report that you want. But you know the old methodology that you used. There weren't any complaints that I remember other than the fact that you continually overspent, but there weren't complaints about your reporting. There were some complaints that you weren't reporting as you said you were going to under the Fiscal Responsibility Act and the Government Accountability Act. There was some discussion in that regard, that you weren't following those acts.

This amendment is trying to bring that back into some sort of transparency so that all parties – if it was just one that said that it's not transparent, maybe you can educate just the one, but you have three parties over here that are telling you that it's not transparent. I have to tell you, quite honestly, that compared to last year and the year before and the year before, this is a new way of presenting the budget, and what we're looking for is consistency so that we can track the debt, track the expenses, track the cash flow consistently so that we get a better picture of how this government is spending its money so that there can be better accountability. That's the key. I don't think that's a lot to ask for.

Yes, you can take issue with the way the member used language here, that it's not the correct form of accounting in the sense of the language, but you do understand exactly what this member is getting to. You know that. The hon. President of Treasury Board and Finance knows how to do this. All the public is saying is: fine; if you want to change your methodology, good enough, but we need some better transparency so that there is consistency in the understanding of your financial reporting. That's it. They want that.

I'm done.

**The Deputy Chair:** Thank you, hon. member.

**Mr. Horner:** You know, Madam Chairman, the hon. member across the way says that I know how to do this amendment. In all honesty, hon. member, I do not know of a consolidated expense and revenue balance sheet.

**Mr. Anglin:** But you know about operational financing.

**Mr. Horner:** Hon. member, we're talking about your colleague's amendment. I understand that you must not support this amendment because you obviously think that we can do this.

The other thing I wanted to suggest to you, hon. member, is that – you asked about the restatement of our previous year – if you look in the budget documents, 2012 is actually in there; 2011-12 is restated in this format, as are the others. The other thing I wanted to suggest to you: don't you think that it's important that the financial experts understand what our financial statements are all about? Don't you think it's important that the financial experts, the people that people listen to, the Angus Watts of the world, as an example, the National Bank Financial, as an example, can tell their clients that they understand what we're doing? I think it's important. I think it's important that the Alberta Chambers of Commerce say: "Yeah, we understand this. It's transparent. It's what we're doing." When we force municipalities to present their books this way because we want to know what they're doing in their operations and their capital plan and we want them to

separate it out, don't you think that Albertans deserve the same thing in their books? I do. That's why we're doing this.

8:50

The people that made this complicated, the financial experts that you've been referring to, are the journalists who found it easy the other way. Frankly, the misinformation that has been spread about what the deficit is as opposed to a cash requirement or as opposed to a net change in financial assets, that misinterpretation by a number of colleagues – granted, people who don't understand business financials. None of the financial experts have any problem that has been told to me. If you're thinking about some of them . . .

**Mr. Hehr:** The Premier says we're not in deficit.

**Mr. Horner:** We are in deficit; of course she said that.

But I do want to come back. Hon. member, you mentioned the experts, and you mentioned the bank experts you were listening to. Pretty much every bank that is operating in the province of Alberta has reviewed these financial statements. I got the format from them. That's where this comes from. So for you to say that I know how I could have actually accomplished this amendment, absolutely not, because in the accounting world, frankly, it doesn't exist.

Thank you.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for – I've forgotten – Edmonton-Highlands-Norwood.

**Mr. Mason:** I don't know why people have so much trouble with my constituency. You're not alone.

Well, when conservatives fight, what do they fight about? Accounting principles, of course. This is some of the most boring debate I've ever heard in this place, and I've been here for a while, Madam Chair.

I just want to ask the mover of the motion a question about his amendment, "a consolidated expense and revenue balance sheet which includes all capital spending as an expense." Now, I remember the time I bought my first house. I was terrified of the size of the mortgage, and I talked about that with the real estate agent and the lawyer and with my wife. One of the things that I realized was that, yes, we were incurring a very large debt, which was very scary for me at that point in my life, but we were also getting an asset as well that was offset against the debt. It just wasn't that we owed a couple of hundred thousand dollars; we actually had an asset that was of the same amount.

My question, then, is: would the balance sheet then include the assets also? Would it include the things that you get for the capital spending as an asset to offset the debt, the capital spending? Like, you buy an overpass that's worth half a billion dollars, so you add half a billion dollars to your debt, according to this. Do you also take the asset and put it on the other side as an asset and count it so that it zeroes out?

**The Deputy Chair:** Thank you, hon. member.

**Mr. Anderson:** I have to admit, Madam Chair, I was distracted by a beautiful young woman who came and sat down beside me and was whispering in my ear actually for the duration of that comment. See, the PCs will go to any length to distract me from my job, and this is just another example of that.

**An Hon. Member:** You're weak, Anderson.

**Mr. Anderson:** That's right. Sorry, Sarge. Sorry about that.

I would love to discuss this at a future point in great detail with you, hon. member. I stand by my original comments, whatever those were.

**The Deputy Chair:** Thank you.

Are there any other members who wish to speak on amendment A1? The hon. Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Thank you, Madam Chair. To just finish off what I started last time – and I did state it – the way that I interpreted this was that we were really looking at operational cash flows, investment cash flows, and financing cash flows. I understand what the member was trying to come up with, and that's why I gave credit to the hon. Minister of Finance, which was: you do know; you understand what he's trying to do.

I did state that you could put out experts. I know you can. I know you did go find certain experts, but if you don't acknowledge that there were other experts out there, there were. They were all over the news media, and they had issues with the transparency. That should give you cause for concern. It should, and you give weight to it. You give weight to it. Now you want me to go back to get a list. I didn't bring my list with me tonight, but I will tell you what I will do. I will put my list together, and I will table it for you as soon as I accumulate the list. I'll be happy to do that.

I'm not asking you to satisfy everybody one hundred per cent. What this is getting after is to get more transparency, get more consistent transparency. I don't think we're too far off the mark. I know you're going to vote this down, but it gives you cause to think. Can you improve the way you're reporting? [interjection] I will be over there in three more years. I promise you. [interjections] I came here via the Green Party, too, so give me a break.

By the way, global warming and greenhouse gases are a very important issue dealing with the world, the environment, and this party cares very much about it.

I'm done. Thank you very much.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak on amendment A1?

Seeing none, we'll call the vote.

[Motion on amendment A1 lost]

**The Deputy Chair:** We'll go back to the bill, Bill 12, Fiscal Management Act.

**Mr. Anderson:** That was lovely, Madam Chair. Just a wonderful debate, there, on the first amendment.

I have another amendment. Hopefully, this will be just more exciting for the members opposite. First I'll pass it out, and then we'll discuss it. How about that?

**The Deputy Chair:** Yes, please. We'll have the original at the table. This will be known as amendment A2. Hon. member, you may proceed on amendment A2.

**Mr. Anderson:** Thank you, Madam Chair. The subject matter of this amendment is the debt. If you look at section 6 in the act, it says, "The debt-servicing costs of the Government for a fiscal year in respect of outstanding capital borrowing must not exceed 3% of the average of the actual operational revenue for the fiscal year and the previous 2 fiscal years." This is a debt ceiling of sorts, Madam Chair.

9:00

Now, I don't have a lot of trust in debt ceilings. We've seen in the United States that multiple times, dozens and dozens of times, the ceiling has been raised, and the reason it is is because, of course, you would never want to default on your payments. That would significantly harm your credit. So, really, a debt ceiling is somewhat questionable. If it ever came down to it, especially when based on interest payments, you would certainly want to pay your interest payments even if it went over the debt ceiling because the consequences could be far worse in that regard.

What the amendment does is strike this section 6, and it says instead:

For the 2014-15 fiscal year . . .

That's starting next year, not this budget but the next budget.

. . . and subsequent fiscal years, the Government may not borrow any amount that exceeds an amount that is set aside in the same fiscal year in an account specifically designed for the retirement of debt.

Premier Ralph Klein had a debt retirement account, so in 2004, when he retired the debt and declared Alberta debt free, we actually did still have some debt on the books, but we had some money in the debt retirement account that went along with it, so for all intents and purposes we were out of debt.

That's essentially what this is saying. It's saying that if you're going to go into debt for whatever reason, then you need to offset that debt with cash somewhere else. Now, of course, generally you wouldn't do that, so essentially this is an amendment to outlaw debt for operational and capital purposes. It's meant to return our province to its principles of not being a debtor province.

I think that a lot of folks – and I said this in my comments when I was speaking earlier on Bill 20, the Appropriation Act, which is the budget. I talked extensively about debt. I won't repeat all my comments here about what I said at that time, but essentially it was that by 2016 according to this government's budget document Alberta's debt will go from \$4 billion, where it is now, to \$17 billion. I don't think that anybody in Alberta was aware in the least that when they marked an X, the 44 per cent that marked an X for the Progressive Conservatives in the last election – I don't think one of them had any idea that they were going to increase the debt levels from \$4 billion to \$17 billion by the next time they went to the polls. I think that it's dreaming in technicolour to think that that would not have had an effect on the final election result to their detriment, but they don't like to admit that at all.

I would suggest, Madam Chair, that there are many reasons why we should not go into debt. First off – and I think Jack Mintz has alluded to this many times – when a resource-rich province goes into debt, they're essentially double-dipping from future generations because not only are they going into debt, but they are also going into debt while they have high resource revenues. Future generations at some point will not have access to the same nonrenewable resource revenues that we do now, and at that point they'll still have the debt, that they have to pay off. It's intergenerational theft times two. [interjections] Yeah. You like that. I've got fans over there.

I think that Dr. Mintz and my friends in the Liberals and NDP are right about that, and we agree in solidarity with the intergenerational theft and in our condemnation of the intergenerational theft that's taking place.

We would like to see debt outlawed in Alberta. I do find that it's ironic. We take a lot of grief in this Assembly from the other side on this issue. You know, sometimes I have to do a double take. I remember going to PC AGMs for many, many years. Every year I'd go, and I'd look up, and there was the House leader. I'd be, like: "Wow. The House Leader. What a guy." I was an

aspiring lawyer, so I was, like: oh, my gosh, this is the guy that I want to be like. I'd look across the way, and I'd see other members of the government that were there at the time. There aren't many left. They're starting to decrease in number a great deal.

**Mr. McAllister:** You're shattering my image of you.

**Mr. Anderson:** Well, I'm just saying that I was drinking the blue Kool-Aid in droves. The bowl was way back here, and I was just drinking it up and slurping it down. It was good stuff.

I remember during that Klein Revolution, as it was called, all of these ministers speaking out against the evils of debt and how awful debt was, that it's just awful stuff. You know, you go to the conventions. In Banff one year I heard a great speech. I forget who gave it. Anyway, Ralph followed it up, and he explained how we were going to be the first debt-free province and that this is fantastic and all this sort of stuff. Everyone was just roaring: "This is fantastic. Ralph, you did it. You slayed the debt," all this sort of thing. It's some of the same people now that are saying: "Holy man. You Wildrose are such backward-thinking Neanderthals to think that you can go forward and finance government operations without going into debt." Wow. What a turnaround.

I think of the Premier in her leadership, and we've got a great television clip of her being very clear in saying to Albertans that we can maintain the levels of services that Albertans expect and should have without having to go into debt. I am committed to that, she says. She said many, many other things quoted in newspaper articles, TV. She said multiple, multiple times that she was not going to go into debt. Now she says: "Well, that's kind of an ideological, you know, purity thing going on there. That's just backwards thinking. That's Social Credit thinking." It's such a turnaround from where they were even just before the election but certainly from where they were during the height of the Klein Revolution, which were good times.

It is a little bit hypocritical to be castigating us for essentially trying desperately to save your diminishing legacy in this province. But we're trying. We're doing our best to save your diminishing legacy. We really are trying, and we'll give it our all. That's the problem. I think this amendment does that. Frankly, because of the situation that we're in right now, we wouldn't be able to balance the budget without cutting front-line services this year, so we're not proposing that we do that.

**Mr. Horner:** So you'd borrow?

**Mr. Anderson:** No. We still have a little extra in the sustainability fund for an extra year. We'd be able to hold it over for another year, so that would be good. That's why we call it the debt-free plan. We wouldn't have to go into debt. We would be able to use the sustainability fund to carry us to next year, when we would balance the budget, the entire consolidated budget, including capital and operational expenses. We think that that's a reasonable approach.

That's why this amendment doesn't start till 2014-15. It does of course allow for a debt retirement account to be created. This was really the only way we could put in here a way to make sure that we don't go into debt further. This was the creative legislative drafting that took place to try to do that, which sometimes we members are asked to perform, and Parliamentary Counsel has to patiently deal with us as we creatively try to do certain things. They're quite the troopers for doing it.

Anyway, I hope the members will accept this and fight their government so that we don't go into debt any further. Thank you, Madam Chair.

9:10

**The Deputy Chair:** Thank you, hon. member.

The hon. Minister of Finance and President of Treasury Board.

**Mr. Horner:** Thank you, Madam Chairman. I thought it was really kind of interesting because right off the hop the hon. member said that he doesn't trust debt-ceiling legislation, yet what he's doing is putting in debt-ceiling legislation that he's replacing our debt-ceiling legislation with. The problem is that his debt-ceiling legislation doesn't work because, I'm assuming, then, he would want all of the municipalities in the province of Alberta to immediately pay off all their debt, too. We borrow for them. I'm assuming he would want us to call all of the loans that Ag Financial Services has outstanding today. Some of the members opposite may even have some of those. He may ask us to call those notes in because, by the way, we borrow for them, too.

In fact, Madam Chairman, if you look at the plans that we have in the documents around the financing requirements, if you look at most years, the majority of the borrowing that we're doing is actually for on-lending to the Alberta Treasury Branches. I'm sure he'd be pleased if Alberta Treasury Branches had to charge higher rates to all of those Albertans who, God forbid, are borrowing from the Alberta Treasury Branches.

This amendment actually says that the government of Alberta cannot borrow. Therefore, Madam Chairman, we would not be able to do the municipalities through the Alberta Capital Finance Authority, we would not be able to do ATB, and I guess we'd have to call in all of the Ag Financial Services loans because we do the lending for that.

Something that also keeps coming up – and I know he does it in his town hall meetings, too – is that he asks the question: should government be financing its operations with debt? The answer to that question is an obvious no. We are not doing that, hon. member, and it's a misrepresentation of what we're doing to actually say that in a town hall. Madam Chairman, this kind of a debt-free Alberta, debt-ceiling Alberta is simply not workable given what prudent financial resources would tell us we should be doing. Frankly, you know, we could talk a little bit about the phantom budget that they've got out there, where they say that they could be able to do this without debt. It would be impossible without cutting about \$3 billion out of the current operating budget.

The other thing I just wanted to say, too, is that the hon. member talks about an account specifically designed for debt retirement. I actually agree with him on that point. On that one we're actually aligned because if you look on page 128, line 23, we have the capital debt repayment account. As we understand what the maturities are for the bonds that we will be issuing, we are going to be putting dollars in place to pay for those bonds as they come due because that's a prudent thing to do. In fact, it's a bit of a negative financing operation that will work quite well.

Given those reasons, Madam Chairman, I cannot support this, and I urge all hon. members in this House to defeat this amendment A2.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Well, thank you, Madam Chair. It's a privilege to speak to this amendment moved by the Official Opposition. I will say, before I speak against this amendment, that I do agree with the hon. member's sentiments around intergenerational theft. It has been theft of epic proportions that we have done to future generations. As you're well aware, a far greater sum than what

we've even tried to do has to be saved for future generations. On that point I agree with the hon. member.

If we look at this amendment in the main, what it seeks to do is tie the government's hands. Almost any legislation that attempts to do this sort of thing I find ridiculous and something that we should all seek to avoid. Often these types of things are for political theatre, not necessarily for actual public good. I remember I ran in the '08 election, and my opponent would get up at town halls, like you were saying, and say: "We will never go into debt again. We have a law. We have a law. We will never go into debt again." Sure enough, that day came to pass, and sure enough, we changed the law.

Nevertheless, I just find these types of amendments that seek to tie the government's hands unnecessary. Governments need the ability to do what is necessary given the circumstances that they face. Although I have many ways that the government could be fairer to future generations as well as do a little bit better today, tying their hands in this manner does not seek to address that. If it is on the books, then you never know. Twenty years from now if it is on the books, all of a sudden: "Oh, my goodness. We can't do what's necessary. We have to go in and run a session and undo this law." It doesn't make sense from a pragmatic practicality.

The government of the day needs to do what's necessary, and the voters will be the judge. In fact, opposition parties need to do a job to hold them to account. If they believe that no debt ever is the way to go, well, then they have to make their voices heard from the opposition and win that debate in the sphere of the public realm. If debt is necessary at some point in time, well, then it has to be a tool that the government has at its disposal if it indeed serves the best interests of the public.

I will not be supporting this amendment for those reasons. Nevertheless, like I said, it's intergenerational theft of epic proportions that has happened over the last 25 years.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you, Madam Chair. Well, you know, different political parties have different policies on different things, whether it's social programs, education, whether it's the environment, or whether it's the economic and fiscal policy of the government. These are all different sets of ideas that political parties fight out in this place, in the media between elections, and during elections.

One of the principles of a democracy is that different individuals and different political parties can put forward their ideas for the management of the economy and for the management of the government finances. And they are different. They are different between different political parties. Certainly, we don't have the same position relative to this question as the Wildrose or the Conservatives or even the Liberal Party. They also change within political parties over time.

The hon. member who introduced this amendment talked about being debt free as Alberta's principle. I beg to differ. Those aren't Alberta's principles. Those are Ralph Klein's principles, and they're the principles of the Wildrose Party, but they're not the principles of other political parties or other groups within Albertan society.

One of the things that bothers me a little bit – and this is building on the Member for Calgary-Buffalo's comments – is the sort of self-righteous approach that the political principles of one party are so universal and so transcendent that they need to be put into law so that no other political party can change them. Well, of course, another political party comes to power, and they change



them. When it decided it didn't want to be debt free anymore, this government itself changed the law, and it's changing the law again.

It's a little bit of a silly exercise, in my opinion, Madam Chair, to attempt to enshrine your economic principles in legislation and make them the law of the land. I think governments, like Calgary-Buffalo said, have to be able to do what they do depending on their philosophy and depending on the times in which they're governing. I certainly don't agree that debt is always and in every case a bad thing for governments. As the provincial Finance minister has pointed out, all private businesses, all individuals at one point or another make use of the tool of debt. Governments are no different.

9:20

What becomes the problem and what we have to guard against is that sometimes debt is a political way out of difficult problems. Instead of cutting spending or instead of raising taxes, you just keep borrowing, and you're transferring the problems then to a subsequent generation. There's no question that this did happen in Canada and in other places and certainly in this province under the Getty government in particular.

We're again seeing a deficit. What we need to do is that when that begins to be a problem, we need to assess our revenues, and we need to assess how much debt we're going to incur. We need to put in place a systematic way of repaying the debt so that it doesn't become unmanageable, and then when we move to better times, the debt can be systematically paid down. Now, I don't see that from this government at this point. But I don't see that this particular amendment will accomplish that because it's far too restrictive and is really just a backdoor way of restricting the government's ability to borrow.

Now, municipalities in particular have always depended on borrowing for their capital projects, and it has many advantages. You don't have to delay capital projects well past the time that they're needed. You can also spread out the costs of a project that may last 50 years or more over the life of the project so that this particular generation doesn't have to pay all of the costs up front for a project that would be enjoyed by subsequent generations.

I recall that when I was on city council in the city of Edmonton, we had a policy that had been established by the former mayor, Laurence Decore, of pay-as-you-go for capital projects. It made it very difficult for Edmonton to get the infrastructure that it needed in a timely way. By contrast, in the same period the city of Calgary under Mayor Ralph Klein was borrowing to beat the band. He ran up very significant debt, but the infrastructure in Calgary was put in place in a timely fashion, and it facilitated the growth of the economy. The growth of the economy facilitated the capacity of the city of Calgary to service its debt and to pay down its debt.

That's the principle that I think the more rigid Conservatives forget. Sometimes you borrow and undertake debt for capital projects as a way of accelerating economic growth, which diminishes the magnitude of the debt relatively so that it becomes more manageable. That's an approach that I do support and our party does support. Not everything this government is doing is terrible.

**Mr. Denis:** I'll quote you on that. Thank you.

**Mr. Mason:** Just most of it. Make sure it's a complete quote. Just most of it.

This particular piece, borrowing for capital, we don't have a problem with, but there must be a plan in place for the orderly

repayment of that debt. It cannot be used as an excuse not to raise taxes or not to cut programs. I think those are hard choices.

The government failed to fix its revenue problem, which should have been its first task upon being re-elected. It's paying a price because now we have both program cuts and more debt. The government has got itself into a lot of trouble because it didn't bite the bullet and correct the financial position that was also created when Ralph Klein was the Premier. In other words, he cut corporate taxes. I was there at a Chamber of Commerce luncheon where Steve West announced plans to reduce the corporate tax rate from 16 to 8 per cent. Well, we're now down to 10. That's billions of dollars every year that the government no longer has.

Before I was elected, we had Stockwell Day as the Provincial Treasurer, and he imposed the flat tax on personal incomes that also cost billions of dollars every year. At that time, Madam Chair, of course, natural gas prices were sky-high, and we had enormous royalty revenues flowing in, at their peak \$8 billion a year in natural gas royalty revenue, that offset those tax cuts for the wealthiest in our society. Well, guess what? Those royalties are just not there anymore, and that's the problem the government has gotten into.

You can't generate by magic, re-create those royalty revenues, so you have to do something else. You have to correct and reverse the corporate tax cut and the flat tax so that we have the adequate revenues to provide the programs that we need. The government has failed to do that, and that's why we have more debt than we need to have. That's why we have a rising deficit, and that's why we have simultaneously significant program cuts across the board. The government failed to grasp its fundamental task, the task that should have been tackled head-on in its first budget in its first year but was not, so the government has paid a price. Frankly, Madam Chair, the people of Alberta are also paying a price.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak on amendment A2?

**Mr. Fawcett:** Madam Speaker, we might be making progress here because I actually agree with a little bit of what the hon. Member for Edmonton-Highlands-Norwood said. I think he actually suggested that at times government might have to make hard decisions to cut programs, so we're making a bit of progress here.

What I do want to highlight, though, is that when the Premier asked me to be Associate Minister of Finance, one of the things that she put in my mandate letter was to go out and do consultation on a number of things. One is the savings policy, and the other is looking at alternative ways to finance capital projects. The Minister of Finance and I went out and talked to a number of Albertans, did an online survey, and talked to a number of financial experts.

In all of the questions that we asked, the one particular area that actually came back pretty solid, that there wasn't a lot of disagreement with, was that the government of Alberta should try to be as flexible as possible when it comes to managing its assets, particularly its physical infrastructure assets. That meant that where it financially made sense, to debt finance; where it financially made sense, to pay cash for certain projects; and where it financially made sense, Madam Chair, to go the P3 route. Accepting this amendment would go against everything that we heard in that consultation.

In fact, if you look at the realities of this, Madam Chair, you know, we wouldn't be able to move as quickly as we did on projects like highway 63 if we had this. I know the hon. Member for Chestermere-Rocky View gave a passionate member's state-

ment, I thought a very good member's statement, yesterday around some of the challenges around highway 8. Again, hopefully we will sometime in the future have an agreement to complete the southwest ring road in Calgary, and when we do that, that is going to be a massive, massive infrastructure project. You know, I don't know what numbers are coming in, but I've heard everything from \$4 billion to \$6 billion.

Governments don't have the ability to just collect the cash on hand and build those massive infrastructure projects. You need the ability to debt finance those to get them off the ground and get them built for our communities and for our cities and for our province when we need them, and we need those things today. As the members up in Fort McMurray on highway 63 know and as the member over there on the opposite side knows, we need that project as soon as we possibly can in southwest Calgary. So I would urge him and all members that have those critical infrastructure needs in their communities to defeat this amendment because it would really inhibit the government's ability to be able to move forward on those.

**The Deputy Chair:** Thank you, hon. member.

Are there any more members who wish to speak on amendment A2?

Seeing none, we'll call the vote.

[Motion on amendment A2 lost]

**The Deputy Chair:** We'll carry on with the bill, Bill 12, the Fiscal Management Act. The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Well, thank you, Madam Chair. I'd like to thank the hon. Member for Airdrie for allowing me to present my thoughts on Bill 12, the Fiscal Management Act, and make a couple of amendments of my own before I head back to Calgary. It was a very gentlemanly gesture by the hon. member, and I thank him very much for it.

Speaking to the merits of the bill, I'd like to go through some of the reasons why, at least in my view, this has happened, that the Fiscal Management Act has come about at this time, at this place, and at this juncture. We did have an act in place, that was brought in in 1993 by Mr. Klein, that – say what you want – was serving its purpose in terms of providing a clear, unambiguous, and easy way for Albertans to read what our positions were in terms of revenues and a consolidated debt number.

9:30

In fact, one of the reasons that was brought in immediately upon Mr. Klein's election was the fact that over the course of the four years previous the Don Getty and Dick Johnston administration was running budgets and budget numbers and revenue projections and allocations of expenditures which never turned out to be true or to have an air of reality to them. It was even suggested by some people at that time that they thought the government itself didn't quite know exactly what their position was. With the election Mr. Klein did bring in a fairly transparent process that allowed Albertans to understand what was going on and that let opposition, media, and Joe and Jane Albertan know what the actual position of the province was.

Despite the protestations of the Treasury, that does not appear to be the case at this time. We can look back to the fiasco that happened on budget day when, simply put, the opposition members couldn't get a clear handle on what our net deficit or net debt position was. The media could not get a clear position on what that was. In fact, it took many days for organizations that are pretty adept at this stuff to come up with an exact number.

Although the Minister of Treasury Board says the confusion is only amongst people on this side of the House, I will point out that his boss, the Premier, has indicated that she doesn't believe we are in a deficit position – and she said that to Graham Thomson – whereas the minister confirms that we are, so it appears that confusion is rampant all around in terms of this new Fiscal Management Act that has been brought into this province.

Let me be even clearer on why, in my view, this act came in during this juncture. In my view, it was because ultimately the sustainability fund proved unsustainable, and you needed a mechanism by which . . . [interjection] You liked that one, hon. associate Finance minister. I thought you would. But, ultimately, it did prove unsustainable.

To carry on what has happened in our province since '08, when we found ourselves in a position of not being able to pay for our operating and our capital projects through generating revenue from taxation and through our oil and gas revenues and because of the sustainability fund running out, we needed a new set of accounting to provide a new message to the public. No longer was the old messaging going to work: that we still have \$15 billion in the sustainability fund, we still have \$8 billion in the sustainability fund, and that we still have this in the sustainability fund. Eventually, that message ran dry. You were unable to have that cushion to shield you from the public scrutiny of what, in fact, the finances of this province are because we have not been able to pay our way with our existing fiscal structure as it is or the oil and gas revenues as they are.

Accordingly, you need to switch the message, switch the scenarios, so you have the Fiscal Management Act, which divides the budget into three constituent parts: an operating budget, a capital budget – or I guess we could call it the debt side of the budget as it would have been formerly known – and a savings component. Really, in my view, the savings component is the most specious of the messaging arms that are out there because if you look at projected revenues and the amount of savings that we're going to do over the course, at least until the next election, it's going to be minimal compared to the amount of the net debt position that we are going to find ourselves in. I think that is the backdrop.

I would also like to point out that when I first spoke to this in second reading, I indicated at that time that I wasn't as familiar with what was going to happen in the accountability act. I wasn't as familiar with some of the commentary that was going on out there. I remember giving my comments that indicated that some of the financial reporting requirements underneath the new Fiscal Management Act didn't seem to be as diligent or require the government to be as open and transparent as the former rules and regulations under the old act did.

In fact, I wrote a letter to the Auditor General about this and asked for his views on the matter. Although he is undertaking a thorough review that he will be giving in early July 2013, he does say in this letter – and I'll quote it just to make sure; it's from the middle of the page – that

in this regard, the government stated on page 17 of the 2011-2012 Annual Report that both the audited consolidated financial statements of the Province of Alberta in the annual report and the fiscal plan documents (the budget and quarterly fiscal updates) adhere to Canadian public sector accounting standards, . . .

Now here is where it gets interesting.

. . . except that the fiscal plan covers a narrower scope of reporting.

That's interesting because I believe we heard a lot about openness and transparency in the last election, that we were moving to more

of a system of that measure whereas the Auditor General confirms in this letter that we are going to a narrower scope of reporting.

Now, I might not be the sharpest tool in the shed, Madam Chair, but I do understand that a narrower scope of reporting does not allow for more information to be passed through to the opposition, to the media, and to the general public to truly validate our fiscal position. I'm looking forward to the Auditor General's report in this regard.

I would like to add on to the comments of the Member for Edmonton-Highlands-Norwood, who put very succinctly, I think, what debt and things of that nature are in a financial accounting system. Essentially, with debt and any other move that the government must make, it has to account for a reasonable basis of mapping out what our society needs for today and what our society needs to do tomorrow. If we're just taking on debt to avoid the difficult situation of having to revisit the fiscal structure, which, in my view, is something that we should be doing, then that is not a good enough reason to be going into debt. We as a society have to learn to pay for how we go and for what we use.

9:40

The hon. member did a great job of pointing out how Mr. Klein, although bringing in a pretty open and transparent measure for viewing budgets, was not so good at planning for the long term, when natural gas prices maybe weren't at \$12 to \$16 dollars and the Canadian dollar was at 62 cents, or having stable revenue streams when cutting the corporate tax rate from 16 down to 10. It wasn't made with long-term planning towards what our society was actually going to need and the fact that we may be in a difficult position in the future if things change.

I think the government is making a bet that they're simply going to be selling so much bitumen by 2016 that it doesn't matter. Maybe. Maybe not. But I think that goes against the evidence of economists and government reports that suggest that in order to do better both for today and for tomorrow, we need a substantial revisiting of our fiscal framework. To deny that is just denying the future, what would make our province not only better today but better tomorrow.

Those are my comments on the act and why it came about. In my view, it's not as open and transparent as it could be or as the old provision was, so I'm going to pass out a couple of amendments to my colleagues in the House and see where they go.

**The Deputy Chair:** Hon. member, we'll pause at this moment as we distribute the amendments. You have the original copies as well?

**Mr. Hehr:** Yes.

**The Deputy Chair:** Can we have the pages distributed the amendments, please?

**Mr. Hehr:** Well, I'll start. You guys are waiting with bated breath. Essentially, my amendment, which every member will get in due course, is based on some of the things that are happening with the federal government that have led to, actually, a closer scrutiny of the budgeting process. They had at one time appointed an independent budget officer to look at . . .

**The Deputy Chair:** Excuse me, hon. member. I hate to interrupt, but we haven't named this amendment yet. Hon. member, we will call this amendment A3. We'll just wait a minute until enough of our members have a copy, please. I know you're anxious.

Hon. member, you may proceed.

**Mr. Hehr:** Madam Chair, sorry for jumping the gun there.

Essentially, this amendment is a move to try and replicate, not in the exact same way but in some way, what would allow for additional scrutiny on the budgeting process by having our Auditor General be able to investigate any report prepared under the act and to analyze our budgeting process with a little more scrutiny.

I was very impressed, actually, with the work of Kevin Page, the federal budget officer, who would analyze the federal budget process, would ask questions around it, would write reports about it, would challenge the government on their assumptions, would challenge the government on some of the decisions that they made. I think it allowed for a more public view of the inside look at the budgeting process.

Let's face it; the Member for Edmonton-Centre was bang on this afternoon when she rightly informed the House that the opposition in this province is given very little information in our budget documents. There's no detailed breakdown of how many full-time employees are in a department, what infrastructure spending is going to go on a line item detail, where all the spending in projects fits into this massive \$40 billion operating budget, now our capital or our debt side of things. Where is this information coming?

So, in my view, having the Auditor General be able to do this – I grant that he may be able to do this now, but having this in the act would encourage him to do such a thing, and it would allow him to do this whether it forms part of Public Accounts or not. I believe the Auditor General would add a certain amount of scrutiny and an eye for detail that would be welcome, and his views would be welcome not only to us in this House but to the general public as well.

I leave that for people to consider, and I'd encourage them, too, if they think this has merit or can fit in with our Fiscal Management Act, that it be followed through on.

**The Deputy Chair:** The hon. Minister of Justice and Solicitor General.

**Mr. Denis:** Thank you very much, Madam Chair. At this point I would move to adjourn debate on Bill 12.

[Motion to adjourn debate carried]

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

**Mr. Denis:** Thank you, Madam Chair. I would also move that we rise and report.

**The Deputy Chair:** Hon. minister, did you want us to rise and report Bill 14 and rise and report progress on Bill 12 as well?

**Mr. Denis:** That is correct, and move back into second reading on Bill 20.

**The Deputy Chair:** Thank you.

[Motion carried]

[Mrs. Jablonski in the chair]

**The Acting Speaker:** At this time I would ask the Member for Calgary-Varsity to rise and give the committee report.

**Ms Kennedy-Glans:** Thank you, Madam Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports the following bill: Bill 14. The committee reports progress on the following bill: Bill 12. I wish to table

copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

Thank you.

**The Acting Speaker:** Thank you, hon. member.  
Does the Assembly concur in the report?

**Hon. Members:** Concur.

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

**Government Bills and Orders**  
**Second Reading**  
*(continued)*

**Bill 20**  
**Appropriation Act, 2013**

[Adjourned debate April 23: Mr. Denis]

**The Acting Speaker:** Hon. minister, you have 15 minutes left.

**Mr. Denis:** I don't have further comments, actually. I'll let it go to the next speaker.

**The Acting Speaker:** Thank you, hon. minister.  
The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you very much, Madam Speaker. Can I ask how much time I have before this thing gets put automatically to a vote?

**Mr. Hancock:** You've got 15 minutes.

**Mr. Mason:** Fifteen minutes. Wow.

**The Acting Speaker:** I understand that we will be taking the vote at 10:15. You have your 15 minutes, hon. member.

**9:50**

**Mr. Mason:** Thank you very much, Madam Speaker. I want to start by expressing my real concern about the fact that many members of this Assembly have been disenfranchised by government tactics and have been prevented from speaking to this budget bill.

I'm going to share my 15 minutes with my hon. colleague from Calgary-*Buffalo*, who I know came over especially this afternoon from his office in order to speak to that bill before it was adjourned. I want to talk about what's happened here because we've seen a gradual erosion of the ability of the Assembly to have oversight over taxation and public expenditures, which is one of the foundations of our parliamentary system of government.

The parliamentary system evolved in Britain under demands for the public to have the right to scrutinize and approve government expenditures and taxation. That was a struggle over a number of centuries that has brought us to today, and it's one of the foundations, one of the pillars, of our parliamentary democracy which this government has trampled upon.

There have been two things that have happened, Madam Speaker. First of all, the government, using its majority, has built into the standing orders automatic closure on budget bills. That's in the standing orders, that there's a fixed amount of time, after which the vote on an appropriation bill must automatically be put, and that's the deadline that we're facing in about 15 minutes.

That's not bad enough, a certain number of hours set aside automatically before closure is imposed by the rules. Then the government has gamed that system, the system that they put in

place, by adjourning debate, but the clock keeps ticking. They talk about other things and debate other bills, and the clock still keeps ticking. Then they bring the bill back before the House just a few minutes before it's due to be voted upon, thereby disenfranchising not only opposition MLAs who want to speak to the budget bill but many of their own members as well, who should be getting on the record on this budget.

I want to indicate to you, Madam Speaker, that at the first available opportunity, which will be tomorrow, we will be proceeding with a point of privilege against the government and will be arguing that, in fact, they have intruded on, trampled on the rights of members of this House through their rules and their tactics.

I want to talk about this budget. As I indicated earlier, Madam Speaker, the government has missed an opportunity to put the province's finances in order. They needed to do that by making sure that the revenues of the province were stable and capable of supporting the program expenditures that Albertans demand and that it not be dependent on royalty revenue for ongoing program expenditures. About 30 per cent of our program expenditures are now funded by nonrenewable resource revenue, and as the hon. Member for Calgary-*Buffalo* has said, that's intergenerational theft. That is stealing the resources that belong to all generations of Albertans to use them to pay for our programs today instead of paying for them ourselves.

The government can't seem to get off that roller coaster. I will note that the Emerson report, that was commissioned by former Premier Stelmach in 2011, identified the need to deal with this problem – and it's something that we've been raising for a number of years, and others have as well – the need to get off volatile royalty revenues and to pay for our program expenditures through a fair, equitable, and competitive system of taxation. The government has failed to do that.

The government has now seen a huge plunge in its popularity and its credibility as a result directly of this budget. The reason is that, as we identified well before the budget was actually tabled, this is the broken promises budget. The Premier and the Progressive Conservative Party in the last election made an enormous list of promises to the people of Alberta in order to secure their re-election. Now, the Premier keeps trying to redefine the mandate of the government, and she keeps claiming: we were elected to make tough decisions, to provide the kinds of decisions and so on that Alberta needs, and never mind what we actually said in the election.

Madam Speaker, in order to provide my colleague with some time to speak, I'm not going to go through a comprehensive list of the broken promises in this budget. Suffice it to say that very few of them have been kept, and existing programs have been cut and are under attack in a wide range of areas. At the same time the deficit is mounting much faster than it needs to do. Albertans won't put up with it, and they've clearly signalled that they won't put up with it. They were misled in the election by this Premier and this government in securing their own re-election, and they've been betrayed now that the election is over.

There's no question in my mind that in the area of seniors, in the area of postsecondary education, primary and secondary education, in the area of health care, in the environment, in arts and culture, in almost every area this government has betrayed the people that put them in power and gave them another mandate, and they will pay a price for it, Madam Speaker. They will pay a price.

We'll make sure that Albertans fully understand that there's a real, different, progressive option that's available to them in the

next election, that they don't have to be scared by the Wildrose into voting PC, that they can vote for a progressive and moderate political party, which is the Alberta NDP. We will stand up to the Wildrose in a way that these Conservatives are afraid to, Madam Speaker. I look forward to that day. I look forward to the day when we have two options in this province, one conservative vision and one progressive vision, and the whole shambles of progressive conservatism is swept from the stage of history. I look forward to that day.

I am certainly not going to be supporting this budget. This budget is actually the worst of all possible worlds. It has lots of debt, lots of cuts, and it is not a document worthy of the people of Alberta.

Thank you, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member.

Are there any members who would like to speak under 29(2)(a)?

The hon. Member for Calgary-Buffalo.

**Mr. Hehr:** Do I get to speak?

**The Acting Speaker:** We're done with 29(2)(a) if you'd like to speak on the bill.

**Mr. Hehr:** How much time do I have?

**The Acting Speaker:** You will have 15 minutes.

**Mr. Hehr:** Well, thank you, Madam Speaker. It is a privilege to rise, and I thank the hon. Member for Edmonton-Highlands-Norwood for ceding me some time as I did come in this afternoon to speak to this situation we find ourselves in. I, too, would echo his comments on the way we have set up discussion on the importance of the finances in this province, the importance of budgets. Our ability to comment on them in a fulsome manner has been outright pulled out from us as members of this esteemed House.

What happened today was an example of what's happened for the last five years, where we're discussing the budget and we're going through our final comments and offering our fulsome thought on what has transpired, but our hopes and dreams and aspirations for a better fiscal structure in the future have been severely compromised. That's what we saw transpire this afternoon and why we're back here tonight fighting over time on speaking to a very important bill. That is what has transpired. Needless to say, I hope that is rectified and that it is handled in due course in some form or fashion.

Madam Speaker, I'm a pretty even-keeled guy. I honestly am. But I was pretty riled up this afternoon at some of the speeches coming from the government members' side and, in fact, some of the members' statements that have been coming from the government members' side as of late that have stated: we are fulfilling the mandate that we were elected to do. If they believe that, I consider that an outright lie.

**10:00**

If I remember what transpired at election time, the promises made and promises given, they can essentially come down to about four or five different things. One, I think, was no debt. The other was no service cuts. The other one was no new taxes. There was a whole host and magnitude of other promises, a balanced budget and the like. They also promised three years of predictable, sustainable funding. They also promised, you know, post-secondary funding that would go forward in that fashion.

There was no mention of any of the calamity that we now see. For government members to have the temerity that they do, to get up here and say, "We are following through on what our promises were in the last election," is beyond the pale. Frankly, they should be ashamed because they should know better. They know what they were elected on. They know what they promised. To now try this revisionist history that is occurring in this Chamber is ridiculous. It reminds me of when the hon. Member for Airdrie used to sit beside me over on this end, and he'd say, "There the government goes again saying north is south, east is west, up is down" and the like. That's what it amounts to.

So if you could do me a favour just for my sanity and maybe for my peace of mind, try to remember, when you get up and do your member's statement, what you ran on and were elected on. Remember that. People see through it. I see through it. Maybe you can ship it off to your constituents, and they might believe it for a second or two. Really, you know, look at yourselves when you do it. You know what you said. You know what you ran on. You know what you promised. When you try to spin it this way, it just rings hollow.

I, too, would like to go back to where we are on our fiscal structure. Clearly, this was the opportunity where I was hoping that the government would get it right. For any member who ran under the new Progressive Conservative Party who actually believed that you were progressive: I hope you didn't convince yourself that that just meant you were going to spend the oil wealth faster, okay? Simply put, that would be irresponsible. It would amount to intergenerational theft, which we have done in the last 25 years, that I was hoping was going to end under this new Premier.

To be progressive, I recognize that you have to assume certain things and you have to ask the taxpayer to support certain initiatives that you deem important. I assumed the Premier and her party deemed full-day kindergarten important. I assumed the Premier and her party deemed postsecondary education important. I assumed a whole host of things that, when I saw those election platforms, are not reflected. In fact, to be honest, I was one of the people who, actually, after election day said: "Heck. I'm pretty excited. Maybe we have a Premier here who can change things, who can actually change the structure that was set up under Ralph Klein and move this province into the 21st century."

I think we missed a real opportunity. In fact, I think the government would be more popular today if they had just lock, stock, and barrel gone ahead and changed the tax system to reflect something, you know, in the mode of Saskatchewan or even somewhat half that of Saskatchewan, been in a better position with the public than they are today. Really, if you're going to break a promise, in my view, you might as well break a promise that fixes something, okay?

You had an option, I guess, as to what state you are right now. You could break the promise of no debt, you could break the promise of no new taxes, or you could break the promise of predictable, sustainable funding. You've broken all of those except the one you probably should have broke, the taxes. You should have broken that tax promise and probably left all of the others alone. You could have done that. That would have put Alberta's finances on the road to some sort of reasonableness and rationality and would have given you something to actually take into the election. "We're different than the Wildrose because we're going to have predictable, sustainable funding. We are going to provide for the social needs of this province. We are going to be able to provide full-day kindergarten."

If you just keep the same fiscal structure, if we're just going to keep kicking this problem down the line – you know, I don't care

what your bitumen projections hopefully are by 2016. I think some think that that's the best strategy to win the next election. We're never going to get out of the fact that we are not paying for what we use. Eventually the situation we'll find ourselves in – you may get a temporary reprieve from it in 2016, but it's never going to solve the underlying problem as outlined in the Emerson report, that said that our revenue structures need to change. The fact is that virtually every economist over the last 25 years has said that, whether they're from the left or the right side of the spectrum.

Where I feel very comfortable with this is that two former Finance ministers have also said this, Minister Liepert and, of all things, Minister Morton. When Minister Morton can admit that we have a revenue problem, why can't this government? You know, it couldn't have been easy for him to say that. Ask yourselves that. The darling of the fiscal right says that. Now that he's out of government, he says: "My goodness, guys. Let's do something that's right for the province and right for future generations." You have to ask yourself. Are you really telling yourself that these two gentlemen, who have been Finance ministers in this province, who say that our fiscal structure is broken and that we finally have to deal with it – if that's not enough evidence despite the fact of all the other evidence that is out there, I don't know what is.

I don't know why you had that fiscal summit if you're just going to bury your head in the sand and hope to sell more bitumen by 2016 and try and fool the public. "The Tories saved the day. By the way, we put the oil in the ground. Didn't you know it? We put it there, so we're going to spend it all. That's just how it is, okay?" You didn't put it there. Ernest put it there. He prayed really hard, and he got it there. Actually, it might have been Bible Bill, so you guys can take credit for it.

That to me is not a plan, okay? It may seem like a winning election strategy – I don't even know if it's that – but it doesn't solve anything. We've got a real problem here. Any objective measure of this outside of the political lens says that we have this problem, and I would hope that next year we can see some action on this front to really fix the problem that is evident and to go ahead from there.

I will not be supporting the budget, Madam Speaker, for that laundry list of explanations, primarily because I don't believe that the government has fulfilled one iota of their promises given on election day, and this is reflected in their budget. I would hope that members of this House honestly assess that and, if they are a Progressive, ask themselves if that was that just to simply spend the oil wealth faster. If it was, you didn't understand why you got into this business or what needed to be done.

Thank you, Madam Speaker.

**The Acting Speaker:** Thank you, hon. member.

I will call the next speaker for the next few minutes, but I would remind all members that we are not in committee. We expect everybody to have proper decorum, and that means not having your feet up on another person's chair.

Did anyone want to speak on 29(2)(a)? Going once, twice. Okay.

Moving on to the next speaker, the hon. Member for Innisfail-Sylvan Lake.

10:10

**Mrs. Towle:** Thank you, Madam Speaker. It's a pleasure to rise and talk about Bill 20 tonight. I've sat here, and I've listened to so many discussions on this budget, where each individual thinks we should go and where each individual doesn't think we should go. It's interesting that while we may not agree with my friends to the left on the principles of how money should be spent, we agree on

one certain thing, and that was that clearly today democracy as a whole was thwarted by the PCs on the other side. It seems unfair to not allow an opportunity for the hon. member from the Liberals to speak to the budget when he was here and prepared, to hold it off till tonight for no other reason than just to be difficult.

But to go forward to the budget, on July 12, 2004, Alberta declared itself debt free.

Alberta is now debt-free, due in part to the high price of oil and gas.

"Today I'm very, very proud to announce that Alberta has slain its debt," Premier Ralph Klein said on Monday in Calgary.

"Never again will this government or the people of this province have to set aside another tax dollar on debt."

That's what Premier Ralph Klein said, and that is the PC Party, the Conservative Party that Ralph Klein envisioned and that Albertans envisioned.

Going forward, Premier Klein went even further. Not only did he slay the debt and make a better Alberta for all of us, but he went even further to leave this government with a \$17 billion sustainability fund, the same fund that they have absolutely drained to almost nothing.

In 2012 we had the highest resource revenues and the highest corporate and personal income tax revenues in all of Alberta's history, and we had the remaining parts of the Alberta sustainability fund. With all of its great economy, with all of its great attributes, a province that everybody wants to come to, when you have the previous Premier, Mr. Klein, set you up for success, how is it possible that in 2013 we could possibly be heading into \$5 billion worth of debt? You cannot tell me that last year, during the campaign, at any one point anybody talked about the need to go into debt. They talked about what a great economy we're in, what a great province we're in, how they'll balance the budget, how they will personally guarantee they're going to balance the provincial budget. They went on and on and on with all the promises that they were going to be able to do.

Let's take a look at some of those promises that weren't able to be kept in this budget. Let's talk about seniors' cuts. Let's talk about reduced home care. Let's talk about closures of long-term care facilities such as Carmangay, Strathmore, Michener Centre.

Let's talk about the 50 seniors in Michener Centre that are now going to go to continuing care facilities that don't deal with people with developmental disabilities. Many of my colleagues in this room were at the breakfast this morning at 7 o'clock with the Canadian Mental Health Association. They talked about the unique needs those people with mental health have. Where do those seniors fit into our current continuing care centres? We hear the other side talk about how we're moving away from institutionalizing our Michener Centre clients, yet moving these same clients into continuing care centres: I hate to say it, but those are institutions as well. The reality of it is that the government has failed on that.

Never once during the campaign did they talk about 8 per cent MLA pay raises. Never once during the campaign did they talk about the federal building. Never once during the campaign did they talk about how they were going to go over budget on the federal building for new MLA offices by over \$75 million, never once during the campaign and never once in this budget. They were questioned thousands of times during this budget with regard to AHS bonuses, and they waited until the very last minute to be transparent and open with Albertans and tell Albertans that they're going to go ahead and pay out those bonuses on March 31. They waited till the absolute last minute.

They tell everybody they're going to do all these things: changing, going first. Let's just talk about even the elder abuse

strategy, still not implemented. The 44 cents on cellphone calls: that's a tax. Let's talk about the reductions in seniors' benefits. Let's talk about the property tax deferral program. For all of these things they waited to the last minute.

**The Acting Speaker:** Hon. member, I hesitate to interrupt you, but in accordance with Standing Order 64(3) the chair is required to put the question to the House on the appropriation bill on the Order Paper for second reading.

[Motion carried; Bill 20 read a second time]

### Government Bills and Orders Committee of the Whole

[Mrs. Jablonski in the chair]

#### Bill 12 Fiscal Management Act (continued)

**The Deputy Chair:** Hon. members, we have amendment A3 on the floor, moved by Calgary-Buffalo.

The hon. Minister of Finance and President of Treasury Board.

**Mr. Horner:** Thank you, Madam Chair. I'm going to speak to amendment A3, that the hon. member has brought forward to us, that essentially gives the Auditor General carte blanche on pretty much everything and anything he would like to report on under the act. Frankly, the Auditor General has a great deal of power within the act and within his own act to do what he needs to do, and this would be superfluous to what he's got in the act that grants him his powers today.

I would not be in support of this motion because I have not had any opportunity to review what kind of impact that may have on a whole raft of other issues as it relates to what is an officer of this Legislature, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

**Mr. Mason:** Well, I'd like to ask the Finance minister what he's afraid of. Why wouldn't he let the Auditor General, an officer of this Legislative Assembly, look closely at all aspects of the government's reports that are prepared under this act, whether or not it forms a part of the public accounts?

I think this is an excellent amendment. I think the Auditor General should be allowed to do that. But, then again, I forget myself, you know, Madam Chairman. They don't want the Legislature to have full scrutiny over their budget. They don't want the Legislature to have full ability to debate all of their accounts. Why would they want an expert like the Auditor General looking at their accounts and making public reports? That could be terribly embarrassing for this government.

I guess I'm not surprised that they're not supporting this amendment, Madam Chair, but I am nevertheless disappointed.

**The Deputy Chair:** Thank you, hon. member.

**Mr. Horner:** Well, I'm certainly disappointed that the hon. member is disappointed. Madam Chair, this government is not afraid to have the Auditor General look at whatever the Auditor General would like to look at under the purviews of the powers granted to him by this Legislature in the act that he has for his particular office. Putting this kind of clause in all of the other pieces of legislation is not required, it's not needed, and frankly

I'm not sure why it would even be brought into this act. Therefore, I'm not supporting it.

**The Deputy Chair:** Thank you, hon. minister.

Are there any other members who wish to speak on amendment A3?

**Hon. Members:** Question.

**The Deputy Chair:** The question has been called.

[Motion on amendment A3 lost]

**The Deputy Chair:** We'll go back to debating Bill 12, the Fiscal Management Act.

**Mr. Hehr:** One more amendment, Madam Chair, and it's going to be very, very quick.

**The Deputy Chair:** We'll pause for a moment while we distribute the amendment. This will be known as amendment A4.

10:20

**Mr. Hehr:** Well, I'll read the amendment. It renumbers section 9 as section 9(1) and adds the following subsection to it.

**The Deputy Chair:** Hon. member, please pause for a moment so that they can have the amendment in front of them as you read it.

Hon. member, you may continue.

**Mr. Hehr:** Well, thank you, Madam Chair. Essentially, this amendment is asking that the fiscal plan contain

- (a) a consolidated statement of revenues and expenses for each fiscal year;
- (b) the actual total surplus or deficit for each fiscal year; and
- (c) the actual total debt, if any.

I'm looking for these to be somehow incorporated into our budget documents to allow us to not have the debacle we had on budget day of last year, where no one knows what the total deficit total or the total debt total is. I believe it would be in the spirit of openness and transparency in allowing the opposition, media, and the average Joe and Jane Albertan alike to have a clearer picture of our financial picture.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

**Mr. Horner:** Madam Chair, when the hon. member looks at the plan that was presented based on the Fiscal Management Act this year, he will note that there are consolidated statements of revenues and expenses at each year, which are required under the public-sector accounting principles, which we follow. We have not changed that. We will continue to have the consolidated financials within the business plans and the operating plan that we present. That's part of the operating plan. The Auditor General would be terribly upset with us if we didn't do that.

As well, the actual total surplus as defined in the act is actually stated in the operating and expense plan, and the actual total debt, hon. member, is part of the capital plan. It's in the document, and you can readily see that as it changes in the capital repayment. What you're asking for is already in the act. Therefore, I cannot accept the amendment.

**The Deputy Chair:** Thank you, hon. minister.

**Mr. Hehr:** Fair enough with that explanation. I agree to disagree at this point in the evening, and we'll move on.

**The Deputy Chair:** Are there any other members who wish to speak to amendment A4?

Seeing none, we'll call the vote.

[Motion on amendment A4 lost]

**The Deputy Chair:** We'll go back to debating Bill 12, the Fiscal Management Act.

The hon. Member for Airdrie.

**Mr. Anderson:** Yeah. That's me. I have an amendment, and I'll distribute that now.

**The Deputy Chair:** Hon. member, we'll pause for a few moments as you distribute the amendment. Please send the originals up to the table. We'll call this amendment A5.

Hon. member, please continue.

**Mr. Anderson:** All right. Well, this is a simple amendment. It addresses an issue I brought up earlier. It would change section 11 by adding after subsection (2).

Section 11 says, "Reports on progress." This refers to what I was talking about earlier with the quarterly updates.

11(1) The responsible Minister must make the following public as follows:

- (a) the actual results of the fiscal plan for the first 3 months of the fiscal year, on or before August 31 in that year,
- (b) the actual results of the fiscal plan for the first 6 months of the fiscal year, on or before November 30 in that year, and
- (c) the actual results of the fiscal plan for the first 9 months of the fiscal year, on or before February 28 in that year.

Then:

(2) The responsible Minister may determine the content and form of a report made under this section.

Well, the amendment would address this vagueness, this power given to the minister. It says:

(2.1) Notwithstanding subsection (2), each report made under this section must include a statement of the accuracy of the operational, savings, and capital plans in light of any revised projections for the entire fiscal year.

[Dr. Brown in the chair]

This goes to the idea that – Mr. Chair. Holy smokes. Poof. All of a sudden a new chair. It's good to see you.

Subsection (2.1) is designed to make sure that when the government gives their quarterly updates, they give a projection of what they expect the final surplus, deficit, balance sheet, et cetera, all that stuff will look like at the end of the year. What they've been doing over the last couple of quarters, as I alluded to earlier, is changing a practice where before they would make sure to give a projection. So in the first-quarter update they would say: look, given what we know about oil prices and expenses and all that sort of thing and revenues, et cetera, this is what we expect the deficit, surplus, sustainability fund, et cetera, et cetera, will look like at the end of the year. They did it again in the second quarter, third quarter. Recently they haven't been doing that. They have just been stating what the actual revenues and expenses were for that first three months and not making the projection thereafter of what the deficit or debt or whatever will be.

This is a way of clarifying it. I think it's a good amendment, and it will create transparency. The Canadian Taxpayers Federation, which is a very respected group when it comes to standing up for taxpayers and transparency and so forth with government

finances, has suggested this type of thing be added to Bill 12. I think it's a very good idea, and I hope the minister will see fit to accept this amendment.

**The Acting Chair:** The hon. Minister of Finance.

**Mr. Horner:** Thank you, Mr. Chairman. I read with interest the amendment that says that it must include a statement of the accuracy of revised projections. Basically, that's what it's asking. It wants us to say that our projections that we're going to make are going to come out true somehow or to guarantee that they're going to be true. No one can do that, Mr. Chair.

What section 11 talks about is that the minister responsible will have to provide Albertans with the actual results of the fiscal plan for each of the first three months, then the first six months, then the first nine months. The minister is also required, given the business plans that we've done, to talk in great detail, as we have, about what the changes are in the economic situation going forward. What are the changes that are going to be happening?

[Mrs. Jablonski in the chair]

Contrary to what the hon. member has stated, we do provide a projection of what the range could be given what we know in the economic conditions that are out there. But it's more important, frankly, Madam Chairman and fellow colleagues in the House, that we are telling Albertans how well we're doing in the budget that we're debating today.

**10:30**

Three months from now Albertans are going to want to know how well we did versus what we said we were going to do. You know, did we spend what we said that we were going to spend? Were we too much? Were we too little? I think it's important that we recognize that doing a projection for a projection's sake only gives, you know, some like the Canadian Taxpayers Federation an opportunity to try to do the math, and obviously then they can write up the story.

I want to quote from somebody who I think is quite knowledgeable in these things. That would be John Ferguson. Now, John Ferguson is a very respected businessman in the city of Edmonton. He is a chartered accountant. He has been recognized by a number of different associations for his knowledge and business acumen. He also just happens to be the chair of Suncor Energy. This is what he had to say the day of the budget.

I think it's very positive that they're separating the operating and the capital budgets. They're two different things... It creates more accountability, and I think overall it will be the right thing to do. It's unfortunate that it's happening in this year, when there's so much going on, but when we get the comparative figures next year, it'll be terrific.

Now, that's someone who understands that management makes decisions by good information and by seeing where we're going to what our actual results are.

That's why, Madam Chair, we are moving to a process that, quite frankly, will be able to thwart things like March madness, which I know many of us in this House have talked about in our constituencies. You know, you can't tell when March madness is going to happen until after the year end. Well, by the third quarter of this year we're going to be able to tell where we're at in our actual expenditures to our budget that we said we would be at. We're going to be able to manage the expenses of government even better than we did before.

Quite frankly, that is the accuracy the hon. member is looking for in this amendment, but he doesn't need to put this amendment in. To say that we're going to have a statement of the accuracy of



the revised projections just seems a little bit at odds to me. I think it is much better to say that the minister responsible will make public the actual results of the fiscal plan for the period that they're reporting on. I think, Madam Chair, this is actually not that much different than what was in the previous act, so, yes, I am going to have to say that I will not support this amendment.

**The Deputy Chair:** Thank you, hon. minister.

Are there any others who wish to speak on amendment A5?

Seeing none, we'll move to the vote.

[Motion on amendment A5 lost]

**The Deputy Chair:** We'll move back to debating Bill 12, Fiscal Management Act.

**Mr. Anderson:** I have another amendment I'd like to distribute.

**The Deputy Chair:** We have another amendment. We'll call this amendment A6. We'll pause for a moment until everybody gets a copy.

Hon. member, please proceed.

**Mr. Anderson:** Okay. This is an amendment. One thing I am happy about in this act is a clause that I've been advocating for since I started five years ago, with the Progressive Conservative caucus for a couple of years. I've been advocating for this for a long time, so I am happy to see it in here. I'm just such an impatient person. I just want to see it moved up, so that's what this is. This refers to section 4. Currently it says:

4(1) In this section, "net income" means the net income from operations as reported in the "Statement of Operations and Accumulated Surplus" contained in the Heritage Fund's financial statements.

(2) For the 2015-16 fiscal year, the greater of the following must be retained in the Heritage Fund:

- (a) 30% of the net income of the Heritage Fund;
- (b) the amount determined under section 11(2) of the Alberta Heritage Savings Trust Fund Act.

(3) For the 2016-17 fiscal year, the greater of the following must be retained in the Heritage Fund:

- (a) 50% of the net income of the Heritage Fund;
- (b) the amount determined under section 11(2) of the Alberta Heritage Savings Trust Fund Act.

(4) For the 2017-18 fiscal year and subsequent years, 100% of the net income of the Heritage Fund must be retained in the Heritage Fund.

The reason why this is important, Madam Chair, and why I've been advocating for it is that at some point, of course, as we've talked about many times in this Legislature, the oil and gas revenues that we have as a province will start to decline, probably not because we've run out of oil. That's probably not going to be the reason why. The reason will be for the same reason that many other natural resources which are out there where there's abundant supply – it's gone down in price for things like coal, for example, is not because we ran out of coal. It's because there were alternative energies that were out there for heating homes like natural gas and so forth. Demand has gone down for those products, so it's a lower price.

Well, it's the same issue with oil and gas. I think it's clear that demand over time will subside. It'll certainly go down. The demand already has plateaued and is going down. That is combined with a huge amount of supply because new technologies developed in Alberta, ironically, in a lot of cases, are being used to develop huge plays in the United States, in Russia, in other places around the world, so the supply is up. In a lot of cases like the

U.S. the supply is also close to the customers, closer than we are to the customers we want to get to. Because of that, I think you're going to see oil and gas prices decrease over time.

We still have some time to make some good money on oil and gas, but I think it's a handful of decades now, not forever – that's for sure – and certainly not for another five, six, seven decades. It's probably going to be a much shorter timeframe than that. That's why it's important that we put away enough money in the heritage fund so that we replace our reliance on oil and natural gas revenues, and part of that means not raiding the heritage fund.

Many people don't know this, but the heritage fund today is worth less than it was in 1976, when it was first established by Premier Lougheed, if you adjust it for inflation. People say: well, how is that possible? Well, this is how it's possible. What happened was that from about 1986 on – I think it was 1986 – every year the government would take the revenues made on the heritage fund, the earnings from the heritage fund from that year, and they would stick it into general revenues, and they would spend it instead of saving it. They kept doing that and doing that over and over and over again. There were a few years they inflation-proofed it but just a few. For the most part they just took all of the interest from the fund, put it in the general revenues, and spent it.

The problem with that is that what would happen over time is that when the heritage fund would have a good year and, say, gain \$2 billion in value or whatever, they would take that full \$2 billion out, and they would spend it. Therefore, the best-case scenario would be that they would inflation-proof it, and it would be worth no more than it was when you started. At worst, they didn't inflation-proof it, and because of inflation it would actually be worth less than when they started. That was one way it would decrease.

In years when the heritage fund decreased in value, when it, say, lost a billion dollars or so like in the 2008 world stock market problem, collapse, the money would go out, or the value would be lost, you could say, and they wouldn't replace that value after the fact. What would happen, of course, is that that would decrease over time the value of the heritage fund. That's why it's worth less today than in 1976 when adjusted for inflation. It's an absolutely horrendous record of wealth management.

**10:40**

If we had just left the interest in the fund from 1986 on, not invested another penny of oil and gas revenue in the fund from 1986 on, just left the interest in there, assuming a rate of return at 7 per cent, which could be a little lower or could be a little higher – who knows, but let's say 7 per cent – the fund today would be worth well over \$150 billion in value, which would be enough, if the earnings off that, let's say, were at 6 or 7 per cent. That would replace the annual amount we get from oil and gas today or be very close to it anyway. That's where we would have been if we'd just used a little foresight, starting in 1986, and saved.

Now, we can't blame it on Premier Ralph Klein. What happened was that from 1986 to . . .

**Mr. Mason:** We can't blame it on Ralph Klein?

**Mr. Anderson:** No, you can't. I'll tell you why you can't blame it on Ralph.

From 1986 to 1993 Premier Don Getty and his government went into a massive amount of debt. Not only did they not save, but they also went in the opposite direction. They debt financed, and they took out roughly \$23 billion in debt.

When Ralph came into office as Premier in 1993, his first priority, and rightfully so, was to get rid of the debt. So instead of leaving the money in the heritage fund, what he did is that it went into general revenues, and then it was used along with other revenues to pay off the debt. And he did so. He paid off the debt, and he built up a \$17 billion sustainability fund/capital fund.

Was that too much? Maybe, maybe not. Who knows? But the point is that he took \$40 billion in cash because of his balanced budgets, and he was able to pay down the debt in the amount of roughly \$40 billion. So I don't blame Ralph in any way, shape, or form for not investing at that time. It was the mistakes of his predecessor that changed his focus to debt repayment instead of savings.

However, if from 1986 we had just balanced that budget and just left that interest alone, that's where we would be today, \$150 billion or more in savings. It's a massive squandering of wealth that occurred primarily during the Getty administration, the Stelmach administration, and now the Redford administration. It is truly a shameful record.

I am grateful that there seems to be an admission that there needs to be a change in this regard, so that's why section 4(4) 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." That's fantastic. Now, the only problem with that, of course, is that there is a kind of caveat. The caveat is that in that same year or the year before that, 2016, they're planning on borrowing \$4 billion to pay for capital, bringing our debt up to \$17 billion. If you don't include pension liabilities and just debt for capital, essentially P3s, bonds, et cetera, it'll be \$17 billion. If they're still borrowing at that rate, \$4 billion a year or \$3 billion or whatever, you know, that's great that they're going to allow the heritage fund to grow, but at the same time our debt is going to be going up, and that's not good. I'm glad for section 4(4), but I wish that we wouldn't be borrowing at the same time, essentially borrowing to save.

What this amendment does is that it strikes out subsections (2) and (3), and it gets right down to business. Starting in 2014-15, which is the year that we say that we would balance the budget if the Wildrose government was elected, which is not this year but next year, 100 per cent of heritage fund earnings would be retained in the fund.

In fact, what a Wildrose government would do is that we would continue to not raid the heritage fund interest, let it build up every year as well as hopefully some additional investments into the heritage fund from surplus funds from year to year, so that within 20 years or thereabouts, maybe 25 years, the heritage fund would be at a level, \$150 billion to \$200 billion, where it would literally replace our reliance on oil and natural gas revenues from year to year, which would be an amazing legacy to leave. So our kids could keep the same tax advantages that they have today. It will be just as easy to start a business in a low-tax environment as it is today. They won't have to worry about their taxes going up to 15 or 17 or 20 per cent or whatever to pay for the same social programs and infrastructure that they have today. They won't have to do that because it'll be like they still have oil and gas revenues coming in every year. But in this case it's not a nonrenewable resource; it's a renewable fund that every year is compounding with interest and paying out dividends to allow us to keep our Alberta advantage that Ralph established and that I think we still have although it is deteriorating every day that we continue on in the direction we're going right now.

That's the purpose of this amendment, to move up this wonderful idea of leaving the interest in the fund, something that should have been done a long time ago. I don't want to wait – and

I don't think Albertans want to wait – till 2017-18 for that to happen. We want to see it happen now, well, starting in 2014-15. We want to balance the budget, not be in debt, start saving, do what our children need us to do, and start today.

Thanks, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

The hon. Minister of Finance and Treasury Board.

**Mr. Horner:** Well, thank you very much, Madam Chair. I am pleased that the hon. member is recognizing that the savings initiative of keeping 100 per cent of the Alberta heritage savings trust fund earnings in the heritage savings trust fund is something that he can support. I don't think it'll change his support for the bill, but, you know, one can only hope.

I would also say that, hon. member, we did look at moving it up. In fact, we thought: what would happen if we did that? Then we thought: what would happen if the differential stayed where it was? What would happen if we didn't get access? What would happen if – if you start to think about those what-ifs, which are pretty close politically to us right now, and you put it in legislation that you had to start next year, it ties your hands to deal with some of the things you might have to deal with if those situations arose.

That's why in the act we did the stepped approach. We said: "We're going to start in 2015-16. We're going to move to 30 per cent, 50 per cent, 100 per cent." You'll note in the business plan – and I'm sure you did – that we actually do start earlier because we think we'll be able to, but we're not going to put it in legislation and tie the government's hands to do that. We're going to say: "We're going to get there. It's in legislation. We're going to get there, but we're not going to tie our hands." In fact, you know, even under your old definition in terms of balancing, we're looking at a balanced budget in 2015 with a surplus on the operating side of close to \$1.4 billion. If we hit those numbers . . .

**Mr. Anderson:** But you're borrowing.

**Mr. Horner:** Of course we are. That's the right thing to do financially because your net assets are going up.

I think, hon. member, it should be put on the record that a lot of the dollars that you talk about have been spent. The \$17 billion, the interest earned from heritage savings trust fund investments in past years: a lot of that is in the \$44 billion worth of net financial assets that this province has, that Albertans enjoy. We are the only jurisdiction in Canada and probably North America that has actually taken the assets out of the ground and built a balance sheet that is second to none in North America. Frankly, that's not an intergenerational theft. That's setting the framework for the next generation's completely solid financial footing. That's something that we can be proud of, hon. member, not something you should disparage as a theft from the next generation. As a matter of fact, we've set the next generation on a very, very strong foundation.

I can't accept this for the reasons that I've outlined in the sense that it would be irresponsible of us to put this in legislation given what we know politically. I know you know that, too. So I'll take my seat and say that we should vote this amendment down, too.

**The Deputy Chair:** Thank you, hon. minister.

The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you very much, Madam Chair. I want to just maybe ask a question of the mover of this amendment, seeing as he seems not as distracted as he was before. I do want to make a couple of points. First of all, I agree with the principle of the

amendment, which is to move towards retention of the interest earned in the heritage fund and allow it to compound.

**10:50**

I want to correct, you know, a little bit of a blind spot in his history relative to the role of former Premier Klein and the interest in the heritage fund. It's true he was left with a large deficit, and it's true he had a mandate to eliminate that deficit. He was focused upon it. But when he got close to that goal, instead of retaining the interest in the fund again, he chose to give tax cuts to corporations and to impose a flat tax, which cost billions in revenue and left him then with no choice but to continue reaching into the heritage fund and taking money out. It wasn't just for deficit fighting; it was also for helping his rich friends that that occurred.

My question is this. You talk about retaining 100 per cent of the interest within the fund, but in the next moment you're talking about building up the fund and paying out dividends from the fund.

**Mr. Anderson:** No. I meant to general revenue, not to people.

**Mr. Mason:** I know you don't mean to people.

**The Deputy Chair:** Hon. member, through the chair, please.

**Mr. Mason:** But to use interest, then, to offset our appallingly low royalties and to put that into the general revenues of the province: at what point do we transition from retaining all of the interest in the fund to using the interest to pay for government programs? That's my question.

**The Deputy Chair:** Thank you, hon. member.

**Mr. Anderson:** Well, that's a good question. Obviously, that's not in the amendment, but our policy that we ran on during the election, of course, was the Balanced Budget and Savings Act, and we thought it was a very popular policy with folks. The point where we would start taking money out of the heritage fund, taking the interest out and start putting it into general revenues to be used for regular program spending and so forth, would be the point when the annual earnings from the fund replaced entirely our reliance on oil and natural gas. In other words, if a five-year rolling average for oil and natural gas was, say, \$7 billion a year, if the fund was able to produce \$7 billion a year, then at that point we could use that money because we would no longer be dependent upon it. So that's it.

Now, I do want to just make one little note here about Ralph Klein. You know, you wave a red flag in front of a bull when you do that.

**The Deputy Chair:** Through the chair, please.

**Mr. Anderson:** Yes, Madam Chair.

Obviously, Premier Klein did pay off the debt, as you said, and the deficit and so forth. But then the comment was that – I forget; I think it was in roughly 2000 or 2001, one of those years – the PC government, the Ralph Klein government, brought in the flat tax and lowered corporate taxes as well.

I do not for a minute think that was because Premier Klein was trying to enrich his friends, his business friends or what have you. That is not why those tax cuts were brought in. Those tax cuts were brought in to establish what we called back then the Alberta advantage. It was to make sure that businesses would come from all over the world to invest in Alberta and so that people would come from all over the world to live in Alberta. That was the Alberta advantage that has attracted, frankly, millions of people to

our province. They know that they can come here and be in a low-tax environment and be successful, and it's a fantastic place to raise their family.

That's why we on this side of the House are working so hard to remind our cousins across the way, as we like to say, our some days friendly, some days estranged cousins – it depends on the day or the issue – why that legacy is so important and why we need to protect it by making sure we keep balanced budgets, don't go into debt, and keep taxes low. That Alberta advantage is something that we need to keep going forward. Ralph Klein, when he did that, did not do it to enrich his friends; he did it for the benefit of this province, and it worked, Madam Chair.

**Mr. Mason:** Enriching his friends was just a side benefit, then, Madam Chair.

Actually, I just want to point out that under the current flat tax on personal income in Alberta, people in middle income ranges pay higher taxes than they do in a number of other provinces. It benefits the wealthy far more than the middle income. They raised the personal exemption – I grant you that – but for the middle class it's not as good a deal as you're suggesting.

I have a couple more questions. First of all, you talk about the tipping point where you start reaching in and taking the interest income at the point where it starts to offset royalties. That raises a little alarm bell in my head. Does that mean you want it to replace royalty revenue and you'll cancel royalties when that happens? Is that what you're saying? I think you should clarify that on the record, hon. member.

Secondly, it doesn't say anything about that particular trigger in the amendment at all. I would assume that if, God forbid, there was a Wildrose government and you reached that point, since it's not in the act or not a part of this amendment, you'd have to repeal your own act, wouldn't you? You'd have to change that legislation in order for you to dig it out.

If you could sort of talk about your future vision of offsetting royalties and what you mean by that, I'd appreciate it.

**Mr. Anderson:** I know this is captivating the audience here, but I will be very, very brief and just say that, yeah, we would have to amend it, for sure. No doubt about that. But if oil royalties were still coming in, I don't think it would ever be the intent of a Wildrose government to cancel oil royalties. That would be kind of silly, so we wouldn't do that. What we could do is all kinds of really cool stuff. For example, we could build up scholarship funds. We could build up endowment funds with that extra cash, sustainable endowment funds. We could build more infrastructure. We could do that. We could build a little extra infrastructure here and there with those extra funds. That would be good.

Another thing we could do is – oh, sorry; through the chair. That's right.

**The Deputy Chair:** Thank you.

**Mr. Anderson:** I'm deaf in my right ear. I am, so sometimes I don't hear well.

We could do all of those things. And you know what we could do? Through the chair, hon. member, I know you'll support this. If we got that heritage fund up to \$200 billion, \$250 billion, say in 20 years, we could do the unthinkable. We could actually eliminate – eliminate – income taxes. Could you imagine that? Income taxes. Have people from all over the world coming to Alberta because . . .

**Mr. Mason:** For a free ride.

**Mr. Anderson:** For a free ride? To set up doctors coming in, all kinds of health professionals coming in . . .

**Mr. Mason:** That's not my vision.

**Mr. Anderson:** I know that must be your vision. I know that's what you meant.

Anyway, we could responsibly lower taxes to even lower levels at that point if we had a fund that could replace that revenue. Granted, that's probably 20, 30 years away, but the sky's the limit. That's what's so exciting about a large heritage fund. We could do so many things.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak on amendment A6?

**Hon. Members:** Question.

**The Deputy Chair:** The question has been called.

[Motion on amendment A6 lost]

**The Deputy Chair:** We'll move back to Bill 12, the Fiscal Management Act. The hon. Government House Leader.

**Mr. Hancock:** Thank you. I've been inspired by all these amendments. No, I don't have one, but I would move that we adjourn debate.

[Motion to adjourn debate carried]

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

**Mr. Hancock:** Thank you, Madam Chair. I would move that the committee rise and report progress on Bill 12 and beg leave to sit again.

[Motion carried]

[Mrs. Jablonski in the chair]

**The Acting Speaker:** I recognize the hon. Member for Calgary-Varsity to give the committee report.

11:00

**Ms Kennedy-Glans:** Madam Speaker, the Committee of the Whole has had under consideration a certain bill. The committee reports progress on Bill 12. I wish to table copies of all amendments considered by Committee of the Whole on this date for the official records of the Assembly.

**The Acting Speaker:** Thank you.

Does the Assembly concur in the report?

**Hon. Members:** Concur.

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

### Government Bills and Orders Third Reading

#### Bill 14 RCMP Health Coverage Statutes Amendment Act, 2013

**The Acting Speaker:** The hon. Associate Minister of Seniors.

**Mr. VanderBurg:** Thank you, Madam Speaker. I move third and final reading.

**The Acting Speaker:** Is there anyone else who would like to speak on Bill 14?

[Motion carried; Bill 14 read a third time]

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

**Mr. Hancock:** Thank you, Madam Speaker. I'd move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; the Assembly adjourned at 11:02 p.m. to Wednesday at 1:30 p.m.]





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