

Legislative Assembly of Alberta

Title: **Wednesday, May 23, 2001**

8:00 p.m.

Date: 01/05/23

head: Committee of Supply

[Mr. Tannas in the chair]

THE CHAIRMAN: Good evening. I wonder if we could call the Committee of Supply to order.

head: Main Estimates 2001-02

Revenue

THE CHAIRMAN: To begin the evening, we will call upon the Minister of Revenue.

MR. MELCHIN: Thank you, Mr. Chairman. It's a privilege to be able to stand tonight and talk about the best department of all of the government departments. I'm certain that every member here tonight after this riveting speech is going to agree with me about how great this department is. Furthermore, I've got to introduce three of the most outstanding individuals in all of the services. [interjections] When you speak the truth, it evokes all those great feelings and smiles and laughter. I'd like the House to acknowledge Eric McGhan again as the Deputy Minister of Revenue; Bonnie Lovelace is corporate secretary; and Richard Shelast, budgets and financial statements. We certainly welcome them here with us tonight. [some applause] I'm certain that we could do a little bit better round of applause for them than that. We could get some emotion into this. And if that wasn't convincing enough about how great this department is, you'll be riveted to find out the rest of the information I'm about to tell you.

Actually, I think it's very timely that we have an opportunity to see that the Treasury Department has been divided, as everyone knows, into two different departments of Finance and Revenue. We're entering an era in Alberta with deficits and debts about eliminated, both of them, that we have another, I would say, opportunity and chance to review the revenue streams of the government. We can look to the long-term sustainability of revenues, what those mixes might be, what varieties of taxes we might look at, how much in tax we might look at, rather than just focusing on expenses. I'm surprised, when we speak in the Legislature and we present our estimates, that there's very little focus on the revenue streams, very little discussion even when we hear in question period about all of the moneys that come into the government, and they are from hardworking Albertans. [interjection] Well, please do.

It certainly is a stewardship of ours to ensure that we take in no more than is ever required. The Premier's comments I think are right on. We want to continue to ensure that we have a very competitive, low tax base in this province and that the only way the taxes would go would be down. We want to see that we keep the pressure on Albertans to see that we manage their affairs appropriately. [interjection] The speaking notes don't say that.

The other I would say very significant part to this department is not just looking at a revenue framework. This will be one of the significant tasks that we will engage in over this next year to two years, to look across departments and look at the revenue flows, be they from royalties, be they from taxation, be they from gaming, but we also have to look hard and close at our investment management decisions. Today we have a heritage fund of \$12.3 billion. We also manage a number of other different funds – the medical research

fund, the science and engineering fund, the heritage scholarship fund – and in addition to that, all the short-term, day-to-day cash flow management of the government, plus the investment management division is involved with managing a number of pension funds. In total that division manages and oversees investments of close to \$37 billion to \$38 billion, a very significant portfolio, and it's critical that we ensure that we have the ability to manage that and maximize the returns for Albertans.

In '95 it was asked of Albertans what we might do with the heritage fund. Rather than liquidate it to pay down debt or otherwise, Albertans came back in a very significant endorsement to say: "Keep the heritage fund. Use it, but change its purpose from investing in capital works projects to maximizing its return. Invest it like you would expect of a pension fund, and invest it that you would show a return for future Albertans from those funds." So that has shifted the mandate of the investment management division to ensuring that we have a long-term sustainable income generation from the heritage fund. So we would have that same stewardship of the other pension funds that we administer.

In the core areas, in addition to a revenue framework and investment management framework, there is a significant aspect of ensuring that we administer tax and revenue programs fairly and efficiently. If you're going to be able to service the programs of health and education and infrastructure and all of the services that Albertans require, there has to be a means to fairly collect and account for and to ensure compliance so that all Albertans would have a fair chance to contribute to those services and that those that might wish to evade or avoid, they too should have that opportunity of contributing through means of compliance.

I would like to say also that we're fortunate in this year that there's been some redesign of the tax systems, both personal and corporate, a very significant change in our personal income tax stream. We've gone to a simpler, single rate of tax, a whole redesign but a very substantive reduction in tax. We do actually expect that despite this onetime reduction of this year, the base is broadening. The growth in Alberta continues to be strengthened by it. It is attracting and bringing people to Alberta as a result. In short order we would think and believe that the revenue stream through reductions will actually be a broader tax base with higher growth and will actually offset experiences in other jurisdictions. We may find that our tax base is actually increasing. So in both our corporate and our personal taxes we've seen and taken measures, but it doesn't stop there.

We have many other sources of taxes – tobacco and fuel taxes – that we collect. Part of the work will be to make sure that we've justified the appropriate measures of collection, whether they are the fairest methodology of collecting those taxes, whether they are the taxes that we should actually continue to have in place. With a postdebt era coming at us, those will be the questions that we will ask and require.

Another area of importance is the Alberta Securities Commission under this stewardship. As we know, it is a quasi-judicial body to ensure that the capital markets operate efficiently and effectively and that there is an access to capital. It's very important, if we want to look to the growth of industry in Alberta and the prosperity of people, that there are capital markets. So they have to be effectively run. There has to be a means of compliance and testing and ensuring that the regulations would protect the public if they are investing their dollars and at the same time allow for the free flow of exchange of investment in the businesses in this province. So we will continue to work with the Alberta Securities Commission to ensure that those rules, those procedures are the best that we can have not only in this jurisdiction, but we would find the best climate for attracting capital

here in Alberta from any jurisdiction throughout North America.

With those comments I look forward to the comments that the opposition might have, and we'll be delighted to get back to them with responses to any questions that they may have.

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

DR. NICOL: Thank you, Mr. Chairman. I rise tonight to speak to the estimates of the Department of Revenue. I want to start by welcoming the staff up in the gallery for helping out and thank them for the work they've done in the transition to the new ministry and all the work that comes with separating out those responsibilities.

We have to deal now with looking at, I guess, some of the issues that come up in terms of both the comments that were made just now and the materials that are presented to us in the budget documents and the business plans. As I was listening to the minister talk, just toward the end of his presentation he mentioned that there was some discussion about his role in selecting tax policy and being involved in deciding what were the appropriate taxes and how that worked. It was interesting because during the debate with the Minister of Finance there was an attempt made at that time to claim jurisdiction over the idea of the tax policy being still in the Ministry of Finance. I guess what we need to do as we evolve this new structure is get a little bit more clarity involved in how the two ministries relate to each other and how they function from one side to the next and go on dealing with that. But that was just an interesting issue that arose as the minister was making the initial preparations.

8:10

Mr. Chairman, as I start through the budget document and that, I think I want to start initially with some comments on the business plan, because this kind of gives us the focus to go back, then, and address the specific line items that come up and deal with the specific allocations of the dollars and the reported activities that come up under the minister's budget.

As I read through the business plan here, we started looking at some of the goals that were there and some of the strategies and the performance indicators, and one of the things that came out was the idea that in the goals they talk about maximizing "investment returns subject to client-defined objectives and policies." I guess what I would like the minister to do is kind of define a little bit what he means by "client-defined." I thought the client here was, you know, the people of Alberta or the government, and it gets defined through the policy process of the government in terms of the decisions that are made with respect to the number of dollars that are in the particular funds, the management of those particular funds.

When we start talking here about "client-defined objectives," I get the sense that maybe there's somebody else becoming involved a little bit in dealing with the issues of how we put in place our investment strategy that gives us some kind of target return or mix that will provide us with an investment return. I don't know whether the intent here is to name as clients the relevant advisors and management teams that are associated with each of those funds that are managed in that investment portfolio or whether it's some other indication of a different group, so I would ask for some clarification there.

We also get down in the goals: fostering "a fair and efficient capital market" in Alberta. I know this is a lot with the Securities Exchange. It also goes over into the Alberta Opportunity Company. I guess what I would ask is: how do we co-ordinate this with the federal government as we deal with issues that come up in terms of interest rate setting by the federal government? That becomes a very

important factor in how we deal with our capital markets here, because as they change the interest rate at the federal level in their monetary policy, that creates different incentives for international or inner flow of capital, and we have to deal with that. I guess the question I was leading to here is: does this particular goal relate specifically to the Securities Exchange, or does it have other implications and other areas that it has to deal with as well?

The other thing that we get looking at here: under the strategies they're talking about maximizing "long-term return on the government's investments to generate sustainable income to support the province's financial position." This, I take it, is in reference to the funds that we invest. We have to look at the long-term investment strategies, the mix that is there, to give us the cash flow coming out of them as an income that we then have available to use.

I guess when we look at the funds that are included under the umbrella of the Alberta heritage savings trust fund, being the medical research fund, the scholarship funds, the new science and technology fund, these kinds of things, is that the extent of the kind of investments that we're talking about here? Or does this include, you know, investing the day-to-day, the month-to-month residual that's in the general revenue fund to maximize the day-to-day cash flow and revenue part that comes out of that? Are there different strategies associated with those day-to-day types of investments, because the capital, in essence, has to come back and be part of our general revenue cash flow? So a little bit of clarification there.

I guess the other thing I would just kind of caution on is under Highlights for 2001-02. On the very first line you've got "\$16.4 million for the collection of corporate taxes, consumption taxes and other revenues." Mr. Chairman, I guess in the community that I move in, when they see the words "consumption tax," the first thing they think about is sales tax. I know that's not a sales tax here in Alberta, but when we talk about these, we might want to change the term there to prevent that association coming up in a lot of cases and to talk about it. I guess when I look at this, I kind of wonder what they've got in that group that they're calling consumption taxes. Is it the hotel tax, some of these kinds of things that are associated with tax on the use of a service? If that's what they are, maybe we should call them something a little bit different than a consumption tax, because that has a reasonably strong association with sales taxes, which are not a popular thing to be talking about here in Alberta.

The other strategies and goals, Mr. Chairman, I think are quite adequate and quite consistent with what I would look for in terms of the ministry and how it works. When we look at some of the key performance measures, on the bottom of page 371 there is kind of the benchmark profile and the index weight mix that they use for targeting their endowment portfolios. In the little box there at the side they say that this was changed effective as of this year and that as of April 1 they've got a new target group. I guess the questions I would ask are: how often is that changed, how often do we look at a new benchmark mix for our portfolios, and what factors would come about that would change these kinds of portfolio weight factors? Would it be the relative performances of, say, interest rate versus equity investment, this kind of thing?

When we go back and look at it, these are basically cash-generator investment funds. If we want to make sure that we do have some long-term opportunity there as well as some growth potential, I guess I would ask how often that mix does get changed and again, as I said, the parameters that would trigger the change. I don't remember noticing in the last couple of years that little box where they've talked about the indexes being changed when it was all under Treasury. I will admit that at that time, not being the critic responsible, I wasn't probably paying quite as close attention, so I passed that off onto other people to manage and look at.

I guess as we start through some of the individual line items, then, what I'd like to do is just raise some initial questions. I'm starting kind of at the back, but we'll deal with that. On page 374, under the department statement of operations, there were some other issues that came up here. When you look at the comparable 1999-2000, the preliminary actual for 2000-2001, and then the 2001-2002 estimates, I guess some questions come up on a couple of these areas.

8:20

We can start by looking at the hotel room tax. It seems unusual that in effect the hotel room tax revenue of \$47 million, the preliminary actual, is exactly what the budget was. Yet when you look at all the other revenue sources there, you know, there's enough off to be subject to some of the conditions that come up in varying the economic performance, the revenue levels that would affect those. I guess if the actual estimate that was made at the beginning of the year and put in the budget of \$47 million was actually the predicted experienced level of \$47 million, Mr. Chairman, I think most of us in the House here would like to know who the modeler was that came up with that estimate, because we've got a lot of other things we can model and start making some pretty good investment decisions based on that kind of accuracy. I think this is something that we want to look at.

You know, the fact that it transfers over into this year's budgeted amount seems reasonable. You're going to use about what you had last year for next year, but this seems kind of interesting in the sense that we keep talking about economic growth, tourism growth . . .

MR. MELCHIN: That's a close enough estimate.

DR. NICOL: The minister across said, "That's a close enough estimate." But you still want these things, when they're estimates in our budget, to be based on some kind of an expectation of the performance of our economy.

If we're talking about an increase in tourism, an increase in people coming here, and with the Worlds coming to Edmonton this year, we should have an increase in the capacity of our hotel rooms in the province on a percentage basis this year. So you would think that there would be some kind of an estimate or some kind of a projection that would say, you know, even \$5,000 more of taxes this year or maybe \$10,000. I think I'm going to be a little bit more optimistic and suggest that the Worlds coming here this summer would probably give us a significant change in that particular item.

I guess as the minister gets used to the new structure of the Revenue department, we need to review and look at some of the modeling that goes into estimating these funds rather than just dealing with them off what was there last year. We've got to be able to look at them in the context of a viable predicted amount or an amount that actually shows some relationship to where the actual numbers are going.

When we look at another one there, the personal income tax, it's interesting to note that there is a \$100 million difference between what we were going to get last year and what we're predicting next year, yet we talked about these significant tax cuts. When you go through this, what we're saying here basically is that, yes, individuals experience a tax cut, but we as a province, because of the growth, because of the increased employment, because of the increase in wages, are going to come out basically not being affected because of that income tax. This is a good indicator, Mr. Chairman. I'm not making any derogatory comment about that. It's a sign that our economy still is robust in the sense that we can give tax cuts and still come back with the same tax revenue because of that increased vibrancy in our economy. I think that speaks well for Alberta.

I've got a couple of others, but I think I have to flip back to the beginning. On page 379, under the Alberta risk management fund, the expenses there on the programs. I guess these are basically the payouts that come associated with the operation of protecting Alberta. As an observer looking at that, I would ask the minister: is it possible at some point to give us an idea of the different categories of payouts, like fire, theft, damage, these kinds of things, so that we can see basically how the risk management fund is actually being used and applied in the context of protecting our public assets?

I want to just go back now to the beginning, where we talk about the operating expenses in program 1. The thing that comes out here is quite interesting in the sense that when we look at last year's budget and this year's, it seems that we basically had approximately a \$100,000 increase in operation of the minister's office and about a \$117,000 increase in the operation of the deputy minister's office, yet a lot of these expenditures would have been transferred out of the original Ministry of Finance. What we're seeing is that a lot of the increase in expenditures of the Finance department occurs at the administrative level rather than the service level and the operational level that goes into the actual implementation of programs responsible. I guess in the end we're going to have to ask: is this additional administrative cost justified in terms of the operation of the ministry?

The other one, as I close out with just a couple of minutes left to go, is program 3, investment management. I guess I would just ask for a clarification on my part. I looked at this table and I thought: okay; there's about a \$7 million expense there for investment management. What's the dedicated revenue? Especially when it's in brackets, that usually indicates a net loss. So what you've got is expenses of revenue that's a negative, and it doesn't add up. Are the brackets there an indication of something that I don't quite understand? It would have balanced out a little differently if we would have read them correctly as a number, unless we're reading all of the materials there as expenses and this, by being in brackets, becomes a negative expense, which is a revenue.

What revenues do we get out of investment management other than the revenue that's associated with the interest return or the return on those investments? But that shows up at different places. Is that actually the \$6 billion of money that we made by having those investments?

Mr. Chairman, I think I've not got enough time to continue with another point, so I'll sit and let someone else raise some issues. I've got a couple more if time permits, but we'll deal with those as we see.

Thank you.

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

MS CARLSON: Thank you, Mr. Chairman. I'm happy to have an opportunity to participate in the debate this evening.

First of all, before I get to the notes that I have here, I would like to respond to some of the comments that the minister made in his opening remarks. He may feel that he has the best department, but with all due respect and as much as I like this particular minister and believe that he brings the highest level of integrity and work ethic to his department . . . [interjections] They don't like it when I compliment them. I still have to believe that the splitting of these two ministries between Finance and Revenue was a make-work project. So he's definitely got a high-paying job, and I have no doubt that he will do a good job of it, but taxpayers are paying through the nose once again for the Premier being able to hand out a few more candies on the front bench. We have to take the opportunity to respond to that.

No doubt the minister is right when he says that he has some of

the most outstanding individuals in the government in his department. I'm sure that he does. I haven't had an opportunity to meet them or work with them in any regard, but I certainly take his word for it and know that he'll be there to back them up and to answer the questions that we have with regard to this department this evening and over the coming years.

8:30

My first question on these budgets is in response to some of the comments he made with regard to forecasting and starting to develop the investment in revenue frameworks for the future. Why are they doing real-time forecasting, Mr. Chairman? You know, in the corporate world, which is where this minister comes from, organizations wouldn't do the kind of forecasting for revenue projections that this government does. What they do now is make the yearly forecast and then announce the surpluses whenever they feel it appropriate to do so. What about quarterly budgeting here and quarterly forecasts? Let's treat this government in a more accountable fashion than it is. So I have a real problem with the way they do the forecasting in this department, and I think it is not a fair representation of the revenue flow that comes into this province. In fact, I would go so far as to say that it's misleading people in terms of how they move forward on that. I'd like to use a different word than that, but I'm not quite sure what would be the most appropriate thing to do there, so I'll leave it at that.

The minister talked about long-term sustainability of revenue streams, and it's good that this department is starting to talk about this and that the government is taking this issue seriously, Mr. Chairman. My question to him is: what are they thinking of in terms of options at this time? We know that oil and gas is on its way out.

Chairman's Ruling Decorum

THE CHAIRMAN: Hon. members, if we could visit in a more quiet fashion. The noise was beginning to drown out the hon. member. She's the only one that's officially recognized, so we'd ask the hon. Member for Edmonton-Ellerslie to continue, hopefully with the cooperation of everyone else.

Debate Continued

MS CARLSON: Thank you, Mr. Chairman.

What I was talking about was oil and gas revenue streams available to the province and that they're running out, gas likely within 10 years and oil likely within 25 years. What are the replacement revenues going to be?

Some talk in the communities now that royalties on coal may be ultimately where this government goes for part of the resource-dependent revenue streams they take a look at. I'd like to know if the minister is talking about that in the long term. I know in the short term what we're probably going to see with these new generation facilities coming onstream is some sort of tax credits or incentive program. I don't support that. I think that in a level playing field they pay their share of the freight and that's the way it is. In fact, for heavily polluting resources like coal is, perhaps they should pay more than their share of the freight and help bring us to a point in time where they help support building an infrastructure of alternative kinds of heating sources. So I put that out there for people to respond to. I certainly would like the minister's comments on that.

In the long term, Mr. Chairman, 10 or 15 years down the road, I'm putting my money on there being some sort of coal royalty in addition to what's effectively in place now, because this government

is going to need revenue stream replacement. Why? Because I don't think they're going to be doing the kind of planning and looking at replacement options that they could be at this stage. I know that in some part that's what the Future Summit is about, and I'll get to questions on that a little later in my questions. But for the time being, I would like to hear what the minister has to say about that.

When we take a look at replacement revenue streams, well, the obvious option for this government is to take a look at something that occasionally gets floated out there, which is what my colleague had talked about, and that's a sales tax. I know this government has been adamantly opposed to that, but I would suggest, Mr. Chairman, that they do use consumption taxes now quite effectively and increase those rates substantially year by year; those would be user fees. So I would like the minister's response on that. Does he have any comments on these kinds of consumption taxes? What difference does he see between that and a sales tax? And his justification for why he wouldn't see user fees as a tax. Certainly we have court documentation to prove that user fees that charge an amount that is over and above the actual replacement cost of a service they're using is in fact a tax. So I'd be interested in hearing some comments there.

There's always room on the user fee side with a government with this kind of mind-set. I would like from the minister and his department an exact forecast from now until 2004 of what kinds of additional user fees they see coming forward and what kinds of increases they see coming forward in those following years. So if he could give us that information.

The minister talked about taxes a little bit, and I'm wondering what happened to the Tax Reform Commission report. You know, they're going to redo a lot of this work in the Future Summit, or they may come out as a recommendation to look at total tax reform and redo what happened on that last commission. So my question there is: why haven't we seen the implementation of the key recommendations that were in that report? What's happened to it? Does it ever get referred to any more? What's the point in going out and asking people for their opinion if you're not prepared to use it, which is the premise for the Future Summit. It doesn't seem like this government has a very good track record of actually using the information when they get it.

Now, I thank the minister for the information he gave me the other day on the Future Summit just in terms of us trying to really figure out when it's going to be and part of the mandate. I know that this is a work in progress at this stage, but I would like the minister to formally reply, if he could, on what preparations have been made by the department with respect to the summit at this stage. When it's available or when a public portion of the information is available, can he give us a copy of the department's plans and objectives for that summit?

I'd also like to know some of the mechanics of how that's going to be organized, Mr. Chairman, things like how the views of Albertans will be heard during the summit, what kind of role they will play, who will be participating at that level, how the government will solicit information or send out invitations, what kind of cross section of people they are taking a look at being represented at the table, that kind of information.

I think the government did a good job on one of the ones that I most recently attended, although that was a couple of years ago. That was on climate change. One of the major outcomes of that was Climate Change Central, which is taking its time getting off and running but is working, Mr. Chairman. I think there was a lot of valuable information made available for government during that weekend, some that the government didn't want to hear, quite frankly, but they did hear it, and they took a lot of it into account. I think some of the directions they've been going in in this past

while are reflective of that. A little slow but certainly not a bad start.

So I'm taking a look at this Future Summit being the same kind of format, I'm hoping, and with similar kinds of outcomes. With that, can we know what the major themes are that the government is outlining for that summit? How does the government intend to carry out the recommendations from the summit?

The growth summit: not much happened there. It didn't go very far. Lots of good information, lots of reasonable information, but not much happened with it.

Some of the other summits have been a little more proactive, and I'm hoping that this, too, will turn out to be. I guess time will tell on that. Certainly I'm looking forward to some good information coming out of that and the government being able to use it.

We'd like to know what the projected costs are for holding the summit and the exact time lines in terms of when the plans will be ready, when it's going to occur, the time line for gathering and processing the information, for reporting back to the people and to the Legislature, and for acting on any of the recommendations or actions that are outcomes from that summit. If we could get that information, that would be good.

8:40

The minister in his comments, Mr. Chairman, talked about tax, that the revisions to the corporate and the personal tax systems are simpler and have resulted in substantial reductions. I give you the simpler reductions on the corporate side and simpler on the personal side, but we still have an issue with the taxation rates and who pays the freight there. Substantially, it still falls on middle-income people, so I'd be interested in the minister's feedback on that.

He talked about the tax structure being attractive in bringing people to Alberta. I'm certain a low tax structure is, Mr. Chairman, but I would like to know how they're doing the tracking on that. If in fact it is bringing people to Alberta, then the department must have some form of tracking that information and being able to base it on fact. So whatever is available there, we would like the information on that. I think that would be excellent and definitely something that would be informative for us to see on both the corporate and the personal sides. Which is more attractive, the corporate reductions or the personal reductions? How did they collate that information? Who did they gather it from? Where is it available? Are they doing surveys? Are they doing – I don't know what they're doing to get the information, so whatever they've got, we'd like to know.

The minister also talked about stewardship and that part of the role of stewardship for this government was to take in no more money than what was required. Well, how true can that be, Mr. Chairman, when we see billion dollar surpluses? Really, that's hard to believe, that that would be – maybe that's your personal mandate, but it's not this government's mandate, because if it were really your mandate, the instant a surplus occurred, the money would be returned to the people as a direct refund. So it isn't really the mandate. It may be where you'd like to get to, but it's not what's happening right now. We wouldn't have surpluses if that were the case, or the surpluses would be marginal. So I would like the minister to expand on that a little more completely. Then we'll see where we go on that particular issue, because it isn't what's happening here.

They're not taking in any more than what is required. They're taking in a great deal more than what is required, Mr. Chairman. Other than those small energy refunds that we've seen this year, I haven't seen any money going back to the people. Maybe they plan to change that in the future, and gee, that would be dandy. They'd get voted in forever, I'm sure, if they did that, but it doesn't look like that's what's happening at this time.

Now, Mr. Chairman, I'd like to spend just a little bit of time talking about the business plans of the department because we have some concerns with those as well. It seems the same as what happened in Treasury and it seems to be not that unusual, because they were the same department just last year. There's no information for 2001-02-03-04 in the plans for gross operating expenses and capital investments by program vote and subprogram vote as was last provided in the Treasury spending profiles which we saw way back in, I believe it was, 1995. So that's a concern. I would like to ask why that is occurring, if the minister could answer that. You know, if you can't get these ready for budget time, maybe you could roll them out sometime during the year so that we could take a look at them. There are lots of opportunities for us to review them and ask questions on them, and that would be helpful.

Also, the only information we've got on expense projections, as I see them, are presented in the consolidated statements. We need the comparables between the programs and the subprogram votes. They're not here. Could we have that? I think what would be helpful, and perhaps even help in the commitment the government has stated to their three-year fiscal planning, is if we could have comparable three-year projections for the Ministry of Revenue in this main estimates book and the three-year ministry income statement found under the business plan. This minister knows – that's his background exactly – that you need comparable figures. You need information that you can tie down. We don't get it. I believe there must be a reason why we don't get it. So if the minister could respond to that, in terms of why we're not getting it and why we got some of that information in years past and if he expects to present it to us in the future, I think that would be very helpful.

Can the minister also tell us why this business plan still doesn't provide the three-year expense profile by program and subprogram? Those ones we had even back as late as maybe '97-98, that year. Once again, you know that figures just thrown on a page are no good for us if we don't have any comparisons and more detail is better than less detail. In fact, you'll find that with more detail we have fewer questions and the questions may be better questions, questions that enhance your ability to do your job. Give us the tools to work with here. We don't always choose to be difficult. Lots of the questions that we do ask are reasonable questions and should have answers to them and should be information that's available to the public. So if the minister could address that, that would be really good.

What would be helpful with this and I think would assist the readers of these plans is if we could have a three-year spending profile, too, of the department by program areas for future years in some detail. Where do you expect the money to go? It would be helpful to us and I think not that big of a deal for you to do.

Now, in terms of information we'll ask the same question I think we've asked for every one of these departments, and that's information on the FTEs and the expense breakdown. We ask this question every single year in every single department, and I don't know why you just don't put it into the income statements, because it would just be helpful and eliminate some of the issues.

It looks to me like FTEs, if I see this correctly, are not going up by much. It doesn't look like there's much of an increase here at all. Fifteen, if I read this, one in the department, nine in securities. So that's kind of interesting. The minister talked in his opening comments about refocusing a bit on income stream and how that money is coming in, and I'm assuming that's why they're beefing up their staff in the Alberta Securities Commission, and I'd like him to confirm that if it's true.

Also, how is it going in terms of recruiting people and keeping them? This is a hot area to be employed in, and I'm wondering if

the department is having any trouble keeping their staff. I'm sure they're paying competitive salaries, but perhaps there are other bonuses or perks that they're not matching in terms of what's offered in the marketplace. So if he could respond to that, that would be great.

You know, when we talk about the breakdown of the expenses in the department, we really want some detail on everything: salaries, hosting, telephone, advertising. If we could get the salaries broken down between full-time, part-time, contract positions, that information would also be helpful.

One more thing. You know in your goals, in goal 2, you talk about maximizing "investment returns subject to client-defined objectives." I have a problem with calling them clients. They are Albertans, or they are constituents, but they are not clients.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. I want to begin by raising the question of the division of the departments of the government following the recent election. Like the hon. Member for Edmonton-Ellerslie, I have great respect for the minister here, but the question really is the advisability of making the division that has been made between the Finance ministry and the Revenue ministry. Of all the moves made by the government after this recent election to enlarge the provincial cabinet, this is perhaps the most puzzling and the least justifiable. I know of no other jurisdiction in the country that has created this kind of two-headed monster.

8:50

The decision to split the Treasury ministry in two is a different situation, for example, at the federal level, where there's a Minister of National Revenue separate from the Minister of Finance. At the federal level it's clear that the Minister of National Revenue is a junior minister, and the Minister of Finance is in charge of both fiscal policy and taxation policy. Who is in charge of the Alberta government's taxation and fiscal policy? Is it the Minister of Finance, whose budget estimates we reviewed last week, or the Minister of Revenue, whose budget estimates are being dealt with this evening?

This is a serious question, Mr. Chairman. If you look at the goals of the two ministries, there's clear duplication and overlap. For example, the Ministry of Finance has a goal of "a fair and competitive provincial tax system." That's on page 181 of the estimates book. The Ministry of Revenue has a goal of "a fair and competitive provincial tax system managed efficiently and effectively."

There's duplication in other areas as well. The Revenue ministry isn't even responsible for all the revenue sources that the Treasury minister used to be responsible for. For example, investment income from the heritage trust fund falls within the Ministry of Revenue, and that's on page 373. Investment income from the general revenue fund and income from commercial operations like the Treasury Branches falls within the Ministry of Finance, and that's on page 184. Each ministry has staff to manage these investments. The Ministry of Revenue is responsible for regulating capital markets. The Ministry of Finance is responsible for regulating financial institutions and insurance companies.

How do you decide who gets to read the budget speech? Do you flip a coin? The Finance minister delivered the budget speech this year. Does that mean that the Revenue minister gets to do it next year?

Dividing the Treasury ministry is creating employment at the top, and that's for sure. The combined expenditure of the two ministers'

offices is going from \$330,000 per year to \$530,000 per year. Spending on deputy ministers' offices between the two ministries is going from last year's \$346,000 to this year's combined \$616,000. Those are on page 178 and page 366. How can the government, on the one hand, call for fiscal restraint for folks like social assistance recipients and teachers and, on the other hand, justify these obscene increases in spending at the very top of their ministries?

To conclude this section of my remarks, Mr. Chairman, why is there a duplication and overlap between these two ministries? When it comes to managing the province's finances, two is really not better than one.

As part of his responsibilities the Minister of Revenue is responsible for collecting personal and corporate income taxes and, I presume, for developing policies governing the collection of these taxes. Most years personal income taxes remain the single largest source of provincial government revenues. Last year for the first time in many years the government received more revenue from oil and gas royalties than it did from personal income taxes. However, energy revenues are highly variable depending on the prices received from the production of oil and natural gas.

Last year the government made radical changes to the personal income tax system, increasing personal and spousal exemptions and levying a flat tax on all remaining income. The net effect of the flat tax is to provide a greater proportion of tax relief to those on both the low- and high-income ends of the tax scale while shifting more of the tax burden onto middle-income earners making anywhere from about \$30,000 to \$100,000 per year.

Alberta stands alone in its support of a flat tax on personal income. All other provinces, including Ontario, have maintained a progressive income tax system. My question to the minister is a simple one. Does the flat tax shift more of the overall responsibility for paying taxes onto middle-income earners? If so, how can this be justified?

On corporate taxes the government has embarked on a four-year plan to cut corporate income taxes roughly in half. The first reduction came on April 1 of 2001, when the general rate for larger, profitable corporations was reduced to 13 and a half percent from 15.5 percent. My question to the minister is this: should oil and gas prices go down, would the government consider postponing, or delaying, years 2, 3, and 4 of its corporate tax reduction strategy? If not, does the government place a higher priority on cutting corporate taxes than it does on providing adequate funds for schools and hospitals?

My next questions deal with the heritage savings trust fund. Last week the Ministry of Revenue put out a news release saying that the heritage fund was 25 years old and the picture of health. The fact is that virtually all the asset growth of the heritage fund took place in the first 10 years of its existence. In the past 15 years the heritage fund has been stuck at the same \$12 billion asset level. As a result, due to inflation the earnings of the heritage fund have been declining as a percentage of provincial government revenues. This year in particular the earnings of the heritage fund are expected to further decline to just over \$580 million. This is all located on page 373, for those of you that are avidly following along. It's hardly the picture of health, Mr. Chairman. I'm pleased that the future of the heritage fund is up for consideration at the so-called Future Summit this fall, because it's pretty clear that the government has run out of ideas in terms of what to do with it.

I'd also like to raise the other possibility, and that is a revenue stabilization fund for oil and gas revenues. It seems that given the volatility of those revenues over an extended period of time, it would make sense to take about half the revenues you get from the fund that are surplus to the government's needs and, instead of using them

to pay down the debt, put them in a stabilization fund. So when you have higher than average revenue from natural resources, you build up the fund, and when you have lower than average revenue from oil and gas, you can draw down from the fund and thereby stabilize revenues for the provincial government. That was just a suggestion, and I'd be pleased to hear what the minister has to say about it.

My final question deals with the future of the Alberta Securities Commission. Now, I'm aware that the commission's \$15 million in expenses is offset by \$15 million in revenue generated from those looking to sell securities in this province. Canada's stock exchanges are in a period of consolidation. Last year the Alberta and Vancouver stock exchanges merged into the Canadian Venture Exchange. Now the Canadian Venture Exchange is in the process of being taken over by the Toronto Stock Exchange. My question is: how much of a shelf life does the Alberta Securities Commission have as a stand-alone entity? Has the time come for us to consider merging it with the security commissions in other provinces, in particular in other western provinces?

I'd be very interested in the minister's responses to these questions, Mr. Chairman, and that concludes my remarks on the estimates this evening.

Thank you.

THE CHAIRMAN: The hon. Leader of the Her Majesty's Loyal Opposition.

DR. NICOL: Thank you, Mr. Chairman. I'd just like to continue with a couple of the issues that I didn't get covered at the start and look at some of the ideas that we wanted to talk about.

I was at ministry support services, on page 366. I guess the question comes up in terms of the relationship with the communications estimate and how it went from \$205,000 a couple of years ago down to \$161,000. Why is it back up to \$213,000? Is it because of the division of the two departments and the creation of the new Ministry of Revenue? If so, what kind of communication initiatives will be undertaken to justify the increase in the dollars?

Then when we look at program 2, it's interesting that the whole idea is tax and revenue administration under 2.0.1. The title is Rebates, yet what we've got here is no place where there's a net rebate number reported. Within the ministry's mandate last year or in the coming year will there be no rebate programs put in place?

I guess the other question I just wanted to ask is under program 4, risk management and insurance. Again, here, I take it that under Members' Services or somewhere there is another one for the risk management fund for the MLAs. It doesn't show enough of a change from one year to the next year to really deal with the issue of the big payment that was made with respect to the Day claim last year or this year even. One or the other should have been up, because in essence the numbers we're reporting there are no different than what would have been that one claim. If that's kind of a continuing item from year to year, then what we have to look at is how we're reporting and dealing with this so that we can get issues put in place to justify or to illustrate how these funds are used and how the payouts come about.

9:00

Mr. Chairman, one final set of questions that I'd like to look at is associated with the government reports as we see them here. I think I raised this one other night as well. What we've got is a situation where as we go through a lot of the departmental materials and you get in to start looking at the information that's put out on the web site – and a lot of them are really excellent web sites and give a lot of information to Albertans. I guess the question that comes up is in

the context of how they're managed. How do you deal with the private-sector links that are attached to some of those web sites?

Specifically, on the minister's web site there's one place where he provides some links to a whole series of different types of items in the area of insurance. When it gets down to the area that deals with brokers and investment banks, Nesbitt Burns and Scotia Capital markets are listed. How did those two get selected to be linked there? Are they making payments for that link, or is it just that they were picked out of a hat and put on there? There are an awful lot of other similar kinds of private-sector firms that provide the same service. I guess the question comes up in terms of: what policy is there to talk about how the particular links show up?

Mr. Chairman, I'm not implying here that we shouldn't have those links. This is good information. It's illustrative of the kind of information that's available to someone looking at Alberta's web site and the Finance minister's information. But what we need to do is, I guess, have a little transparency in how we go about setting them up, how we identify them, and if there is a revenue associated with them to the government, this needs to be pointed out – I'm sure that some of those companies would very gladly pay for the link associated with the Alberta government page, especially in areas in connection with finance and revenue – so that we can see what options are there. There's a whole series of them there, and I don't want to really go through a lot of them. I apologize both to Nesbitt Burns and to Scotia Capital markets for having picked them out of the list, but it was the shortest list that I got to look at, and I didn't want to have to read a long list into the record. That's kind of the final question that I wanted to raise.

Mr. Chairman, I just want to close by saying that as we move into this new framework of having Revenue and Finance split out under separate ministerial responsibilities, I would encourage the minister to look at how Albertans can be informed about the benefits of having this dual ministry associated with it. I've looked at the performance indicators and dealt with some of them. Much more so than with a lot of the other departments, I see there is some actual relationship in terms of the performance of our investments and that to industry standard. It's fairly accurate and fairly well related to the activity of the minister, so from that perspective, you know, and that one set of performance indicators there, right on. It actually deals with issues that you're responsible for, whereas some of the other ministers that we've dealt with and had review of their budgets have got performance indicators in there that are not responsive in any direct way to the action of the minister. So thank you for having those performance indicators that deal with specific performance and specific management measures and quality measures of the performance of the ministry.

Again, just in conclusion, I think we need to convey to Albertans a real, justified reason for having divided these two. Otherwise, how do we justify the additional dollars that are required to operate and man two different ministries when it used to be done under one and there was a lower overhead or administrative cost associated with it?

In the meantime I'd encourage the minister to try and look at some additional performance indicators, maybe in terms of our risk management fund, you know, the fire, theft, and damage types of claims that go out against that fund. How do they compare to other commercial and industrial – probably mostly commercial – claims systems? Are we paying out appropriately? Are we paying out in an effective way and in essence lower than what we would if we were buying commercial insurance? Is there the kind of indication to Albertans that we as a public operating our own self-insurance program through this fund are dealing with something that, in effect, is cost-effective and a benefit for Albertans because of the lower total cost?

With that, Mr. Chairman, I'll take my seat and let us move on to the next part of our debate. If not, even if that means a vote, that's great. We can move on.

Thank you very much.

THE CHAIRMAN: The hon. Minister of Revenue to sum up.

MR. MELCHIN: Thank you, Mr. Chairman. A lot of comments have been said tonight. We'll be more than pleased to respond to all of them in short order. I would say, just as a concluding remark, that one of Premier Klein's statements made early on with regards to the division of the two departments was: in light of the growing complexity and the size of the revenues of the government, it created an expanded and greater need to have to look at the scope and mandate of our revenue streams and, therefore, creation of a Revenue department.

The confusion as to, for example, a budget statement. The Finance department certainly has the responsibility for the three-year business plan and budgeting process. There's no duplication between the two departments. The tax and revenue administration division of Treasury has now become the tax and revenue administration division of Revenue. The investment management division and all of those staff are now part of the Department of Revenue. There is not a duplication and hiring of more bodies to do that work. Those were actually very cleanly separable areas.

With regards to finance policy in the Department of Finance the overall policy for the fiscal direction of the government includes all the departments. Looking at the fiscal projections of the spending and of the revenues of all of the departments is the mandate of a three-year business plan that the Department of Finance is responsible for pulling together. We can be of tremendous help, under the mandate of the Department of Revenue, in assisting in taking a harder and closer look and working to provide great information to the Department of Finance in accumulating those three-year budgets as we look forward to the planning and administration of revenue streams, the investment management division. So there's a great need for this, and it's a perfect time and opportunity for it.

Thank you, Mr. Chairman.

THE CHAIRMAN: After considering the business plan and proposed estimates for the Department of Revenue, are you ready for the vote?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed?

Agreed to:

Operating Expense and Capital Investment	\$30,114,000
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THE CHAIRMAN: Shall the vote be reported? Are you agreed?

HON. MEMBERS: Agreed.

9:10

THE CHAIRMAN: Opposed? Carried.

Solicitor General

THE CHAIRMAN: To begin this evening's deliberations, we'll call upon the Solicitor General.

MRS. FORSYTH: Thank you, Mr. Chairman. I am pleased to

present the Alberta Solicitor General's 2001-2004 business plan. I'll take a few minutes at the end of the hour to respond to some of the questions raised by the opposition, and I'd be happy to respond in writing to other questions that I'm unable to answer today.

The Alberta Solicitor General strives to implement commitments made related to recommendations from the 1999 justice summit, and we will continue to consult with Albertans through initiatives such as a review of policing in Alberta. As our provincial economy remains strong, the number of people coming into Alberta from other provinces and other countries remains high. Changing demographics present challenges for the judicial system, including a great fear of crime amongst Alberta seniors. We see continued public concern over perceived increases in crime, and we see concerns about the needs for a higher level of local policing. Advancing technology provides new challenges. It has resulted in complex global economic organized crime and Internet-based crimes such as illegal gambling and child pornography. Through our programs and services the Alberta Solicitor General is committed to building a democratic and prosperous Alberta based on the respect of law, a province where all Albertans are safe in their homes and communities.

I'd like to very briefly outline the core businesses that make up our ministry's \$253 million budget. We will encourage crime prevention and ensure adequate and effective policing to all Albertans. We will provide effective and efficient correctional programs. We will work to support the rehabilitation of offenders into communities as contributing members of society. The Alberta Solicitor General will continue existing efforts to ensure that victims are treated with dignity and respect. Our common cross-ministry goals are a key part of the way the government does business. These are goals based on the needs and priorities of Albertans.

We recognize the importance of building strong partnerships with the judiciary, the legal community, aboriginal communities, and our stakeholders in policing, community organizations, and local governments. We will continue to measure our successes in the important areas by asking Albertans how safe they feel in their homes and neighbourhoods and how satisfied they are with policing.

Two other key measures that we will use to access safe communities are the provincial crime rate and the victimization rate. We anticipate that the provincial crime rate will remain higher than the national rate, as has been the case historically. What crime rates tell us is often unclear. For example, Alberta has a crime rate higher than the national average but a victimization rate lower than the national average. This would seem to reflect effective and proactive policing rather than a higher incidence of crime. Further, national rates are based strictly on population, and they're not adjusted for demographics. This should be taken into account when selecting our performance measures. That said, we will strive to achieve a crime rate equal to or lower than the Canadian average and a victimization rate lower than the national average. Our goals related to providing services to victims of crime will be measured by the number of community initiatives we partner with and client satisfaction with our financial benefit program.

We have done considerable work already with our performance measures in the area of offender rehabilitation. Most people who come into contact with our correctional system return to the community in a short time. Therefore, it is important to identify and deal with the root causes of crime and encourage offender rehabilitation and a successful return to the community. We have selected two measures for our goals of facilitating the rehabilitation of offenders. These measures will indicate compliance with court-ordered sanctions and our record of selecting appropriate offenders for participation in work and rehabilitation opportunities in the community.

The financial content of the business plan provides a major increase for funding for essential police service, increased support for victims' programs and children's mental health initiatives, and a consistent level of support for other core programs. The spending profile on the last page of the business plan shows our spending targets of \$253 million, \$259 million, and \$267 million over the next three years. That represents an increase of \$25 million, or 11 percent, for 2001-02.

The major component of the increase is \$16.4 million for provincial policing. The provincial police service agreement provides RCMP provincial policing in municipal districts, Metis settlements, and every town, village, and summer village that has a population less than 2,500. Alberta pays 70 percent of the provincial police service cost; Canada pays 30. Increased funds will allow Alberta to meet its commitments under the agreements for RCMP service. The Alberta government will spend almost \$110 million on policing and crime prevention in 2001-02.

I would like to take the members through some key Solicitor General initiatives. Crime prevention programs are most effective when developed and implemented at the local level. We have budgeted \$1.3 million for project grants to community organizations and for contracted crime prevention services provided by aboriginal and other organizations with their respective communities. In addition, an MLA committee has consulted with Albertans to review current policing issues, including potential changes to the Police Act. The committee will present recommendations to help Alberta police forces take on the challenges of the 21st century.

We will continue to implement our provincial strategy to fight organized crime. We will strengthen our partnership with provincial and national justice stakeholders to co-ordinate resources against organized crime.

We will continue to support the federal DNA Identification Act. The ministry will also develop a strategic plan for policing in Alberta in consultation with police executives and police commissions. The process will position Alberta as a Canadian leader and contribute to safer communities.

We heard very clearly from Albertans that victims have an essential role in the judicial process. To achieve this, we will review current legislation from a victim's perspective. Funding for victims' programs and initiatives has increased by \$1.9 million. Available grants/funds for community victims' services organizations have increased by 39 percent, to \$2 million. The growth in funding permits increases in grants to programs we have helped in the past, and it allows the victims of crime fund to assist other organizations providing victims' services.

Community justice partners have helped develop local response to crime, especially in recent years. Enabling legislation and policy decisions have encouraged this. Through this plan we will restate our commitment to supporting community justice. We intend to work with municipalities, communities, and community agencies to make restorative justice approaches more widely available in Alberta. A key part of the success of restorative justice is that it encourages the victim, the offender, and the community to be directly involved in resolving conflict through dialogue and negotiation.

Youth justice in Alberta focuses on greater co-operation and communication between partnering groups. The Solicitor General is committed to providing appropriate sanctions for youth crime while working with young offenders to help them on the right path. To support this commitment, we'll explore other nontraditional sanctions.

The budget includes a \$2.3 million increase related to children's mental health initiatives.

The Solicitor General remains committed to enabling First Nations police services to provide law and order in the community.

With the increasing emphasis on interdepartmental teamwork we will be actively involved in several governmentwide initiative and partnerships with stakeholders. We will be a partner in the aboriginal policy initiative. We will provide our support for the development of governmentwide and department strategies to improve the well-being of aboriginal people in Alberta.

We are also a key participant in a number of children's priorities. This includes child prostitution, youth justice committees, domestic violence, expanded mental health and addiction programs for youth, and staff and offender education initiatives regarding fetal alcohol syndrome.

Mr. Chairman, that concludes my comments for the 2001-2004 business plan for the Alberta Solicitor General, and I will be happy to answer any questions regarding the plan.

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

MS BLAKEMAN: Thanks very much, Mr. Chairman. [The members sang *Happy Birthday*] Thank you so much to my colleagues for celebrating my birthday. I really appreciate it. That's very kind and generous of you. I'll try not to be so acerbic now in gratitude to you all.

All right. Here we go. A couple of things came to mind as soon as I looked at these estimates. I understand that we're covering the core businesses of policing, crime prevention, victims' services, and corrections, but when I look at the strategic objectives on page 317 of the business plan, there seems to be a disconnect between what's being said and reality. For example, the first bullet is talking about augmenting "crime prevention initiatives by expanding the Provincial Crime Prevention Strategy and supporting the National Strategy on Community Safety and Crime Prevention." But when I look at the budget itself on page 401, crime prevention increased by only \$5,000, so obviously there's not a lot of money that's going into augmenting "crime prevention initiatives by expanding the Provincial Crime Prevention Strategy." What exactly are the specifics, then, on how you plan on doing this?

9:20

Then I looked at the second bullet:

A Policing MLA committee has been appointed . . . This committee will consult with interested Albertans and make recommendations for changes to policing and the Alberta Police Act.

But I'm sure that the government has already claimed that those consultations were over in January, prior to when this book was released. Well, the minister is shaking her head, so I know she'll be responding to me at the end. I'm wondering then: are the consultations continuing behind closed doors or with invited stakeholders? And who would that be if we're no longer doing a community consultation? If the consultation has indeed ended, then I'm looking for the recommendations. Where are they, and when can we expect that they would be tabled in the House or released? If the government is following on the number of other initiatives that seem to be waiting to be released until after the session, maybe she can give us an idea of when that might be.

Then I looked at the fourth bullet in which the ministry is talking about developing

a strategic plan for policing in Alberta in consultation with police executives and police commissions [providing] a strategic vision for the work of both the Policing MLA committee and the Policing . . . steering committee.

Now, the policing MLA committee was struck in September of 2000. The public submission deadline was December of 2000, and

you're just now developing the strategic vision for the committee? Isn't this the reverse of the way it should be, where you develop what you were looking to accomplish and then you go and do it? Was the announcement of the review rushed in an attempt to do what? To get it out and started early for some reason? It got out there ahead of when the ministry was actually developing a strategic plan for it. Did this have something to do with the election? Why do we have the committee in fact having already been out there, the submission deadline long since past, and now we're going to look at a committee or a ministry developing, one presumes over the next three years, between 2001 and 2004, what this committee was supposed to do? So perhaps the minister can clarify that one.

Now, specifically under policing we have increased funding for the RCMP, and both the Premier and the Minister of Justice have signaled that the establishment of a provincial police force is not in the cards. So what other initiatives are being looked at, then, by the ministry? If we've already had the kibosh put on a provincial police force, then what else is this money being used for, or what else is being considered by the department?

Perhaps I could also get the statistics, obviously in writing after the fact – I don't expect the minister to have this off the top of her head. How many new police officers are being anticipated or planned for in Alberta? I'm also interested in what the ratio of citizens to police officers is, and if we can get comparatives on that going back a few years so that we can see in fact if we are decreasing that ratio or increasing that ratio. Is there a specific target that the ministry is looking toward in that relationship between police officers to citizens? What is the ministry anticipating here, or what are they going for?

I've been concerned – and others have certainly brought it up in the House – with an increase in the use of private security forces by a number of different entities including municipal and provincial police services. Now, I would like to hear very specifically the philosophy behind this from the minister. I'm wondering if there is an intent to create a larger market for private security and if that may be coming about because of underfunding or perceived underfunding, certainly by the municipalities. We've seen the example set by the government in underfunding in education leading to private education and in health leading to private health. This is the third area that I'm seeing this in, and I have a great deal of concern around this. So I'd like some specifics about exactly what's anticipated by the ministry.

How much support for this is there? What philosophy is behind it? What strategic directions are being involved here? Do you have performance measurements around how many are being used or how much money would be spent on this? Is there any direction forthcoming to the municipalities or others?

In fact, we have private security now on the Legislature Grounds. There's one security staff here in the building, and there's a separate one on the grounds and a separate one for the Annex. I mean, right here we have an example of where money is being expended on private security firms. We've also had a problem with those private security firms. I can talk to the minister in more detail about that later.

So I'm very interested in exactly where the ministry thinks they're going with this or what they're anticipating. Or if the minister is not in favour of this, then let's hear it, and let's hear what the plan is around this. Is there a "No, we won't go beyond this amount of money or this number of contracts"? Let's hear it.

The minister is inheriting somewhat here from the setup of the Ministry of Justice prior to the election, but I note that there was a strong signal sent out – or perhaps it was just election timing; I don't know – with the Minister of Justice providing funds for a start-up

fund for a helicopter for the Edmonton Police Service. I'm wondering: is the province planning additional onetime funding in support of this helicopter? Are they planning longer term ongoing support for this helicopter? Was this an initiative or a philosophy that was being followed by the department that's now been cut off and inherited by this minister? What was the thinking behind the onetime funding on that helicopter, or was it just timing that was important there? I think that's of great interest to the citizens of Edmonton and certainly to the Edmonton city council. So I'm interested in what other plans there are around funding or support, whether it's financial or otherwise, for that helicopter.

I appreciate that the minister is new in a new ministry, but in listening to her opening remarks, it was long on enthusiasm and short on specifics. So I'm looking for quite a few more specifics.

I've already pointed out a number of inconsistencies between what was written in the strategic objectives and in fact what has happened, where they don't always mesh. So can the minister provide additional statistics or information on the extent of organized crime in Alberta? How big an issue is this? Is it small? How much of the budget is the minister looking to dedicate to it?

When I actually look at budget breakdowns – for example, you get page 407 in the estimates book. Basically, you've got five breakdowns and that's it. It's not broken down by any significant subvotes underneath. I have no way of knowing what the minister is expecting to expend out of any one of those given vote lines. So I'm looking for specifics about what programs are anticipated to be paid for out of that vote line, whether there's an increase or a decrease, how it compares to what was happening before. We have a five-line item here and can't get any more information from that.

9:30

Back to the extent of organized crime and, specifically, what is the government looking to do around that? That was very much in the news and in the Legislative Assembly a year ago. We're not hearing so much about it now. What programs are there? What is anticipated to be done? I'm not picking up a particular strategic focus out of the objectives that are stated here. Has it just dropped off the edge of the table? There's no interest in it? What's happening?

I'm wondering if the ministry has done anything specific – commissioned any research, done any reports, done a literature review of similar jurisdictions across Canada or other places in the world – around money and gaming, particularly through the casinos. I used to work a lot of casinos for various nonprofit groups, and it was sort of common chatter as you worked in the cash cage that money in fact was being laundered through casinos. People would come in and would buy a bunch of chips. Then they'd go and cash them in at the window and they could have some sort of proof that they had money from the casino, but in fact it was being laundered. What has happened around that whole issue? What's being worked on there? What's being anticipated? How does it fit into your strategic plans? Is there any money under any of these votes that is covering that?

We have a gaming review going on that supposedly has a freeze on activities. That's expected to come off this summer. People are lining up at the gates for more casinos and more possibilities around that. What's the Solicitor General looking at as far as pre-emptive action there? In fact, where's the baseline? Where are we starting from? That's the first information that I'm looking for. What's the minister aware of now? What is our benchmark, and where is the plan to go from there?

I'm wondering if there is a global budget, provincially or cross-departmentally, to combat further expansion of organized crime in Alberta. I mean, we still like to think of ourselves and I think we

still conduct ourselves as a fairly open and honest society. I don't know that we leave the doors of our houses open anymore, but we like to think that we could. In some ways I'm wondering if we aren't a bit naive about what's out there and how much is out there and how it affects what's going on. This is a very minor version of this, but certainly when we look at the number of scams and fraudulent schemes that are being run, those are definitely on the increase. I mean, that's a very minor version of what I'm talking about. Nonetheless, what are we doing there? That is a form of organized fraud, if you will. What specific targets are happening there? Those are certainly crimes with victims attached to them.

Still under the heading of organized crime, we've had a number of very unfortunate incidents here in Edmonton and I think in Calgary as well. I'm aware from the communities representing many cultures in my constituency that new Canadians and specifically new Albertans are victimized by organized crime in their community, and it's really important that we have community police officers that are able to communicate with and gain the trust of citizens. I suppose that even if there were to be some sort of undercover or informational gathering, it would be important to have officers who were capable of infiltrating gangs or organizations, so we do need to have a police force that's reflective of the composition of the community. Could the minister give me the benchmark on that?

How many members of the police service in Alberta are members of visible minorities? Do we have a target about what we'd like to get to? What is the ratio that should be expected here? When the minister is signing contracts, working with and negotiating with the individual municipalities that have RCMP contracts, is there any sort of incentive that is being offered to ensure that there is a better composition and reflection of the communities that the officers are working in? I know at one point that was a focus for the Edmonton Police Service, and I did know some folks that got involved because of that, but I haven't seen much of a focus on it recently. I think that's part of the key to working with organized crime, particularly coming from other cultures.

In the health care field we've now come to understand the importance of – what are they called? They're special health care workers that speak different languages, multicultural health brokers. We've come to understand how key they are to taking information about health programs into various ethnic and cultural communities and helping to get the information out, but also they're there to identify problems and help bring those individuals or those families to some kind of assistance that's available. Is there any kind of program that's looking at mirroring the multicultural health brokers? Are we looking at multicultural policing or corrections brokers? Are we looking at providing language training, particularly in the larger centres? Perhaps the minister could supply a list of how many languages are in fact part of the services being offered by the Edmonton Police Service and the Calgary Police Service and other forces that are large enough to be dealing with those kinds of communities.

Now I'm going back to the strategic objectives. Under the enhanced services for victims – and, again, the minister mentioned this in her opening remarks. I'm wondering how long it will take to review legislation from a victim's perspective. I've now heard the government talk about an aboriginal lens that they're going to view legislation and programs through. This is talking about a victim's perspective, like a victim's lens, that they would be viewing legislation from. Can the minister give an indication of how long that will take and if there is a cost associated with it?

I'm aware that I'm coming to the end of my time, so I look forward to a second opportunity to be asking questions to the Solicitor General. I would like to thank the staff that have accompa-

nied her tonight. I appreciate the work they're doing. It's not easy to set up a new department, and I'm sure they're being of great assistance to her and will be of great assistance to me in answering the questions. So thank you for this time, and I will look forward to part two.

Thank you.

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

MS CARLSON: Thank you, Mr. Chairman. Happy to be able to participate in these estimates as well. Once again we have a department which has been split up. Maybe the minister here can address why this split was done and how the government sees it as being more cost-effective to now run two departments. I would be interested in hearing that.

Most of my comments are around the issue of crime and crime as we have been experiencing it in my constituency, Edmonton-Ellerslie, and the greater constituency of Edmonton-Mill Woods, which is really southeast Edmonton and is one quadrant of this city. We've had a series of incidents in southeast Edmonton which have brought to all of our attentions the need for a variety of community-based solutions to solving the issue of crime. Some of those I would like the minister to address within the framework of what she's doing with budget dollars in the next year.

9:40

Certainly we hear from the municipalities that policing is a big issue. What people in Mill Woods have asked for is a greater police presence. We have a community station there now, but what they really want to see is something akin to the old beat cops. Well, no municipality has the kind of funding these days to supply that kind of service, so police in the area have reached a form of compromise in that they do a lot of their paperwork in their cars now so that they can be on the street, be more visible, and act as a deterrent on the one hand and provide some sense of security and safety for residents on the other hand. So if the minister could address what's happening in terms of the downloading of municipal grants around the issue of policing, we'd be happy to see that.

In our ongoing discussions with people in the police department, street cops and those at higher levels within the department continually ask us to do whatever we can to try to bring the issue of lack of funding to the province's attention and ask them to respond to it, so I am bringing that question and that issue forward. Can they expect more dollars? Why are they being squeezed in the way they are? What can the minister see to solve those issues in terms of municipal funding? So if she could do that, I would be very appreciative of it.

My colleague from Edmonton-Centre talked a little about multicultural policing. I'd like to talk about that too, because of course in southeast Edmonton we have a wide variety of cultures represented. Many of the people in the area are first-generation Canadians whose first language is not English. That can result in a number of challenges in terms of policing. One is the cultural expectations they bring with them around policing. Many of them are very frightened of the police and are resistant to dealing with them at any level. Often there are language barriers, so those are issues too.

I think the Edmonton police department has done a very good job of getting cultural representation within their departments and certainly in then assigning people with appropriate backgrounds to appropriate areas of the city where they can be most helpful. That's been very helpful in Mill Woods; there's no doubt about that. So I would like to applaud them for that and also give credit to the ministry for any responsibility they may have in that regard and for

any support they provide, be it intrinsic or actual dollars or support in terms of training. That's really a good tactic and way to go on that.

I know that judging is not part of the mandate of the Solicitor General, but I'd like to speak about it here, Mr. Chairman, with the hope that this minister will lobby her colleague. One of the key issues that is an outcome of the meetings we've had in Mill Woods is around the Young Offenders Act. When we start to peel off the layers on that issue, a great part of the issue is what happens in provincial courts. There seems to be an agenda of warehousing these kids like cattle and running them through the system as fast as they can. What that subsequently results in is deals being made on a constant basis, so the kids are not fulfilling sentences at all. They're back out on the street in hours often. The kids know this. There's no incentive for them to not be involved in crime, and it's very much a problem for people who live in the community.

So if the Solicitor General could talk to the Attorney General and address the issue of what's happening with the prosecutors and judges within the system, that would be excellent, because there is a real issue there. Likely it's underfunding in two areas I would suspect: not enough prosecutors, and secondly, not enough incarceration facilities. Incarceration facilities do come under this minister's mandate, if I am correct. So what's the problem here, Mr. Chairman? Do they need more money? Do they need more facilities? Do they need more outreach programs? Maybe they need all those things, but I think what they also need is more preventative dollars.

The minister in her comments talked a little about crime prevention being most effective at the local level. I certainly agree with her and commend all efforts there. I personally don't think she has enough money assigned at that particular level, not through any fault of her own, but I think that's an issue. My questions to her on that are: does she think she has enough money? What does she think she can actually accomplish in a year? What are her long-term goals in that regard? How is she benchmarking those and measuring success?

The bigger question is prevention in other areas, Mr. Chairman. How is she strategically integrating with other ministers and their departments to provide that kind of preventative support, to provide the linkages that are needed? She knows this issue very well. I know through work she's brought forward in this House and discussions I've had with her over the years that she believes that prevention at many levels is very important. So where are the linkages – I'm sure she has them; either formally or informally, we'd like to know on both fronts – with Children's Services, with social services, with the education system, and with the health system? I think those are all frontline ministries that deal with frontline preventative issues, whether we're talking about teaching parenting skills, providing early intervention in the home or in the school, identifying ongoing or potential crises within the education system, identifying kids at risk from drugs or family situations, and crisis intervention.

We have serious social problems within families because of addictions: gambling, alcohol, drugs. So how are those being addressed? What happens with these kids once they get into care? If you read the Children's Advocate's report, you would see that there are many issues outstanding with children in care at this time, many of them directly relating to this minister's responsibilities and some of them connected to other areas. So how is that working in terms of integration? How much money is dedicated to that kind of prevention? Is there a kind of global working group that this minister's knitting together with these other ministries to try and actually seriously address this issue? Put the dollars up front where they're needed so that we can save them at the incarceration stage,

which is the output of her responsibilities. She has a strong input responsibility, and I believe she also has a strong enough will to pursue this kind of agenda. It would be very forward moving, and it would be something that many people throughout the province could applaud if they actually saw it put in place.

So those are primarily the concerns I have with this ministry. I think they're very important. They're fundamental to our success as a society and to her success, ultimately in the long run needing fewer dollars. Let's see some of that money well spent up front. Let's see some successes benchmarked and measured. Let's see the outcomes from them. I look forward to hearing about her integrated activities on the prevention side with other ministries.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Edmonton-Glenarry.

MR. BONNER: Thank you very much, Mr. Chairman. It is a pleasure to rise this evening and make a few comments in regards to the Department of the Solicitor General and also to congratulate her on her position with the new ministry and thank the department for being out tonight.

MS CARLSON: I forgot to do that. Could you do that on my behalf?

9:50

MR. BONNER: Yes. I'd also thank the department and the minister on behalf of the Member for Edmonton-Ellerslie. She forgot to do that and asked me to do that on her behalf.

One of the areas that I wanted to focus on I know is a concern of the department and many people here in Alberta. When we look at planning in Alberta, particularly what's coming down the road in the way of demographics, certainly our population in Alberta is aging. In that regard, I think that will certainly lower our crime rate. As well, when I'm looking here in the business plans, on page 314 I notice that "Canada's Aboriginal population is growing twice as fast as the country's total population and it is proportionally younger." I think that when we do look at crime statistics, we will see that through all segments of the population crime amongst younger people is higher. So, again, if my assumption is correct in that regard, then certainly when we look at the aboriginal population, this would also hold true there.

I also notice here in the business plans that

between 2000 and 2011, the Aboriginal population is projected to increase by 22%, versus 12% for Alberta's total population. In Alberta, Aboriginal people represent approximately 6% of the total population and 36% of the prison population.

I know that a major goal of the minister and the department is to reduce that, but in looking at that and looking at public security – and I'm referring first of all in the budget to line 2.2.3, First Nations policing – I see here that even with this huge increase in the population of aboriginal communities, the net expense for 2000-2001 was 4,936,000 and the net expense for 2001-2002 is only \$5,048,000. So we have here in the neighbourhood of roughly a hundred thousand dollar increase, yet we have a huge, huge increase in population. As well, when we are looking at the demographics, we certainly see that this is a younger population.

Therefore, what we have to do, then, Mr. Chairman, is wonder why we have such a limited amount here in First Nations policing, yet we do have an increase in younger people, and as well we have an absolutely unacceptable percentage of 36 percent of the people in prison being aboriginal. So, again, it is a problem, and I know that in the final Alberta Summit on Justice report of April 1999, the

aboriginal and the Metis communities did make a number of recommendations where they felt that programs could be changed, which would certainly reflect more of their needs, and these programs would be tailor-made and focused to their particular groups.

I see that one of the recommendations on First Nations, Metis and Inuit justice was that

as an alternative relating to civil matters or disputes within the Metis Nation of Alberta, the Metis Judiciary Council be empowered, operated and recognized by Alberta Justice as an alternative (in-house matters) to the courts, within the guidelines established by the Metis Nation of Alberta.

Also, here under that same list of recommendations is recommendation 4, that "equitable funding be provided to all police services across Alberta." Now, when I see a statement like that, what I would like the minister to clarify for me is: is there equitable funding for First Nations, Metis, and Inuit justice as with other police services across the province? If she could please clarify that when she is providing us with the answers to our questions.

As well, I notice on page 402 – again I'm referring here to line 3.4.2, and this has to do with native court workers. I see that our estimate for net expense for 2001-2002 is \$1,920,000, and for the year 2000-2001 this was \$1,868,000. So we have roughly a \$50,000 increase there. Yet in looking at the recommendations, the whole idea here is not to focus more on the courts but to develop programs which are community based and more available and less intimidating to our aboriginals.

I also notice here, Mr. Chairman, that under the First Nations, Metis, and Inuit justice they want more funding allocated "through the Aboriginal Justice Initiatives Unit to better enable settlements to access federal justice initiatives." So, again, I would think that if the federal program has something to offer which enhances what we are presently doing here in the province, then every effort should be made to allow these groups to access funding. Certainly I don't see under what I've looked at in the budget so far those funds being available. There has to be perhaps some shifting in priorities in the budget that will free up money for this particular recommendation.

As well, I notice that one of the recommendations in the final Alberta Summit on Justice report for the Metis Settlements of Alberta is to "provide rehabilitation and support programs that are geared specifically toward Metis incarcerated in provincial jails." Again, if the minister could please tell us what work has been done on this recommendation so far, what is going to be provided specifically towards those Metis who are incarcerated in provincial jails, and when they can expect to see these support programs initiated.

Another recommendation here was to "increase funding for Native alcohol and addiction treatment programs." I don't seem to be able to find that anywhere in here, and again just a huge, huge concern of those communities. Certainly when we look at the issue of fetal alcohol syndrome, we do need some intensive programs to help children who have been subjected to fetal alcohol syndrome to get them on the right track and to keep them there.

Under recommendation 6 another recommendation was to "increase funding for Aboriginal justice programming." Again, the whole idea here is that aboriginal people will be allowed to develop more and more of their justice programs, keep them closer at hand, and be more in control of what is happening with those programs but not only with those programs. What they also want to do is identify specific programming and servicing dollars for aboriginal peoples. So those are some of the concerns I have under recommendation 6.

10:00

I just want to finish off with recommendation 8: "The Treaty 6

First Nations of Alberta recommendations be supported." I want to focus in and zero in on one here: "The development of restorative justice initiatives through consultations with First Nations." These of course would include "community-based peacemaker/mediator programs." It would also establish "treaty-based youth and adult healing facilities to reflect First Nations differences." Their third recommendation was that they would have "community-based diversion programs."

So if the minister would please tell us, then, at what point these recommendations are at this particular time, if these communities, the aboriginal communities, the Metis communities, can look forward to a huge shift in their programs, in their financial support. Certainly this figure of 36 percent, as I mentioned earlier, is too high. For the benefit of all society we would like to see that figure much more representative of the total population.

So with those comments, Mr. Chairman, I will take my seat for now and listen to other hon. members.

THE CHAIRMAN: The hon. Member for Edmonton-Highlands.

MR. MASON: Thank you very much, Mr. Chairman. I am pleased to rise to address the estimates of the Solicitor General. I would just note, although it's clearly a done deal, our continuing concern with the division of these departments. Some of my comments with respect to costs in the previous estimates I think could apply here. Although I will admit that the division of these departments between the Solicitor General and the Minister of Justice and Attorney General is a more traditional type of division, the additional costs are something that remain a concern.

As I understand it, the core responsibilities of the new Solicitor General ministry are policing and crime prevention, victims' services, and corrections. I have two questions pertaining to policing. One is the growing inequity between those parts of the province that depend on the RCMP for policing services and those cities that have their own municipal police forces. The province provides a greater level of support to those areas policed by the RCMP than it does to those areas that are municipally policed. To correct this imbalance, until the mid-1990s the province provided policing grants to those municipalities with their own police forces.

Over half of Albertans live in communities with municipal police forces, and as recently as fiscal year 1992-93 over \$33 million in policing grants was provided to those municipalities to offset policing costs. Is consideration being given to reinstating policing grants, and if not, why not? Reinstating municipal policing grants is particularly important because of cost pressures facing all police services. The government is responding to these pressures by increasing funding for RCMP policing by almost 20 percent this year, thereby increasing the disparities between those municipalities policed by the RCMP and those municipalities with their own police service.

In the same connection, Mr. Chairman, I want to deal a little bit with the whole issue of leadership of policing in the province and would like to talk a little bit about community policing as an excellent way in which to conduct policing and suggest that we need strong leadership from the minister in order to maintain and strengthen community policing in Alberta. Particularly Edmonton but also to a certain degree Calgary were the first exponents of community policing and for a number of years were considered leaders in policing in the entire North American continent. People came from around North America and even from Europe to visit the police in Edmonton and in Calgary to learn how things were being done.

Community policing has been very successful. It has reduced

costs. It has had a very strong impact on rates of crime. It has enhanced public confidence in the police, and it has reduced fear of crime in the community. It's based on Peel's principles, and the first one of those is that the police are the community and the community is the police. It's based on problem solving. It's based on the principle that instead of going to the same location eight or nine different times to respond to a call for assistance, you go in and work with the community and with the people in the neighbourhood to resolve the issue that is resulting in the calls for service in the first place. As a result, it has the impact of eliminating those sources of calls for police service, reducing crime, and involving the community in problem solving to reduce demand for police services and to increase public safety.

There has been in recent years a serious erosion of community policing in Alberta. I have a certain knowledge of the situation in Edmonton, and I think it is a matter of very serious concern. So I think that it would be beneficial if the department would use its resources in order to promote and support community policing.

The traditional macho police culture has reasserted itself in the police force as far as I can tell. That's my assessment. We're now not inviting people from North America to study community policing in Edmonton, but we are studying the California model. So we've reverted now to American styles of policing, and it is a trend that I think is very dangerous. We see more things like helicopters and tasers and more focus on the use of tactical squads.

I need to comment a little bit, Mr. Chairman, on disturbing recent events, including police shootings here in Edmonton, all of which are a matter of serious concern and indicate to me at least that we ought to be very concerned about the direction of policing as it is now. I will give you an example. I know that police are now looking at the use of tactical squads and the training of tactical squads in schools in case of an incident that could occur. At the same time, the number of schools that are served by community resource officers is being reduced. I would ask: what is the best way to secure the safety of students in schools other than having police officers in the schools who know the children, who know the kids and know what's going on? They can take preventive action in advance of an incident rather than having to send a tactical squad into schools after a very unfortunate and terrible incident has already occurred.

So I believe that action is needed on the part of this department and this minister to show leadership in Alberta in community policing. I would suggest a number of things, Mr. Chairman. First of all, I think the government could provide funding for research, education, and training of police officers in Alberta in community policing and further develop the community policing model. I would suggest that we establish a centre of excellence here in Alberta in community policing so that we once again become the centre of advanced police procedures and techniques.

Also, we need to deal with antigang activity, and the province needs to support police forces in that regard. I give an example of how gang activity has worked in the communities that I've represented. A few years ago we had a fairly notorious youth gang developing called the North Side Boys. The police got involved with them, and they made a number of arrests.

What they did that was proactive I think was the important thing, Mr. Chairman: they got involved with the young people who were most at risk of joining the gang. They organized things such as basketball tournaments. They raised money to take kids to Calgary to play in a basketball tournament. They basically intervened with the most at-risk children to prevent them from becoming victims of the gang. As a result, that gang is almost completely broken up.

You contrast that with the approach of putting these young people

in an incarcerated situation, where all they're going to do is come into contact with much more experienced criminals, be recruited to more serious gangs, and come out, as they almost all will do, as much more experienced, hardened criminals. That approach only gives a little bit of temporary and illusory protection from gang activity. So a community policing model is essential, in my view, to deal with gang activity.

10:10

I think the government should take a look at providing additional assistance to help police with urban aboriginal programs. I see that there is a good focus on First Nations' policing, but we need to address the issues of urban aboriginals and the issues that police need to address around that.

I think there's a very strong role that can be played, also by Community Development and Children's Services, in developing a comprehensive model of community policing and establishing it as government policy and establishing it as the model of policing that the Solicitor General is going to take a lead in in this province in order to achieve all of the goals of community policing which are outlined in Peel's principles, which I believe are still printed on the program of the graduation of at least Edmonton city police graduates.

With those comments, Mr. Chairman, I will take my seat. I think it's important that the Solicitor General address the issues of large urban cities in her portfolio and that the estimates ought to reflect the urgent need to deal with emerging problems in some of the larger cities, not just additional money for rural policing.

Thank you very much, Mr. Chairman.

MS BLAKEMAN: Good point. Actually, just before I lose that thought, one of my colleagues has just raised the information that was in the newspaper this morning that in some jurisdictions in Edmonton the 911 calls weren't able to be answered and have cars dispatched. Now, I think part of my issue here is not a complaint about the Edmonton Police Service but once again a notation that the government no longer supplies funding through to the municipalities of Edmonton and Calgary for their policing. I know that's a real struggle for them.

Just a couple of other points that I wanted to go over in the few minutes that we've got left here. Under the community justice approaches that are noted on page 318, under the strategies here I'm just wondering: what is the status of the community justice initiative? The minister mentioned it in her opening remarks. Exactly what's going on, and where are we with this? Also, a question about whether the restorative justice programs will be expanded. Is that anticipated in this year, or is it anticipated in the next year or both? What's the scoop here?

Offender labour. It's noted that "over one million hours of offender labour [is] provided annually to non-profit community groups." Are we able to get a breakdown of which community groups and the number of hours that are provided to each of them? I'm also looking to find out whether this offender labour is also provided to government departments or to those providing contracted-out work to government. So if I could get something in writing answering those two questions.

I'm interested in the cost of operating the community service programs. Also, how many hours of community service were logged last year, and how many does the budget anticipate will be logged this year?

I'd also appreciate an update on the Calgary domestic violence court. I recognize that that hasn't been running very long, but you must be monitoring it fairly closely. What are the impressions or any statistics that have been gathered thus far?

Youth justice is, again, on page 318. Will the province be

increasing its share of the funding in this budget for this year, or do they anticipate next year or both? Again, what's being done here?

[Mr. Marz in the chair]

Very quickly looking at the performance measurements that are noted on page 320. For the victimization rate, this is measuring the number of Albertans that "have reported being a victim of crime." Do we have any estimate to go on about how many crimes are going unreported? An equivalent example is with the women's shelters. We know how many were served by the shelter, and then there's some idea of how many were turned away by the shelter. So how many people are we not servicing? Is there any measurement that the department has used or is looking to develop to use around this one?

Under corrections intervention do we have any measure of recidivism after completion of the program? I would think this is the one of more concern to the public.

I know that this department has now been sort of created again. Having had the Solicitor General and Attorney General put together in the mid-90s, now they've been split apart again. I'm curious: was there no performance measurement that existed under the Justice department that could have been transferred to the Solicitor General? Almost everything in here is a new measure, and I'm curious about that.

How much new funding is expected to be received from the federal government under the new Youth Criminal Justice Act? Is it correct that Alberta is going to be a big winner in this? How much is expected?

Finally, the ministry support services budget. I noticed when I went back and looked at the '99-2000 Justice annual report that there was about \$11.3 million total on ministry services. Now, when I look at the Justice and Attorney General department this year, it's at \$12.5 million and the Solicitor General ministry support services is at \$5.7 million. So we're now looking at \$18.2 million for the running of the minister's and the deputy minister's offices, which is a significant increase of some \$7 million. What was the benefit that was anticipated by splitting up these two departments?

In this instance and the instance where we split off Seniors from Community Development and one other example where departments were split, in each case it seems to be costing us between \$5 million and \$10 million for the running of the new ministers' and the deputy ministers' offices, which seems like a substantial amount of money to me. If I could get an explanation on what exactly that money is being spent on and whether this was in fact anticipated. I certainly wouldn't want to think that this was some kind of make-work project, but I do have to start asking the question when I've seen it happen three times in these budget debates.

So those are the questions that I had, and my timing is perfect tonight. Thank you very much.

THE ACTING CHAIRMAN: I'd call on the hon. Solicitor General for her concluding remarks.

10:20

MRS. FORSYTH: Thank you, Mr. Chairman. I appreciate hearing all of what the opposition has to say, and I indicated earlier that we will respond to them in writing.

I'd like to, if I can, please, introduce some people that are in the gallery with me, some troopers that have had an early morning and are still here tonight. The Deputy Solicitor General is Jim Nichols, my deputy minister. Arnold Galet, the assistant deputy minister, known to me more as the big guy. Robert Dunster is the assistant deputy minister for public security. Dan Mercer is the assistant deputy minister for strategic services. Bronwyn Shoush is the director of aboriginal justice. Jean Olynyk is director of communications, who's been busy for the last couple of weeks with all the issues we've been dealing with. Rita Lauterbach is the executive assistant to Jim Nichols. Debbie Malloy is my executive assistant, who is also celebrating her birthday today. I'm pleased they're here, and I appreciate them putting in a long day and sitting here listening intently to the questions that have been put forward.

I appreciate what the opposition has said tonight. Thank you.

THE ACTING CHAIRMAN: After considering the business plan and the proposed estimates for the Department of the Solicitor General, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:

Operating Expense and Capital Investment	\$241,418,000
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THE ACTING CHAIRMAN: Shall the vote be reported?

HON. MEMBERS: Agreed.

THE ACTING CHAIRMAN: Opposed? Carried.

The hon. Deputy Government House Leader.

MR. STEVENS: Thank you, Mr. Chairman. I move that the committee rise and report the votes and seek leave to sit again.

[Motion carried]

[The Deputy Speaker in the chair]

MR. MARZ: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions, reports as follows, and requests leave to sit again.

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2002, for the following departments.

Revenue: operating expense and capital investment, \$30,114,000.

Solicitor General: operating expense and capital investment, \$241,418,000.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

[At 10:25 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

