

Legislative Assembly of Alberta

Title: **Wednesday, April 25, 2001**

8:00 p.m.

Date: 01/04/25

[The Deputy Speaker in the chair]

THE DEPUTY SPEAKER: Please be seated.

head: **Government Motions**

Committee Membership Changes

15. Mr. Stevens moved on behalf of Mr. Hancock:

Be it resolved that the following names be added to the Standing Committee on Legislative Offices: Dr. Pannu and Dr. Taft.

[Government Motion 15 carried]

THE DEPUTY SPEAKER: Being that it's the first evening of spring, there seems to be a certain levity in the air.

Members will note that there is a new person at the table this evening. Ms Tan McAra will be assisting Parliamentary Counsel during this session. She's a lawyer who was formerly Deputy Chief Legislative Counsel for the province of Alberta before moving to New Zealand, where she was the chief law drafter for the Inland Revenue Department. She has recently moved back to Alberta, and we're extremely fortunate that we'll be able to rely on her many skills and abilities. Please join me again, then, in welcoming Tan McAra.

Provincial Fiscal Policies

13. Mrs. Nelson moved:

Be it resolved that the Assembly approve in general the business plans and fiscal policies of the government.

[Adjourned debate April 24: Dr. Nicol]

THE DEPUTY SPEAKER: The hon. Leader of Her Majesty's Loyal Opposition.

DR. NICOL: Thank you, Mr. Speaker. It's a real pleasure tonight to start the debate on the budget for the year 2001-02. One of the interesting things. I guess everybody had a little experience as they picked up their package and the little black book fell out. It's kind of a question as to whether or not this is a signal that it's a little black book talking about our future or should it be a nice bright, spontaneous, cheery colour that talks about our future.

I want to just begin by congratulating the Minister of Finance on her first budget. With the revenue opportunities that our province is experiencing right now, from many aspects this was quite an easy budget to put together. On the expenditure side probably it was a little harder, mostly with the idea that we had to look at how to limit expenditures on a lot of programs where individuals and groups were asking for more money. So it was kind of a balance, and in the end the budget that was presented I think addressed a lot of the issues in health care, in education, in some of the areas that we heard during the campaign where Albertans were asking for more support and more involvement financially by the government.

Tonight we'll begin our debate – and this will probably last over the next few weeks – on the budget. What we'll be dealing with tonight is a general overview as we talk to this motion, and then we'll get into the specifics of each of the departmental budgets and the line item issues as we go into Committee of Supply.

I want to start tonight by just outlining to everyone here kind of

the criteria that I want to look at and that I suggest we look at as we deal with the budgets and look at them to see whether or not the budget fits the needs of both Albertans and those of us that are participating in the House as legislators. First of all, I think the main thing that we have to look at is whether or not the budget is sustainable, whether or not the expenditure patterns that we're putting in and the revenue projections we're making are consistent with a long-term degree of sustainability. We have to look at that specifically in the budget from the fiscal sustainability aspect, but when we look at how the programs are being developed and how the dollars are being spent, we also have to look at the social and environmental sustainability that comes from these programs. You know, are we contributing to the long-term viability and sustainability of Alberta?

The other thing that we want to look at and which becomes a real issue as we look at the large revenue future that we had last year, whether or not it's going to be continuing on, is how the budget promotes stability. This is: basically, is the budget contributing to both economic stability in the context of its opportunities for individuals and the businesses in the province and also is it creating stability for the decision-makers? Is it giving long-term plans for those administrators and those decision-makers that are dealing with specific programs and specific activities and services that are being provided for the province?

We also have to look at that stability type of an issue specifically as to how it affects Albertans. One of the things that we heard about a lot in the election campaign was how some of the actions of government and some of the actions of the economy were really causing some concerns for low- and fixed-income Albertans. They were seeing some of these actions that we were experiencing as being really destabilizing for their decision-making, for their livelihood, and for their ability to look to the future and feel comfortable and confident.

The next thing that I want to look at is also the equality of opportunity that's provided by the budget. This again is in terms of looking at it from the perspective of individuals. Do they have access to the programs? How are they treated in the context of the programs? Do the programs build to promote and encourage their confidence in us as legislators and in the government as a provider of those services? When we look at it also in terms of the business community or the economic aspects, you know, how is it dealing with the equality of opportunity for the different sectors of the economy, the different opportunities of trade-offs that occur there? Are some individuals or some parts of the economy getting a competitive advantage by the new legislation or the new expenditures? Are others becoming disadvantaged?

I guess that's kind of from the economic point of view, but the thing that I'll be looking at and I'm sure almost all of us will be looking at is the compassion that comes out of the budget, the compassion that comes out of the programs that were put in place. Are we really directing our dollars to the benefit of Alberta and to provide services for those who are in need, who really want to help themselves to grow and to become vibrant participants in our economic system and in our social and cultural communities?

Mr. Speaker, another thing I want to look at is: are the proposals being put forward in the budget and the particular programs consistent with good government? That I'm looking at in terms of: are they built around proper planning? Is the process that goes into the decision-making open? Is there an accountability component in it? Can we figure out whether or not the dollars are being truly spent well on behalf of Albertans? Are the performance measures truly showing a response to the investment by the government, or are the performance indicators just actually reacting to other factors in the economy or in our social system?

The final thing that I'm looking at in terms of good government is basic consistency. Are we sticking with our plans? When we do change, do we have a rational reason and a viable reason in the context of sound economic development and sound business programs or business planning to look at why those changes have come in?

I guess that as a start outlines where we're going and how I plan to look at the budget.

8:10

Then as we get into some of the specifics of the Budget Address by the Minister of Finance, I guess the thing we have to look at is her kind of reflection at the start, that it's, you know, kind of easier to budget when there's lots of revenue, but there's also a real responsibility that comes with that to make sure that we're not just spending money to spend money.

With that in mind, I just wanted to raise a point that she brought up on page 6. The issue that she pointed out there was that the \$4 billion difference in the revenue, depending upon the resource price projections – you know, there was a real range of price projections that the government considered. I think that we all have to be really cognizant of this and thank the Minister of Finance for pointing this out to us. We do live in an economic system here in Alberta where resource revenues are really volatile, and they do create a real issue for us as we look at planning our budget and trying to balance our revenues with our expenditures.

The next thing that we looked at basically comes up on page 9, where I had some concerns that I wanted to express, the analogy that the minister used when she talked about the Alberta family, where she started off with, "We start with how much we're likely to earn." Mr. Speaker, I just want to put a caution with that statement. What it does is it basically reflects the idea that if you've got money, you can spend it.

Now, included in that spending component is the possibility of saving, but I think from a government perspective what we should be looking at is dealing with how we can put together a budget that is based on service rather than on available revenues, and to do this, what we've got to do is start and describe our programs and services that we need to deliver. We need to develop costs for these programs which look at the effectiveness and the efficiency with which they're delivered. Are we making sure that we in Alberta are delivering our programs on a cost-effective basis compared to other jurisdictions as a standard? We should be at the top of those levels because of basically our flexibility, our ingenuity, and the observed ability of Albertans to make the best of situations. So we should be really able to deliver our programs in as cost-effective way as anybody else.

The next thing we have to do is basically compare to our revenues the cost of those services that we have been legislated to provide. That's where the balancing part comes in. As I've said before, this year that's quite easy because we have a very rosy and a very positive revenue situation to look at. If our cost of those programs is less than the revenues, that doesn't mean what we should do is just go off and find other ways to spend those revenues. What we've got to do is look at what is in the best interest of Albertans as we do that. Should we pay down the debt? Should we return the surplus to taxpayers? Or should we put it into an investment in current expenditures for future activities?

We saw some of that in the budget where we're talking about the onetime expenditures basically being put in place this year instead of in future years. We're advancing those investments to this year. What we need to do when we're going to make that kind of decision is really look at it from the perspective of: is it cost-effective to basically move those investments ahead in our long-term plan? We

end up, then, dealing with approximately \$3 billion in this year's budget which were classed as onetime expenditures.

What we have to do is look at them within the context of their validity as a current year expenditure, and then they just become infrastructure. You know, given the situation, the demands that are on our infrastructure this year, we see it as important that we actually invest in those infrastructure improvements this year rather than delay them. There's nothing wrong with moving ahead an infrastructure investment if you see that there is now a valid need for it to occur this year rather than a year later. The other option, you know, that we have when we deal with these is basically that if we have the extra revenues to create an endowment for infrastructure, move the infrastructure dollars to the time when it is best to schedule the upgrade of that infrastructure.

Now, in question period today we heard the minister and the Premier talk about how circumstances had changed and it was now more appropriate to invest in those infrastructure activities this year. Then we shouldn't call them onetime investments. Those should just be justifiable expenditures in infrastructure this year because they're needed this year. The fact is that we don't necessarily need to expect to be investing the same number of dollars every year in infrastructure, because it is a capital activity not a service activity or an ongoing cost of operation. So it doesn't necessarily have to be as consistent to sustain service as what we see in the service-based type programs.

We also have an advantage if we take that approach in that we will be able to schedule our infrastructure activities to basically be part of this stability component of our economic activity. If we're going to be accelerating expenditures in infrastructure in a downturn in the economy, we get two benefits from that. It basically provides economic activity to sustain an economy that's slowing, but it also gives us as investors of the public dollar the chance to acquire those infrastructure projects when there is less price competition from the private sector that's currently ongoing in a very robust economy.

So I guess what that's all leading to, Mr. Speaker, is that I think that in the context of the debate on the budget I would appreciate the Minister of Finance or the Minister of Infrastructure providing us with justification for why we are doing them this year. If they are cost-effective this year, then let's not call them onetime expenditures; let's call them needed infrastructure dollars for this year. We can deal with them, then, in the context of appropriate decision-making based on need, not based on revenue, as the implication is in the presentation on page 9.

I guess as we get into looking at the rest of the document that was presented to us as the budget presentation, the minister then gets into some of the specifics that deal with specific departments. We look at some of them, and one of the areas that we talked about was health care. This section of the speech threw out a bunch of numbers about what percentage we're talking about, the percentages in growth. It concluded with the fact that in this budget health care expenditures are 35 percent of the province's spending. Mr. Speaker, I would just suggest that it's more important to talk about the delivery of services.

We saw the critical area services like health and education make significant jumps in terms of the proportion of the provincial budget in the periods when a lot of the other departments were being reduced significantly, because we as a society or as a Legislature on behalf of Albertans were making decisions about what kind of activities the province should be involved in. When we cut out all of the involvement in business, when we cut out a lot of our expenditures that are not directed to basic services, that automatically increases the proportion of the budget that's required to serve those given basic services because the other expenditures have been cut out.

This also happens when we see some of the less innovative, less demographically related budget items basically increasing at no more than, say, the cost of living, 2 or 3 percent per year. When we get into things like education or health care, where we are looking at both a demographic and a technology change – and we all recognize that technologies are costly and the implementation of those technologies is costly – we end up effectively changing the level of service. We get better health care out of it, and we're then having to put more dollars into it, and that is by choice. If it's not by choice, then it shouldn't be approved by this Legislature. In effect, the kind of debate we need to be having is in terms of what constitutes appropriate service definition, not what percentage it makes up of the total budget.

8:20

As we went through the rest of it, we talked about a number of places in the budget where references are made to increases in the specific departments. Yet when we investigate the actual level of delivery, it's constant, and the dollars that are being added are only enough to cover demographic change, not any different level of service. With this talk about percentage increases rather than holding the line in delivery per capita or holding the line in delivery per service recipient, what we in essence do is create expectations for Albertans that have to be met through explanations to clarify what's been said.

One example that I want to bring out is on page 11, where there's a reference to the AISH increases. When people called in and we talked to some of the individuals or when we had one of our research staff in the technical briefing and this was brought up, what we found is that in the context of the increase in the AISH budget it's basically demographically driven, not the level of payment increasing. So nobody is going to get any more, yet when they heard in the budget that there was going to be an increase in the AISH budget, they expected that that meant they were going to get an increase in payment.

All I'm saying here is that we've got to be sure that when we talk about what we're doing, we talk about it in a way so that Albertans are better able to anticipate the impact on them directly. We should have been able to say that there's going to be an 18 percent increase over the next three years in the number of recipients of AISH dollars, but there'll be no increase in the level per recipient. That's basically what is in the budget. That's the way it was explained to us in the technical briefing. So, in essence, people on AISH don't get extra dollars. There are just a lot more people who are going to be coming on to the AISH program, and that's where the increase is.

So that's basically, I guess, a comment or a suggestion or a request that as we continue to develop our budgets and the releases that go out and the debate that's carried on around the province, we talk about it in ways so that the individuals who are involved in the different programs truly understand the impact that that budget change has on them rather than the impact that it has on us as decision-makers in the context of the allocation of the total revenue. We have to meet the needs of Albertans, not those of us that are in this room. We understand the process, we understand the implications of it, and we should be facilitating their understanding as Albertans rather than trying to deal with that.

I guess the other comment that I want to make is with reference to page 12. The government here again refers to the fact that they're going to protect Albertans from high energy prices when in actual fact under Bill 1 and under the items in the budget they're protecting Albertans from the potential for high natural gas prices, not energy. Many people encompass into the term "energy" both their gas and their electricity components.

Mr. Speaker, we have to be up front with Albertans. We have not provided them with any protection from the increase in electricity prices in the last year. What we did was provide them with a \$40 rebate on money that they had already paid into it, and we called it support. That's not true. This is giving them back the money that truly belonged to them in the first place. We had them pay full cost for their electricity. We've got to make sure that when we talk about these kinds of things, it's out there in a way so that Albertans truly understand what the implications of the issue are.

I guess as we go through some of the other aspects that come up in the budget, a question that has already come to me, not so specifically in the role in which I stand here tonight but in one of my critic responsibilities, in agriculture, is: how much is in this for drought payments? Well, what we're able to find out by talking to individuals – and maybe the minister is now listening – is that directly, right now, there are no dollars in the budget for drought. The additional dollars in agriculture are a supplement to the farm income disaster program, not in the context of the drought, other than as it affects the farm income disaster program. Farmers are expecting payment on a drought program based on comments made by the Premier over the past month.

I would hope that in the near future there is some clarification, because farmers are, at least in their own minds, experiencing a drought even though the technical definition has not yet been clarified for them. So what we've got to do is basically talk to them about it and make sure they understand the kinds of things that are in the budget for them and how they'll have access to them. I know the minister is working hard on this, and we all wait enthusiastically for some additional clarification.

The other thing that I wanted to put on the record here are some concerns that come up with the additional infrastructure dollars that are out. It's really great to hear that we'll be looking at renovating and improving and upgrading some of these schools in Alberta. One of the things on which we've had consistent concerns raised over the past number of years by school districts, by parents, and by people involved in the parent councils is: why is it that the government doesn't follow the priorities set by a school district when they send them in to Alberta Infrastructure? Why is it that their number X priority all of a sudden becomes the number 1 priority? It gets the funding and not the number 1 priority that was sent in by the school district. That process needs to be clarified for them.

If nothing more, Mr. Speaker, we have to give them a rationale for why we at this level pre-empt their local priorities and superimpose on it one of ours. I can imagine cases where there are reasons why a priority change might happen, but we owe them an explanation for it. All I'm saying is that we owe them an explanation for why we ask them to go through all of the time-consuming activities that are associated with preparing their priority list, and then we pre-empt them. So we have to look at that in terms of how we deal with it.

I guess the other issue that I want to come up with – I'm getting to the end, Mr. Speaker; I don't have a lot more. As we get to the end, we're talking about the \$817 million cushion that's going to be built into the budget. Here there was a reference made to the fact that if we're going to be dealing with this money in the context of the budget, three-quarters of it would be directed to paying down the debt. Well, I would suggest that if they get to the end of the year and there is a surplus in the budget, under the Financial Administration Act all of it goes to pay down the debt unless in the meantime we have made choices in the first, the second, the third, or the fourth quarter to increase expenditures in some line item or in some ministry, and we utilize those dollars.

Within the context of past practice and my understanding of the act that \$817 million is fully available because it's a cushion defined

in the budget. It is fully available for additional expenditures, not only 25 percent of it. It's not treated like, quote, a surplus would be treated in the context of an estimate at the end of the first, second, or third quarter. So, in that context, I would ask for some clarification so that this poor little old farm boy can better understand what's going on in the budget, whether or not I'm actually really having to deal with this from the perspective of the issues that come up in terms of how we explain the expenditure of that \$817 million dollars to Albertans.

8:30

The other thing I saw in the budget was what I see as a real issue, I guess, for some hope in the sense that on page 6 there was talk about preparing a study for the long-term revenues of the province. I think we have to look here very seriously at the role the heritage savings trust fund could play if we used it now as a source of putting away some of our excess revenues. In the future the interest earned on that can in essence be a substitute for higher income tax or higher any kind of tax.

We have to look at the fact that under today's standard, Mr. Speaker, Alberta is very, very, very competitive in the context of Canada in both personal and corporate tax structure. We have one of the lowest income taxes, in fact the lowest income tax in Canada, and no sales tax, thank goodness. So what we've got is really from a tax perspective one of the greatest advantages of any jurisdiction in Canada.

So if we end up with resource revenues that are very erratic, unpredictable and if we were to take the surpluses from those high years and put them into our heritage fund, over the next 15 or 20 years, when our natural resource revenues are going to decline because we've depleted that resource, we will have a source of funding there that we don't have to increase our taxes. We won't have to look at the issue of: how do we substitute for the lost natural resource revenues? We will have an endowment that will provide us with an interest income that will replace that natural resource.

So as we get into that long-term review of our revenues, I would hope that that is one of the things we look at. You know, we've had a number of studies in the last year, year and a half which have talked about the idea of using the heritage savings trust fund as an endowment to generate interest for us in the future so that at some point in time, if properly managed, we could even be income tax free in this province. Well, that's probably a long-term objective. What we've got to look at right now is creating a situation where at least we don't have to raise our income taxes, and then we can deal also with the possibility of sometime in the future maybe not being in the position of having to raise our tax situation. I don't think any Albertan wants to see that, so if we can use this erratic and unpredictable part of our resource revenue to create that cushion for the future, I think it would be a good thing for us to consider.

I guess as I go through this, to the Minister of Finance, there's one question that comes up in the context of our very exciting economy, our fast-growing, robust economy. On a daily basis almost we hear information that possibly the U.S. economy is not performing as well as people think. I would just ask: is the government looking into the degree of dependence that we have on the U.S. economy. You know, if the U.S. economy really does experience some troubles, how susceptible will we be to a kind of kickback or a fallout, a second round effect from that? This is something that we have to look at, because we are basing our budget and our budget projections and our three-year business plans on fairly optimistic and fairly positive rates of growth in the area of 4 percent for next year, 4.2, 3.4 over the intermediate term. That is very, very positive and very good for Alberta, but we need to be looking at some of the

other things that are going on and how they may impact back on us.

Two more final comments before I finish. The concern that I heard the Premier express today and also the Minister of Finance in a previous conversation where they were talking about how they're concerned that people are talking about, you know, a 24 percent increase in the budget this year when in actual fact they've got a number that they're using that's much lower than that. What we're getting into here is a kind of definition situation in the context of how we look at base budgets. You know, this is one of the issues that comes up when we increase expenditures in response to surpluses at the quarterly level. Technically and administratively those are supposed to be onetime expenditures which disappear out of the budget at the end of that fiscal year. That's how they were supposed to be put in, because they were not supposed to create an ongoing obligation for the government.

If you use that, then the actual base of the budget that we use to compare this year with last year and over the forecast for this year is what was in the budget at the time of the debate last year, and that reflects, I think, the 23.6 or 24 percent increase. If we use the budget that is projected as being the experienced level of expenditure for last year, which incorporates all these quarterly additions, then we're looking at a 12.5 percent increase from last year to this year.

So what we've got to do is make sure that when we talk about the budget, we know and we use a common set of bases and a common set of projections so that when we do go out and talk to Albertans, Albertans don't become confused. We want to be able to go out and say: from last year's budget, this is the increase, or from last year's actual expenditures, this is the increase. They're quite significant. Now, if those quarterly expenditures are truly just onetime issues, or nonrecurring expenditures, last year's actual budget should be an irrelevant figure when we're talking about what is the comparison, because we're talking about the decisions that we made in the context of an ongoing, sustainable, stable budget, which was the amount passed in the debate at the beginning of the year. So all we have to do is kind of come to a common agreement here as to what we're going to use in the context of terms so that we can deal with the issues up front and in the open for Albertans.

I guess my last comment is a reflection of the fact that I don't know whether we should celebrate this year or whether we should all feel, well, not quite ashamed but really concerned, and that is the fact that for the first time this year we're projecting in our budget a billion dollars of gambling income. This is basically a reflection of the direction that we've gone in our province both in terms of entertainment and in terms of reliance on support. We're in the process right now of a review of gambling in the province, the role of VLTs, the role of slot machines, and sometime supposedly in the near future we'll be seeing that report come out.

I guess one of the things I would like to suggest in the context of looking at this is that if the government is undertaking a serious review, we should be looking at how the dollars are proportioned between the government, the operators, and the charities that are out there, in the context of how those dollars get allocated. There's a lot of concern in the context of how the VLTs, slot machines, the casino group are taking away from the community-based options like the bingos, you know, the things that the communities get involved in to deal with supporting their community activity, and we should be looking at that.

One of the other things that's come up and is quite evident: I've had a couple of businesspeople – in fact, Mr. Speaker, more than a couple – who have approached me with concerns about how the possession of a licence for VLTs or for a casino effectively becomes an extreme income generator, which gets translated into a wealth factor. You look at that in the context of how this comes out, and

effectively what we're doing here is basically using legislation to create a new, quote, property concept that then becomes tradable at a market value based on its income-earning ability, and this basically gives us a real ability to create wealth generation through legislation.

What we've got to do is look at whether or not that concept is the appropriate way to be generating wealth in our province. We've got to look at it from the perspective that this is an activity which we as a society have agreed to have publicly supervised. Should that supervision in effect translate into licences which become capitalized and create wealth for the individuals who get them? Or should the excess revenues that get capitalized into that wealth be captured back by us as the society that licensed them? This is some of the debate that needs to go on in terms of how we deal with the transferability of those licences, the access to those licences, and how they in effect share the revenues that are involved.

8:40

Mr. Speaker, this is a very complex issue. We look at the access to the VLTs or the slot machines, the bingos, whatever, in the context of small rural communities. If there isn't sufficient revenue generated by the owner of the licence, then what we end up with is that it's not available unless people are willing to travel the distance. So, you know, there has to be some kind of mechanism there to deal with it from the perspective of providing fair and equitable access, again based on the assumption that this is the kind of province we want. More and more now we're seeing individuals say that maybe they don't want that.

What we've got to do is create an opportunity where, you know, a business that makes a choice to basically invest in a licence doesn't get a competitive advantage over the business which, because of their community commitment, chooses not to, and they can't compete with each other based on service in the direct delivery, but they have to compete in a different way, because one basically has access to that VLT licence or the other gambling licence components than what we're looking at.

Mr. Speaker, that's basically the end of my comments. What we'll be doing in mostly the coming evenings but over the next four weeks is dealing with the individual departments. I have the privilege of standing and speaking to the Agriculture, Finance, and Revenue budgets as the critic. So I'm sorry; you're going to hear from me some more yet before the end of the budget debate. In the meantime I'll give someone else a chance.

Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. leader of the New Democratic Party.

DR. PANNU: Thank you, Mr. Speaker. I would like to enter the debate on the budget. I have only 20 minutes at my disposal, so obviously I'll have to be very selective. A comprehensive review of the budget is simply impossible during this very limited time, but I want to make a few general comments first.

[Mrs. Fritz in the chair]

There is some difference of opinion on whether or not the 21st century started last year or this year. I prefer to think that it started this year. So we are in the first year of the new century, we are in the First Session of the 25th Assembly in the life of this province, and this is the first budget; therefore, the provincial budget of the 21st century. I want to congratulate the Minister of Finance as a new minister in this position for doing her hard work and presenting the budget, but my congratulatory tone will stop very soon at this

point because there are major differences in the way she sees what the priorities of the province are and what I think they should be. Given the fact that this is a new century, a new minister, a new Assembly, there is some hope and expectation that the government will attempt to make some sort of new beginning, but I think Albertans will have to wait for that.

There's no indication in this budget that there is an attempt to forge a new vision, forge a new path into the future, into the 21st century. Much of what's being presented here is more of the same. It's consistent with this government's policies and positions that it has developed over the last eight years. Clearly there is a commitment on the part of the government to continued rapid and high levels of economic growth, but there is a difference between achieving high levels of economic growth and striving to achieve a shared prosperity. Merely high levels of economic growth should not be equated with prosperity for all. There is, certainly, economic growth, and there are beneficiaries of this process of growth, but there are many, many Albertans who are left out, who don't share in this prosperity. So there is no goal set here in this budget, if this budget is to be set in terms of its vision, its goals, for a kind of social future that's compassionate, that's more just. There is no such indication that this is a budget designed to achieve the goal of shared prosperity.

Social investments are still in many ways seen as expenditures rather than as something that we are investing in our future that is a savings in the future. So the language of these expenditures is still very much prevalent as if we are wasting money, and we need to stop doing that.

In terms of this particular budget and the numbers, total revenues are estimated to be \$22.7 billion, down about \$2.6 billion from the most recent 2000-2001 forecast, and total expenditures are estimated to be \$21.6 billion. Now, while at first blush it looks like the government is ramping up spending, I must note that over \$1.5 billion of this additional spending is for capital infrastructure expenditures this year, which should be seen as an investment, not as a new line item in the budget. So essentially what the government is doing is setting aside money this year for spending on hospitals, schools, and roads that will take place over the next three years, and I must say that it couldn't have come too soon. It was badly needed, so I'm supportive of the infrastructural part of the budget, the commitments made there.

All I'm saying is that it seems to give the wrong impression, that Alberta is moving down the path of spending and spending and spending. If you now add to this the adjustment for inflation and population increase, then the overall budget increase looks even smaller, more modest than it appears on the surface. The Canadian Taxpayers Federation is worried that the government of Alberta is beginning to spend and spend and spend. I think they're mistaken; that's not the case. The expenditure side, the total overall budget, doesn't seem to indicate to me that there are any new, bold commitments being made in terms of investing in our children's future and the future of our youth or in any other forms that will benefit us down the road in the long run.

On the revenue side, a few observations. Other than a reduction in the railway fuel tax from 3 cents to 1.5 cents per litre, there are no further tax cuts in this budget. The flat tax, in my judgment, is an unfair way of taxing Albertans on their personal income. There's no change in that. No reduction in health care premiums, much less any sign that they will be scrapped very soon or soon. The hotel room tax stays, and there is no cut in fuel taxes for average families. There is no increase in cigarette taxes, as was being suggested only a short while ago by the minister of health.

The previously announced \$248 million cut in corporate taxes and

the \$135 million cut in school property taxes are mentioned again. The capital tax on financial institutions is also being eliminated on April 1. Those eliminations were announced last September, so that's not really new either.

8:50

On the expenditure side now, Madam Speaker, health spending is forecast to rise about \$737 million compared to last year's forecast. About half will go for remuneration increases, mainly for doctors and nurses, and the rest to arrange for the announced initiatives. It remains to be seen whether this increase will ultimately lead to smaller waiting lists or any lowering of pressure in our hospital emergency rooms.

Education spending is forecast to rise by about \$340 million for a very large system, both K to 12 and postsecondary. Interestingly, provisions for increases in teacher salaries are at 4 percent this year and 2 percent next year, for a total of 6 percent over two years, much less than what teachers were expecting and much less than what teachers were given to believe by the Premier just a short two weeks ago. I suspect there will be a great deal of tension in the negotiations that are forthcoming. That's unavoidable. There could be labour strife. I think it was a shortsighted decision by the government not to include the teachers among public servants who should be paid fairly and who should be compensated for the sacrifices that the Premier himself acknowledged they made willingly over the years in order to assist this government to eliminate its deficit and pay back its debt.

In addition to these increases, modest as they are, the basic per pupil grant will go up 3.5 percent and 3 percent over the next two successive years, from which school boards will be expected to reduce class size and address other priorities. I'm sure school boards are going to find themselves between a rock and a hard place trying to help their teachers remain satisfied and committed to the work that they're doing and to reduce class sizes at the same time, especially when you look at these increases in light of the rate of inflation, which cuts into the real value.

Also, look at the increase in the number of students in the system. There is a great deal being said by the government side about how the growing economy is attracting tens of thousands of Canadians into our province, which is true, but when they come, they also bring their children with them, thereby increasing the demand on our already overloaded education system. So the increases in the budget must be seen in light of these increasing demands and the impact that inflation has on the ability of school boards to purchase the goods and services they need in order to provide quality education to their students.

So I don't think these increases are adequate. They certainly are not adequate if there's any commitment anywhere to decrease class sizes on the part of this government. There is lots of rhetoric and talk that small class size is necessary, but we're going to leave it to school boards to accomplish this task. But unless this government is willing and prepared to give the resources to school boards, it's a goal that will not be achieved. The budget certainly has no evidence in it that this government has any real commitment to the achievement of that goal or commitment to partnering with school boards to achieve that goal.

In terms of postsecondary education there is \$28 million allocated to faculties like computer technology, medicine, and engineering. The rest of the faculties are left to their own devices. If they lose leading scholars to other universities, which they are doing, then so be it. Who will be the losers? Our young, our students, the vast majority of whom enroll in faculties that are being neglected and ignored as a result of this targeted funding that this government is

simply channeling in the direction of a few faculties at the expense of liberal arts and humanities.

Funding for scholarship programs is being increased to some extent, though there is no new money to put a brake on tuition fee increases. That must be a major disappointment to our postsecondary students who in the tens of thousands signed petitions to this government over the years, particularly last year, to give a message to the minister that he must commit himself and work hard on their behalf to convince this government and convince his colleagues in the cabinet that tuition fees should not only be frozen, but it's about time they be rolled back given the resources of this province. The tuition fees in this province are the second or third highest in the country, and this province claims to be the richest, on the other hand, amongst all the provinces in this great nation.

[The Deputy Speaker in the chair]

So that to me is another great disappointment. It's shameful that we are not able to reduce the burden of tuition fee increases on our students, which is within our reach, within our capacity, but we need to have a minister who really has his heart into doing this, has a real commitment to this goal, and unfortunately we don't have that here. [interjections]

Furthermore, Mr. Speaker, minutes are just whizzing by, and I don't need a minister and another member here to be telling me what to say. I would ask them to be patient and listen while I'm speaking.

Moving to another matter, Mr. Speaker, while there is money provided to accommodate increases in the number of cases of AISH recipients, there are no increases in monthly allowances for AISH or social assistance recipients of any real, genuine magnitude. That means that these recipients will be condemned to living in growing conditions of poverty and scarcity.

Government spending on natural gas rebates announced before the election was \$1 billion for the first four months, January to the end of April, the end of this month, approaching fairly soon. However, in this budget only \$125 million is budgeted for natural gas rebates for all of the year 2001-02. This translates, Mr. Speaker, into \$8 per household, \$8 a month. So it's obviously not a terribly significant promise that's contained in the budget and will not relieve the anxieties and the financial pressures that most families are experiencing as a result of the large increases in natural gas prices and electricity prices.

So, Mr. Speaker, what does it tell us about this government's commitments? Where is it going? Where does it want to go? It's clear that it really does not have a very good idea of where it wants to go except that it wants to keep going where it's been going before. Nothing new. Nothing imaginative. Nothing very creative. No promise of charting a new course to show the adventurous spirit that Alberta is known for and to say to Albertans that we are now thinking of a postdebt era, and in this era there are new things that we are going to do, and here are those things, here are the resources, and here is our plan to accomplish those things.

Talking about debt freedom, Mr. Speaker, I heard this phrase repeated again and again and again by the Finance Minister yesterday in her speech: freedom from debt. Well, it's a good idea, but we have been free from debt, not to underestimate the need to be free from debt. We have \$12 billion in cash assets in the heritage fund. We have—I don't know—\$4 billion, \$5 billion, \$6 billion, \$7 billion of debt. So we should be talking in terms of net assets, cash assets, rather than net debt. When you really look at the balance of this strange accounting, when you have \$12 billion in the bank and you owe \$7 billion and then you say that we have \$7 billion in net debt, it's difficult to understand the logic. This is not to justify that this

government should undertake new debt obligations. The point is that we should be frank and honest with Albertans about the real fiscal situation of the province. If freedom from debt was the goal to be achieved, we have achieved it.

I think we need to set new goals: freedom from poverty, freedom from child poverty, freedom from excessive tuition burdens on our young Albertans, who are going to be the source of prosperity in the future for this province. But none of those ideas are permitted to enter the language of the pages of the budget documents as I see them, and that must be a serious disappointment to all Albertans.

9:00

Mr. Speaker, the health care premiums. I want to speak a bit about that. There were attempts made, I guess, at the last Tory convention by some members – there were some motions or resolutions passed there advising the government that it's time to consider scrapping health care premiums. Well, there's no such hope. The government hasn't listened even to its own rank and file on that one. Health care premiums are not only an unfair burden on those families that pay from their own pocket. They can't even use this expenditure for tax purposes. It's not a tax deductible expenditure.

On the other hand, for employers it's a payroll tax, and this government is committed to making business easier for people who want to set up business in this province. Yet it doesn't see the health care premiums as an unnecessary, unfair burden on employers whose costs go up because they have to pay as part of their fringe benefits to their employees these health care premiums on their behalf. On the other hand, the employees who receive this benefit have to pay taxes on it once again. So it's a strange situation, makes no economic sense, yet the government has not moved an inch on the issue of scrapping or reducing or eliminating in a staggered way these taxes.

Mr. Speaker, I know that time is running out. I would like to conclude my comments by saying that it's regretful that the government has squandered a major opportunity at the turn of a new century, at the beginning of a new Assembly to chart a new course. We are living in a time of immense economic growth. I hate to call it prosperity because it doesn't really trickle down to everyone, and markets never are a good mechanism to allow it to trickle down to everyone. The government had the chance to undertake some truly bold and meaningful and innovative steps to leave a legacy for the people of Alberta. They have failed in their task.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Deputy Government House Leader.

MR. STEVENS: Yes, Mr. Speaker. I would like to move that we adjourn debate on this matter.

[Motion to adjourn debate carried]

head: **Committee of Supply**

[Mr. Tannas in the chair]

THE CHAIRMAN: Good evening. I'd call the Committee of Supply to order.

head: **Supplementary Estimates 2000-01
General Revenue Fund, No. 2**

THE CHAIRMAN: First of all, hon. members, before considering the estimates this evening, the chair would like to clarify that the

April 10, 2001, House leaders' agreement is silent on the subject of supplementary supply estimates, and that is what we're dealing with tonight. Accordingly, the only limitations on speaking are those found in the Standing Orders. As this is the only day allotted for consideration of these supplementary supply estimates pursuant to Government Motion 11, which the Assembly passed yesterday, then under Standing Order 59 they must come to a vote no later than 11:45 this evening.

So with that, we'd also remind hon. members that, again, in committee you're allowed to move around, which many of you are taking liberal advantage of, but we still want to have only one person standing and talking at a time. If we could all observe that, that would be helpful.

Learning

THE CHAIRMAN: This evening we're going to start the supplementary supply estimates off with comments by the Minister of Learning.

DR. OBERG: Thank you very much, Mr. Chairman. What we have before us tonight is a supplementary estimate for \$33 million. Quite simply, this is to reimburse the Department of Learning for the tax cut of \$135 million that was applied to January 1 of this year through the Department of Municipal Affairs as it applies to the education component of the property taxes.

Mr. Chairman, \$33 million is roughly one-quarter of the \$135 million, and that is the reason for the supplementary supply, so that the Department of Learning's budget would not have been cut by \$33 million, that we would still have the same amount to spend as was ordered in the previous budget. I'm sure that the opposition members would not want my budget to be decreased by \$33 million.

Thank you.

THE CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm pleased to stand and support the appropriation that we have before us, because I have been one of those individuals who has advocated adequate funding for public school boards and have made a plea that the underfunding be discontinued. So any move that keeps the boards at least even and not in a less favourable position, I guess, is one that we eventually have to support.

The requisition, however, raises a number of questions about the financing and the operation of school boards across the province. Although they weren't directly involved in this transaction, they could have been had this requisition not been made and the payments put in place. I think that so often in the last half dozen, eight years the boards have had things done to them and have not been partners of the government as the financial plans and planning for school districts and schools have unfolded. What the requisition does is call into question the kind of planning that's been done, and what is the use of three-year business plans if an expenditure like this could come along and, had the minister not had the support for this requisition, could have totally wrecked school board budgets and put them in a very difficult position?

9:10

The whole notion of planning and trying to plan long-term when these kinds of things occur is very, very difficult. It would be interesting to have a performance measure in the budget plans that gave some indication of the government's success in putting forward a budget plan and sticking to it. I think some of my colleagues are going to spend a few minutes talking about that particular aspect of the budget process.

Boards in general, I think, have had a very difficult time, and there

have been changes that really have weakened them and made them very vulnerable. If this had gone through and they had had their budget cuts, they would be in a position to do little about it but to cut programs or teachers, and that stems back to the loss of their taxing authority. They no longer have the freedom to make up deficits like this to respond to the unforeseen because they have had that taxing authority removed from them, or if they do tax, as in the case of some of the Roman Catholic school districts, their grants are reduced to an amount equal to the amount raised by that local taxation. So they have really no recourse to deal with the unexpected except to cut programs, and they are not alone in this. We're going to see this when we look at the budget requisition for Children's Services. Boards there are caught in exactly the same lose/lose situation.

[Mr. Shariff in the chair]

A second factor that's making life very difficult for school boards is the earmarking of funds, and as worthy as many of those projects are – the literacy program and some of the other initiatives, the school improvement program – they take control and flexibility away from local boards and make them less able to respond.

I think a third factor that has weakened local control has been the consolidation of a number of the boards. The geographic areas served by some of them are almost impossible.

So I think that over the last number of years boards have been weakened and are at the mercy of changes like this that come from another department or come from a group of other departments. I think that an implication or the curtailment of local authority has resulted in the centralization of authority in Edmonton, and it's a centralization that's unfortunate given the nature of our schools. I think boards are becoming more and more remote from citizens and less and less able to respond to local needs. This is, I think, just a warning flag in terms of how vulnerable our public school boards and separate school boards are to moves by the government, and they have little recourse to moves such as this.

I think that the reorganization that's occurred over the last number of years has minimized local boards. The K to 12 system now finds it's grouped and competing with the interests of advanced education in one department, and the latest move was the split-off of Infrastructure, meaning that now, according to some superintendents that I talked to, the boards are forced to deal with two departments. To make a plea for their building funds and their program funds, they have to first make the case with Learning and then make the case with Infrastructure. So all that's happened with that particular reorganization is that boards have had their work doubled and, again, their authority minimized and life made more difficult for them.

I think boards are made more remote through the chronic underfunding that has been imposed upon them. Local schools have certainly suffered as a result of that underfunding. It's evidenced in the kind of parent fund-raising that goes on. I was talking to a parent yesterday who was here with a group of students from a local elementary school about the fund-raising efforts of their school, and she was indicating how happy she was that they had finally received consent to conduct a casino. My question to her was: what are you going to do with the proceeds from that casino? She said, "Well, you know, we're going to be buying some computers and some software." I said, "Well, I thought some of those were mandated by the province." She said, "They are, but the school can't afford them." Then she said, "We're going to be buying some books for our school." I think that that's unfortunate, that the parents are now forced into fund-raising for basic instructional materials and resources, and their role as the fund-raisers for the special event or the special field trip has been dramatically changed.

I think some of the underfunding has led to the loss of librarians. A teacher librarian in this province is a rare individual. That is a dramatic change from the past when the expectation was that every school library in the province would have if not a full-time then at least a part-time teacher librarian, someone who was schooled in library science but also in pedagogy and instruction and could help children and teachers utilize library resources to their advantage.

I think they've been weakened in other ways in terms of some of the interagency agreements. Some of the boards, I know, have gone willingly into these agreements. I think particularly of the health initiative. I would hope that sometime in the future we're going to have a review of that initiative and find out exactly how children have been served. Certainly the level of speech pathology, speech therapists, occupational therapists, the kinds of services that school boards in the past rendered themselves – and they were able to do that because, again, they had access to some local taxing authority – are minimal. I know the agreement between Capital health and the two local boards exists more in the minds of those two agencies than it does in the classrooms and in the offices of schools. The kind of therapy that's available for children needing help with speech is minimal, to say the least, and – I think the situation still prevails from last year – is discontinued at third grade, which is hardly the way to deal with speech problems, which are often very, very long term.

So a number of factors. The measure before us I guess I indicated I'd support. It's needed. I think it points out the weakness in planning, and I think it certainly points out the vulnerability of schools and their ability to respond to unforeseen, changing financial circumstances. I think it's unfortunate that they have been put in that position. They will continue to be if the upcoming budget is any measure, where we see the encroachment into collective bargaining on a large scale by the provincial government, really a situation where the bargaining has been done publicly by the Premier through the budget documents that are tabled. Again, I think that that's unfortunate. It takes away the authority and the power to act from local school boards and the power to set priorities in terms of the kind of teachers that they can hire and they can set as a priority.

I look at boards who had in the past some forward-looking personnel policies. One board, for instance, had a policy of hiring the best-qualified teacher available. Having to take a policy like that and set it aside because of the nature of the funding, they have to hire the teacher that will cost them the least. It's hardly the criteria that that board would like to use when they're trying to find teachers to take over in their classrooms.

9:20

So it's a series of events that keep chewing away and eroding the authority of local boards, and you wonder if there isn't some grand design behind this to make local boards redundant and make the move, as some other provinces have, to eventually do away with them. I'm not usually that suspicious, Mr. Chairman, but it does leave one to ponder when you see the kinds of moves that have been made.

I think that with those comments I'll conclude and look forward to further comments on the requisition.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thank you, Mr. Chairman. It's always difficult to follow the Member for Edmonton-Mill Woods on any debate around Learning because his knowledge and experience is so in depth, but there were a couple of issues quite specific to Edmonton-Centre that I wanted to raise around this issue.

I understand that the \$33.3 million is to replace the January to the end of March loss that the department would have suffered as a result of the change in property taxes. That also makes me question why this was a surprise. I mean, if the government departments are all talking to one another, then this decision and the implementation of it shouldn't have come as a surprise to the Department of Learning, where they would need to be getting supplementary estimates to achieve a zero mark by the end of the fiscal year. I find the entire purpose of the supplementary estimates very bizarre, coming from the nonprofit sector, the thought of being able to present a budget or financial statements back to your board in which you said: "Whoops, went over in X area, but gosh there's a good reason for it. So can we just take money and put it backwards into it?" I don't think anyone would last very long in that sector if they followed the example that's put forward by the government.

I guess when I hear about things like this, I always go back to the Auditor General's report to see what advice he was giving any department prior to this happening. Was there advice given that, if followed, would have reduced the need for additional funds to be put in or would have helped in the management? When I look at the Auditor General's report that led into the year that is under scrutiny here, there are two points that are being raised. The Auditor General is making it very clear that he's issuing an adverse audit opinion on the financial statements of the Ministry of Learning mostly because the school jurisdictions and public postsecondary institutions are not consolidated inside the financial statements of the department.

I also note that he's saying that the link needs to be improved between strategic planning for the delivery of basic education and long-term capital planning for school facilities. Now, this issue keeps coming up. Certainly I've been charged by the constituents of Edmonton-Centre to make it very clear in this Assembly how unhappy those constituents are that they are now facing the closure of one complete school, that being Queen Mary Park, and the partial closure of another school, that being the high school of John A. McDougall. These are community schools. They are deeply tied into their communities; they are very important to the communities. These are inner-city communities.

Now, inner city doesn't mean necessarily poor, down-trodden, or shabby in any way. Certainly those two communities have been working hard to rejuvenate, to attract young families moving into the areas, to get programs in place that would enhance the community and the families that are living there now. So to have a utilization rate that is put in place that supersedes the school board designation and prioritization list of which schools can be expecting infrastructure money – we now have this secondary list that's produced by the Department of Infrastructure about who's in what priority position and for how much money, and the two lists differ in many instances. The entire idea of the utilization rate is deeply offensive to many of the constituents and community members in these communities. The other amenities that the school offers, the fact that they are both keystones in their communities is not counting for anything, yet it counts very much for the people in those communities.

So, you know, once again I'll raise that issue, but I hope it stands as a warning for others who might be thinking smugly that they're fine. Don't be smug about it. It, too, can happen to you, especially if this utilization policy remains in place.

The second point that's raised by the Auditor General is:

Better systems are needed to ensure capital project proposals demonstrate cost/benefits, to manage scope changes and to evaluate contractor performance.

Oh, sorry; that's specific to the University of Calgary. But he does expand that to a number of other systems that cost benefits need to be demonstrated: "manage change orders" and "evaluate contractor

performance." Pretty straightforward, basic information to be considered with any kind of capital project. Now, at this point we have the Department of Learning, and we also have the Department of Infrastructure. That was raised by the previous speaker, the Member for Edmonton-Mill Woods, that school boards and schools themselves are now having to deal with two different government departments, where it used to just be one.

The other issue that I wanted to talk about briefly was envelope funding. I found it really interesting to see that in the February throne speech there was a plea from the government to the federal government to please not give them money in envelope funding, or targeted funding, yet the government has no problem in turning around and doing that to a number of agencies that they work with, like school boards. That really contributes to a chronic underfunding in certain areas. It takes away the flexibility of the school boards and individual schools to offer programming and support specific to what their needs are. We should be able in this day and age of mass communication and computers and number-crunching and all to be much more flexible than I see this government being, especially around assistance to local schools.

The amount of fund-raising that is possible in some schools in this province is simply not possible for the schools in Edmonton-Centre. These are working parents, and they just don't have the time. They are working both day and night jobs, and they don't have the time to be able to go and work a casino or a bingo or to go door to door selling chocolates or Christmas cards or Christmas wrapping paper or any of the other things I've seen happening.

9:30

There isn't additional fund-raising for these schools. I know that the teachers and the support staff have run some fund-raising schemes in order to assist the school and gain equipment and supplies that they're looking for, but essentially these schools just have to do without. I know that the minister feels this is not a problem, but I can tell him that it is. I heard a librarian – one of the few left in Alberta – say that there were something like only 139 librarians left in the province, which again is an issue for the schools that I represent, and I know this must be the case in some of the other metropolitan areas as well. I don't need to belabour this point. I just wanted to raise a number of issues around funding of schools and planning for funding and my surprise that this government wasn't talking between departments so that it was known that it would be an issue and that this money would need to be injected backwards into the Department of Learning as a result of the changes in the municipal property tax structure.

So I'm not going to object to this money, obviously, besides the fact that it's futile because it's already happened. You know, once again we've got taxation essentially without representation in that we're debating this in April. This happened six months ago; it's a done deal. So I think a basic course or a refresher course in democracy might be in order here.

With those comments, I look forward to listening to other observations on this supplementary estimate for 2000-2001. Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman. I'm happy to have an opportunity to respond to the supplementary estimates. Before I speak specifically to Learning, I would like to make a few comments about the supplementary estimates in general. In reviewing the information that is available to us and contrasting that with prior

years' supplementary estimates, there are some interesting points for us to take a look at and take under consideration.

The Minister of Finance has brought in, in total for this year, supplementary estimates of \$1.422 billion. We can compare that to what other Treasurers have brought forward within their mandates. The very interesting thing to see, Mr. Chairman, is that if we take a look at former Treasurers Stockwell Day, Jim Dinning, and Dick Johnston, we find there isn't a single one of them that has brought in supplementary estimates as high as what we have seen in the 2000-2001 year. The closest was Stockwell Day, Mr. Chairman, and that was in the '99-2000 year, when he brought in supplementary estimates of \$1.416 billion. Dick Johnston, who took a lot of heat in this province for the way he managed the budget, never even came close. The very highest year he ever had in special warrants was \$507 million, almost one-third of what we see brought forward in this particular year.

What does that tell us? I think there are a few things we can learn from that. One is that this is the absolute worst government we have seen since the 1986-87 year in terms of being able to budget and forecast, the worst in terms of any kind of planning, the worst in terms of being able to establish any kind of rolling budgetary process where benchmarks and performance indicators can actually be tied back to the dollars spent and the dollars projected to be spent. I think that's very interesting.

We have forever lived in a province with cyclical revenues. Some years are really good and some years are not so good, and governments spend accordingly, but not like this government. It's like a free-for-all out there with the money. It's literally falling off the wagon. They can't spend it fast enough, and they certainly can't plan for that spending. I think that is what we see when we take a look at the kind of spending that's happened in this past year. Clearly a record for dollars spent. Clearly not something to be proud of, Mr. Chairman.

I believe there are ways to account for surplus years, and they come to what we see as being the key fundamental issues when you talk about revenue projections and planning and forecasting and providing wealth for a province long into the future. Those are issues of stability and sustainability and equality. If we take a look at those independent issues here and apply them to how this government is spending, we find there are some huge deficits.

If we talk about stability, there is nothing in the way this government spends when they just earmark specific funds and dump them back into the system without any thought for tomorrow or the next year or the year after that. There is no stability in that kind of spending. What that means is that those people receiving those funds and other areas that would like to have funds have no stability in their funding, Mr. Chairman. So that's an issue we need to talk about and think about. What would provide stability in the system?

If we had a government with vision, what we would have is a government that would try to equalize the moneys coming in into a revenue stream that would be sustainable over the long term. That is where we need to be. How do we get there? There are many ways to get there, to level out income streams in a province that is resource based. How you do it is change the resource base of the province. We don't have to be dependent on resources in this province. We're a smart province. There's a lot of knowledge here. That means we have many opportunities when it comes to such areas as technology or education.

We can be talking about value-added. I know that we hear that buzzword in this Assembly, and there has been some good work done. Organizations like the Alberta Research Council are working on issues like that. We see lots of work happening in agricultural areas. It's all good news, Mr. Chairman, but not enough to stabilize

the kind of revenue stream we have now, so that's an issue that needs to be addressed. That's part of it. That isn't an easy solution, and it doesn't happen overnight; it takes a long time for that to happen. It's something that the government should be promoting at every possible availability, and we don't see that happening to the extent that it could.

What's another way of leveling out that income stream? You build up another major source of income quickly. Well, we have an excellent framework set in place right now, and that's the heritage savings trust fund. Those of us who've been around for a while recall that between '93 and '95 Albertans were asked what they wanted to do with that fund. What they said, Mr. Chairman, was that they wanted to keep it, that in fact they saw value in that. So why don't we build on that value?

I think that's something we could have been taking a look at since we started to see the surplus years hit, which was about 1995. We could have done a few things. We could have taken a look at the debt repayment schemes that the government has entered into and kept with their original mandate, which was to pay that debt down over a longer period of time. What that would have given us was more excess funds that could have been put into the heritage savings trust fund to build it up. It doesn't take long in these kinds of years to build up revenue streams where we could be adding to the general revenue fund in the years when we don't have high resource revenues.

Instead, what has the government done? They have chosen to make it even optional if that fund will be inflation proof. To date, every year except for this current year we have seen that fund at least inflation proof. So what that means is that we're not losing any value in the fund except potentially for this year, but it isn't increasing either.

9:40

What we also could have seen was the government not choosing to stream off the interest income into the general revenue fund in surplus years. That's what's been happening so far. Had they used that to build up the fund, we would have seen it in a position where, when we did hit one of the valleys in this peak-and-valley kind of revenue stream we have, we would have had more interest revenue generated from that fund because the fund would have grown. So I think that's an easy solution to try to level out the fund and help sustain the kind of program funding that could be very helpful to this province.

So those are my comments on that. I will go specifically now to the Learning supplementary estimates, that are under discussion at this point in time, and I think we can talk about the same issues here.

When we have a government that does its planning in such a short-term manner as this government does – real-time budgeting, we would call it in the corporate world – there's no opportunity for people who are affected by the budgeting system to react. That is a problem, I think. It's a very paternalistic way to manage a revenue stream and a budgeting process. It certainly does nothing to empower other organizations that are directly affected by the decisions that are made.

Who in this case is directly affected, Mr. Chairman? Certainly school boards are. When there's a reduction in the provincial property tax as we've seen here, who doesn't have a say in that? School boards. Who doesn't have a say in that? Municipalities. Who doesn't have a say in that? Ratepayers. All people who are stakeholders in this particular process but who had no say in what happened there. The government just came in and said: "This is what we're going to do. Too bad for any discussion on it or any feedback or any ability to participate in the process." So then what

happens? School boards think to themselves, "Where's this money going to come from?" The government is promising to give the money back to them, which is what we see happening here, so that's a good thing. They needed to be brought up to par in terms of what they had expected to get in revenue. But what it takes away from them is any management abilities or any ability to ensure that they've got stability in their planning process. How can you expect school boards to make good decisions if they have no stability in the process? How can you expect school boards to feel like equal partners in this organization if they don't have a say in the process?

MR. DUNFORD: Are you sure you want to do this?

MS CARLSON: Yes, I am sure. Would you like to help me with my comments? Anybody else?

So if we take a look at sustainability and how it affects these decisions, it's impossible to sustain this kind of planning process when we see this ad hoc kind of decision-making happening. That's a real problem and a hardship for the province, and I think certainly that's something that should be taken into consideration when these kinds of decisions are being made. So it's good that they got the money back, but what about what else they need?

If we take a look at what is needed in Learning, there are a lot of things that are needed. We all heard them at the doors during the election. You know, everybody in my community is still doing fund-raising for basic services. They're not fund-raising in my constituency or at my kids' schools for field trips. They are fund-raising for some of the basic necessities that we feel are necessary, fundamental tools for our kids to have. What would those be? Textbooks. In a major high school in this city every student does not have access to a textbook, and some of those textbooks are held together with duct tape, Mr. Chairman. Now, is that the kind of system we should be supporting in education? How do we expect our students to excel, to be . . . I see there's more than one kind of book that's held together or should be held together with duct tape, even in this Assembly. Well, that's too bad, and it's the kind of thing we should look at correcting. Certainly it's a real problem in the school system when the kids don't have enough textbooks or when they have to fund-raise for them or when they're using textbooks that are missing pages or are unreadable because of the graffiti and notes in them or, literally, bindings are falling apart.

The schools in my constituency are fund-raising for computers. I think the Supernet, that the government talks about, is a great idea, but where are those computers, Mr. Chairman? They're not falling off the government money tree; that's for sure. People are having to go out and fund-raise to be able to put them in the schools, and there aren't enough computers for the kids to use. Computers these days are not a luxury. They are a fundamental way of people being able to access information that is critical to their learning, to their succeeding, and to them exceeding any kinds of expectations we would have for them. It isn't happening. They don't even have enough computers, and let's talk about the computers that they do have.

Evergreening, in terms of keeping those computers up to speed or compatible with other processes that are available, is something that people aren't even talking about. It's an impossibility. There is just not enough money in the system to take a look at that kind of process. They've got computers in lots of these schools that are nothing more than word processors, that can't even be hooked up to the Internet because they don't have the operating capacity. So those are real issues. You know, even when you hook up every school on this Supernet highway that we hear being talked about . . .

MS BLAKEMAN: They only run that to the outside of the building.

MS CARLSON: That's exactly right. As my colleague said, they only run that to the outside of the building. The school is responsible for bringing it in, for finding the computers that are compatible to hook up to the system, and for evergreening and ensuring that the students have computers that are workable and are up to standards.

That becomes an issue in the classroom, because then what we see on the classroom side of it is teachers who are not now accepting assignments that aren't computer generated. There are lots of schools who won't take the assignments if they're handwritten. They have to be typewritten or word processed. Well, if you don't have a school that has enough computers, if you don't have computers that have reasonable printers, if the files on the computers are backed up and the kids can't get their stuff printed off or if they can't get access to the computers, how are they supposed to get their assignments in?

Not everybody has a computer at home. Certainly in my constituency it just isn't the case that everyone is at the technological level where the kids can come home from school to a computer. We have many people in my constituency where the kids come home to no food, never mind to no computer. So those are issues that aren't being addressed and that need to be and things that we need to take a look at. If we're taking a look at properly funding these schools, then we need to take a look at doing it in a much more appropriate way than what we have seen with just a little dumping of money in supplementary estimates where the minister sees appropriate. The issue is much broader than that.

Education was, for sure, the number two issue in my constituency during the election. In many households it was the number one issue. The interesting thing that happened there was a change in this election from the last two elections. When I asked people and they said that education was an issue, I said to them: is it an issue for you for K to 12 or postsecondary or both? In previous elections the majority of the people – I would say more than 80 percent of them – said that the issue was from K to 12. This time way more people said postsecondary, but even more than that, the vast majority of people, well over 90 percent, said both. They're seeing it as an issue at both levels.

It is nice that property taxes saw a reduction, nice that the government decided to ensure that school boards had the same amount of dollars, and that's where we see these dollars coming in, but it doesn't address the systemic problems in education that we're seeing that have grown from K to 12 issues to also include postsecondary issues. Those are some issues that we really need to see being addressed in a systemic way, in a way in the budget process that we can actually track and monitor through performance indicators, Mr. Chairman, that will reflect what it is the department can do and should be reporting on.

9:50

There is a real problem, that I will discuss more fully when we get into the budget estimates on Learning, with the performance indicators and the way in which the government has been benchmarking what they've been doing. We have the overall problem with that in that you can't benchmark short-term envelope funding. It's impossible to do because it's onetime funding, and there is no consistency to what happens with those dollars or any sort of reporting capacity. It's just in and it's out, and that's it. There is always a ripple effect when you envelope-fund something. There are implications for that envelope funding. If you do all your funding by envelope funding, which is the direction this government is going in, we find other problems occurring.

One of those problems is that the expectation from organizations and everyone receiving the funding, be it school boards, municipalities, organizations, nonprofits, whatever, becomes that that funding is going to be there forever, and we know in this province that that is not sustainable in the long run. So what we need to do in all these instances is determine exactly how much money it is we need to operate an effective system. That hasn't been done in Learning; that's for sure. All these problems that keep cropping up, all the alternate ways people find to find income indicate that there are still basic systemic problems in the funding proposals, so those need to be addressed.

We need to understand what those problems are, find out how much money it's going to take to fix them. It is not always more money, Mr. Chairman, but smart money. The issue here is not how much money you spend. It's how much value you get for the money you spend. I don't think that's a criterion being used to evaluate how this government spends money. It could be. That could be a benchmark put in every single business plan in these government departments. How much value are you getting for the money? Are you getting more value than you got last year for the same dollars spent? That's the question. You can't tell, that's for sure, in the way that these systems are implemented and the monitoring process that this government has put in place. But that is how the corporate world evaluates systems, and that is a system that this government could use, too, that would be very effective.

I'm out of time. Too bad.

THE DEPUTY CHAIRMAN: Seeing no other speaker, would the minister like to make any concluding remarks? Okay.

After considering the supplementary estimates of the Department of Learning, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:
Operating Expense and Capital Investment \$33,309,000

THE DEPUTY CHAIRMAN: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Children's Services

THE DEPUTY CHAIRMAN: The Minister of Children's Services.

MS EVANS: Thank you very much and good evening. Previously this ministry requested a special warrant in the amount of \$3.8 million, and tonight I'd like to once again explain why this special warrant is necessary.

During the last quarter of the 2000-2001 fiscal year the funding provided to the child and family services authorities was reallocated between those that had deficits and those that had surpluses. Because of the cost and caseload pressures, however, there just wasn't enough funding to go around to all the authorities, so we were not able to accommodate all the deficits that were not anticipated previously but were reflective of increasing caseloads and several issues such as handicapped children's services and the cost increases there.

First, the grants provided were not increased prior to March 31 of 2000, and it was felt that the authorities would have sufficient funds

to follow through and complete their year without any reallocation. Second of all, because these funds could not be transferred after March 31, the amount that was remaining within the department or the ministry was deemed a surplus. A surplus cannot be transferred to the authorities because the ministry's funds are seen as a part of the government's general revenue fund, and of course with the child and family services authorities this is not the case. They are separate agents of the Crown. All surpluses therefore must be returned to that fund. As a result, the authorities had a deficit. A special warrant was required so the ministry's surplus could be transferred to the child and family services authority fund to which the services and the funds belong. The child and family services authorities needed this funding for their March month-end expenses.

With that, I would just say that removing the recorded deficit allows us to provide a more accurate, complete overview of our 2000-2001 accounts. I hope this explanation satisfies your need for discussion on the special warrant.

I could just add one other thing. Principally the deficit that was covered in that amount of \$3.8 million was for Ma'Mōwe child and family services authority.

Thank you.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Mill Woods.

DR. MASSEY: Thank you, Mr. Chairman. I'm pleased to be able to make a few comments about the supplementary requisition we have before us in Children's Services and pleased that the mechanism is here to rid the authority of a deficit. I know from personal experience how difficult it is for board members who have deficits that they have to deal with to eliminate those deficits. I'm pleased for the Capital region board that this is being handled in this way.

But I think what it does is raise a number of questions that have been raised before, questions that have been raised by the Auditor General in particular about the operation of Children's Services and, in particular, these authorities. The minister just indicated that there are other authorities that were having trouble and that they had to make some adjustments among authorities. Some had surpluses and others were running deficits, and there had to be some bookkeeping done to eliminate those. I guess the question it raises is: are we going to see more of this in the future? I know it's a transition time for the children's authorities, but I wonder if we aren't going to see more of this in the next number of years. I say that because of the questions that have been raised about the financing of the authorities.

One of the problems the Auditor General raised was the problem of interauthority agreements, and I wonder if the minister can indicate to us whether those interauthority agreements have been resolved. The problem, as I understand it, is one that was faced by school boards and particularly large urban boards, those that are located in Edmonton and in Calgary, in attracting an inordinate number of cases of children sent here to remain in care of an authority so that they could access education or health programs. I know school authorities billed the home school district of those youngsters to try to recover some of the costs, and that wasn't very successful because what they did was end up eventually claiming residence in the city.

10:00

For children with the authority of course that's not the case. They are under government supervision, so the home authority is easily identified. The child's home authority is easily identified, but the result was that a number of the authorities found themselves being billed for costs that they hadn't realized were being incurred and had

no control over. So the Auditor General was rather clear in pointing out the necessity for that kind of interagency agreement to be solved and for there to be clear guidelines in terms of how those costs are going to be determined and how the home authority is going to be able to accommodate those costs.

The second problem – and the minister referred to it in her remarks – is the status of the surpluses. There was some question as to who this surplus belonged to, and if there was a surplus, what was to be done with it. Now, the minister has just indicated that the surpluses were taken, I take it, from some of the authorities and then redistributed to authorities that were in a deficit position. I think that if I recall the Auditor General's comments, he indicated that there is some confusion and that some of the authorities took those surpluses and used them. In some cases the authorities thought, as the minister has just indicated, that those surpluses belonged to the department. I think that that kind of confusion can lead to what we see before us, our supplementary requisitions.

I think one of the questions we have to ask is: would we see this kind of a requisition if we were confident that the allocations to the authorities were done properly and competently? Would we have before us this requisition if the planning model was in place? Again the Auditor General, at least in his last report, indicated that the department didn't seem to have the systems that they needed to adequately forecast costs. If that's the case, then it puts, I think, the authorities in the rather untenable position of having to work with budgets that there's little confidence will actually work out. It's an issue that I think has to be addressed, or we're going to see more requisitions such as the one we have before us this evening.

The authorities themselves are really caught in terms of the situation they find themselves in. If they incur unexpected costs, they have little freedom to operate. I'm not sure that they are allowed to budget contingency funds for such occasions. They, as we heard, can run deficits that have to be covered. They can reallocate resources, and I think that's an option the Auditor General has mentioned as a possibility for deficit situations, that resources be reallocated. But in the case of Children's Services that's often very difficult, and the authorities to some extent have their hands tied because they are not allowed to refuse service to a child or to a family. They must provide the service, and that service has to be rendered, again, regardless of cost.

So the authorities really are in a vulnerable position in terms of unexpected costs, and they're in a vulnerable position given the kind of planning and the forecast systems that they have to determine their allocations. I think that's probably a function of being early in the operation of the authorities, but certainly it's an issue that I think will come back time and time again until adequate systems for forecasting costs are in place and the resulting budget allocations are reflective of the kinds of problems and situations that the children's authorities are actually going to be dealing with.

It goes back to one of the very difficult situations that boards such as the children's authorities find themselves in, and that's the problem of having no independent resources to draw upon. They are dependent almost entirely on the government for their funding and really have limited options when it comes to trying to respond to the unforeseen, other than what we see before us this evening, appealing to the Legislature for a special budget allocation to cover the costs.

So I think there are a number of problems that the requisition we are looking at tonight raises that I'm sure the department has been working on since the last Auditor General's report. I'll be looking forward, Mr. Chairman, to the next report of the Auditor General to see just what kinds of changes and what kinds of judgments the Auditor General makes about the authorities and the department and their ability to deal with some of the issues that the requisition we have before us raises.

I think that with those comments, Mr. Chairman, I'll be pleased to support the requisition when it's voted upon. I think it's one that's a responsible request for funds and one that the Legislature certainly has to honour.

Thank you very much.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much. Just a couple of comments that I want to make on this supplementary estimate 2000-01, No. 2, specific to Children's Services, a couple of points here. What's not being brought out is why there are these surpluses. The minister did a quick job of sort of explaining that some of the new regional children's authorities had surpluses and some had deficits, and the money was all sort of put in a pool and everybody was sort of evened out, but it didn't quite even out and this money has to be transferred backwards into the fiscal year in order to make it all come out even.

Again, I question that method of accounting in that I think it disguises what the real problems are, because nothing ever shows up on the books as actually being over budget or under budget, and therefore the questions that should be asked by department employees, ministers, cabinet, other MLAs, and the Auditor General don't necessarily get asked. The whole thing is disguised.

10:10

I think there are some serious questions to be asked here. There was certainly trepidation coming into the children's authorities about how this was all going to work and if it was really in the best interests of the child. I am horrified that there's a \$3.8 million accumulated operating deficit for the Ma'Mōwe region, which is how it's described in the supplementary estimates figures. What is that deficit from? Were they not given enough money to operate the programs in the first place when everything was transferred under their authority, or did they not anticipate some operating expenses? If they didn't, why wasn't the government giving them the advice that would tell them that's what they needed? If something totally untoward happened, then what is that? Why did it happen? Is it going to happen again? All of those questions need to be asked and answered.

I'm looking forward to the Auditor General's report for the 2000-2001 period, which will come out this fall, which will be examining the financial numbers that we're talking about now, because again I think there's a real problem with long-term planning and incidents of planning that this government suffers from. Close scrutiny needed to have been done with these children's authorities, and I sure hope we learn carefully, because we're playing around with kids' lives here.

There are two other issues I want to talk about in connection with this and what is happening with the children's authorities. One is an issue I've brought up repeatedly, and I will keep bringing it up until it's resolved. That is the differential in salaries and fee-for-service fees that are available to those working in the nonprofit sector and those that are contracted with the regional health authorities versus what the going rate is in the government.

There is still a significant differential here. It is really causing problems in that sector. People are leaving those jobs, and we need good people looking after our children, especially when you start looking at vulnerable children, children in need, children under handicapped children's services. I know that there was some attempt made to inject additional dollars to bring those salaries and contract fees up to an equivalency with the government positions, and before that was even implemented, there had been another

agreement with the government employees and they were out of whack before they ever got equalized. I believe that that has since happened to them again, so now there is even more of a differential between them.

In addition, there's increasingly becoming a wider gap between those that are on a salary working for an agency contracting through Children's Services and those that are operating under a fee for service, in the way those organizations are budgeting those two figures. We really need to look at that. This is something that's been brought up by the Auditor General. It's been brought up by PAO and a number of other interested parties.

You know, in the budget that's just been released, we're talking about 1,200 new positions in government. That's great, but those are new positions, and we're losing the people out of the positions that we've got. So that's one of my major concerns around this.

The second is an issue that I've also raised before, and that is the funding for women's shelters, which falls under children's authorities. I still object to them being funded under children's services authorities when it is mostly women that we're dealing with, because exactly as I forecasted, the women themselves become important only in the context of children. I know this causes workers in the area of abused women and operating battered women's shelters some concern. I can't say that that would be everybody, but I know it's certainly causing some people concern.

Truly, a woman without a child will be hard-pressed to find space, because of course the spaces go first to women with children. But eventually what's happened is that the number of spaces are only calculated on those women coming into the shelters with children, and they're just not calculating for the space that's needed for women that come without children, single women.

The funding for the women's shelters has never covered all of the operational costs and programming costs. That continues to this day, where we have women's shelters that are out there trying to raise dollars to pay for core services. I am going to keep talking about that one because it's really critical to us. We haven't even started to talk about services for men, and I don't even think we can get there until we manage to sort out our underfunding of the women's shelters. They need to be funded for the full programming that they are offering now. If they want to fund-raise beyond that for additional things like field trips or something, fine, but to have to be out there fund-raising for outreach programs and counseling programs is unacceptable to me.

So those are the three things I wanted to raise under this supplementary estimate for Children's Services. Thanks very much for the opportunity to speak to it, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. At this time I also have a few remarks regarding the additional \$3.8 million that are going to be provided to Children's Services to eliminate an accumulated operating deficit from the 1999-2000 fiscal year in the Capital region.

Now, it's obvious that there is a dire need, Mr. Chairman, for this funding. One only has to look at an annual report that was recently released, the Children's Advocate 1999-2000 annual report. It's pretty hard to say no to this special warrant. I have a lot of problems certainly with special warrants, which I will address later in my remarks. But when we look at the recent report, there is a significant list of what we could call deficiencies. This \$3.8 million in the Capital region could go a long, long way perhaps to finding solutions to some of the most pressing problems. The hon. minister has to take these reports to heart.

When we look at placements, for instance, the report indicates that there is "a general shortage of placement resources and insufficient spaces for secure treatment." With respect to secure treatment, the lack of mental health services is also involved in the shortage.

Mr. Chairman, there are also permanency planning issues here.

The lack of consistent permanency planning has a negative effect on young people of all ages, but especially on very young children. Some young people are not aware of a case plan; some have never seen their social worker.

Now, hopefully some of this money will be used to make a difference with these young children.

10:20

The "refusal to provide support to older adolescents and refusal to support their transition to adulthood" was clearly outlined in media reports, but

a number of adolescents find their services terminated if their behaviour is less than perfect. Many seeking an extension of care and maintenance have to fight the system to continue support while they finish high school.

Now, these are all points that are listed in the Children's Advocate report. I'm not asking for the hon. minister's promise, but she needs to ensure not only the members of this House but the public that this is going to occur.

There is

lack of support to delegated First Nations Child Welfare agencies and lack of monitoring of service provision. Alberta operates on a model of delegated child welfare authority. The Ministry must ensure an adequate delivery capacity and support agencies in their development.

Again, how much of the \$3.8 million will be utilized in that as people come from different regions to the Capital region, Mr. Chairman?

Now, the adoption of First Nations children is pointed out here, and this is a very important issue. It reflects on families throughout the province.

The lack of mental health services for young people. How much of this money is going to be used to perhaps correct that? Now, the report goes on to say:

Children and youth may come into the child welfare system unnecessarily when timely access to mental health services may have allowed them to remain with their family. Young people in care needing mental health supports often cannot receive help in a timely fashion due to limited resources.

Young people who suffer abuse while in the care of child welfare lack adequate support for legal representation.

Is this problem going to be addressed with this special warrant? Court delays. The report indicates:

Overburdened courts and procedural delays contribute to a lack of permanency planning again. When rulings on guardianship do not occur, the ability to make permanency plans for young people is severely impaired.

The issue of custody/access is addressed here and the child death review.

Now, hopefully this would never have to be used again, but we understand there are not adequate mechanisms for young people who have experienced the child welfare system to provide feedback for improvement.

Young offender services. The report indicates:

Incarcerated youth sometimes lack access to required medical, optical and dental services. There is a need for improvement in joint case planning between the child welfare and the young offender systems. At times emotionally fragile young people are provoked by residential care staff and then charged when they rise to the bait.

This is within the Children's Advocate annual report, and it is astonishing.

Now, the boundary issues between the regional authorities. It's like the regional health authorities. There's no difference. There are issues between various jurisdictions.

The placement of young people from out of province.

There are noticeably more placements from other provinces, for example Nova Scotia, where there has not been a request for supervision by Alberta authorities. This contravenes inter-Provincial protocols and leaves young people in a vulnerable position.

Now, how much of that is going on in the capital region, Mr. Chairman?

The warehousing of children. The report indicates here that "young people are being kept in short-term care facilities for long periods due to a lack of suitable alternatives."

Now, we have an accumulated operating deficit here. Is the minister indicating perhaps – and I question her – that the short-term care facilities in this instance may be motels or hotels? I'm very curious about this. Where are these hotels, and how much are they charging? Surely not, but I'm very curious about this. It was a sensitive subject this afternoon in question period when my colleague the hon. Member for Edmonton-Mill Woods described warehousing of children. Members opposite were shocked and appalled, but it's the wording from the Children's Advocate annual report: "warehousing of children."

Now, another issue is in regards to timely access to legal aid. We've all heard stories of American prisons where, Mr. Chairman, it is cheaper to use drug therapy to control prisoners than it is to hire jail guards. We see here that the report outlines the medicating of children in care: "Inordinate use of medications as a behavior management tool." This certainly is in need of investigation, and hopefully this special warrant of \$3.8 million, hopefully part of that money, a sum of that money, will be used to investigate that. I would urge the hon. minister to certainly investigate that.

The report goes on to say – and this is again quite distressing:

Disrespectful treatment of youth. Young people in care may be confronted with punitive attitudes by some child welfare workers and more often lack meaningful input into decisions about their care.

Well, if you don't have continuity, if you don't have a staff that's stable, then perhaps this is what you're going to get. And, sure enough, the next item of concern in this report is staff turnover.

They go on to say here, Mr. Chairman, that "excessive turnover of child welfare workers translates to increased instability and discontinuity for young people in care." Now, not only are the children not satisfied, but the staff are also not satisfied. How much of this special warrant could be used or would be used for an increase in the compensation levels of those workers so that there is not this high staff turnover rate?

There is an extreme lack of services in northern Alberta, and now we have this special warrant to eliminate an accumulated operating deficit in the Capital region. That indicates to me that citizens are coming from all over northern Alberta to access services in the region. When we look at special warrants – I think at this time there's no way that a person, after having a look at this report, could refuse the \$3.8 million. I realize it's going to the Capital region, but I think it's essentially going to be used by all the citizens of northern Alberta.

The special warrant is not a habit that I would encourage. A little bit of history for all of the hon. members of the Assembly. Mr. Johnston had a great deal of interest in using special warrants. The only positive thing about this was that there was quite an amount less spent than there was authorized, but there was a significant total here of \$2.1 billion.

10:30

Now, the next individual to operate as Minister of Finance, or Provincial Treasurer, was Mr. Dinning. Again we have special warrants of over \$600 million, and that just doesn't roll off the tongue very easily, Mr. Chairman.

The next gentleman to operate as Provincial Treasurer between 1996-97 and 1999-2000 was Stockwell Day. Before I rose in the Assembly here to make my remarks, I was watching the national news, and the same individual, Mr. Day, was the lead story, as they say. In that time Mr. Day had \$2.9 billion in special warrants. Now, there's a big difference between the hon. minister's \$3.8 million and Stockwell Day's \$2.9 billion.

Dr. Steve West in Bill 28 last year had close to a billion, but we can say \$980 million in appropriation supplementary supply.

We have the current Minister of Finance coming in with a modest \$443 million. But that total is already \$1.4 billion. When you add it together for that fiscal year, it's \$1.4 billion, and that's way off target in my view. But when I think of the children in the capital region and the use of this money to hopefully fix some very serious problems, Mr. Chairman, you couldn't say no, and I can only encourage the minister to work diligently, to persevere and correct each and every one of these items that's listed in this report. It's unbelievable that in this province we have these problems. I think that the majority of them can be solved. I again encourage the minister to take this money and work very, very hard not only in this region but in the other regions across the province, because it's probably the same sort of situation there.

Mr. Chairman, I would like to remind all members of this House that special warrants are not a good habit. The special warrants may seem appropriate at the time, but long-term planning and strategic management are very important. You look at the current government, and you look at the expansion of the cabinet and the different portfolios that now exist, and one by one there is always money needed. I have to question the management as there is this transition.

In closing, I will say to the hon. minister: take the money; take the \$3.8 million; spend it wisely; spend it on the children. Thank you.

THE DEPUTY CHAIRMAN: Seeing no other speakers, would the minister like to make any concluding remarks? Thank you.

After considering the supplementary estimates for the Department of Children's Services, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:

Operating Expense

\$3,800,000

THE DEPUTY CHAIRMAN: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Infrastructure

THE DEPUTY CHAIRMAN: The hon. Minister of Infrastructure.

MR. LUND: Thank you, Mr. Chairman. Last fall and into the winter there was a real sharp increase in the price of energy in all forms. In order to protect Albertans from these extremely high prices, there was a decision made to rebate a royalty that was obtained from

natural gas and also to refund to consumers of electricity money from the Power Pool sale. So out of our department we spent \$406 million, and we need approval tonight in the supplementary estimates for that \$406 million.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you, Mr. Chairman. I'm not going to talk about the special warrants, but this is the largest one. Of course, it's \$406 million. That's \$406 million? Yes. That's an astonishing figure again. I believe the hon. Minister of Infrastructure described it as a real sharp price increase. Well, I don't consider the electricity policy that was devised as real sharp, and I certainly don't consider that the management of our natural gas resources has been real sharp.

I looked back at *Hansard* – and I said this earlier in the Assembly this week – at past Conservative governments and how they stood up for this province, how they stood up to protect the natural gas resources and the unprocessed derivatives that were in that natural gas resource. Here we see the government of the day with a rebate program.

Now, we all know that the natural gas spot prices have gone up in the North American marketplace, and we must be clear on that, Mr. Chairman. It's a North American marketplace. I don't even know if we can include Alaska now in the North American marketplace. They seem to be going off in their own direction, and it's a direction that has been initiated in their state Legislature, and it has been encouraged by the citizens of Alaska.

We look at this and where we're going to go. Where's the next stop with this 400-plus million dollar special warrant? Bill 1 is certainly going to be debated, and I can't understand why we need that. We've got a natural gas rebates law already, but do we all know about storage levels? Not only in Alberta but also in the U.S., in the eastern and western states, there are a lot of underground storage facilities. In order that this does not happen again, that we're going to be in here maybe in the fall with another special warrant for who knows how much because we forgot to replenish the underground storage facilities, we have to take gas out of the distribution system and leave it there for a future date.

10:40

Now, what price you pay when you inject this gas into the underground storage facilities is the question. It's unfortunate, Mr. Chairman, that in the process of debating this \$400 million figure tonight we could not have some discussion on the prudent use of hedging of natural gas. Hedging: buying when the price is low, storing it in the caverns, and releasing it gradually into the market as prices may spike.

We need to guarantee a supply of natural gas to meet the demand and the prospects for a cold winter in 2002. That's maybe eight or nine months down the road, and in some circles that would be considered extreme long-term planning, but we have to make sure that Albertans' needs are met. Price shielding for this province is not a new concept, and I do not believe that an Alberta consumer should pay the same price for natural gas as a consumer in Illinois. I am concerned that this is not a temporary figure.

We look at what is happening. I'm assured that there's lots of gas in Alberta, but on the north slope of Alaska there's a 100-mile stretch from the Yukon border going west about 30 miles inland. It's a plain. It's probably as level as this floor, Mr. Chairman, and there are ample reserves of gas according to the U.S. Geological Survey. There are trillions of cubic feet of known reserves. Now, if there was so much gas in Alberta, wouldn't it be more prudent to

use all the gas in Alberta and save the \$7.5 billion it's going to cost you to build this pipeline?

We have to be very careful that this \$400 million does not become an habitual expense, a routine. This \$400 million in natural gas and energy rebates is 40 percent of the gaming revenue that's projected. Forty percent. You know, the VLTs and the slot machines are going to be like the gas meters, going around and around and around. The consumers are going to put their money in the VLT machines, then they're going to go at the end of the month and get a cheque in the mail and pay their gas bill. That dial, that meter, that's going around too, but we have to ensure in this climate that we have a source of fuel to heat our homes and heat our hot water tanks that is affordable. If we're going to look at this as the long-term solution, then I don't think we are going in the right direction, Mr. Chairman.

Now, any proposal to shield Alberta residential and commercial consumers from high natural gas rates for the winter season is fine, but when you look at what we use our natural gas for, to heat our homes, our neighbours to the south are using air conditioners in the summer. Air conditioners consume a great deal of electricity, and that electricity is more and more being generated by natural-gas-fueled generation stations.

The cost of gas, as I said before, is determined by the North American marketplace. Since 1985 Alberta has had a policy that allows the marketplace to determine natural gas prices. Sixteen years ago we had a policy. We've never had to use the existing Natural Gas Rebates Act, to my knowledge. In fact, some of the regulations I believe expired in March 2000. But suddenly after 16 years we need a rebate program. There was an election looming, and the cheques were in the mail.

Now, the cost of gas on the monthly bill is calculated in a number of ways. A utility can charge customers this way. It is based on the utility company's projection of the cost of purchasing gas from suppliers for the winter and summer gas seasons. We've all read the reports in the newspapers and listened to the radio about applications that are before the EUB. Utility companies forecast what they will pay to natural gas suppliers for the coming season. Utilities are not permitted to make a profit on the supply cost of gas. There is supposedly no markup to the cost of gas. It is a flow-through cost that is passed on to consumers.

The EUB, as I understand it, has established an accounting mechanism to ensure that customers ultimately pay only the actual cost of natural gas that the utility company pays. I get lots and lots of complaints at the constituency office not about the rebates themselves but how they're administered, the cost of gas. Consumers are getting very, very skeptical about utility companies. It never was that way before, but it certainly is now.

We get into the whole idea here of the deferred gas account, and you can almost call this a deferred supplementary appropriation or a deferred special warrant. There's nothing wrong with comparing the two, Mr. Chairman. At the end of each season any balance in the deferred gas account is carried forward, as I understand it, to the next season and recovered from or credited to the customers at that time.

While most natural gas contracts between utilities and suppliers are indexed to changing market prices, even after the gas cost supply recovery rate is set by the EUB, actual gas supply costs may vary significantly from those projected by utility companies. A utility company, as a result, may apply to the EUB for a midseason adjustment if the variance is above \$2 million or plus or minus 3 percent of the forecast balance. Now, there are also delivery charges. There's the municipal franchise tax. ATCO collects the goods and services tax, GST, and remits it to the federal government.

10:50

There are probably other proposals for an Alberta gas rebate program. Everyone has an opinion on this, but when we look at this \$406 million, Mr. Chairman, one of the issues that's been discussed surrounding natural gas in the community of Edmonton-Gold Bar is this whole idea of allowing ATCO to sell the Viking field. It's in excess of \$406 million. It is not in the best interests of the consumer. Now, this rebate is certainly going to help consumers. Natural gas is such a vital commodity for our economy. We heat our homes. It's used for an industrial feedstock. We derive derivatives that are used in the petrochemical industry.

Where does that lead us? Where will we be next year? I'm not convinced that the price of natural gas is going to return to historic levels. I believe that in the budget it is itemized at over \$5 a thousand cubic feet, but earlier today I believe it was suggested at the media availability that it could go as low as \$2. I don't think that's going to happen. That is not going to happen, or many people who are planning on financing pipelines either through to the Mackenzie Delta or up the Alaska highway are going to have difficulty raising construction financing. Spot prices I think will probably stay in the average of \$5, maybe \$5.56 per gigajoule; that's close to the metric conversion for the thousand cubic feet. But we have to ensure that what gas is discovered in Alberta can be utilized.

Now we're going further and further away. Lease roads are expensive to build. You've got seismic surveys to conduct, and we're going deeper with our wells. Naturally they're more expensive, so there's cost recovery there for the expense of drilling the well. At the price of \$5.50 or so I believe there will be significant investment in exploration and, as a result of exploration, in the development of new fields. There could be as a result of this up to 30,000 natural gas wells drilled in Canada in the next three years if this price level were to be maintained. If that were to happen, could we support a shielding program for consumers? I hope so. I think so, but not in this manner.

I believe the funds should be set aside and they should be set aside in the existing Natural Gas Rebates Act. There is legislation there. There is part of that legislation which will allow for the accumulation of money in a fund, and if the fund grows large and the money is not needed, then I believe it can be directly transferred to the general revenue fund, as I recall. I don't have that legislation before me, but when I had a look at it, that was my understanding of it. Why it's not useful to us anymore is just beyond me, Mr. Chairman.

There certainly are benefits for the Alberta economy when producers can command higher prices for their natural gas in the United States and the eastern Canadian markets, but we've got to make sure – and this is the government's role – that there is enough left behind in this province not only for our use today but for future generations. I'm talking 30, 40 years down the road, and I don't think that is that far in the future.

Budget 2000 projected a natural gas price – and this is very interesting – of \$2.50 per thousand cubic feet and natural gas royalties of about \$2.3 billion. Now, each 10 cents per thousand cubic foot increase in natural gas brings in an additional \$160 million to the Alberta Treasury. If this trend were to continue for the balance of this fiscal year, it is very possible that with natural gas royalties we can plan for consumer shielding, but to come in and just say that there has been a really sharp price increase and we need \$400 million is astonishing, to say the least. It's a good program, but I don't know if this is the way to pay for it. I really don't.

When we think of what would constitute a good rebate program, I think we would have to consider the following factors. I believe the government should provide . . . Oh, I was just getting into this. I'm sorry my time is up.

Thank you, Mr. Chairman.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Mr. Chairman. Speaking in the supplementary estimates 2000-2001 for Infrastructure, the \$406 million, as stated by the minister, is to cover the "natural gas and home heating propane/fuel oil rebate initiatives and the Market Transition Credit for electrical consumers".

Just one issue that I want to raise here, and that is once again the discriminatory rebates that were offered to high-rise condominiums and apartments. With the natural gas rebates essentially apartments were offered \$6 a gigajoule versus the \$150 a month that the single-family, single-metered houses got, and that's a significant difference when those figures are actually worked out. Now, you know, over the last several months, starting back in the fall, many individuals, condominium associations, myself, and other members raised this issue with the government through letters and phone calls and here in the Assembly, that the government was discriminating against people based on where they lived. If they happened to live in a high-rise condominium or apartment, they were paying a higher rate and they were going to get less of a rebate.

That's what's happened here. This is affecting people across Alberta. We have high-rise apartments in every riding in this province. That may not be true for high-rise condominiums; that will be affecting fewer ridings. But certainly the high-rise apartments exist everywhere. So I have yet to get a satisfactory explanation as to why the government feels it's all right to discriminate against people based on where they live.

11:00

I recently brought this issue up again in question period, asking for an explanation of the criteria the government used to determine that these residential buildings would be classified as commercial and therefore would be subject to different rates of costing and different rates of rebating and was not able to get those criteria brought forward. This has certainly affected people in my area, and I'm going to keep raising this until the government is willing to quit discriminating against people.

It has particularly affected seniors in my area. For many of them, who had sold their homes and moved into condominiums expecting that they were going to have a fairly stable rate of condominium fee, this has been very bad times for them. I've had people calling me in tears. I've had their neighbours calling me and saying that seniors are breaking down in the elevators, they're so upset about what's happening to them. Condo fees have been doubling and tripling as they try and cope with the increase in the utility rate, offset by a lesser level of rebate than people are getting that have as their primary residence a single-family dwelling.

It's affecting apartment renters as well, because although the government asked nicely that apartment owners and managers pass the rebates on, there is no way to determine that and no legislated mandate to make sure it happens or to monitor and enforce it if it doesn't happen. Now I'm getting reports of people that are getting their rents going up from \$500 to \$750. I had one the other day from a person on AISH whose rent went from \$695 to \$900.

It's not as though people can just go, "Oh, well, I'll move to another apartment in the same area." We have almost a no-vacancy rate here, and I don't think Calgary is much better. Now, I'm not sure what's happening in Grande Prairie and Lethbridge and Red Deer and Fort McMurray, but I have the feeling it's the same story. So people are stuck here. They can't really move to another location that's perhaps a little less expensive but still safe for them. They're having to look at substantially reduced living circumstances in order to cope with this.

For those on a fixed income, I can't begin to comprehend how

they're coping with this. For someone on AISH, they don't get more money because their utility rate is going up and that's affecting their apartment rental fee. For someone on supports for independence or any senior on a fixed income, whether that's through the Alberta seniors' benefit and the federal benefit programs or whether they're just existing on a pension, this is a serious, serious problem for people. I cannot understand why the government is willing to stand there and discriminate against these people when they know what's going on.

That is specific to the natural gas rebates. The same thing is going on with electricity. I know that condominium associations have approached the government. I've been receiving copies of their correspondence. I forwarded copies of the correspondence. I've asked questions in question period. I've tabled copies of electricity bills from condominiums in my riding, and I know I'm not the only one.

With the electricity rate, again, we had people in single-metered high-rise condominiums or apartments paying a higher price for the electricity and getting a lower rebate as well. It was based on a lesser rate per kilowatt-hour, and the single-family homes were getting a \$40 a month rebate directly on their bill. Well, that didn't happen. When there's only one bill that's coming into a high-rise apartment or condominium, that's what the rebate was being based on. They were being judged as a commercial building, making them no different than Earl's Restaurant or Dow Chemical or Syncrude, and they were having to pay that same rate.

This is unconscionable, in my opinion. It's captured inside this \$406 million. I'm still looking for an explanation as to why this government willingly discriminates against Albertans, and I will continue to ask the question until I have a satisfactory answer that can then go out to all Albertans that are experiencing this. Thank you very much for this opportunity to bring this issue up yet again. This needs to be resolved.

I know that there are plans to continue the rebate program through natural gas, although I notice that in the budget not a word was said about electricity. Those rates are really a concern for people. There are a lot of folks out there that have housing they simply can't upgrade enough to make it R-2000 and have a low bill. The houses just won't take it. They've got two-by-four structure. You can only put so much insulation into it, and they are paying very high utility bills. It's almost the people that have the least well-constructed houses that are paying the highest in electricity and in natural gas. When I'm seeing people that have got utility bills that are literally doubling and tripling, in some places quadrupling, this is a serious concern for people, particularly those on fixed incomes, who are also seeing no relief through any other section of the budget.

Specific to what's going backwards here, where we're now putting \$406 million backwards into last year to make it balance, that money was put out in a discriminatory way with people, and it should be fixed. Thanks very much for the opportunity to bring that up again.

THE DEPUTY CHAIRMAN: The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman. I'm happy to be able to respond to supplementary estimates in Infrastructure. The Minister of Infrastructure knows that he's one of my favourite ministers in this House, and he has come up tonight with the understatement of the session, I'm sure, that what happened here with these energy rebates was a real sharp price increase. That has got to be the understatement of any statement that a minister in this Assembly is bound to say. You should get that framed, I think. Put it in your office. That would be a real good idea.

What a mess. What a mess this has been. Another \$400 million

to try and fix a problem that they had every opportunity to fix many years ago, starting back in 1995, when they started to talk about deregulation. It's really a nightmare when we talk about the \$406 million that is being assigned here to deal specifically with energy rebates.

One of the problems with what we have here is that we haven't seen any breakdown on the specific costs or other information for each of the energy rebate programs. It's a lot of money, over \$400 million, and I think the Assembly is entitled to see that kind of detail.

MR. MacDONALD: What sort of auditing do we use for that?

MS CARLSON: That's right. What sort of auditing do we use for that? I'm hoping it is something the Auditor General will respond to when we see the next report come out.

This is a completely bungled scheme, particularly when we talk about electricity deregulation, and it's interesting to see that a lot of people in the province think that. They were happy to get the different rebates or subsidies, whatever you want to call them. I think what they should most accurately be called is a debatable point, particularly if these subsidies are going to continue on into the future. I'm hoping we'll get some actual definitions from the minister at some point.

It's interesting to note that many people in Alberta are still puzzled about why we went the deregulation route, and people who I am sure are strong supporters of the government are included in that group. Today our leader was talking to the Alberta Chambers of Commerce on issues, and the issue of deregulation came up, a question from the floor asking about why we needed deregulation and what it has really accomplished, what the problems are with it, and what are the windows out. Concerns for those people, Mr. Chairman, were things like stability in the pricing.

It's really hard for businesses and organizations to forecast their own operating expenses in the short term or the long term when they don't see any stability in prices. It's hard to understand how these companies will be sustainable over the long run when they can't adjust their prices accordingly. One of the big questions they had was why we didn't have a made in Alberta price, particularly for both gas, which we export, and electricity, which we export through the back door to B.C. so that California can buy our electricity and in fact set our prices. That's an appalling situation that is occurring right now and I think is something this government needs to address. What are they going to do about ensuring that Albertans get the first benefit, not the backhanded benefit? What we need to see is not the administration costs of subsidies. We need to see lower prices. It's made here. It's available here. It's exported out of this province. Why are we paying premium prices? You wouldn't with any other kinds of goods or services. So I think that's an interesting question that should be addressed, and I'm hoping that at some point we will see that happen, Mr. Chairman.

11:10

What I really want to focus on this evening, though, in terms of the bungling that's happened here is how having subsidies or rebates actually interferes with the marketplace. There's a cost to what the government is doing here when they give out these subsidies and rebates, and it actually distorts the marketplace. What happens is that when you open up a system for deregulation, the idea is that prices will come down because people can negotiate where they buy their gas or their electricity.

There are a couple of problems here. The first problem is that because the government wouldn't come forward with what the rules were going to be in this deregulated market, companies didn't build

extra capacity, so we're in a short-term supply shortage. That drives prices up. So the government started by distorting the marketplace by not setting out what the rules were going to be for deregulation five years ago or four years ago or three years ago or two years ago or one year ago, when it would have been a better time for the marketplace to respond and ensure that there was going to be adequate supply available so they could compete and consumers, be they individual consumers or corporate consumers or institutional consumers, would have some flexibility in where they went for their power, and that would start to drive the price down. So there's a distortion in the marketplace by not setting the rules out.

There's a distortion in the marketplace by giving the rebates, because what happens is that when you continually suppress the price, you're not giving incentives to organizations, institutes, or individuals to look for alternative power sources. We know that there are other options out there. There's green power that you can buy into. There's research and development happening on all kinds of fronts: methanol, ethanol, fuel cells, all kinds of options. If we continue to suppress the prices, as is happening with these rebates, there is no incentive for companies to invest money in research and development to the same extent that they would otherwise. There is no incentive for them to look for alternative sources, and there is little incentive for them to generate their own electricity. There is no incentive for consumers to take a look at other options. At the prices we're at right now for electricity, options like wind power are price competitive right now. If we didn't have the rebates, they would be at a huge advantage. Solar power is also competitive at the prices we're at right now. Why would the government want to do that? Why would they want to continue to interfere in the marketplace by creating price distortions?

Well, I think that is an issue that hasn't been fully expanded in the discussions we've heard about deregulation and is something that should be brought forward. Either they're in the marketplace or they're out of it. There aren't these half measures. They're not sustainable in the long term. They completely distort the marketplace, and they create a problem for us in terms of our long-term sustainability and stability for people, for planning, and for bringing on new kinds of energy generation. So I am hoping that those are the kinds of issues my good friend will be taking a look at before we see another round of subsidies come through this Assembly in terms of supplementary estimates.

Those are my comments, Mr. Chairman. I will take my place.

THE DEPUTY CHAIRMAN: Seeing no other speaker, would the minister like to make any concluding remarks?

MR. LUND: No.

THE DEPUTY CHAIRMAN: After considering the supplementary estimates of the Department of Infrastructure, are you ready for the vote?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.

Agreed to:

Operating Expense and Capital Investment	\$406,000,000
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THE DEPUTY CHAIRMAN: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE DEPUTY CHAIRMAN: Opposed? Carried.
The Deputy Government House Leader.

MR. STEVENS: Thanks, Mr. Chairman. I'd like to move that the committee rise and report the votes and request leave to sit again.

[Motion carried]

[Mr. Shariff in the chair]

THE ACTING SPEAKER: The hon. Member for Calgary-Cross.

MRS. FRITZ: Thank you, Mr. Speaker. The Committee of Supply has had under consideration certain resolutions of the 2000-2001 supplementary estimates No. 2 for the general revenue fund for the fiscal year ended March 31, 2001, reports the approval of the following estimates, and requests leave to sit again.

Children's Services: operating expense, \$3,800,000.

Infrastructure: operating expense and capital investment, \$406,000,000.

Learning: operating expense and capital investment, \$33,309,000.

THE ACTING SPEAKER: Does the Assembly concur in this report?

HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed? Carried.
The Deputy Government House Leader.

MR. STEVENS: Thank you, Mr. Speaker. I request unanimous consent to revert to Introduction of Bills to allow for the introduction of Bill 5.

[Unanimous consent granted]

11:20

head: **Introduction of Bills**

Bill 5

Appropriation (Supplementary Supply) Act, 2001

THE ACTING SPEAKER: The hon. Deputy Government House Leader.

MR. STEVENS: Thank you, Mr. Speaker. I request leave to introduce Bill 5, the Appropriation (Supplementary Supply) Act, 2001. This being a money bill, Her Honour the Honourable the Lieutenant Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

[Motion carried; Bill 5 read a first time]

[At 11:21 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

