

## Legislative Assembly of Alberta

Title: **Wednesday, May 30, 2001**

8:00 p.m.

Date: 01/05/30

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

[Mr. Tannas in the chair]

THE CHAIRMAN: We'd like to call the Committee of the Whole to order. For the benefit of those in the gallery, this is the informal part of the Legislative Assembly, and members are allowed to have a coffee or juice at their desks. They're in fact allowed to move, so if you're busy looking at your road map of where members are, catch them quickly because they are allowed to change and go around. We try and stick to the convention of only one hon. member standing and talking at a time, but this is, as I say, the informal part called committee, in this case Committee of the Whole.

### Bill 14

#### Alberta Income Tax Amendment Act, 2001

THE CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman. It's my pleasure to be able to address the Alberta Income Tax Amendment Act, 2001, Bill 14, at committee.

We've had some discussion about this bill in second, and I'll just recap for our audience. The main object of Bill 14 is to define eligibility requirements for the implementation of the Alberta energy tax refund program, which was announced by this government on September 6 of 2000. By establishing these requirements for the program, Mr. Chairman, the Canada Customs and Revenue Agency was able to use their list of tax filers for the province of Alberta to send out a \$300 onetime rebate in two separate installments to some 2.3 million Albertans 16 years of age and older. If members recall, those who still have their memories from the 21-hour session that we completed yesterday, we passed Bill 1, which put into legislation the ability for the government to have those cheques made even though the cheques had already been sent and the regulations had already been made. So it was sort of shutting the barn door after the horses had left or dotting the i's after the sentence was already constructed, but that's what happened.

This Alberta energy tax refund program was announced in the fall. The rebate came in two installments to those who filed a 1999 income tax return even if they had no income. We heard some discussion last night about some of the problems that surrounded that processing and that are still in the process of being fixed. We've been told by Revenue Canada at this stage that all of the corrections to the cheques that were incorrectly issued or not issued at all or went to the wrong addresses will have been corrected, they expect, by the end of June. So quite a long wait for people who were expecting the money in order to actually reduce their costs at the time that they were high.

I would hope that the government would take note of those outstanding issues and the issues as we went along with this particular program and correct them for next year, because to truly be a rebate program, as they are suggesting, they need to match the money coming back to the people with the expenses that the people incur that are high or extraordinary at the time they occur, not six months hence or some other very inconvenient time. They need to get their act together on that, and if that means doing it independ-

ently of the federal government, you won't hear any complaints from this side of the House on that, Mr. Chairman. So we hope they'll address those issues.

There were a couple of things that we wanted to just remind people about. The \$300 refund was not taxable, so Albertans don't have to claim it when they're filing. That's important, I believe. The total cost of the refund package was \$690 million, with \$345 million being allocated from Alberta's economic surplus, and it's projected that the energy tax refund for natural gas and gasoline will cost taxpayers at least \$2.4 million to administer, based on the number of qualifying Albertans.

So there were some options here, Mr. Chairman. They could have just reduced the cost of natural gas in general and not had the administration costs. Therefore, there would have been another \$2.4 million available to distribute back to us. You know, it's our gas. It's our revenue that's being generated off the gas that's being pumped out of the province, yet we have to pay for administration fees to get any of it back. It doesn't seem completely logical, but that's the way they did it.

I was happy to hear when this first happened, and am still happy to support, that individuals who have debts in arrears with the provincial maintenance enforcement program were not receiving the refund. It gets paid to the director of maintenance enforcement and credited first to arrears and then next to the current periodic payment of the debtors in arrears and last to any other payable and outstanding of the debtor in arrears. So I think that was a good point.

We thought this program, this rebate was helpful to Alberta consumers as a temporary onetime measure, Mr. Chairman, but it was still crisis-based reaction by the government to the impact of higher energy prices. Albertans need really a realistic plan to shield them from the sustained impact of energy prices over the medium term. This is designed to shield people from what we say is the mismanagement of electricity deregulation in the very short instance, not that all those costs were applicable, but certainly some of them were. That's really the essence of the argument here.

Here what was happening was that the bill defined the eligibility requirements for the implementation of the tax refund program. You have to do that. The money is already spent, but still there have to be some rules and regulations on that, Mr. Chairman. We're happy to see that, with some glitches, it is traveling along in the way that it was supposed to. We had a problem with this, though, in that this government showed a real lack of respect for the legislative process when they introduced the bill to authorize a plan which they announced over eight months ago and have already finished implementing, and here we are, you know, starting this now.

So, Mr. Chairman, those are my comments with respect to this bill. I look forward to any participation by the government at this stage. Perhaps, depending on what they say, this being committee, I will be persuaded to re-engage in the debate, but at this point that's the end of my comments.

Thank you.

THE CHAIRMAN: Are there any further comments on Bill 14, which is what we have in front of us?

[The clauses of Bill 14 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall this bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

Would the committee agree to a brief introduction of guests?

[Unanimous consent granted]

head: **Introduction of Guests**

THE CHAIRMAN: The hon. Member for Calgary-Currie.

MR. LORD: Thank you, Mr. Chairman. It's my great pleasure this evening to introduce to you and through you to members of the Assembly some very special guests. We are blessed here with many very important and special guests, but these people are really important because they are newspaper publishers here in Alberta. I would like to introduce from the Alberta Weekly Newspapers Association – I would I ask them to stand; they're in the public gallery – Mary Jane Harper, editor of the *Olds Gazette*; Roger Holmes, publisher of the *Wainwright Star-Chronicle*; Steve Dills, publisher of the *Vegreville Observer*; and Rob Rondeau, publisher of *Hardisty World*. I would ask the Assembly to give them a very warm traditional greeting.

8:10

Mr. Chairman, it's also my great pleasure to introduce some more very important and special guests. I don't need to introduce them to you because they are from your constituency of Highwood, but through you to the members of this Assembly we have with us tonight very special guests who are also in the public gallery, a counselor from the town of Okotoks and his charming wife, Mr. and Mrs. Laurie Hodson. I would ask if they would rise and also receive the warm traditional welcome of this Assembly.

Thank you, Mr. Chairman.

THE CHAIRMAN: Thank you.

### **Bill 15 Tax Statutes Amendment Act, 2001**

THE CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Ellerslie.

MS CARLSON: Thank you, Mr. Chairman. Happy to participate in the debate at committee on Bill 15, the Tax Statutes Amendment Act. This could be called a companion piece of legislation to Bill 14, the bill that we just debated. One of my colleagues said that Bill 14 was the how to win the election act. Well, this is how to win the election act, part 2; there's no doubt about it.

What this particular bill talks about, Mr. Chairman, is the implementation of the government's promise to reduce the flat tax rate from 10.5 to 10 percent. It also implements the reduction in the railway fuel tax from 3 cents per litre to 1.5 cents, and it exempts many of the tax statutes from the provisions of the Limitations Act. Also, we see it increasing the value of some of the tax credits.

The flat tax reduction, Mr. Chairman, is the second reduction in the rate since the flat tax was introduced. It was originally 11 percent, then 10.5 percent, and now changed to 10 percent in response to cuts in federal taxes. Part of the problem with this kind of a reduction and a race to the bottom is that you're always playing catch-up. That can be good if in fact we see all income levels fairly benefitting from a tax like this, but that's not the case here. All calculations that we've done and nothing that the government has been able to present to us in the interim has convinced us otherwise. All indications we have are that this particular flat tax is unfair to middle-income Albertans.

What we see happening here is that for every dollar the middle-income earner receives in savings from the Klein flat tax, a high-income earner, who is in the top 2 percent of tax filers, receives anywhere from \$1.80 to \$4.55 in savings, providing that the government's flat tax scheme merely shifts the tax burden onto the middle class. It's what happens. Middle-class tax filers earning between \$25,000 and \$75,000 represent nearly 38 percent of tax filers in Alberta. Those of us who aren't cabinet ministers fall into that particular bracket. We receive just 39 percent of the tax savings under the 10 percent flat tax, and meanwhile the top 2 percent of tax filers, which would include the Premier, earning \$100,000 and over, receive 26 percent of the tax savings under the 10 percent flat tax. [interjection]

Well, not everybody saves, as a member in the Assembly is saying. Certainly if you take a look at it on a proportional basis, middle-income tax earners pay more. So I think that that is unfair. [interjection] The comment is that they pay less than they paid before, but let's talk about this reasonably in terms of the total tax burden that tax filers are absorbing because of the directives of this government.

You have to add the increase in user fees into that scenario. You have to add the other costs like the additional fees that we pay for mismanagement of deregulation. There are a lot of hidden costs in this province, Mr. Chairman, that make our take-home pay less than it is in terms of any kind of disposable income. I don't think there's a person in this Assembly who can say that dollar for dollar they get the same value out of their money as they did five years ago, seven years ago, 10 years ago, 15 years ago. For the same dollar your after-tax disposable income buys less, even when you adjust for inflation.

So when you give the appearances of reducing taxes but for the bulk of the people who are taxpayers it doesn't really happen, there's something wrong with that picture. I would suggest that particularly some of the new members of the Assembly actually study it and just don't take cabinet ministers' word for the fact that it must be the greatest thing since sliced bread, because there've been a few things brought into this Assembly by them that they championed that were found out to be wrong after the fact. I would suggest that this is one of those instances.

We talk about railway diesel fuel tax. This was part of the proceedings of the recent Alberta Business Tax Review Committee during their deliberations. Representatives of the railway industry indicated that there was fierce competition in the railway industry and pointed to the fact that Canadian railways pay higher overall taxes than the U.S. railroads, other Canadian industries, and the north American trucking industry. Submissions to the committee suggested that Alberta's tax on railway fuel should be eliminated or reduced to the U.S. level of 1.7 cents a litre. However, the Business Tax Review Committee rejected the recommendation. They felt that Alberta's fuel tax for railways was competitive with other provinces and jurisdictions. So certainly I think that that's something up for discussion.

There's no doubt that I have heard the arguments on behalf of the railways over the years and have some degree of sympathy for them for the costs that they are carrying. We have vast lands and few people to support them, Mr. Chairman, so that certainly becomes a huge transportation issue when we try to accommodate and work with other jurisdictions.

The Limitations Act is referred to in here. Through Bill 15 the government has exempted the Alberta Corporate Tax Act, the Alberta Income Tax Act, the Alberta Personal Income Tax Act, the Hotel Room Tax Act, the Fuel Tax Act, and the Tobacco Tax Act from the Limitations Act. What this act introduces is limitation periods on claims, and under the act all claims are governed by two

limitation periods. The discovery period would be two years from the date that the claimant either discovered or ought to have discovered specific knowledge about the claim, and the ultimate period in which a claim must be brought is 10 years. This bill endeavours to ensure that the Crown, when dealing with Alberta tax legislation, is not subject to these time limits. So one set of rules for the government and another set of rules for everybody else.

Mr. Chairman, our position is that we're always supportive of tax measures that will help reduce the tax burden on Alberta families. However, the reduction in the flat tax that is made possible through this act raises the issue again of whether or not a flat tax is truly fair to Albertans. I think we've had lots of discussion on this. We see this as a scheme that simply moves the tax burden onto the shoulders of middle-income earners while trying to make them feel good. It's not a fair tax system in our opinion. We have proposed what we believe is a fair tax system that would see greater savings for the majority of Albertans and for middle-income earners. We would like the government to consider that as a plan that would give tax relief to all Albertans, so that would be very interesting to see them move forward.

We also have a question that still hasn't been answered throughout the phases of this debate, Mr. Chairman, and that would be: why has the government introduced legislation that will cut the railway fuel tax in half when that was a recommendation that was rejected by the Business Tax Review Committee, and why weren't any of the good recommendations that were in that committee report acted on? This one that was rejected was. So here we have a government who talks ad nauseam about consultation with Albertans, yet when they do consult and they do get feedback and it is well-thought-out, well-rounded, and I would say well-researched feedback, the government rejects it. So I think that's an issue.

We're certainly pleased to see that many of the tax credit increases that this bill introduces are coming forward. They would be increases such as people providing home care for relatives, a very good thing; people providing care for children with physical and mental infirmity, also a very good thing; increases in the education credits, a big deal particularly when tuition fees seem to be spiraling higher and higher every year; and increases in the amounts deductible for people over 65 years old.

Mr. Chairman, I believe that essentially concludes my remarks in committee on this particular bill. We look forward to any comments that the government may have on this.

Thank you.

8:20

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

MR. MacDONALD: Thank you very much, Mr. Chairman. At this time in committee I have a few brief comments about Bill 15. Certainly this flat tax reduction from 10.5 to 10 percent – I feel one must always be supportive of tax measures that will help reduce the tax burden on Alberta families. However, the reduction in the flat tax that is made possible through this act again raises the issue of whether or not the entire flat tax is truly fair to Albertans. The flat tax scheme simply moves, in my view, the tax burden again onto the shoulders of middle-income earners of this province. This, as a result, is not a fair tax system.

Now, the Alberta Liberals certainly have a proposed tax system that would see greater savings for the majority of Albertans, particularly for the middle-income earners. Should there be an increase in the basic personal exemption, the amount that individual Albertans can earn tax free, from a little over \$7,000 to in excess of \$13,500? Yes. Our plan, the so-called 0, 10, 12 plan, would provide

fair and sustained tax relief to all Albertans regardless of income.

I'm not going to go into this in a great deal of detail, but I do notice that the railway diesel fuel tax is cut in half, lowering it from 3 cents per litre to 1.5 cents per litre. I would certainly again take this opportunity to briefly remind all hon. members of this Assembly of the 6.5 cents a litre tax on propane fuel for motor vehicles, for trucks. Last year in the budget there was \$14 million, Mr. Chairman, realized in revenue. In this year's budget it is down to \$9 million. That tells this member that there is a reduced consumption of propane as a motor fuel in this province because of this tax.

Certainly the cost has gone up at the retail pump. In my view, it has not been justified; it cannot be justified. I feel very strongly that propane in Edmonton, in Calgary, in Spruce Grove, in Grande Prairie, in Sylvan Lake should be much cheaper than it is in Toronto, and it's not. I would urge the Member for Innisfail-Sylvan Lake to advocate that the 6.5 cents a litre propane fuel tax be eliminated in this province, be completely eliminated. We're going to get \$9 million again in revenue on this tax, and I think the tax should be removed. I'm quite confident that there would be an increase in the number of conversions, particularly with trucks.

For that reason I'm again speaking on this issue of elimination of the propane tax. We can do without the \$9 million. We can cut down on fancy cars for cabinet. We can cut down on payment of legal bills for the leader of the federal Canadian Alliance. Perhaps members of government can take buses and cars instead of taking airplanes. It would be very easy to realize savings of \$9 million in this budget.

So with those views expressed, Mr. Chairman, I shall take my seat and cede the floor to another member of the Assembly. Thank you.

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

MR. MASON: Thank you very much, Mr. Chairman. The New Democrat caucus is not going to be supporting Bill 15 this evening. We don't believe that this legislation is equitable. We don't believe that it distributes the tax burden in the way in which it ought to be distributed.

If approved by the Assembly, Bill 15 continues the massive shift of the tax load from high-income Albertans to middle-income Albertans. By maintaining a so-called single tax rate and reducing it from 10 and a half to 10 percent, Bill 15 continues the attack on middle-class Albertans begun last year with the implementation of the flat tax on personal incomes.

Now, this particular approach has brought criticism from every tax accountant and economist who has independently crunched the numbers on the Tory's flat tax, and they've all reached the same conclusion, Mr. Chairman. The main beneficiary of this flat tax will be those with incomes above \$100,000 per year. Middle-class Albertans with incomes from \$30,000 to \$100,000 are already paying a disproportionately higher share of the tax load, and Bill 15 will only make that situation worse. For instance, a University of Alberta economics professor, Mel McMillan, had this to say about the government's flat tax proposal:

This would really shift the tax burden to the middle class . . . Big winners . . . are those in brackets beyond \$150,000 and especially those in the \$250,000 plus income bracket.

We crunched a few numbers of our own, and this is based on the 10 percent, Mr. Chairman. We identified that the primary people who will realize the benefit from this approach are in fact some of the wealthiest people in this province. The president and CEO of Canadian Pacific, for example, will save approximately \$78,569 under the flat tax at the 10 and a half percent rate. The chairman and

CEO of ATCO will save \$71,340, the president and CEO of Talisman Energy could save approximately \$44,995, and Mr. Jim Dinning, the executive vice-president of TransAlta, would save over \$11,000. On the other hand, a bus driver is going to save about \$166. So we can see who this government is really working for.

The main reason, of course, that there are any savings whatsoever for middle- and lower-income people is because of the dramatic increase in the personal tax exemption, which is a measure we support, but it clearly masks the shift of the tax burden that's going on with this bill.

In addition to not passing the test of fairness, Bill 15 also fails the test of honesty. The provincial Conservatives know that reducing tax rates for high-income earners will result in a massive transfer of the tax load onto middle-income Albertans. That's why they have hidden that by combining it with an overall income tax of \$1.5 billion at 23 percent.

Despite the deep cut in personal income tax revenue, however, middle-income earners will end up paying only slightly less compared to the situation before the flat tax was introduced. New Democrats have calculated that an Albertan making \$30,000 a year saves only \$185 from the reduction in the flat tax from 10.5 to 10 percent compared to what they paid in 1999. That's less than 10 percent on their total tax bill compared to '99. Meanwhile, a person making \$500,000 a year saves almost \$20,000 more on their tax bill. That's a tax saving of 29 percent, almost three times as high a percentage than for lower income people. So, Mr. Chairman, it's clearly not an equitable bill and not an equitable approach.

8:30

The government's flat tax has failed to deliver the promised simplicity of their income tax system. Bill 15 is a good example of this. In addition to changing the underlying tax rates, Bill 15 makes numerous changes to exemptions, deductions, credits, and other loopholes encountered in calculating one's taxable income. The only way to simplify the tax system is to remove the complexities in calculating one's taxable income. Not only does Bill 15 fail to do this, through section (5) it codifies these complexities into provincial law. Bill 15 shows that the flat tax didn't get rid of a single loophole. All of the existing tax credits and deductions remain.

Your tax return hasn't shrunk a bit. In fact, the tax form could actually become more complicated. Instead of having to do calculations on one set of numbers, Alberta taxpayers are required now to do two. For example, taxpayers currently need to do only one calculation to determine their nonrefundable tax credits. Under the flat tax plan they would need to do two: one to calculate their federal tax credits and a second to calculate their provincial tax credits.

Now, there are those who argue that there are too many tax brackets. The Mulroney government tax reform of 1987 already significantly flattened the Canadian tax system. There are only three tax brackets. Before 1988 there were 10 different tax brackets, ranging from 6 percent to 34 percent. Going back even further, in 1970 there were 17 tax brackets.

The United States, believe it or not, has a more progressive income tax system than Canada does, especially for those with high incomes. At the federal level the U.S. has five tax brackets, ranging from a low of 15 percent to a high of 39.6 percent. By comparison, Canada has only three tax brackets, and the top federal tax rate is only 30.9 percent. Some American states have as many as 10 tax brackets. Only six states have implemented a flat tax.

Another argument made by those advocates such as our Provincial Treasurer for flat taxes is that marginal tax rates are too high and are a disincentive to work harder. Marginal tax rates refer to what is

paid on the last dollar of income earned by a taxpayer. Effective tax rates refer to the average rate paid on every dollar of income earned. Marginal tax rates will and should be higher than effective tax rates in a progressive income tax system. It is misleading to focus on marginal tax rates to measure the fairness of the income tax system. Effective tax rates are a much better indicator because they measure the rate of tax paid on every dollar of income earned, not just the last dollar. Effective tax rates tend to be significantly lower than marginal tax rates even for those with high income because they, like low-income people, are able to benefit from the lower rates applied to their first dollars of income.

Higher income earners are also able to reduce their tax liability by taking advantage of things like tax credits and deductions. Unlike middle-income earners, those with higher incomes are able to afford to maximize their RRSP contributions, to set up family trusts, and to take advantage of capital gains exemptions. Under the current system Alberta has by far the lowest marginal tax rate of any Canadian province. In 2001 Alberta's top marginal provincial tax rate is a flat 10 percent. The next lowest province, Saskatchewan, has a top marginal rate of 16 percent, which is 60 percent higher. The province of Ontario has a top marginal rate on provincial income tax of 17.41 percent. It's one thing for this government to make Alberta into some sort of tax haven for the wealthy. It's another thing to do this entirely at the expense of middle-class Albertans, and that is something which Bill 15 continues to do.

It's not even true that higher income earners have the highest marginal tax rates. When calculations of marginal tax rates include the impact of refundable tax credits, middle-income earners, not high-income earners, are already paying the highest marginal tax rates. The personal income tax system contains a number of refundable credits including the child tax benefit, the goods and services tax credit, the seniors' credit, as well as provincial credits like the seniors' benefit and the Alberta employment tax credit. These credits are recovered by being taxed back as income rises. If calculations of marginal tax rates include the impact of refundable tax credits, middle-income earners, not high-income earners, are already paying the highest marginal tax rates.

Robert D. Brown, the past chairman of PricewaterhouseCoopers, calculates that a single-earner family with three children making between \$30,000 to \$40,000 a year faces a top marginal tax rate of over 60 percent. By contrast, the marginal tax rate of a similar family making \$110,000 is just over 50 percent. The source of that, in case anyone wants to look it up, is the *Canadian Tax Journal*, 1999, issue number 2, and it's on page 192.

This is because a family making \$30,000 gets to keep less than 40 cents of every additional dollar earned as a result of the combined increase in tax payable and reduction in refundable tax credit payments. By contrast, a family making \$110,000 a year gets to keep almost 50 cents of every additional dollar earned. If anyone has a disincentive to work as a result of these arrangements, it's middle-income earners, not high-income earners. Imposition of a flat tax will make this inequity even worse by raising the marginal tax rate for middle-income earners while lowering it for high-income earners.

Proponents of a flat tax, like our former Treasurer, now the leader of the Alliance Party or at least the significant portion of it, says that a flat tax will end bracket creep. When the Mulroney government got itself into financial difficulty a decade ago, they stopped full indexation of tax brackets and exemptions to inflation. Now adjustments are only made for inflation above 3 percent. As a result, until this year's federal budget there has been no increase in the income thresholds for the three federal tax brackets for a number of years. The basic and spousal exemptions were increased starting in

the 1999 federal budget after a number of years of no increases. The Alberta government, as much as any government in Canada, has benefited from tax bracket creep. Surely the answer to this phenomenon is not to get rid of tax brackets altogether, thereby undermining equity, but to restore full indexation of both tax brackets and basic spousal exemptions.

If it wanted to, the government could cut taxes or user fees without bringing in a regressive flat tax. Moreover, with the size of the budget surplus in recent years, the Alberta government clearly has the fiscal capacity to cut taxes, increase spending in priority areas, and keep retiring debt. The question is not whether Albertans should have a tax cut but what kind of tax cut it should be. Tax cuts directed at low-income and middle-income earners will generate more economic activity than tax cuts directed at the wealthy. That's because the wealthy will likely invest their tax savings in investments – for example, in GICs, mutual funds, including ones with lots of foreign content – while low-income and middle-income earners are likely to spend their savings on things that more directly lead to local job creation, like buying goods and services from our local businesses.

Are there alternatives to the Tory flat tax plan that are fairer to low-income and middle-income Albertans? Absolutely, Mr. Chairman. The New Democrats advocate phasing out health care premiums as an alternative to the flat tax plan set out in Bill 18. While delivering a comparable amount of tax relief, the New Democrat approach could give each Alberta family an \$816 break and a single person a \$408 break regardless of their income. There are many sound reasons why the New Democrat approach is preferable.

AHC premiums are the worst kind of regressive tax. A family earning \$20,000 pays exactly the same, \$816 per year, as a family earning \$2 million a year. The income levels at which Albertans receive premium subsidies are ridiculously low. For example, to receive a full premium subsidy, families must earn less than \$7,500 a year and singles less than \$5,000 a year. Unlike premiums paid to private health insurers, AHC premiums paid by individuals are not tax deductible. Middle-income seniors and those working in jobs without benefits are particularly hurt by this. Those working in better jobs are also hurt because any proportion of Alberta health care premiums paid by employers is fully taxable at the employee's top marginal tax rate.

Alberta Health wastes enormous time and resources to collect premiums and track down those in arrears. In 1996-97 the department spent \$11 million on premiums collection, more than is spent on administering the health care insurance plan itself. About half of the \$11 million is paid to external collection agencies to track down those with premium arrears. Despite this, the government still wrote off \$29 million in uncollectible premiums in 1998-99 alone.

8:40

We believe that Alberta health care premiums are a drain on jobs and the economy. As a payroll tax, employers face substantial compliance costs in deducting and remitting health care premiums to the government. The New Democrats would ensure that the savings resulting from the phasing out of premiums are added to the remuneration of employees, not pocketed by employers.

In conclusion, Mr. Chairman, Bill 15 does not deserve the support of this Assembly. It is regressive legislation that benefits only the wealthy at the expense of the middle class. It is the brainchild of a Treasurer who is no longer in this Assembly to defend it. We all know where he is and what he's doing. Instead of blindly moving forward with this legislation, that is fundamentally unfair and deeply flawed, I urge the government to withdraw Bill 15 and replace it

with legislation that provides progressivity for the personal income tax system.

Thank you, Mr. Chairman.

THE CHAIRMAN: The hon. Member for Grande Prairie-Wapiti.

MR. GRAYDON: Thank you, Mr. Chairman. We've heard a great heap of statistics and figures this evening. However, there's one statistic that has not been put on the record – and I think we need to put it on the record – and that is that under this single rate of 10 percent 200,000 low-income Albertans will pay no tax at all.

Thank you.

[The clauses of Bill 15 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

### Bill 17 Insurance Amendment Act, 2001

THE CHAIRMAN: Are there any comments, questions, or amendments to be offered with respect to Bill 17? The hon. Member for Edmonton-Gold Bar.

MR. MacDONALD: Thank you very much, Mr. Chairman. Again, at this time in committee on Bill 17, I've had an opportunity to speak on this already. I would like to note the comments of the hon. Member for Edmonton-Centre – and I encourage all hon. members of the Assembly to read them in the previous edition of *Hansard* – her cautions and reservations about how equitable these amendments would be when you compare them to small insurance companies and larger insurance companies, particularly for mandatory continuing education.

Now, there is no provision in the Insurance Act for mandatory continuing education. Many of the stakeholders – and I believe they've been consulted, Mr. Chairman; I certainly hope they have – believe that the needs of consumers demand knowledgeable, dedicated, and competent financial advisers to provide a required and certainly a necessary level of service. Whenever one considers the increasing diversity and complexity of financial services, practitioners should be current in their knowledge and skills and I believe must continually upgrade their knowledge and skills to remain current. I don't know if that will happen. I certainly hope it will happen. This is exactly what's happening with this legislation. It removes the requirement that adjusters who are employees of insurance companies need to be licensed. Then how are consumers and members of the public to know that the adjusters have had a continuing education program by their employer?

All Canadian jurisdictions with Insurance Canada, I note, either mandate continuing education requirements or plan to implement them. B.C. requires continuing education. Saskatchewan required continuing education as of January 1, 1999. Manitoba introduced mandatory continuing education in mid-1999, as I understand it. That's already been done. Ontario now requires continuing education. Quebec has already accomplished that. Nova Scotia appears prepared to adopt that requirement. Some 48 U.S. states have continuing education programs.

Now, the Alberta Insurance Council is opposed to mandatory continuing education. The Alberta Insurance Council believes that suspension, revocation, or requalification can be used in cases where incompetence is demonstrated.

The cost of mandatory continuing education will be borne by consumers, again, and by agents, and access to courses would be difficult for rural agents. I would like the opinion of the hon. members of this Assembly who represent rural areas in this regard. I certainly would be eager to hear from them in the course of the debate this evening. The consumers get caught in this province quite often, and I would encourage the current government to take more of an active interest in consumer protection. I'm not going to go into that in detail at this time, Mr. Chairman, but history has a tendency to repeat itself, and consumers have been left holding the bag, so to speak, quite often.

I don't know if it's the intention of the government to force insurance agents to keep up to date with new products and practices. I question if that is acceptable, but certainly it is my view that they believe that insurance agents should be required to meet tougher preclicensing requirements.

When we think of the insurance industry, the first thing that comes to this member's mind is stability. I certainly hope that that continues, because these issues were raised before, Mr. Chairman. The majority of these issues were raised during the consultation process on Bill 25, the new Insurance Act in 1999. I did some work on that, but Bill 17 was introduced, as I understand it, because of concerns heard from government members, from industry stakeholders.

8:50

I've heard concerns, also, regarding the revamping of the Insurance Act, and I have yet to hear back from many of the individuals I contacted in regards to these amendments, Mr. Chairman. I hope that before this session recesses for the summer, I have that opportunity. I'm reluctant at this stage in committee to give my full support for this legislation until I hear from those stakeholders, but in saying that, the hon. Member for Calgary-Lougheed, who is bringing forward this legislation, had an extensive consultation process before with the original Bill 25, so I'm confident that as time progresses, the individuals that I have contacted will in turn respond with their opinions, if any, in regards to these amendments.

Now, we should consider certainly the changes that are going to occur. There are gradual changes, because the insurance industry under the new act will permit the minister to issue restricted insurance agents certificates of authority. These will go to businesses. The business, of course, will be a deposit-taking institution. It could be a transportation company, a travel agency, an automobile dealership, or another prescribed enterprise. This is where the concerns of my colleague from Edmonton-Centre come into play, naturally, because of the size of the businesses and the training budgets that would be available, particularly in this case for adjusters.

In closing, Mr. Chairman, certainly this bill makes clear that insurers are held responsible for the actions of the adjusters who are their employees. That's quite clear. It also gives the minister or an appeal body the power to call witnesses to give evidence at hearings and appeals under this act. Hopefully, that would never be needed, but it certainly will be there, as I say, if this bill becomes law, and I'm certain that that will eventually take place.

With those comments, Mr. Chairman, at this time I shall take my seat and await the opinions or the comments of other hon. members. Thank you.

[The clauses of Bill 17 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.  
The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report.

[Motion carried]

[The Deputy Speaker in the chair]

MR. MARZ: Mr. Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following bills: 14, 15, and 17.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

#### head: **Government Bills and Orders** **Third Reading**

#### **Bill 14** **Alberta Income Tax Amendment Act, 2001**

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

MR. STEVENS: Thank you, Mr. Speaker. It's with pleasure on behalf of the hon. Minister of Finance that I move third reading of Bill 14.

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

MS CARLSON: Thank you, Mr. Speaker. I'm happy to have one final kick at the cat to speak to this bill. It's tough to vote for a bill that is bringing in legislation after all of the decisions have been made and all of the money has been spent. However, many people in this province are very supportive of the rebate program that the government brought in, so that is a considering factor for us as well. So this is one of those bills where I guess I'm prepared to hold my nose and vote for the bill and support the government.

Thank you.

[Motion carried; Bill 14 read a third time]

#### **Bill 15** **Tax Statutes Amendment Act, 2001**

MR. GRAYDON: Mr. Speaker, I'm pleased to move third reading of Bill 15, the Tax Statutes Amendment Act, 2001.

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

MS CARLSON: Thank you, Mr. Speaker. As a companion piece to Bill 14 this bill, the Tax Statutes Amendment Act, that brings in the flat tax is a little worse piece of legislation than Bill 14, and I have a great deal more trouble supporting this one because I simply do not think that a flat tax is progressive.

MRS. FORSYTH: Hold your nose.

MS CARLSON: I can't hold my nose on this one; I'm sorry. It's not possible.

You get a no vote from me on this one because it isn't progressive in terms of lowering tax rates for people. You already wrecked it once and had to readjust because of changes made in federal legislation. Even though there's a little tiny window that I think is good – that's the exemptions of the tax statutes from the provisions of the Limitations Act and increasing the value of some of the tax credits, although they're minor in nature – Mr. Speaker, so sorry; I can't support this one.

[Motion carried; Bill 15 read a third time]

### Bill 17 Insurance Amendment Act, 2001

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

MR. ZWOZDESKY: Thank you, Mr. Speaker. I'm pleased to move third reading of Bill 17, the Insurance Amendment Act, on behalf of the hon. Member for Calgary-Lougheed.

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

MR. MacDONALD: Thank you very much, Mr. Speaker. Again, briefly, Bill 17 at third reading. The main purpose is to amend the new Insurance Act, which is set to take place in September of this year. This is removing the requirement that adjusters who are employees of insurance companies need to be licensed. In its place adjusters working for an insurer no longer need to be certified, but the insurer is held responsible for the actions of adjusters who are their employees.

9:00

As I said a few moments ago, certainly there have been reservations brought to the attention of the Member for Edmonton-Centre by a small business owner in central Edmonton, and there are certainly other cautions that I would like to express about this legislation. With respect to those cautions however – again, I said earlier to all hon. members of this Assembly that it's time that the work of the hon. Member for Calgary-Lougheed is recognized. A strong consumer voice is instrumental for a strong and responsive insurance industry in this province.

Now, recognizing that the new insurance act takes important steps to deal with such issues as tied selling and the perception of lack of disclosure, the Consumers' Association, for one, has noted a number of other issues that are in need of attention: the claims process for credit and travel insurance products, extended warranties, the entire issue of the renewal process, limitations on claims, the respect for the privacy of information, and effective dispute resolution mechanisms. Everyone is hopeful that these consumer issues will be brought to the table as part of the phase 2 review of the Insurance Act.

I would at this time, in third reading, encourage the government

to ensure that the consumer or the public is at the table. With all respect to the Consumers' Association, I deal and I'm sure other hon. members of this Assembly deal on a regular basis – if not, they will in the future – with constituents who are frustrated with the increase in their insurance premiums from one six-month period to another. I'm sure constituents will at some point willingly visit constituency offices and express their frustration in regards to the high cost of insurance.

Now, earlier in this session the hon. Member for St. Albert brought a bill forward, and many members of this Assembly expressed an opinion on that specific legislation. It dealt in a great deal of detail with the insurance industry. But it must be acknowledged that the insurance industry has also taken positive steps to respond to some of the interests of consumers. There has been a production of policy handbooks, for example.

The Consumers' Association makes a number of other useful recommendations: more information on fault charts and their impact on premiums, renewals, and claims; inclusion of information that provides a step-by-step claims process and mechanisms for dispute resolution; insurance companies' interpretation of pre-existing conditions; statistics on claims refusals and justifications for claims refusals; statistics on renewal refusals and the reason why; establishment of an arm's-length board, one-half industry and regulators and one-half representatives from consumer groups, to conduct research on specific issues in the area of insurance.

The consultation process and consumer awareness in my view would be enhanced if all insurance policies and legislation concerning insurance were stated in plain language. There was certainly talk in this Assembly in the past regarding plain language legislation, and sometimes I wonder, as I review and read specific pieces of legislation, if that hasn't been forgotten. I'm sure it hasn't been and it is just myself. But this is an issue that Albertans in the constituency of Edmonton-Gold Bar have expressed an opinion on, regarding this whole issue of plain language, Mr. Speaker. With respect to insurance policies I think consumers would be much more comfortable if policies were stated in plain language.

It has been suggested that the definition of plain language could be or should be extended to include clear, understandable insurance mathematics. I heard a definition of mathematics in this Assembly the other evening, but with insurance mathematics the public would be informed of the effects of various factors on current rates and the effects on future rates. In automobile insurance policies, for example, Mr. Speaker, the policy could state what effect the accumulation of driver demerit points on a driver's licence will have on renewals. That would be, I think, welcome. That, again, would be welcomed by the consumers of this province.

In regards to this legislation, this amendment act hopefully is the last piece in what has been an exhaustive and thorough consultation process dating back I think seven years. If this is the only amendment that is to come forward – and there are certainly indications that tough new insurance laws will be introduced later this year. Now, I hope they are tough.

I said earlier about consumers and how I feel that they are neglected, but this new act, when it comes into force in September, will see a dramatic increase in fines for wayward insurers. Insurance companies and agents will face a maximum fine of \$200,000, and that's a large, large increase from the existing legislation for violating the act. The old fine, I would like to remind hon. members of this Assembly, was \$200.

I'm assured that this new act will add further protection for consumers while offering the insurance industry a blueprint for the future. I certainly hope this is the case, but for the amendments here – and this is why I would express a caution at this time in third

reading, Mr. Speaker. The individuals or the groups that were consulted for Bill 17 were the Consumers' Association of Alberta, the Insurance Bureau of Canada, and the Independent Insurance Brokers Association: three parties. Two years ago with Bill 25, with all respect to the time, the Consumers' Association of Canada was consulted; the Canadian Bankers Association; the Canadian Institute of Actuaries; the Alberta Treasury Branches; the Canadian Independent Adjusters' Association; the Independent Insurance Brokers Association, the Alberta branch; the Insurance Bureau of Canada, the Alberta branch; the Canadian Life & Health Insurance Association; and the Canadian Association of Insurance & Financial Advisors. Now, that's not the entire list, but there was a more extensive consultation process, certainly, than for the amendment.

9:10

That is why I'm cautious about offering my wholehearted support or endorsement at this time for this bill. I'm still waiting to hear back from stakeholders that I have contacted in the insurance industry regarding this bill. For that reason, Mr. Speaker, I am going to reserve my support on this legislation at this time. With respect to the work that has been done in the past, which has been significant, it is better to be cautious than sorry. I would be very disappointed to support this legislation at this time and then receive a fax or a phone call in the next couple of days from individuals who were making their living in the insurance industry saying: I wanted to bring this to your attention regarding the Insurance Amendment Act. It's unfortunate that this bill couldn't have been introduced earlier in the session. It would have given all hon. opposition members a chance to have a good, thorough consultation with affected parties in regards to this legislation.

With those comments, Mr. Speaker, I shall take my seat. Thank you very much.

[Motion carried; Bill 17 read a third time]

### Bill 7

#### Regional Health Authorities Amendment Act, 2001

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

MR. STEVENS: Thank you very much, Mr. Speaker. It's with pleasure that I move third reading of Bill 7, the Regional Health Authorities Amendment Act, 2001, on behalf of the hon. Minister of Health and Wellness.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Riverview.

DR. TAFT: Thank you, Mr. Speaker. Bill 7 represents this government's effort at fulfilling its long-standing promise to hold elections for regional health authorities, that I think goes back, in fact, to the very first months of this government's mandate; the promise does. The RHAs were created, if my memory is correct, in 1994. Since that time there has been the hope held out of elections for regional health authorities, and they should be elected.

The principles behind electing the regional health authorities and the principles put forward by the government at the time were principles about democracy, local control, responsiveness to the local variations within the province and the differences between smaller centres, big cities, and rural areas and north and south. But I think beyond all of that, the commitment was to the principle of local control and local democracy.

When Bill 7 was brought forward, we looked at it with some

eagerness, and our initial intention was in fact to support Bill 7. I even went as far as to send a note to the minister on it when I first saw the idea in the press releases. As I studied Bill 7 and gave it even a brief bit of thought, I became increasingly concerned, and I think all the caucus became increasingly concerned that there were real problems in the way the RHA elections were being implemented. I know that I for one have heard directly from constituents expressing concerns. The more we thought about it, the more we listened, the more we read and studied, the more uneasy we became.

Our uneasiness stems from a handful of fundamental points. One of the concerns we have is that the bill provides for only two-thirds of the members of the authorities to be elected. We just feel strongly that a two-thirds commitment to democracy is inadequate. In some ways, in fact, it's better – it may well be better; it's certainly arguable – to have no elections or all elections rather than partial elections. Partial elections confuse the issues of accountability and responsibility. If all the board members are appointed by the minister, then it's clear that the minister is responsible. If all of them are elected, it's clear that the electorate is responsible. But when you have two-thirds who are elected and one-third who are appointed, including the chairman and the vice-chairman – they are appointed by the minister after the election – then it really confuses the lines of accountability and responsibility.

We also are concerned that the appointments are, well, presumably a reflection of a feeling from the minister and the government that they need to keep control as much as they reasonably can over the regional health authorities. They do this at the same time that they use the regional health authorities as a buffer when difficult decisions are being made. At the local level you can point the finger at the regional health authority. Yet in the long term, the regional health authorities are under the control of the minister and substantially will remain so with Bill 7.

This reflects, I think, an increasing centralization of power and authority in the cabinet, a trend that is of real concern not just in the health care system but throughout government. We have seen the power of school boards reduced substantially. They've lost their ability to tax. We've seen that even the appointments of superintendents of school boards are reviewed by the minister before they're approved. We're seeing that kind of centralization of control in the cabinet, and that worries us. When we see that continued through Bill 7, it's very difficult for us to support the bill.

Indeed, the former system before the RHAs were even established had in many ways more success at representing the diversity of Alberta. In those days many municipalities appointed members to local hospital boards. The provincial government appointed members. You would sometimes have church organizations appoint members. You had a diversity of accountability and a diversity of views on the boards at that time, that has been lost now in the last eight or nine years when all appointments have been made by the minister. Now Bill 7 will allow for a substantial increase of diversity, and it's almost got enough there in Bill 7 for us to support it in that regard but not quite enough.

9:20

Some of the remnants of the old system still survive, and it's worth reflecting on those. An example is the Lamont hospital. The Lamont hospital has existed since the early days of the previous century. It was built by the United Church and supported by the United Church. When regionalization was created, the United Church argued successfully that under that RHA the United Church should have its own board for the Lamont hospital, and the government allowed that to remain. One of the values of having that separate voice came out about 15 months ago during the debates on



Bill 11. The Lamont hospital board decided to calculate the cost of cataract surgery in the Lamont hospital. They folded in staff time, utilities and equipment, cleanup and preparation, and so on, and came up with a cost per eye of just over \$200. I don't have the figure right here.

AN HON. MEMBER: Including the surgeon?

DR. TAFT: Not including the surgeon. Surgeon fees are completely separate.

Those were reviewed, and they came up for some public debate. It was felt that maybe if absolutely everything were included, they might get up to \$300 per eye, not including the surgeon's fees. That information was made public by a board that still has a remnant of independence, and I think that contributed to the debate on cataract surgery. I think that we might see more of that sort of thing happen under the elections under Bill 7 even if they're only good for two-thirds of the members. So there is something to be said for Bill 7; it's a partial step forward.

A further concern under Bill 7 is the creation of a separate bureaucracy for the elections. As we understand it, rather than simply leaving the electoral process under the Local Authorities Election Act, it transfers authority for those elections to the Minister of Health and Wellness. It gives him control over creating the wards and control over appointing the electoral officials, and we have some concern that it's an unnecessary duplication of the electoral machinery. It would have been, I think, feasible to simply use the existing municipal election mechanisms to implement the elections for Bill 7. But that's not a fatal flaw for the bill.

I think, however, the next issue has failed to be sorted out in Bill 7 – and I think it is a fatal flaw – and that's the failure of Bill 7 to adequately address the potential for conflicts of interest in the elections. Among the first people to bring this aspect of this bill to my attention were some of my constituents, who raised the alarm over provisions in the bill that allow people to run for and sit on RHA boards who own up to 50 percent of businesses that get income from or contract with the RHAs. So we are faced with a situation in which people who are benefiting substantially from contracts with the regional health authorities may also end up sitting on the boards of those health authorities, and unless I am misunderstanding the situation, that's simply unacceptable.

The Minister of Health and Wellness and I have debated this in question period to some extent. As far as I can tell, the Minister of Health and Wellness doesn't have his facts correct when he says things such as that the same bylaws for conflict of interest that apply to MLAs apply to the RHAs. He said just a couple of days ago, and I quote from *Hansard*: "The regional health authorities do have the same conflict of interest bylaws that apply to MLAs that sit in this Assembly." That's from the afternoon of Monday, May 28. I'm prepared to admit that I'm mistaken if that can be demonstrated to me, but to my knowledge the Conflicts of Interest Act does not apply to members of the regional health authorities. So I am troubled by, shall we say, some of the debate that's occurred in this Assembly.

Let's imagine for a moment that the minister is right, that everything is hunky-dory. Would we want a system that allowed the kinds of situations that are common in the Calgary regional health authority to exist throughout the government? Would we want a system in which the spouse of the Minister of Transportation could also be a major shareholder in a road-building company that contracted with that same department? I think there would be a lot of concern. Would we want a system in which the Minister of Energy was simultaneously a principle shareholder in an electric utility that was getting windfall profits from electricity deregulation?

I think very serious questions would be raised, and I think they would be raised legitimately. I think the government would probably act fairly quickly to end those conflicts of interest.

If we compare what's going on and what will be allowed under Bill 7 to major corporations, we'll find quite a contrast. I've tabled in this Assembly the conflict of interest policies for TransAlta, and they are unequivocal. They are very clear. Real, potential, and perceived conflicts of interest are to be avoided, period. Those policies of TransAlta are consistent with policies at many other major corporations. They are in fact typical.

So I think we have a great potential under Bill 7 for very, very serious problems, and I have to wonder how long the public will tolerate these kinds of situations. The elections that will be occurring in October will be one vehicle through which these issues are given more attention, and I think we will find increasing concern in the public. I think these situations in fact are allowed to continue at the peril of the government in the long term.

Because of our concerns we've fought hard to amend this bill. We were here through the middle of the night the other day presenting and arguing for amendments. We fought hard not only because of Bill 7 and concerns with the health care system but because the concerns that we are seeing in Bill 7 go beyond the health care system. It seems to us that Bill 7 weakens two of the principles that are fundamental to democracy. The first of those is full and open elections to local authorities, not the kind of halfhearted effort at the local autonomy and local elections that this bill provides. As I said earlier, it might well be better and clearer to have no elections to RHAs than the partial ones that will occur under this bill.

The second fundamental principle of democracy that we are concerned about with Bill 7 concerns the commitment to a public service that unequivocally respects fiduciary responsibilities and is never in a situation where that respect may be cast in doubt and the commitment to a public service that is genuinely responsible and accountable for the public interest first and foremost, without question, above the private interest.

So because Bill 7 is a step back for both of these principles, because we feel it inadequately addresses the need for fully elected regional health authorities, we will be voting against it.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. leader of the third party.

9:30

DR. PANNU: Thank you, Mr. Speaker. As I was listening to the hon. Member for Edmonton-Riverview speak in third reading on Bill 7 just moments ago, I was asking myself what has changed in the bill from the time that it was introduced in the House to today, when we are in the very final stages of completing third reading of it. The answer is: not much.

Many serious flaws in the bill were drawn to the attention of the Assembly very early in the debate in second reading. Several members of this House spoke seriously, eloquently about those flaws, and I did my part. Not seeing any heed paid to those serious comments and analyses and observations is a disappointment.

It has been pointed out again and again that while the Bill takes some halting steps toward restoring democracy at the local level by moving towards electing members of the RHA, it stops short of what was expected, what Albertans expected. That is that every member of every RHA should be an elected member.

We have been down this path over the last seven, eight years. We have had a long enough time to experiment with all kinds of things, and they discovered along the way that that system didn't work. The government acknowledged that much by having to dismiss its

handpicked RHA boards in at least two cases. Yet we find that this reluctant embracing of the democratic principle still allows the government to put democracy on a leash. That's the only way I can describe it. The government seems to be unable to trust . . .

MR. MacDONALD: Is it a short leash?

DR. PANNU: It's a very short leash, a very short leash.

MR. MASON: Two-thirds of the normal length.

DR. PANNU: That's right.

Democracy on a leash is really a vote of no confidence in democracy, Mr. Speaker. So I must put myself on record as opposing that attempt on the part of this government to continue to act as a jealous manager of the business of citizens in the way it has introduced this bill.

It's not right. It does not enjoy the support of my caucus, the New Democrat caucus, and I'm glad to acknowledge that the other opposition party is also opposed to it. Albertans need to know this, and I think that they appreciate that the opposition is doing its job in keeping the government's attention at least drawn to those issues where we think the government is failing in the form of the bills that it brings to the House. It fails in terms of respecting fully the principle of democracy, democratic elections and local autonomy, buttressed by full espousal and embracing of the principle of democratic elections.

The conflict of interest issue has also been spoken to, I think, at some length. I was looking at the eligibility criteria, Mr. Speaker, that will be used. I find that the eligibility criteria do not address the issue of conflict of interest as well as they should have. The eligibility criteria outlined here by the minister will allow many of the people who work in high administrative, management positions for the RHAs, while they at the same time hold major interests or own private surgical facilities which do business with the RHAs, to get elected, while employees, even if they are not leaders or officials of the unions representing them, are being disenfranchised.

So this enfranchisement, empowerment of those who in fact have serious potential for running into a conflict of interest problem with the RHAs is being allowed if they hold shares in a company or derive less than 50 percent of their total income from the RHAs. This set of criteria allows them to be candidates but doesn't allow ordinary employees, even when they hold no official position in their unions, to offer themselves for election unless there are two things. First, they have to seek a leave of absence to run, and secondly, if they get elected, then they will have to step down from their paid position within 30 days or remove, as it's called, the conditions of ineligibility in order to serve on RHAs.

This in effect is a test based on means. Ordinary employees who make \$20,000, \$30,000, \$40,000, \$50,000 a year working for the RHAs will have to give up their means of living in order to serve on RHAs. This is going back to the hoary days of early democratic experiment, when only people with wealth, people with property had the rights of voting or getting elected, and the rest were barred from that. This harks back to those not very good days of the democratic experiment.

So I'm unhappy that the eligibility criteria will disenfranchise a very large number of Albertans from getting elected to regional health authorities, which in turn will manage one of most important institutions and social programs that Albertans and Canadians give their highest priority to and hold extremely dear to their heart because it serves their interests. To disenfranchise a large number of Albertans from having the opportunity to be able to be elected and to serve on those authorities is a serious flaw in this bill.

Mr. Speaker, a couple of other points perhaps. The appointment process for one-third of the members: the minister obviously keeps tightly in his control as to who will be appointed, who will be the one-third appointed to each RHA. People who get elected won't know beforehand and the electors won't know until after they have cast their votes who the minister chooses to put on the RHAs in order to perhaps cancel the intentions in many cases of the voters who may choose certain kinds of people to be on the boards. So their effort to elect a certain kind of people will be to some degree neutralized by the minister if the minister chooses to use that power.

Given the record of this government on the issue of health care, including its headlong rush to pass Bill 11 against the very, very powerful opposition to it from ordinary Albertans, gives me no confidence that this power will not be abused by a minister who has the opportunity to exercise it in the name of this government. So the cherry-picking of appointees after the minister knows who the elected members are is another serious problem with this bill.

9:40

This problem is compounded further, of course, by the fact that the minister will also be able to gerrymander the boundaries of RHA regions to suit his and his government's purposes and intentions with respect to who should be elected and who should represent Albertans in each of the RHAs and then have the responsibility for manning and running and making important decisions with respect to the operations of our health care system and its future.

So, Mr. Speaker, with those comments I want to conclude and simply say to you that I and my caucus will not be able to support this bill. Thank you.

[Motion carried; Bill 7 read a third time]

## Bill 9

### Victims of Crime Amendment Act, 2001

THE DEPUTY SPEAKER: The hon. Solicitor General.

MRS. FORSYTH: Yes. Thank you, Mr. Speaker. It's a pleasure to rise and speak in third reading of Bill 9, the Victims of Crime Amendment Act, 2001. The legislation we're discussing here tonight is a good example of how we're going to approach challenges in the future. This bill, the Victims of Crime Amendment Act, 2001, will streamline award processes and focus resources on innocent victims of crime in Alberta.

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

DR. MASSEY: Thank you, Mr. Speaker. I'm pleased to have this opportunity at third reading to support Bill 9, the Victims of Crime Amendment Act, 2001. Third reading is an opportunity to revisit the principles underlying the act, and I think that it's worth looking at those principles at this time and reminding us exactly what the act is based upon.

Of course, the most fundamental principle is that victims should promptly receive financial benefits for injuries that they may have suffered, and that's an important principle. I think that "promptly" is an important part of that principle, and that's in part what the act attempts to address.

Another principle is that victims should be treated with courtesy and compassion, their privacy should be respected, and they should suffer a minimum of inconvenience from their involvement with the criminal justice system as a result of crime. A third principle is that information must be available to victims about their participation in

criminal proceedings and the scheduling process and ultimately what happens to the case.

A fourth principle that . . . [interjection] The Member for Calgary-Montrose is calling question. That's the first thing I've heard him say all session.

Where appropriate the views and concerns of victims should be considered and appropriate assistance provided throughout the criminal process. So the victims have to be supported in a world that for many of them will be new and uncomfortable. That's a good principle, Mr. Speaker.

A further principle is that when the personal interests of victims are affected, the views or concerns of the victims should be brought to the attention of the court. This again is something that in many cases has been lacking in the past. We now have the interests of victims being given more and more weight, and it's a principle that is part of this bill. An important principle, too, is that measures have to be taken to ensure that victims and their families are protected from any sort of intimidation or retaliation. I think for victims it removes a source of fear that they may have.

I guess the last principle and part of the guiding base for this act is that they should be made aware of relevant services, again something that's badly needed for victims, many who will not be acquainted with the kinds of services and support that's available to them.

So it's a good bill. A number of housekeeping concerns have been cleaned up. It allows for the appointment of more board members, and it creates additional panels. The appointment process I think can be questioned, but that's true of many of the government boards. This one is no exception.

So with those few comments, Mr. Speaker, we're pleased to support Bill 9. Thank you.

[Motion carried; Bill 9 read a third time]

head: **Government Bills and Orders**  
**Committee of the Whole**  
*(continued)*

[Mr. Tannas in the chair]

**Bill 20**  
**Appropriation Act, 2001**

THE CHAIRMAN: Are there any comments, questions, or amendments to offer with respect to Bill 20? The hon. Member for Edmonton-Centre.

MS BLAKEMAN: Thanks very much, Mr. Chairman. I'm finding that the time available for debate is very short, and I have not received answers back from the Department of Community Development. In reviewing my notes, I had some other questions that I wanted to ask as part of this debate in Committee of the Whole on Bill 20, the Appropriation Act, 2001.

Two areas I wanted to concentrate on. One was under the Community Development budget, the funding available for libraries, and thus under the Appropriations Act. I am looking under Community Development operating expense and capital investment of \$591,160,000, somewhere in there. I note in going back over the department's plans that it does mention under corporate initiatives: "Improve public access to information through a strong public library network and library systems by increasing funding." When I look at the highlights, it says, "Funding to the province's 245 library boards and seven regional library systems to \$14.9 million in recognition of the province's increasing population".

Given the way the budget is set up, in fact one cannot find a breakout that is specific to libraries. The only line item is under the Alberta library network, and that's when it had an injection of funds of \$2.4 million in '99-2000. There's nothing else mentioned in there, so it's rolled up inside of something else. I don't know what. So I appreciate that the amount has increased to \$14.9 million, but I don't know what it was before and can't find that from what's in the documents here. For all I know, this could have increased from \$14.8 million, which would not be a significant increase, considering what's happening with our libraries.

9:50

I am aware that the Alberta Library Trustees met with one of the standing policy committees in the last year to lobby for increased funding. Particularly at that time it was around population-based funding, and they were still being funded at the 1997 population numbers. Being as we're now four years past that, it just wasn't keeping up.

In particular what had sparked this coming to the forefront for a number of different areas was that the Banff public library board had voted to eliminate their user fees. As a result, their usage of the library had increased substantially. It was quite noticeable. Many other libraries were heard to be saying at the same time: yes, we would very much like to do that as well. So seeing as I don't have the answers back, I'd appreciate getting the answers from the Minister of Community Development as to exactly what the breakout is. At this point I'll ask for some specifics as well so that we know what the increase was for each library board.

I think it's important that I spend some time on this. As a province that wants to move into the future in a leadership position, certainly literacy is a primary component of doing that. Access to information in the library is a major pillar that upholds that. One of the basic missions of public libraries is to keep information available, affordable, and accessible to the entire public. I know that librarians have worked very hard and that libraries have worked very hard to provide information through the Internet and computer usage. Every library now has Internet access so that the public can get access to that immense cosmic world of information that is through the Internet.

Also, in my discussions with individual librarians there's a real consciousness in attempting to catalogue and make other kinds of information available by digitalizing and getting that into an electronic form, which can then be carried forward, and people can get access to even more kinds of information. So librarians move from being librarians of the books that are in their stacks and being helpful in a reference way, where you go to them and say: "I'm looking for information on such and such. Where would I find that?" or "Help me." Indeed, librarians can help you focus and narrow down that entire library full of volumes to the three or four that are going to help you.

They're doing the same thing with that cosmic world of information that's available out there in the Internet and again helping people to be able to focus down and sort through what is valuable information for them. I know that there's a philosophical stand that libraries take where they don't want to be charging user fees. They need to be getting enough funding and be valued enough by the government that their service is more accessible to people.

What we're finding is that – well, for example, when you charge for a service, you're suggesting that it's not necessary to all users. I think there's something to that. We do have people that are deprived of library services because they can't afford to pay. I know some would say: "Oh, pshaw. Come on; it's only 10 bucks or 15 bucks or 40 bucks. Anybody can afford that." Well, I suppose in a

different world, but when you're living in a world like we have where everything is 10 bucks or 15 bucks or 40 bucks, eventually you have no more money left. I think library usage is one of those areas that people just can't find the additional money for, and that's a problem, because those are the folks that most need to access the library.

But more than that, we have the numbers to show us that since 1994 the number of registered borrowers has decreased by 16 percent and overall circulation has decreased 4 percent even in Edmonton with the addition of three new branches since 1996, but visits to the library are steadily increasing by an average of 12 percent per year. So fewer people are becoming members and borrowing material, but more people are using the library. I think as a demonstration of our fundamental value for libraries, we need to be giving consistent, stable, predictable funding and not making libraries come to us and beg because they're pegged to an antiquated funding system.

Certainly in the Edmonton system elimination of membership fees will remove a major barrier that's currently limiting access to information for some segments of the population. In the documents I've looked at, the libraries are advocating for the removal of library card fees, and they have to look to the province to make up the \$3 million in lost revenues.

When Banff public library eliminated its membership fee in 2000, it saw membership rise by 40 percent. Forty percent.

MR. MacDONALD: That's a lot of readers.

MS BLAKEMAN: Oh, yeah. And circulation of library materials reached the highest level ever.

MS CARLSON: And the Minister of Community Development really supported that when he was a Liberal.

MS BLAKEMAN: That's true. The Minister of Community Development really did support that when he was a Liberal. So I'm sure that he will find his way to supporting it now that he's a minister. Certainly the pressure is on from over here.

You know, I keep repeating that it's a fundamental value, but it is, and we need to see the support there, the money where the mouth is. I think it's more than that. It's about a free flow of information to everyone who wants it regardless of income or any other factor. It's, I think, vital to the functioning of a free society.

So we had a per capita rate of \$4.29, which was reduced in 1994 cuts to \$4.03. [interjections] I have other members rooting along with me in this particular discussion, so a number of us feel passionately about it.

MS CARLSON: Would those be government members?

MS BLAKEMAN: Yeah, they are government members.

It really hasn't increased. Population figures on which the per capita grants were based were frozen at 1991 population figures for six years, and they're now based on 1997 figures. That hurts. I mean, in those six years there was a lot of cost cutting, reduction in purchase of new materials, some maintenance that had to be set aside, some programs that weren't able to be expanded based on a population increase. There were a lot of sacrifices that were made to keep the doors open during those years. Then they had an increase bringing them up to '97, and they've been stuck at that '97 rate now for 5 years.

We have to remember that the cost of living for libraries continued to increase even if their grants didn't, which is an issue that I often

bring up in context with funding for the arts groups. They can't go out and buy material to build sets or paint sets or have costumes or mount a visual art display and say: "Well, I'm only being funded," in the case of the arts, "in 1988 dollars, so can I pay in 1988 dollars?" No. They have to be paid in 2001 dollars. It's exactly the same thing with libraries.

Now, this is a specific point brought forward around Edmonton. By not adjusting the per capita grant to yearly changes in population, the provincial government has shortchanged Edmonton Public Library by approximately \$323,000. That doesn't sound like a lot of money. It isn't a lot of money, but it sure makes a difference in a library system. There are over 32,000 Edmontonians for whom no provincial library dollars are made available. That starts to count when in a city the size of Edmonton, if we look at it that way, there are 32,000 people we can't service at all. You can use those figures for anywhere you want to pick out: Calgary, Grande Prairie, Stettler, Camrose, Banff, Vermilion, Lloydminster. Anywhere you want to look, that same thing is going to hold true.

10:00

The funding package currently before the provincial government for their consideration includes a per capita increase from \$4.03 to \$5. Now, it may well be that that's, in fact, what happened, but given the way the government sets up its estimates book, we are able to get less and less information. Things are rolled up so much as to what you see on the page here. Well, I'm assuming the libraries are under this, but it's under Alberta Foundation for the Arts' statement of operations: assisting arts promotion; film development; arts participation; arts support; artist development; collection, preservation, and display of provincial artworks; and administration.

Somewhere in there is libraries, but we don't know where, and we don't know what it was increased from to bring us to the \$14.9 million that was mentioned in the business plan. So I have great concern about that, but more than that, I'm looking for a commitment from the government that I won't have to be standing here every year begging for the money to be increased to libraries. It needs to be reliable, predictable, long-term, sustainable funding for libraries. [interjections] I hope not. I have some colleagues who are more cynical than I. I'm the angel of optimism here. I'm hoping that it's going to happen and that I won't have to keep getting up here and talking about this.

A special note needs to be made about funding for urban libraries. I will state that I am concerned about all libraries in the province, but obviously I'm an Edmonton MLA and use the Edmonton libraries and am most concerned about the libraries in my riding, which includes the central library. There has been a lot of support recently for creating a quality of access for Albertans living in rural areas, but urban libraries need to be able to address their unique demands as well. Mostly what's included in that is both a growing but also a very diverse population, where you have multilanguage, multibackground, multi-economic backgrounds. There's just such a diversity of people that we are trying to address. New branches have to be built, and certainly technology support increases many times over. As I said, the needs of cultural groups need to be addressed. I think there's a need to provide targeted funding to the larger urban centres to maintain a level playing field and to allow public libraries to address the needs of the large urban centres in the provincewide library partnership.

The Alberta public library electronic network: it goes by APLEN. We had put a fair amount of money into that to have a network capability be established that created an electronic model for Albertans to access libraries' resources across the province, and I'm delighted that that was of benefit to libraries outside of what they

would call the main corridor. As of March 31 the initial phase of this project ended, as I noted before. That line item is not turning up in the budget anymore. Ongoing support is needed to maintain this network. There's no point in us having created the money to get it up and then have no funding to maintain it and train the library staff or even pay for the basic Internet connections and continue to purchase the databases and the linkages with universities and colleges. This is an excellent project. We did put money into it to start with. I'd like to make sure that the money is there to sustain it.

We also have the Supernet, that was announced by the government in one of its many one-time-only funding announcements in the last year, whereby they would run high-speed Internet to the outside of every municipal building in every town. A nice idea, but that's bringing it to the outside of the building. Somehow libraries that are already stretched for resources, as I've now talked about for some 18 minutes, are expected to bring the Internet connection into the building, wire it up through the building, and make sure that they have the hardware systems to run this.

I mean, that makes me apoplectic. If I was a library manager in some town, where am I supposed to score the extra money to bring that Internet connection up through the walls? The construction costs alone to just physically get the wires up through the wall and to wherever my computer is – no matter how you cut that, you're into some money. You know, that's not part of what the library was planning to spend, so it's like being given a gift. It's a bit like, "You've won a free trip to Barbados if you can just pay the \$600 insurance fee for it to claim your prize." Well, trying to come up with the \$600 is beyond most people's means, so forget about that trip.

Well, we have exactly the same situation here. We have a wonderful opportunity brought to the outside of the building, but trying to come up with the money to get it into the building and have the hardware and the training for the staff and everything else that's needed I'm sure for some libraries is just simply beyond their means. So we have a great idea that just doesn't have follow-through here. I did ask a question about it, and I was told that no additional funding was going to be made available to any of those municipal buildings, and in particular the libraries, to actually make it usable.

So I have spent all of my time here talking about libraries. Just very quickly one other thing. As a member of the Public Accounts Committee, which is an all-party legislative committee, I'm putting forward the notation that the budget for that committee needs to be increased. Now, it is approved by Members' Services, I think, but we're in a situation where we now have 24 ministries to scrutinize, and the government is in session for such a little time – we've been in about six weeks this time and maybe three weeks in the fall – we're looking at seven ministries out of 24. We need to be able to meet outside of session.

Thank you very much for this opportunity.

THE CHAIRMAN: The hon. Member for Lacombe-Stettler.

MRS. GORDON: Thank you very much, Mr. Chairman. I am going to stand and support what the hon. member has just said. I am very, very concerned about how we view libraries. I go back to 1993-94 when library funding was cut, and it hasn't been reinstated. Then along the way we're using 1997 census figures. The hon. member talked about the Edmonton situation, but the situation is the same everywhere, particularly in all of those communities that have grown. It concerns me a great deal. Over the last several months I have had a number of librarians, library staff, library trustees from many, many places talk to me.

I think that it is very important that we address this. I hope that it

is something that my colleagues that are responsible, the Minister of Revenue for instance – I hope that it is something that is on the agenda at the Future Summit. We talk about the financial side of things and having the lowest taxes in Canada and the best province for many, many things. We could excel and have the best library system in all of Canada, and it wouldn't take too much to do that, but we have to be committed to it.

10:10

For many, many years I served municipally. On a regular basis a number of groups, of course, come and approach you, and a number of those groups are sports groups. I have nothing against sports groups. I think it's important in communities that we have arenas and swimming pools and soccer fields and baseball and so forth, but it's also important to have a library that's funded, that's accessible to everyone in the community. It's important that these dollars are in today's dollars, not 1993 dollars. The price of a book has gone up 33 and a third percent since 1994.

AN HON. MEMBER: Go to Chapters.

MRS. GORDON: It doesn't matter whether it's Chapters or who it is. The price of a book has gone up. It's costing our libraries more money to access those books, regardless of whether they're involved with the regional library system. It is something that I have expressed often in question period in this Assembly, and I feel very, very strongly that we must take a hard look at this.

I know in the communities that I represent, the community I live in, our library is an important, important part of that community. Not only do we have the function of books. I mean, it is just wonderful that someone can go into a library today and with the technology, if your home library doesn't have that book, they can bring that book in for you, often within two or three days. I can access this library here and drop my book off in Lacombe, Alberta. Now, what better service than that? I don't want to lose that. I think it's taken us a long time to get this to where it's at, and we need to ensure that it stays, if not increases, and that we do have the best library system.

Our library in my hometown has a number of children's programs: not only the library itself and reading and the book end of it but a number of play things and toddler time. As well, they provide a wonderful service to seniors and shut-ins. They have volunteers, Friends of the Library, that will take and give of their own time to ensure that people that are in the hospital have access to books. For people that are in the nursing homes or senior citizens' lodges or those that are just in their own homes from inclement weather or have a cold or the flu, they will deliver books to them. So I think it is very, very important.

My challenge that I put out there: please, please, can this be part of the discussion at the Future Summit? I think we will find this is something that Albertans very much want.

Now, one thing I do have to say too, though I'm no longer involved, is that the community lottery board program in most communities was very, very receptive to helping libraries. In helping libraries, it wasn't helping them with books but often with shelving or other things that were needed in the library. I know that a lot of librarians, when I was involved with the community lottery board program, would write or phone me and thank me for that program because they were able to access dollars for things that were needed.

I hope that I have put the challenge out there. I'm very proud of what has happened in Alberta and for a number of things where we can stand up and say: yes, we are the best in Canada. But I would be very, very proud if I could stand up and say that we have the best

library system in all of Canada and that we are a province that recognizes the necessity for our young people to have access to a well-stocked library that's open and accessible when they can use it. I think it would be marvelous if we could say that we don't want our libraries to charge membership fees, that that service is available to anyone who comes through that door, that they can pick up a book anywhere and it can be dropped off anywhere, and any author or title can be accessed by them very, very quickly.

Thank you.

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

MR. MASON: Thank you very much, Mr. Chairman. I'm pleased to address the government's Appropriation Act, Bill 20. I'm just going to go through very, very generally some of the concerns that we have with respect to the expenditures and revenues which the government has requested for this year. I've addressed a little bit already in my previous comments the flat tax, which we have a serious concern with, something which I'm not going to repeat.

We also have very serious reservations about the shifting of revenue sources for the government as a whole. There are a number of things that are occurring or not occurring that are moving around the burden on Albertans, and we have quite a concern about that.

The cut to corporate taxes is something that causes us quite a bit of concern. We do support reduction in the small business tax that the government has brought forward. We think that that's something that's sustainable, that's something that can be afforded, and we think that it's an area where if you do have adequate sources of revenue in other areas, it's appropriate. The results, quite frankly, of cutting taxes for small business on employment and on the business sector itself are much greater in our view if you put your emphasis on small business as opposed to big corporations.

Conversely, Mr. Chairman, we are very much opposed to the drastic reduction in corporate income tax that this government is proposing. I think another member in previous debate stated that it's far too simplistic to equate low corporate income tax with business growth or growth in the economy or employment or any of those factors. If it were the case that low corporate taxes were a guarantee of prosperity and full employment, you wouldn't see such poverty in places like Haiti, as I think the hon. Member for Edmonton-Riverview referred to, or many other very, very poor Third World countries that have extremely low corporate tax rates. So it's far too simplistic to believe that simply cutting corporate income tax is what is attracting investment to this province and will continue to do so in the future.

[Mr. Marz in the chair]

I think it's very, very dangerous, as we get into a more globalized economy, that different jurisdictions are competing with each other to cut taxes for corporations. In fact, I would say that it's quite clear that big transnational corporations are playing off political jurisdictions one against the other in order to drive down their tax rates around the world. They promise many, many things for that, but I think the evidence is far from conclusive that it is necessary in order to ensure prosperity. I liken it, rather, to a form of blackmail. I think that the resulting revenue position of many, many governments is going to result in further cuts to the standard of living of average people, low-income people, and the programs that they depend upon.

We do support the increase in the personal exemption. One of the hon. members on the government side from Grande Prairie made a point about how many, many low-income people are going to cease having to pay income tax, but he connected that with the flat tax. It

has nothing to do with the flat tax at all. They're two separate issues, two separate measures that are both being brought in at the same time. The increase in the personal exemption is entirely responsible for the elimination of the people with very low income from the tax rolls altogether. It has nothing to do with the flat tax. The reduction in the personal exemption simply masks the maldistributive effect of the flat tax on income classes in this province.

10:20

We think it's high time that the government eliminated the royalty tax credit, which I think has cost this province around \$200 million a year. I think it's totally without foundation. I don't know what the policy basis is for it. What does the province get as a result? Certainly it's a tax holiday for corporations, but I'm not sure what the policy benefit is. I would appreciate it if someone opposite would stand up and enlighten me on that point.

We continue, Mr. Chairman, to collect far less for our resources than we ought to, and we collect far less than many other jurisdictions do. The government is very proud of saying and even going down to Washington to say that the oil and gas in the ground in Alberta belongs to the people of Alberta, yet we sell it for a song. We let companies come in and take it out of the ground, make enormous profits out of it, and we don't have enough respect for our own ownership of those resources to insist on a fair price for those resources from the companies that come here, many of them not even from Canada, to extract our oil and gas. I think it's shameful that the government continues to take a fraction of the royalties that it ought to. Just because of the enormous amount and the current price of gas and oil that's being taken out of the ground, the government's revenue picture is very rich. So it may not be readily apparent to people that we could be getting even more, vastly more amounts of revenues from our oil and gas if we insisted on a fair price from the companies.

One of the aspects of this act that I find most troubling is the fact that from gambling revenue we're taking approximately a billion dollars of revenue. If members can just think how much that is and how much is being extracted from people who can ill afford to support government operations and the problems that are being caused by that, I think they will realize that it's an obscene amount of money to be taking from ordinary citizens through gambling. We don't take anywhere near that kind of money from people buying food or housing or other necessities of life, but for something as unnecessary as gambling it's an enormous amount of money. I think it's high time the government began treatment for its addiction to gambling revenue. I would recommend any number of 12-step programs.

We need to begin also dealing with the codependence that the government has created, and that is the community groups. The pushers have convinced them: "Just try a little bit. You'll like it." Now they need more and more and more. So instead of getting revenue from the people who should be providing it, the people that can afford it, they've involved themselves in a very, very addictive style of revenue, getting many community groups hooked on it as well. I think that's been a deliberate policy of the government. They've been very crafty about it, and I think that the whole situation is extremely dysfunctional and needs treatment.

I would like to talk a little bit about some of the things that the government could have done from a financial point of view, starting with health care premiums. I also spoke to that a little bit. My colleague, the leader of our party, addressed the question of health care premiums, which I think is a very contradictory position for the government to continue collecting health care premiums from every family, regardless of their ability to pay, when they're hell bent on

eliminating taxes of every description, of course mostly for the wealthy and the corporations. Their avowed aim is to cut taxes wherever they can. Here is a very, very regressive tax, that stands out like a sore thumb, yet they are blind to this tax.

The other point that I'd like to make, Mr. Chairman, is the question of tuition fees, which in Alberta are among the highest in the land. We have prided ourselves on our education system and our commitment to education, yet student debt has become a very significant barrier to many young people getting an education, particularly those from modest-income backgrounds. So why has the government cut taxes? Why has the government cut all sorts of charges to the citizens as they are awash in oil and gas revenue and awash in gambling revenue? They could afford to do that, but again they've turned a blind eye to the question of tuition fees. I think that it's high time that they acted to bring down tuition fees. In fact, I would go so far as to suggest that they should be slashed. They should be returned to the level that they existed at just a few years ago, and that is a very, very much lower level than they're at now. That's for sure, Mr. Chairman.

Since the government is awash in cash at the moment, I have to ask why they haven't worked to extend the medicare system in our province and why they haven't considered bringing in coverage for prescription drugs for Albertans. I think that that would be an excellent program. It's a very, very high cost of health care. Of course, one of the uncompleted or unfulfilled aspects of the medicare system is in fact the drug component. Since medicare was brought into this country, first in Saskatchewan under the NDP government of Tommy Douglas and then adopted by the federal government as a national program, the proportion of drugs as a component of the entire health care cost has grown dramatically. So it's time that we work to evolve medicare and take it to the next stage.

I think a prescription drug plan that is universal would be a very good step in that regard to ensure that we do have universal health care for everyone who needs it. Also, I think we would be able to significantly lower medical costs as a whole, because we would be able to promote the use of generic drugs. There would be bulk buying of drugs and so on. All of those would work to bring down the cost of medication in our health care system. So I see this as also a way of controlling costs in our health care system.

I want to touch briefly on the need for more municipal grants in our province. I've talked a little bit in this Assembly about police grants, the need to support community policing among our police forces, the need for more funding for transportation and particularly a capital program to support LRT extension in both Edmonton and in Calgary.

Going back briefly to police grants, I want to reiterate a point that I also made earlier in the Assembly that an increase in police grants for RCMP for smaller communities is most welcome, but it needs to be matched with a provision of some grants for police in other centres that have their own police service.

10:30

I want to talk a little bit about libraries as well. Both the Member for Edmonton-Centre and the Member for Lacombe-Stettler have spoken eloquently about that, and I also would like to join my voice with theirs. I served for a number of years on the library board here in the public library system in Edmonton, and I can tell you firsthand what a fabulous job they do with very, very limited resources. In Edmonton, for example, we have the highest utilization rate of any place in Canada, and at the same time we have virtually the lowest per capita funding of any library in Canada.

Edmontonians and Albertans use their libraries and use them very, very extensively. The fact that we've been able to maintain virtually

a free borrowing policy and good quality in the collections and so on is due more to the hard work of our librarians, our public library boards, and municipalities that have compensated for reductions in provincial funding. I think this is something that the government ought to pay attention to.

[Mr. Tannas in the chair]

I can assure them that support for libraries runs right across the economic spectrum in our society. It runs right across the political spectrum. It's not just Socialists or Liberals that read books and visit the libraries. I can assure members opposite that Tories do it just as much and benefit just as much. In fact, there is actually a book here in the House, so we have literacy in the House, and I'm very pleased to see that. I would like to support my two hon. colleagues in their call for more funding for libraries.

It's hard for us in our party sometimes to dig through the government budget and say that you should cut here or you should cut there and so on, but we do have some comments about waste in government. One of the things that is of great concern is the multiplication of government departments. This flies in the face of all of the rhetoric and campaigns of previous Conservative regimes about streamlining, simplifying government, reducing the number of departments, and so on. Now we have four new departments that weren't necessary one year ago, but now all of a sudden they are necessary. We've addressed during the debate on the estimates specific costs of duplication in terms of ministers' salaries, deputy ministers' salaries, assistant deputy ministers' salaries, and so on. We think that there are significant costs that are completely unnecessary.

Mr. Chairman, I want to qualify that. We certainly are supportive of the establishment of the Ministry of Seniors, and we think that that's a progressive step. Hopefully the government will again begin to address the needs of seniors, many of whose programs were dramatically slashed in the early and mid-1990s. I look forward to some good things from that department.

In conclusion, Mr. Chairman, we think that the government's revenue sources are distorted and not placing the burden of government expenditures on those who can most afford to pay, taking advantage of the weak in our society, to a degree, through their dependence on gambling. They have not eliminated many of the costs to Albertans that would benefit everybody, particularly the low- and middle-income people, such as health care premiums, tuition, and so on. There are many areas of government expenditure that are still too low, and there are areas where the government is wasting money on unnecessary governing. We think that those things ought to be corrected.

With those comments, Mr. Chairman, I will now take my seat. Thank you.

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

DR. TAFT: Thank you, Mr. Chairman. My biggest comments relating to Bill 20 have to do with the long-term sustainability of the fiscal situation of the Alberta government and indeed the wealth of Albertans. I'm concerned that we need to be paying attention to benefiting all Albertans, not just all Albertans today but all Albertans into the future.

MS BLAKEMAN: You mean an Alberta advantage for all, not just the privileged few?

DR. TAFT: An Alberta advantage for all. And not just for all today but for, as I say, future generations.

I think that if we're to do that, the future has to be approached with an eye to the lessons of the past, especially the lessons of the past 30 years, which I think certainly mark the period in which the current party has been ruling. They also mark the time in which petroleum prices have jumped to unprecedented levels. We're all aware that Alberta has the most volatile economy in North America. We go through big booms, then we seem to go through rather dramatic busts, and then we're back into booms again. We've come to adapt to that, we live with that, and we can cope, but we do pay a heavy price for that. I think we need to work towards stability over the long term.

Alberta's is a petroleum-driven economy. The biggest thing by far that differentiates Alberta's economy from, let's say, Manitoba's is our petroleum. I think if we are to maintain the kind of advantage and benefits we have over other provinces, we have to become better stewards of our wealth than we have been in the past.

We can illustrate the kind of wealth we enjoy here by looking at a few numbers and comparing what happens in Alberta with what happens in other provinces. The government of Alberta receives in natural resource revenues about twice the amount that all other Canadian provinces receive combined. I think that's worth repeating for all of those who are listening to me. The government of Alberta receives in natural resource revenues about twice the amount that all other Canadian provinces combined receive. We have a level of wealth flowing through our treasury that is unparalleled in the rest of the country, and that wealth flows not from our own cleverness or our own factories or our own education, but it flows from the fact that we stand on huge petroleum reserves.

Now, when I went through and looked at the budget, the single most striking figure in all of that was the revenue figure for conventional oil, which was budgeted at \$881 million for this year. The actual the year before was \$1.4 billion, and I imagine the actual this year will be a bit higher than what has been budgeted. But \$881 million, while it's a lot of money, is probably a 75 to 80 percent drop in the revenue provided by conventional oil income 15 years ago in Alberta. In other words, although oil prices are good today, we are earning only a small fraction of what we once earned, because conventional oil production has dropped so dramatically. Our conventional oil reserves are well under 50 percent of what they were at their peak, and our conventional oil production has also dropped dramatically.

The oil age is over in Alberta, and the current boom is being driven largely by natural gas. The pattern is being repeated with natural gas that we experienced with conventional oil. Natural gas reserves are dropping in Alberta. The size of gas reserves found in Alberta in the past 15 years is less than one-quarter the size of pre-1980 discoveries. So just as we went through a 20-year boom and then declined in our conventional oil reserves, let's say from the 1970s to the 1990s, we are going through the same process with natural gas now.

10:40

Now, admittedly, heavy oil reserves are immense, but they do not provide the royalties that conventional petroleum does. We also have to remember the lessons of other Alberta towns and areas, the lessons of places like Drumheller and Nordegg and the Crowsnest. In many cases all those areas were boomtowns driven by coal at one time. Coal production from the 1920s until the 1950s was tremendous. I believe that in 1950 there were well over a hundred active coal mines in the Red Deer River Valley and the Drumheller area, yet a mere 10 years later 90 percent of those mines were closed, not because the coal was gone but because technology had made those coal mines obsolete. The railroads had replaced steam engines with

petroleum-driven engines, and the demand for coal simply vanished.

Certainly there are technologies under development today that are aimed specifically at making oil and gas obsolete, and in 10 or 20 or 30 years those technologies will probably come to fruition. It won't matter that we have hundreds of billions of barrels of oil in the oil sands, because people simply won't want it.

So I am looking in Bill 20 and in the budgets of today and the future from this government for an emphasis on sustainability. This has implications for things such as the heritage trust fund. The heritage trust fund, I think, needs to be attended to. It needs to be grown. We need to be looking at ways of increasing the income to the heritage trust fund or some similar vehicle so that when petroleum revenues decline, as they inevitably will, we have something to fall back on.

This also has implications for our tax policies. I am concerned that the fad of rushing toward the lowest level of taxes that are possible in the short term in Alberta will cost us very seriously in the long term. Those kinds of fads are simply not sustainable. We do need to face up to the fact that in a modern civilized society taxes are a price we pay. Whether we want schools or health care or roads or safe food or social justice, we need to pay taxes. I think we need to face up to that and accept that as a fact of life and not get caught up in the rush towards the lowest possible taxes, or in the long run we will also have the lowest possible quality of life for the most number of Albertans.

Other implications of the swings in Alberta have to do with the direct delivery of public services here. The swings that we've seen in health care funding, education funding, municipality funding, funding for roads and infrastructure, where during the boom times we pour money into those areas and during the slower times we pull money out, those patterns cause great disruptions. We find that we are laying off thousands of people and then struggling just a few years later to rehire them. We are closing facilities or even destroying them and then moving just a few years later to replace them. We are letting the infrastructure, both human and physical, run down and deteriorate, and then we are faced with higher costs than ever to bring it back up to standards.

So we need a long-term fiscal approach in this province led by this government that works toward stability and sustainability. Increasing government spending dramatically when the economy is hot and then cutting back on government spending when the economy has stalled is the opposite of good economic policy. We should be looking at ways to invest while the economy is slow and to dampen the booms when they are occurring. So one of the big general themes I'm concerned about with Bill 20 is the need for a sustainable and stable fiscal policy.

A second area and the only other area I will comment on this evening has to do with health care spending. Health care spending does consume a substantial portion of the provincial budget, and certainly there are indications that health care spending is rising. If it continues to rise in the way it has in this year, it's not going to be sustainable, but I don't think we need to be bankrupting ourselves to have an outstanding health care system that meets the needs of all Albertans.

I think some of the ideas that could keep the health care system sustainable are already floating about, are well regarded, well developed, and have been mentioned by some of my colleagues on this side of the Assembly. One of those is a pharmacare program. A public pharmacare program would counteract the wildly soaring costs of drugs in Canada. In fact, it's an indicator of how market forces fail in health care that one of the areas where market forces dominate and things have been left to the private-sector, pharmaceuticals, is where costs are rising most dramatically, yet



there is experience from other jurisdictions that a public pharmacare program can provide equal or better service while containing costs and in fact lowering costs. So I would encourage this government to look very seriously at a public pharmacare program.

The same thing applies to home care. When they are ill or as elderly Albertans become frail, most Albertans would much prefer to stay in their homes. We can look at developing a public home care program, funded, administered, staffed, and operated publicly, that becomes the backbone of our health care system in the same way that institutions have traditionally been the backbone of that health care system. By shifting resources more and more to home care and keeping institutional costs contained, I think we can go a long way to preserving the functioning of our medicare system and a long way to stabilizing the historically unstable patterns of public spending in Alberta.

We must also keep medicare public, and that includes the provision of many more active treatment services such as surgeries. As we move, as I'm afraid we are moving, towards private, for-profit delivery of these services, we are bringing into the system forces that will press costs up. We are seeing that played out once again in the United States, which has the largest private-sector health care system in the world. A recent article in the *New York Times* talks about the unprecedented surge in the last year in health care costs in the United States that's being driven by for-profit corporations trying to compensate for lower profit margins in other areas of the economy and trying to compete with returns on high-tech or high-profit investments in other areas of the economy.

Frankly, what's occurring in many parts of the United States now is the rise of private, for-profit monopolies in health care, and these monopolies are able to dictate to insurers and health care providers what prices will be paid. We must not go in that direction. We must keep medicare public in Alberta. Bringing private, for-profit corporations into the health care system, as I said, will simply increase the forces that drive up our costs.

As I review Bill 20 and as I look forward to future versions of Bill 20 and future budgets, I'm looking to a government that is intent on building a base for permanent prosperity in Alberta. I'm not convinced yet that we're at that point. I hope we get there soon.

Thank you, Mr. Chairman.

10:50

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

MS CARLSON: Thank you, Mr. Chairman. I just have a couple of comments that I didn't have an opportunity to ask the Minister of Environment about earlier, and I would like him to address these questions at some point in the near future.

Specifically what I want to ask him about, Mr. Chairman, in terms of planning for the next year and the years to come on electricity policy from the environmental side are ideas that came out of the Pembina institute paper A Smart Electricity Policy for Alberta. Could the minister tell us what he plans to do in terms of their policy proposal that talks about establishing and funding a new, nonprofit Alberta energy efficiency office that would help overcome various energy inefficiencies?

They could act as a central co-ordinating body for energy efficiency with an emphasis on education, information, and co-

ordination of zero-interest energy efficiency loans to consumers, targeted efficiency rebates, and the development of technical standards. The principal objective of this would be to work with retail electricity companies to help them implement their energy efficiency portfolio standards, and existing electrical retailers could be the main facilitative and delivery agents for this. If he could comment on that, I would appreciate it.

Also, their other policy proposal of establishing an Alberta energy efficiency revolving fund. This fund, which could be created through a onetime Alberta government contribution of \$100 million, would act as an endowment for energy efficiency for the province. The primary function would be to provide zero-interest loans to end-use consumers to implement energy efficiency measures, and these loans could be co-ordinated by the energy efficiency office. The fund would be replenished through loan payments.

One of the most significant barriers to cost-efficient, effective energy efficiency in Alberta is the lack of access to capital to implement appropriate measures. We think that this would be a really good idea. They could look to the city of Toronto, which has had something similar to this happen.

So if the Minister of Energy could answer those questions for me, Mr. Chairman, then I conclude my remarks on this bill.

[The clauses of Bill 20 agreed to]

[Title and preamble agreed to]

THE CHAIRMAN: Shall the bill be reported? Are you agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report.

[Motion carried]

[The Deputy Speaker in the chair]

THE DEPUTY SPEAKER: The hon. Member for Olds-Didsbury-Three Hills.

MR. MARZ: Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 20.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

[At 10:56 p.m. the Assembly adjourned to Thursday at 1:30 p.m.]

