

## Legislative Assembly of Alberta

Title: **Monday, March 4, 2002**

**8:00 p.m.**

Date: 02/03/04

[The Deputy Speaker in the chair]

THE DEPUTY SPEAKER: Please be seated.

head: **Motions Other than Government Motions**

### Health Care Premiums

501. Dr. Pannu moved:

Be it resolved that the Legislative Assembly urge the government, in the interests of fiscal prudence and tax equity, to not increase health care premiums and instead cancel the scheduled reductions in corporate income taxes for fiscal years 2002-03, 2003-04, and 2004-05.

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

DR. PANNU: Thank you, Mr. Speaker. It's my honour and privilege to move Motion 501, that stands in my name on the Order Paper, as the first motion of this spring session, 2002. It's an honour to move this motion on behalf of the New Democrat opposition and on behalf of hundreds of thousands of Albertans of all political stripes who believe that the government is making a huge mistake by hiking health care premiums. The New Democrats have long maintained that the provincial government should phase health care premiums out and should certainly not be increasing them. Make no mistake: by hiking health care premiums by up to 40 percent, perhaps even 50 percent, Albertans are going to be asked to swallow a significant tax increase.

In question period last week the Premier tried to justify increases in health care premiums by saying that they remind Albertans that health care isn't free. I find this claim and this rationalization ludicrous, if not totally ridiculous. I think Albertans are fully aware that health care is one of the most important services provided by their government and is funded by taxes and by other government revenue sources.

The question is: who pays the health care bill? What the government is doing through its stated intention to continue reducing corporate taxes over the next three years is saying that corporations, who benefit enormously from the cost advantages of a publicly funded system, should pay less. In contrast, the Premier wants to shift a greater share of the cost of health care disproportionately onto the shoulders of average lower and middle-income Alberta families and small businesses. That health premiums are a tax is beyond question, and I suspect that even the Premier knows this and would agree with it. What he doesn't seem to grasp, however, is how unfair, impractical, and unpopular this particular tax is.

Premiums are an unfair tax. The people that will be hit hardest by an increase in health premiums are exactly the ones who are already struggling with the current rate of premiums: lower middle- and middle-income seniors and working families. In fact, we know that a family of four in Alberta can expect to pay approximately \$4,200 for health care services such as ambulance services, dental and optical care, home care, and prescription drugs. All of these dollars are out-of-pocket expenses. Already burdened by this \$4,200 shortcoming in out-of-pocket payments for health care, two-parent families already pay \$816 in so-called health care premiums. A 40 percent increase in health care premiums would burden those Alberta families with an extra \$326 a year in taxes. Unlike personal

income taxes, where despite the move to the regressive flat tax the amount paid goes up with income, health care premium increases bear no relation to a family's ability to pay or its income.

During the last election Premier Klein promised Albertans that the only way taxes were going in this province was down. Yet barely a year later Albertans are being forced to rework their household budgets to make room for a big increase in the form of increased health premiums. Instead of spending money to keep themselves healthy, preventing use of the health system, Alberta families will be spending their money on health premiums. Not only does this reversal belie the Premier's election promises; it does so in the most unfair way possible.

Instead of having a fair and progressive tax regime, Albertans have a tax system that rewards a very few Albertans and punishes the vast majority, the rest of them. For example, if you assume a 40 percent increase in health care premiums, a fairly safe assumption given recent comments from the Premier and the Minister of Health and Wellness, an Albertan earning \$30,000 per year can expect to pay back all but \$17 of the tax break they received from the introduction of the new flat regime: all of this to increase premiums. On the other hand, a person earning \$250,000 will lose a mere 2 percent of their flat tax savings. There's clearly a shift in who is being burdened by these increases. The top 1 percent of income earners, who make \$250,000, will gain tremendously, while the majority will be shortchanged.

Let's turn to small businesses now. Health premium increases also represent a significant burden for small businesses. The position of the Canadian Federation of Independent Business is made very clear in a letter dated February 13 of this year from Dan Kelly, the prairie region vice-president of the Canadian Federation of Independent Business, and Corinne Pohlmann, the CFIB's director for Alberta and the Northwest Territories. In that letter they state:

Our members are . . . willing to engage in the debate on new ways of administering and financing this important service. We are very concerned, however, that the first major health care reform made in Alberta following the Mazankowski report would be to dramatically increase the tax associated with health care.

Small businesses are already saddled with the costs associated with collecting premiums on behalf of Health and Wellness. They will now face the daunting challenge of including a larger health care premium as a benefit for employees in order to compete for top workers. If the premium increase and the generous tax cuts to our corporations both proceed, it's obvious who will come out ahead. Large and profitable corporations will have cause to celebrate, while Alberta families and small businesses will be left to struggle.

Now, the administrative costs of having premiums, Mr. Speaker, is another matter that should receive some attention. Health care premiums are a very economically inefficient tax. When the massive administrative and compliance costs associated with this tax are considered, it becomes very clear that not only are health care premiums aggressive; they are also very wasteful. Alberta Health and Wellness spends more money chasing down people who can't pay their premiums than it spends on administering the rest of the public health care insurance plan. In the fiscal year 2000-2001, \$44 million in premiums was written off because Albertans were simply unable to pay it. Money spent tracking down Albertans who have difficulty paying the premiums could be better spent on improving health care delivery.

We are not the only ones, by the way, who oppose health care premiums. Some Tories do as well. Contrary to what the Premier likes to think, there's widespread support across the political spectrum for phasing out health care premiums. It is true that we the

New Democrats are strongly opposed to health care premiums, particularly in light of the generous tax breaks being offered to profitable corporations, but we are not the only ones. In October, 2000, Mr. Speaker, grassroots members of the Progressive Conservative Party passed policy resolutions calling for an end to health care premiums.

In the same month the Member for Edmonton-Rutherford strongly expressed the belief that health care premiums are a tax that should be eliminated. In the last session of the Legislature a member of the Conservative caucus introduced legislation that would have ended the collection of health care premiums. In fact, in June of last year the Minister of Seniors, the Hon. Stan Woloshyn, made it clear that he believes . . . [interjections] I'm sorry.

### **Speaker's Ruling Referring to Members by Name**

THE DEPUTY SPEAKER: Hon. member, I don't know who's typing your speech, but you've got a number of references to names, and the tradition in the House is that we use either their portfolio or the constituency they represent. This is several times you've kind of moved over there, so if we can just catch that, please.

### **Debate Continued**

DR. PANNU: Thank you, Mr. Speaker, for your instruction.

In June of last year the Minister of Seniors made it clear that he believes premiums should be eliminated, at least for seniors, as soon as possible. Instead, seniors and other Albertans are going to bear the brunt of increased premiums. We know that the Premier and the Minister of Health and Wellness are unwilling to listen to Alberta families on this issue. We are surprised that they are unwilling to listen to Alberta's small business community and astounded that they won't take direction from their own party members and caucus colleagues.

8:10

In conclusion, Mr. Speaker, let me make the following observations. Burdening hardworking Albertans and middle-income seniors while proceeding with an extremely generous tax cut for already profitable corporations sends a clear signal to Albertans, which is that this government continues to listen to only what it wants to hear. It continues to tilt the so-called Alberta advantage to high-income earners and larger profitable corporations while asking Alberta families to pay more.

I urge all members of the House to support Motion 501. Thank you.

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

MR. VANDERMEER: Thank you, Mr. Speaker. It is my pleasure to rise today and speak to Motion 501, urging the government not to increase health care premiums but rather defer decreases to corporate taxes.

First off, I would like to say that I believe the hon. Member for Edmonton-Strathcona has brought forth an admirable motion not to increase health care premiums. As you know, last fall I presented a private member's bill to eliminate health care premiums altogether. However, I have reservations about supporting Motion 501 because I believe lower taxes promote economic growth, which will have a positive impact in our province and could even boost our economy to help support our social program funding.

Mr. Speaker, we all know that costs to our health care system are increasing at what could be considered an exponential rate, increas-

ing approximately 64 percent over the past decade. This fact has forced the government to look seriously at creating new ways to maintain health care in the province. A number of experts have advised our government that our health care system is not capable of withstanding the pressures it is facing, and changes are going to have to be made.

Along with the hon. Member for Edmonton-Strathcona I, too, have reservations about increasing health care premiums in this province. Low-income Albertans have expressed their concerns to this government that an increase in provincial health care premiums will increase the financial burdens on those who do not qualify for subsidies. Subsidies are available only for Albertans who make under the base claim amount on income.

Mr. Speaker, it is my belief that as a province we have always been committed to helping low-income Albertans and should continue to make sure they are covered. The MLA task force on health funding and revenue generation has been asked to evaluate both overall health funding and the merits of different sources of revenues. That task force will submit recommendations to the Minister of Health and Wellness by September 30, 2002. I strongly encourage the task force to look at finding ways to eliminate health care premiums altogether. They are a financial burden on our citizens, especially those in low-income brackets.

Premiums bring in approximately \$640 million to \$660 million per year in revenue and account for approximately 11 percent of Alberta's health care expenditures. The annual costs of collecting and billing for health care insurance premiums are approximately \$13 million to \$16 million and an additional \$4.5 million to collect delinquent accounts. Delinquent payments can become a financial burden on individuals and families, hurting credit ratings and straining Albertans who are struggling to get ahead.

Many recommendations have been made, and our government is committed to developing a health care system which is fair to all Albertans, easily accessible, and capable of providing Albertans with a sustainable system in the future. Though I do not support the increases of health care premiums, I do believe that we should back away from reducing corporate income taxes. We have to face the challenges in health and in our economy and revise the system. To try to fund a greater portion of health care from business taxes will mean that Alberta will become uncompetitive in business investments and a strong market that is fundamental to the strength of our economy. As a golden rule you are only as strong as the weakest link, and it is not wise to jeopardize something as important as a healthy economy to support a health care system in need of revitalization.

Mr. Speaker, it is well documented in the economic statistics that support our government policy how successful Alberta has been because our government has been able to support and allow business to grow. Alberta needs to remain competitive with other jurisdictions. Presently we have a strong economy, and we are attracting international investment. It is not enough of an Alberta advantage to have the lowest tax burden of any jurisdiction in Canada. In a world where businesses can locate anywhere, we must remain globally minded in order to draw international attention and bring investment into Alberta. If high corporate taxes drive business away, Albertans will be left with fewer jobs, lower wages, and a lower standard of living. We cannot afford to risk losing what advantage we have as a great place to invest and draw business to, because it will mean greater hardship to Albertans than simply using corporate taxes as a source of revenue to fund health care costs.

In the long run, the revenue needed to provide government services, including health care, depends greatly on a healthy economy. It is a proven economic strategy that lower business taxes

generate economic prosperity. As a government we are looking ahead to address the specific issues of health care funding and revenue generation – an MLA task force on health funding and revenue generation, chaired by the Member for Grande Prairie-Wapiti – to elevate both overall health funding and the merits of different sources of revenue. The task force will be submitting recommendations for the Minister of Health and Wellness by September 30 of this year, and I look forward to sharing some of my ideas with that committee. We need to find other solutions to our health care challenges without damaging the competitiveness of our economy.

Government anticipates that over 40,000 new jobs will be created in Alberta by proceeding with corporate income tax reductions. These jobs could be in jeopardy under Motion 501. It is for that reason that I speak against Motion 501. We need to continue with fiscal responsibility. Motion 501 is not fiscally responsible but will only continue to prop monetary supports against the problems we are having with the health care funding. We cannot go against current economic policy of lower taxes and risk losing important business investment.

Thank you, Mr. Speaker.

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

DR. TAFT: Thank you, Mr. Speaker. It is an honour to speak to Motion 501:

Be it resolved that the Legislative Assembly urge the government, in the interests of fiscal prudence and tax equity, to not increase health care premiums and instead cancel the scheduled reductions in corporate income taxes for fiscal years 2002-03, 2003-04, and 2004-05.

I will be speaking in favour of this motion. I think it's a well considered motion and merits our support.

There are, as other people have commented, two aspects to this motion. One is the reduction in the corporate taxes, and the other is preventing the rise in health care premiums. On the issue of reducing corporate taxes, we are in general in favour of low taxes, but we must also recognize that taxes are the price of civilization. There is a point in reducing taxes at which you begin to defeat yourself. The member before me, who was speaking to this issue, indicated that low taxes and lowering taxes are proven ways to stimulate the economy. I would argue that that's a fallacy. That's a mistake.

Certainly there is a point at which taxes get in the way of economic growth, but let's think this position through. If we were to reduce taxes endlessly, we would end up with no taxes, and surely we all recognize . . . [interjections] I guess perhaps we don't all recognize, but those of us who are thoughtful enough on this recognize that taxes are necessary for many of the things that attract businesses, whether that's roads or an educated workforce or a competitive health care system or a functioning justice system or approved regulations. So taxes are a price of civilization, and a certain level of taxes is necessary – is necessary – for a solid economy. In fact, there are any number of business location studies that will indicate that the tax rate alone is nowhere near the top of the list of issues considered by businesses when they choose new locations.

8:20

I also point out that there are a number of studies, including a recent one that found Alberta cities to be among the most competitive cities in the world for economic activities, that point out that Alberta's and Canada's health care system is a competitive advan-

tage for companies wanting to locate here when they compare Canadian cities to American cities. So we need to protect our health care system. While we as a caucus typically stand in support of lower taxes, we do recognize that lowering taxes endlessly is self-defeating.

On the issue of the health care premiums I think we must need to repeat this over and over so that it settles into the minds of all MLAs: health care premiums are a tax. An increase in health care premiums is a direct contradiction to the position of this government that the only way that taxes in this province are going is down. In fact, health care premiums are the worst kind of tax. Traditionally through the last century civilized countries have relied on the basis of a progressive tax, in which those at the higher end of the income scale contribute more to the well-being of society than those at the lower end. We've backed away from that in this province with the introduction of a flat tax, so people at the top of the scale pay the same portion of their income towards taxes as people at the lower end of the scale. They get, as a result, a much bigger break. Health care premiums are even worse than a flat tax. They're a regressive tax.

So what this means is that a family on an income of \$20,000 a year will pay potentially about 5 percent of their taxable income for health care premiums, a substantial expense indeed for a family at \$20,000 a year. An executive at \$100,000 a year pays exactly the same amount, which works out to 1 percent. So this is genuinely a regressive tax. The higher you go up the scale, the smaller percentage of your income you pay, yet you get the same benefit, so it is indeed the worst kind of tax. It's terribly, terribly unfair.

Alberta should follow the lead of eight of the other 10 provinces and eliminate this, and I would like to remind the House that in the lead-up to the last election a number of PC candidates actually ran on a platform that if they were elected, health care premiums would be eliminated. As well, the PC Party convention before the election passed a motion calling for the elimination of health care premiums.

For those of us who were at the Future Summit a few weeks ago in Red Deer, one of the most interesting parts of the Future Summit was a presentation at noon hour on the first day on some recent polling information of Albertans. What that poll found is that the top-of-mind issue for Albertans was concern over health care; 52 percent of Albertans indicated that that was their highest concern. The number of Albertans who identified taxes as their top-of-mind concern was 2 percent. It was the lowest level of all the categories of issues identified. There's no question that the public is concerned about health care, and I think we can assume that there's no question that the public would like to see health care premiums ultimately eliminated.

For those reasons, Mr. Speaker, I think I can speak for all of my caucus that we think this is a well thought out motion. We would urge all MLAs to support it. Thank you very much.

THE DEPUTY SPEAKER: The hon. Member for Calgary-Shaw.

MRS. ADY: Thank you, Mr. Speaker, for the opportunity to rise today and speak to Motion 501, as put forward by the hon. Member for Edmonton-Strathcona. Quite simply, I'm proud that this government has committed itself to addressing the challenges in providing health care services to Albertans in the 21st century. The report of the Premier's Advisory Council on Health has provided a solid and balanced framework on which to build reform. In accepting the recommendations of the panel, which included some of the most respected and health-knowledgeable individuals in Alberta, this government is taking sound and prudent action to build a health care system that will meet not only the needs of our children but our grandchildren as well.

In restructuring a health care infrastructure and network, reform must be approached from many different directions. We must look at the way we use the system and how health boards provide services. The government has responded by forming a Committee on Collaboration and Innovation, that will help to establish clear roles and responsibilities for government and health authorities.

We must also examine the role of health care professionals as well as the role of individuals using the system. To this end the government has committed to take steps to enable the development of new approaches to providing health care. This new approach will encompass a broad use of health care professionals and a new way for the public to access health care.

Mr. Speaker, we must not shy away from looking at how we pay for health care and how we spend our health care dollars. The government has created also another new committee that will review by this fall ministry funding options and formulas to ensure that government funding in health care is affordable and sustainable. As part of this move the government has also committed to look – to look – at raising health care premiums, premiums that have not been reviewed since 1995 and that used to cover approximately 17 percent of the costs of running the Alberta health care system.

DR. TAYLOR: How much?

MRS. ADY: Seventeen percent. As the Premier said today, those health care costs have actually doubled in seven years. Today those same premiums cover only about 11 percent of health care costs.

MR. LUKASZUK: How many?

MRS. ADY: Seven years. Eleven percent of health care costs.

As stated by the Mazankowski report, “the advantage of increasing health care premiums is that . . . it would remind Albertans that the costs of health care services are significant.”

Mr. Speaker, the hon. member across the way would have Albertans believe that there are no costs to health care. This is not the case, and Albertans need to know and understand the costs and the responsibilities of a world-class health care system. It is my hope that the sacred aura, that somehow we can offer a public health care system for free, will be broken. Albertans need to understand that it costs \$18 million a day to run our present health care system.

AN HON. MEMBER: How much?

MRS. ADY: Eighteen million dollars a day.

Even Roy Romanow, the former Premier of Saskatchewan and present head of the federal government’s inquiry into medicare, has recognized this point.

AN HON. MEMBER: He was NDP; wasn’t he?

MRS. ADY: Yes.

Mr. Romanow has said:

Each of us lives in a society where our citizens have come to believe that every possible medical problem or condition, from the most innocuous to the most life-threatening, can and should be addressed. Immediately!

What is clear is that the attitude that absolutely everything can and will be taken care of is no longer sustainable. And, perhaps, not even realistic.

Health care premiums, as our Premier has already indicated, Mr. Speaker, help to demonstrate that there is a cost associated with the maintenance of health care.

Mr. Romanow has gone on to say:

History teaches us that this is one of the fundamental understandings behind medicare at the very beginning – that it wasn’t going to cover everything for everybody at all times.

There have been a couple of generations or more since medicare (was introduced) in Canada which have not experienced that debate about what it can or cannot do.

The Mazankowski report addresses this debate and challenges us to look at these key issues as we prepare a health system for tomorrow.

With respect to health care premiums the Mazankowski report goes on to say that

if decisions are made to increase health care premiums, there should be corresponding benefits to Albertans including more choice, better access, and more control over how they spend their health care investment.

In return for their premiums, Albertans can and should demand more choices and innovation in their system. They should expect and receive a system that is affordable, sustainable, and provides them with the best bang for their buck. If individuals and families are going to pay more to access the health system, there should be a parallel effort to increase quality, access, and choice. Mr. Speaker, I know that the government will follow through on this commitment and that the health care system will be better off because of it.

8:30

The government has also realized that some individuals require help to pay their premiums. In 2001 close to 17 percent of all nonsenior Albertans paying premiums received a full or partial subsidy. For seniors close to 41 percent received help through the Alberta seniors’ benefit as well as full health premium waivers. An additional 18 percent of seniors not on the Alberta seniors’ benefit received a premium subsidy. Help is available, Mr. Speaker, and the government will ensure that assistance will continue so that those Albertans who truly need help with the premium will receive that help. As our Premier indicated in the House last week, we will pursue a plan that will protect seniors and that will protect low-income Albertans.

We also face challenges and opportunities for reform in the economy as a whole. But again, Mr. Speaker, Alberta is not only positioned to meet these challenges; we will come through them better than before. While the government has always indicated that corporate income tax restructuring would only proceed subject to affordability, I believe that the true intent of this motion is to delay corporate income tax reform permanently.

Mr. Speaker, the hon. member would have us believe that a trade-off needs to occur between a policy to reform the health care system and a policy to reduce corporate income taxes. That is simply not the case. Albertans’ priorities include sound fiscal principles, principles that demand not only a balanced budget and payment of the debt but lower taxes for both individuals and corporations. These policies do not come at the cost of the basic responsibilities of government. Rather, our fiscal principles will enable us to invest in the health of our citizens.

Reform in the health care system needs to occur, but reform must also occur in our approach to corporations and businesses. Income tax reduction will benefit all Albertans, and no one in this Assembly should ever lose sight of that fact. Our economy will benefit from these reductions if we can afford them, and that’s good news for the hardworking men and women of this province. A healthy economy means more money in the hands of individuals and more jobs and opportunities for those people willing to work for them.

Mr. Speaker, I urge all members to vote against this motion and, rather, support necessary changes to both the health care system and our corporate income tax system.

Thank you.

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

MS BLAKEMAN: Thanks very much, Mr. Speaker. I'm pleased to be able to rise and join in the debate around Motion 501, which is urging the government to not increase health care premiums and to cancel the reductions scheduled for corporate income taxes for the next three fiscal years. I've had a very entertaining evening listening to the previous speakers. In particular, the Member for Edmonton-Manning was particularly impressive. I think that with his ability to tap dance around the issues, he should be onstage.

What I find most interesting is: what is fiscally responsible about increasing the burden upon the taxpayers and refusing to look at having an equitable and balanced requirement from the business sector to contribute to what makes Alberta such a great place to be and do business, particularly when we're looking at placing a burden upon the taxpayers of a regressive tax? My colleague from Edmonton-Riverview has already done an admirable job of outlining why it's regressive, so I won't go into that again, but I think it was important that that point was made.

You know, I like to have tax reductions as much as the next person, and I want to see a tax regime in Alberta that is conducive to people wanting to do business here and people being successful in business here. I think I just disagree with the members opposite about what that amount is and how much forgiveness should be given to companies at different times around their taxes.

I view this current discussion around increasing health care premiums really as a health head tax in that it's affecting every person indiscriminately and in a regressive manner. In my constituency of Edmonton-Centre I have a lot of seniors that are living on a fixed income, and they are middle- to low-income seniors. As well, I have a lot of students who, again, are on their own kind of fixed income. Neither group has much ability to generate more income for themselves as there's more expectation placed on them by this government to pay more out of their pocket.

It's always an interesting discussion, because the government is playing this interesting kind of not a shell game but a left-hand pocket/right-hand pocket distinction where they say: oh well, we'll give you a tax cut of a hundred bucks. So you're paying a hundred dollars less out of your right-hand pocket, but you're now going to pay user fees and health care premiums and additional licences, taxes, tolls, and whatever other means the government wants to talk about, and that is going to amount to \$150 out of your left-hand pocket. So individual Albertans in fact are paying more money to the government, but it's not specifically a tax. It's called all kinds of other things. I would maintain that in fact it is a tax.

The Member for Calgary-Shaw mentioned the seniors who were receiving a full or partial subsidy of their health care premiums, and I'm glad she raised that, because I think it brings up an interesting dilemma for the government. They're supposed to be generating more revenue for themselves, but in fact they are going to have to do an internal transfer or a transfer on the books because they're going to have to increase the subsidy they're transferring across departments for the seniors that are already receiving these full and partial subsidies. If that subsidy is higher, they're going to have to cover it, and although it's not cash, it's going on the books.

But I am more concerned about those seniors that are not eligible at this point for that full or partial subsidy of their health care premium. In five years I've watched these people slide a little closer to the poverty line, to strained circumstances, or in many cases to getting to the point where they now qualify for the subsidy from the government. So should the government put through a health care premium increase that's in the 40 to 50 percent range, it'll be interesting to see how many more people in fact end up on this

subsidy because they don't have the income and they've now got the expenses against their income that would qualify them for that. That's why I was asking the minister the questions about that this afternoon.

The other interesting part of this motion is around the businesses and the co-payments. I'm not hearing a lot of discussion and feedback from the government members about how the business community is reacting to the concept of having a 50 percent increase in their co-payment where they are participating in a plan where they're paying part or all of the health care premiums, and many people would call this, in fact, a payroll tax. The businesses that I've talked to and that I've read about certainly aren't too happy about this concept. In fact, they're saying things like, well, they just wouldn't be involved in that co-payment scheme or that payroll tax scheme. Where does that leave the employees? Well, then, the employees have more expenses out of their pockets, and they're going to be looking for the businesses to pay them more to cover this. So how did this make us take a step forward? I don't think it did.

So we've got a regressive tax that particularly causes problems for those on fixed incomes, that being seniors and students. It's a payroll tax that I think takes away some of the advantage to businesses, and it is a health head tax. There's no question.

When I looked at some of the arguments that came out of both the growth summit and the Future Summit, in both cases reductions in income tax were very low on the list. Out of a list of 60 things out of the growth summit in '97, the reduction of personal income tax was really low on that list, but health care, quality health care, was very high.

8:40

As I was listening to the Member for Calgary-Shaw, I was wondering why there seems to be a belief from the Conservatives that improved access, improved quality, improved wait list times cannot be achieved in the public system. Why does there seem to be a thought that this improvement can only be achieved by going into the private sector, that they're the only ones that are capable of that? Why? Why can't those improvements be made in the public system? They can be made in the public system.

I'd like to see some tabled documents, if that's possible, of how money spent on health care has doubled. I keep hearing that figure. It has become a mantra, but I'm not seeing the support documentation for that.

AN HON. MEMBER: Have you read a budget lately?

MS BLAKEMAN: Yes, I've read a number of budgets, but it's not being backed up with proof there.

THE DEPUTY SPEAKER: When hon. members ask a rhetorical question, they really aren't looking for a whole bunch of answers, so we'd like to hear the rest of the hon. Member for Edmonton-Centre's speech.

MS BLAKEMAN: Thank you very much, Mr. Speaker. In closing, I see the government increasing the tax burden. Whether they call it a tax, a premium, a licence, a toll, or a duck, it's still increasing the out-of-pocket payments from Albertans while the government is trying to pretend they're not taking that money out of their pocket. In fact, they are, and it's done in a way that's regressive, and I really object to that. I'm a believer in a progressive tax system, and I think this government has moved us a long way away from that, and I just flat out disagree. So I'm certainly willing to support the motion

brought forward by the Member for Edmonton-Strathcona. I think there's a lot of merit to it, and I appreciate the opportunity to be able to speak in support of it.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Minister of Agriculture, Food and Rural Development, followed by the hon. Member for Edmonton-Highlands.

MRS. McCLELLAN: Thank you, Mr. Speaker. Just a few points that I'd like to cover. Certainly I'd be the first to admit that ideologically the member who proposed this motion and I are probably quite a ways apart. So I'll talk first to the issue of the motion that suggests not lowering general business taxes. I've listened to the debate, as others have in this House, and I listened with interest to the Member for Edmonton-Riverview saying that businesses don't locate necessarily – and I'm paraphrasing, and forgive me if I'm wrong – on the basis of tax.

However, in my discussions over the years with the business community they have a variety of things that they look for when they look at locating in a province or a country. The first on their list is political stability. Well, that's pretty good here. Tax and fiscal policies are probably next on their list. Quality of life issues are next, and that would cover things like safety of communities, policing. Cultural and sporting opportunities for their family are high on their list, and it goes on. Nowhere did I ever have a businessperson say to me that they would really like to see more tax. So that I found interesting.

The other thing is that when we talk about the reduction of taxes to the business or corporate community, there are a good number of studies which clearly show that the economic payback is there and there very strongly, and I don't think any report disputes that.

The other thing that is neglected in this discussion, when we talk about health care premiums in this province being a tax and why don't we join the eight other provinces that don't have that, are we saying by our silence across the way that we want to join them in having a payroll tax, which pays for that in all provinces, or a provincial sales tax, which clearly in those provinces is earmarked for that? Mr. Speaker, Albertans have clearly told us that a sales tax is not in the cards.

What are we really talking about in this whole issue? I don't think there's any question in my mind or in any quarter in this House, Mr. Speaker, that we don't agree with the fact that we want a sustainable, quality health system. I think that's the goal of all of us. How we get there we may differ and we may disagree on. However, we did ask a panel of experts to take a very hard look at the sustainability of our health system. These were people not just from Alberta but experts from across Canada well respected in their various fields. In the report there is a recommendation that we do increase health premiums to more properly reflect a percentage of health costs. Certainly in 1995 when we froze health care premiums, we made a decision to do that at that time. However, in not revisiting the issue for some six or seven years now, we have gone from having something that covered about 17 percent of our health costs to about 11 today.

Mr. Speaker, Albertans that I talk to value the system we have here. They value the fact that our pharmacy coverage for seniors is unparalleled. When we talk about this impact on seniors, no other pharmacy program in Canada to my knowledge is as good as the one we have for Alberta seniors, where we cap the total amount that they can pay for a prescription. There are only four provinces that offer any allied health services to their seniors in podiatry, chiropractic, optometry, and dental. No other province that I know of – and we

may be close with a couple – has long-term care rates at the rates that we do in Alberta. These are parts of the health system that aren't covered under the Canada Health Act necessarily, but they are important to us, and they do come at a cost.

I don't like taxes any better than anyone else. However, I will say that a reminder of the fact that health care at the level of excellence and access that we want comes at a cost is not a bad reminder for all of us, and we should cherish and protect this system and use it wisely. I think that's important.

I support continuing to protect low-income earners, and we have increased the level at which they are eligible for either reduced or no premiums. I certainly support protecting seniors, who in most cases are on fixed incomes, and ensuring that those who cannot pay do not. However, I have had many seniors that are in a position to pay say to me that they do appreciate being able to contribute. In fact, I recall when I was health minister having some seniors send in a cheque, which we couldn't accept, for their health premiums because they really did want to contribute because they felt the system was so valuable and important to keep.

Mr. Speaker, I appreciate the opportunity to speak to this. I just want to say, finally, to members that I do not see paying a premium in this province as a cost. I see it rather as an investment in excellence, in quality, in access, and in services in a system that we can be very, very proud of held up against anywhere in Canada.

Thank you.

THE DEPUTY SPEAKER: The hon. Member for Edmonton-Highlands, followed by the hon. Provincial Treasurer.

8:50

MR. MASON: Thank you very much, Mr. Speaker. I rise to support Motion 501, which is sponsored by my colleague from Edmonton-Strathcona. Motion 501 urges the government to not proceed with plans to increase health care premiums and instead cancel the scheduled reductions in corporate income taxes during the next three fiscal years.

The reason we have linked the increases in health care premiums with the reductions in corporate income taxes is because the Conservative government is in a very real sense using the proposed increases in health care premiums to pay for next year's reductions in corporate taxes. Just look at the numbers involved, Mr. Speaker. Hiking health care premiums by 40 percent will raise an additional \$260 million in government revenue. Reducing corporate taxes will permanently reduce government revenues by \$275 million next year and by over \$700 million two years after that.

Former Provincial Treasurer Steve West announced the Conservative government's decision to cut corporate taxes in half in September of 2000, permanently reducing government revenues by about \$1 billion annually after four years. At the time, I warned the government that it may not be able to afford such generous corporate tax cuts, which were significantly deeper than the cuts to personal income taxes that resulted from the government's introduction of the flat tax. Last April the corporate tax rate was reduced from 15.5 percent to 13.5 percent. This is already a very generous tax break given to the corporate sector. This reduction gives Alberta one of the lowest tax rates for corporations in North America. At the time that the former Provincial Treasurer announced his plans to cut corporate taxes in half, oil and natural gas prices were at record levels and the government was on its way to posting a record \$5 billion budget surplus even after paying Albertans billions of dollars in energy rebates previous to the last election.

Well, times have changed. Oil and gas revenues are down sharply. The government has imposed a hiring freeze, made deep

cuts in children's services, and says that it can't afford to pay the province's teachers more than 4 percent this year and 2 percent next year. On top of this, the government is considering steep hikes to health care premiums, other kinds of health user charges, and the delisting of some health services.

The net effect of the tax policy changes has been twofold, Mr. Speaker. One effect is to reduce reliance on more stable revenue sources like personal income taxes and corporate taxes while increasing reliance on more unstable revenue sources like oil and gas royalties and gambling revenues. Altogether since 1998 the Conservative government has permanently reduced personal income taxes by 1 and a half billion dollars per year. As mentioned, unless the government changes course, the government will reduce corporate taxes by an additional billion dollars. That is a total hit of \$2.5 billion a year on government revenues.

Now, Mr. Speaker, I think it's appropriate at this time to call attention to the Auditor General's take on this situation. The Auditor General in his last report indicated that we have to look at these tax cuts as expenditure items; the government is expending so much of its revenue for a certain purpose. But, he says, they have not defined the purpose, they have not defined the results that they wish to obtain, and they have no way of measuring the results that they obtain as a result of this policy. So it doesn't meet the test of the Auditor General as he would apply it to a government expenditure on any other item. The Auditor General is clearly not disagreeing with the government on a policy basis, but he's saying that there's no clear, defined objective for these tax cuts and there's no way of defining whether or not we've reached the objective. Clearly, these tax cuts are not responsible expenditures on the part of the government until they meet the Auditor General's test, and then we could debate them, I think, on some basis of deciding whether or not they accomplish what the government wants to do.

Now, the second effect of the Tory's tax policy changes has been to significantly shift the tax load away from high-income earners and profitable corporations onto middle-income earners and small business. The introduction of the government's 10 percent flat tax reduced taxes for the highest income earners by a breathtaking 43 percent between 1998 and 2001. However, middle-income Albertans with taxable incomes from \$30,000 to \$60,000 saw their taxes go down by less than 10 percent. The question must be asked: can we afford the planned reductions in corporate taxes, especially if they have to be paid for by steep hikes in health care premiums? The answer to this question, Mr. Speaker, has to be no. It's time for the government to change course and put the planned reductions in corporate taxes on hold indefinitely. That's exactly what Motion 501 calls for.

Were the government to do the right thing and put its planned corporate tax cuts on hold, the New Democrat opposition would be supportive of retaining those elements that primarily benefit small business. Those elements are a reduction in the small business tax rate to 3 percent by 2003, and an increase in the amount of business income that qualifies for the lower small business tax rate to \$400,000 next year from \$300,000 this year.

Those, Mr. Speaker, are things that we're prepared to support, tax reductions for business, which the New Democrat opposition is prepared to support. Let me repeat that in case anybody thought they misheard me. Retaining those elements of the corporate tax cuts that primarily benefit small business would cost \$43 million next year and \$31 million the year after that according to information that was provided to us by the Canadian Federation of Independent Business. That's just a little over 10 percent of the total cost of reducing corporate taxes over the next three years.

To sum up, Mr. Speaker, by canceling all but the small business

components of the planned corporate tax cuts, the government would save \$232 million next year, \$410 million the following year, and \$640 million each year after that. Meanwhile, Alberta companies would continue to enjoy some of the lowest rates of corporate taxation on the North American continent while making an important contribution to helping to pay for the public health care system. Businesses benefit enormously from a well-educated and healthy workforce. Paying for health care collectively through taxes is much more cost-effective for business than having to incur additional costs to pay for health care through private insurance or health care premium increases.

A recent survey conducted by the New York based consulting firm KPMG found that Canada was the least costly place to do business out of nine industrialized countries. Canada had a 14 and a half percent advantage over the United States. KPMG found that Canada's universal health care system was a significant factor in keeping the cost of private health benefits down.

Moreover, New York based investment firm Morgan Stanley Dean Witter found that General Motors pays an average of \$3,000 in private health insurance benefits for each of its U.S. employees. These private health benefits add \$931.70 to the cost of each GM vehicle produced in the United States.

The bottom line, Mr. Speaker. Asking corporations to forgo planned reductions in corporate tax rates is very fair and very reasonable. Asking Alberta families who have been hurt by other recent tax change policies, such as the flat tax, to pay more in health care premiums is neither fair nor reasonable.

I urge all members of this Assembly to support Motion 501. Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Treasurer in the minute and a bit left.

MRS. NELSON: Thank you very much, Mr. Speaker. I wanted to make a comment at the very beginning about the concept of the benefits of a very competitive tax system and what it has meant to Alberta in the last number of years and what we believe it will mean to Alberta and to Albertans over the next several years.

First of all, Albertans enjoy the lowest overall tax regime within Canada. Clearly, we recognized a number of years ago that to be competitive in Canada was very, very important but equally important was to be competitive on a North American basis, not only on our corporate side but on our individual side. That's why, Mr. Speaker, last year Albertans kept \$1.1 billion of personal income tax in their pockets so they could decide what to do with those dollars. We felt that was an important step as a government to move forward to encourage people and young people in particular to stay in Canada to pursue their dreams and their businesses here in this country.

In fact, in December I just finished putting forward an additional \$75 million adjustment to protect against bracket creep on the indexation of the personal income tax so that we would in fact continue to have that benefit.

Mr. Speaker, insofar as health care premiums I think it's very important that we are very fortunate in Canada to have . . .

THE DEPUTY SPEAKER: I hesitate to interrupt the hon. minister, but the rules of the House are such that the time for consideration of this item on this day has finished.

Just a reminder. We do have time allotments that allow 60 minutes, so when that's been calculated, then the hon. member proposing the motion will have five minutes to conclude the debate, but that will have to wait till next Monday evening.

9:00

**head: Committee of Supply**

[Mr. Tannas in the chair]

THE CHAIR: I'd like to now call the Committee of Supply to order.

**head: Supplementary Estimates 2001-02  
General Revenue Fund, No. 2**

THE CHAIR: The chair would like to first of all remind hon. members that we've just gone through where 10 minutes was the maximum. Again we're back to 20 minutes as the maximum, but because you're allowed unlimited times to get up and ask a question and have it responded to, you're invited to use less than 20 minutes.

Anyway, it has been suggested that we have a brief overview from each minister and then questions. Is that agreeable?

HON. MEMBERS: Agreed.

THE CHAIR: Objection? No? Okay.

Then I believe if we start, we're going to start with the hon. Minister of Children's Services.

MS EVANS: Thank you very much. I would point out that on page 15 of the 2001-2002 supplementary estimates from the general revenue fund there is a supplementary appropriation of \$500,000 assigned to cover extra costs which might be incurred by this ministry as a result of the teachers' labour dispute. Obviously, Mr. Chairman, currently the department is assessing what costs, if any, were required to be spent. If at any time there are funds that are not used – I assume there would be considerable funds that would not be used – then this supplementary funding will be lapsed at the end of the fiscal year.

Just a couple of quick examples. These funds would be used to cover additional respite care to parents of children with disabilities who are unable to send their children to school for learning purposes. It would also assist with extra staffing costs which could be incurred by group homes and other residential services, ensuring that staff were present during those hours when normally their charges, their children in care, would have been in school. These are at least two examples of areas in which we believe there may be some interruption, and in the best interest of children these funds would be made available to cover any of those costs that could be involved in the extent of a significant interruption of services.

Could I just point out that during the springtime or particularly in spring breaks service providers and families are expected to take care of children during those breaks, but interruptions which may not be expected, such as the interruption of a teachers' strike, necessitated that we be prudent and that we provide some capacity to fund those costs should they be incurred.

So with that, Mr. Chairman, I will sit down and be prepared to answer any questions.

THE CHAIR: The hon. Minister of Environment.

DR. TAYLOR: Thank you, Mr. Chairman. As you can see in the supplementary estimates, we're just getting over \$8 million extra, and it's broken really into three sections. Six million dollars of it goes to two programs. We have Climate Change Central in Calgary, which is the operational partnership between government, the private sector, and environmental groups. That board runs independently from governments, organized as not-for-profit, and the board of that group is made up of industry sectors and environmental groups and is strongly supported by the environmental groups and the NGOs.

So what we're doing is offering them more funding. Four million dollars of the \$6 million goes to the study on flaring. We have a three prairie province study going on flaring which looks at the effects of flaring on animal and human health, and it's being strongly supported by CASA, Clean Air Strategic Alliance. It's a very valuable study. We're just at the present time trying to get industry and the other two provinces, Manitoba and Saskatchewan, to kick in their fair share and are having some difficulty with the other two provinces. But I would point out that this study really makes the bill introduced by the hon. member opposite, who's standing up and talking while I'm speaking, totally unnecessary. I will comment on that bill – Bill 203 I think its number is – at the time.

Finally, the other roughly \$2.2 million is simply a transfer from Sustainable Resources over to Alberta Environment. They're lapsing the money. In good faith our good minister of sustainable resources has agreed to kindly pass that money on to Alberta Environment – I wish other ministers would follow his suit – and we are going to be using that for water issues.

Thank you very much.

THE CHAIR: The hon. Solicitor General.

MRS. FORSYTH: Thank you, Mr. Chairman. I'm pleased to rise on behalf of the Justice minister and speak briefly on that and then speak on behalf of the Solicitor General.

Alberta Justice's supplementary estimate is at \$1.5 million. The supplementary estimate covers the cost of wage settlement in the most recent collective agreement between the province and AUPE. Besides the negotiated salary increases, about 65 percent of Alberta Justice employees are affected by salary-grade increases in the contract. The contract settlement had a significant impact on the Justice ministry. Many of our judicial clerks and administrative support staff had been held in inappropriate salary grades, and in-scope adjustments were necessary to keep staff compensated appropriately.

Under the Alberta Solicitor General's supplementary estimate is \$4,369,000. The supplementary estimate covers the cost of wage settlements in the most recent collective agreement between the province and the AUPE. Besides the negotiated salary increases, about 85 percent of the Alberta Solicitor General's employees are affected by salary grade increases in their contracts. Many others are affected by increases in shift differentials. Because Alberta Solicitor General is a people ministry, the contract settlement has had a huge impact on my ministry. The bottom line is a raise of about 13 percent for many of my employees.

Thank you.

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

MS BLAKEMAN: Thanks. We've had everyone speak, the ministers that wanted to?

THE CHAIR: To my knowledge. Is there anyone going to speak for the other ministers?

MS BLAKEMAN: For aboriginal affairs? Nobody speaking? Okay.

MRS. McCLELLAN: If you have questions, I'll answer them.

MS BLAKEMAN: Okay. Thank you.

Well, thank you very much, Mr. Chairman. Another year, another supplementary supply. I've done at least one a year and sometimes two a year since I was first . . .



9:10

AN HON. MEMBER: And you say the same things, so sit down.

MS BLAKEMAN: Yeah, as much as I'd like to say, "Ditto, and you can take all my previous speeches," you know, there's always something new. This government is always willing to entertain.

I think that the fact we have one or two supplementary supply budgets a year really speaks to the government's ability to manage or rather . . . [interjections] Well, it's not a terribly complimentary thing I just said.

AN HON. MEMBER: They can't tell.

MS BLAKEMAN: I guess they can't. I appreciate the cheers though.

I think it also speaks to a lack of stability and sustainability. I mean, what's interesting about all of this is that if we look back over the 10 years of Ralph's world, I think we were all told that if we participated in the belt-tightening, we would all benefit, that things would be better. Certainly for the seniors that I've talked to and also for the students who are experiencing that intergenerational debt transfer by way of having student loans now of \$20,000-plus as they come out, they don't see stability and sustainability out of all of this.

I think we were expecting or we were told that we were going to get, you know, lower taxes, programs for prevention, deluxe service delivery. All of this was promised to us. Do we have it? Well, no, not particularly. You see, we've been told all the way along that we don't have a revenue problem, that it's a spending problem. To quote the Minister of Finance: "Hello? Hello? Hello?" The government keeps giving us comparisons based on today versus the lowest funding level from this government, which is 1995. They go, "Look how much more we're spending," because they picked the figure that's from the very lowest spending date that they had. They can say, "Wow, we're spending double the amount that we were before," and I find it . . . [interjection]. Yes. Lies, damn lies, and statistics indeed.

I don't think we can say that spending is that much higher than 10 years ago. Now, revenue is still high, and the Treasurer did just put out her third-quarter update. In fact, when we look at the revenue, the revenue is still high. It is still high. It's the second-highest ever third-quarter update for revenue overall, and the revenue from taxes is almost the highest ever. Energy royalty is the second highest except for last year, which was some sort of extraordinary banner year. So we don't have a revenue problem here, but everything still needs money. We need money in Justice. We need money in municipalities, support for the voluntary sector, seniors, infrastructure, education, health care. There are calls from the sectors themselves, there are calls from the citizens saying: "This isn't what we expected it to be. It isn't good enough."

So how is it that all this extra money could have been put into the system and we're still not getting the program delivery that we were promised? There's a disconnect here. But I guess that this is Ralph's world, that you can take all that money and you still can't do it right. You can collect all that money and you still can't do it right. Did we get stability? No, we did not. Did we get sustainability? Obviously not. This is going up and down like a yo-yo. We can't seem to get either of those, and I think, looking back, what we did was we cut stupid and then we spent stupid. Now we're 10 years into this, and we still don't have this under control.

I want to look at the Children's Services budget. I have to sort of gently question. I appreciate that the minister says that there's more money needed to be put into Children's Services because of disruptions during the teachers' strike. I just have to make that tiny

little question about, well, who caused the teachers' strike? Who put a situation in place that caused the teachers to be so upset that they walked out? I would say this government.

I look at what's being said about the budget in Children's Services. The minister said some things in question period this afternoon that honest to goodness made my head come off. You know, my head pops off when I hear the minister say things like: all these positions have . . . [interjections] Hang on. I'll do a demonstration later. The budget increases that she's quoting, from \$120 million in '99-2000 to \$178 million, I'm assuming in this year, the 2001-2002 budget, and I think: well, I can look at that two ways. Either I say: "I'm sorry; I don't believe those figures. I don't see that you've included inflation here. I don't see that you've worked in or you're admitting to an increase in the number of children that you are delivering those services to, because obviously, if in '99-2000 . . . [interjections] The government solution is a band-aid, yup. You know, is that increase in the figure including inflation? Is it including any increase in the numbers of children that we are supplying these services to?

On the other hand, if I accept these figures and I go, "Okay; you had another \$58 million in the Children's Service's budget," then why on earth are we having programs that are being cut? But then the minister says that the programs aren't being cut. That's what makes my head pop off, because I'm getting phone calls from people that don't get these programs and services anymore. So after she said this this afternoon, I got on the phone and phoned some of the people I know in the sector and said, "What is this; how can she say that there's more money going in here and there have been no cuts?" which is what she says. There have been no cuts.

Well, a patient couple of people pointed out to me that what it would be, given her comments, is that everybody took the 1 percent cut, so I'm told. So, in fact, there was a cut across the board to the children's regional authorities, and they passed that on to their providers. Also, Ma'Mōwe was already running a deficit, and they were made to trim their budget to come in at a zero budget. I'm assuming that that's where this is coming from.

You know, that's the same thing that we experienced in the '90s with the RHAs. It costs a certain amount to provide these services. The government creates a whole other administrative network of regional health authorities, decides how much money they're going to give them, gives the money, and the regional health authority says: we can't provide the services you're expecting us to provide for the money that you've given us. So they run a deficit, and then they get in heck from the Treasurer, who says that you can't run a deficit. Figure that out.

But we have another disconnect between what it actually costs to deliver those services and the amount of money that the government gives them, and simply the fact of the government saying "We shall give you X amount" does not make the programs cost X amount. So where are services being cut here? I'm really disappointed in that and especially when they are early prevention programs for children. I'm really disappointed in those choices that were made here, but I appreciate that that money is not going to be in here, that we're just dealing with a request for half a million dollars to address the additional costs of having to look after school-aged children who were not in school during the teachers' strike, and that's what the half a million dollars is for. I'll tell you there are still kids not getting services that they want.

All right. We'll look at Justice. Now, this is interesting, and maybe I can get the Solicitor General up and speaking on behalf of the Justice minister to answer a question here. I was expecting the \$1.5 million that has been requested by Justice partly to be covering the settlement that was reached in the fall with the Crown prosecu-

tors, where they had a grid increase at the top end, I think, and there was also an agreement to hire five more Crown prosecutors. Now in fact what I'm being told is that this is an AUPE settlement for clerks and administrative staff. So perhaps the minister could tell me how the costs were covered for the Crown prosecutors, because again I have a beef with the choices and the priorities that this government has. I think there's a real question about whether there is access to justice and good access to justice in this province.

9:20

I mean, right now we have a problem with courtroom space, with Crown prosecutors and their workload, and with vacancies on the judicial bench. So we have a problem. There are choices that are made in the department and there are choices that are being made in this supplementary supply that I don't think are increasing and guaranteeing access to justice.

I might make this same comment about the funds that are being requested under the Solicitor General's area. Again, she's saying that this is an AUPE wage settlement, grade increases in shift differentials for staff. But, you know, I know that there are situations in the court system right now where they can have the litigants and the defence all in the courtroom, and the judge is there – they're in a courtroom, assuming we can get all that stuff happening – and there's no court clerk available for them, so the whole system grinds to a halt. Or there's no security. In fact, there was a justice that made quite a big deal out of this and recommended that people get a transcript of that particular court proceeding and approach the government with it to underline how serious this is. This is not the first time that I've heard this issue being raised.

So I see the request for additional funds for administrative support people under Solicitor General and Justice, and I certainly understand why that's needed. If the whole system is grinding to a halt for the lack of people that are in the support services and you've got expensive people like judges and lawyers sitting around waiting for a court clerk, yeah, we're in trouble here, and there is a real question about access to justice.

I mean, on the other side, we're looking at choices that are being made by the Solicitor General where I'm suspecting what's happening here is that we're going to take more or less the same amount of money and stretch it a bit further, because last week we were dealing with the issue in the news about having parolees reporting to their parole officers less often. Sure enough that would result in fewer parole officers needed or their working less hours, because if you have someone that's only reporting once every three months instead of reporting every month, yeah, you'd need less staff. I'm wondering if those are the choices that this Solicitor General is making to stretch her budget a little further, but I challenge her as to public safety. I think this is a public safety issue, and I don't see the choices and the priorities being put in place by this government that are going to give us good public safety and access to justice.

Now, you know, I've got all kinds of facts and figures on spending patterns and how many special warrants we've given and how many supplementary supplies. The truth of the matter is that, you know, this government can come up with as many videos and songs and dances as they want. I just don't see good management of money. I see an incredible yo-yo effect. I see money being put into a system that doesn't appreciably get any better. We were told that we were going to have a restructured health system. We don't. We're still reviewing it. We're still getting reviews and task forces and things coming out to tell us what we should be doing there, and now we're going to start that same review process with education. So 10 years from now we'll still be having another review about how to really invest in education and improve the system. So I just don't see good

fiscal management. I don't see good fiscal priority making by this government, and I'm just going to continue to disagree with them.

So I don't need to take up my full amount of time today. I can see that the Member for Edmonton-Caldwell is most eager to get up and join this debate, and I'm looking forward to his contribution. Aside from heckling me, I'm sure we'll all be interested in what he has to say.

I do find that this is a very poor way of managing money: to constantly – constantly – every year have to come back once or twice for a supplementary supply. Chances are pretty good that a month from now we'll be looking at – and I can't quite remember the exact term. [interjection] No, it's not. It's the one where we're into the next fiscal year, but we're now approving . . . Interim supply: that money be moved around in the fiscal year that we're in; so backwards. Isn't that interim supply? Okay, so that's moving the money around that we've already spent to actually make it match what happened. Boy, if I were allowed to do that with my books in the nonprofit world, my life would have been a whole lot easier, but I wasn't allowed to do that. I had to deal with what actually happened.

So you're always at this dilemma at this point. Do you support the increases that are being asked for going into the different departments because the money is needed and you know it's needed and you want to see it go there? Or do you say: "I've had it. I've had it with constantly having to come forward and say, 'Oops; oh oh, we need to shift this money around; we need to add more money in because we didn't plan properly, we didn't foresee things, we didn't put the priorities in, we didn't make the choices'"? I think to continue to approve these things is to encourage the government in its bad practices. So maybe this time I won't vote in support of this. Now, the government certainly has enough votes in this Chamber to outvote me, but maybe it's just a small personal stand that I can take to make my point that this is poor fiscal management.

Thank you very much for the opportunity to express those opinions, Mr. Chairman.

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

DR. TAFT: Thank you, Mr. Chairman. I have a question, if the Minister of Environment would indulge me. I'm just wondering if he can give any more details on the gas flaring and health study and the \$4 million allocation for that.

Thanks.

DR. TAYLOR: This is an ongoing study that started two and a half to three years ago. The total price of the study is about \$18 million, and it was started when the present Minister of Infrastructure was the Minister of Environment. We've got about another year or 18 months to go in the study. It is being run by a group of international experts. There is a board of directors made up of international experts. In fact, I can't remember some of their names, but there are a couple out of major universities in the U.S., seen as leaders in this whole area, who are advising the study. The study is being run out of the University of Saskatchewan, and it's being run, as I say, by the three prairie provinces.

The unfortunate part is that the other two provinces haven't really contributed any money yet, and there's still about an \$8 million pocket left that needs to be funded. So what we've said to the other provinces and to industry, which really hasn't contributed a fair share yet either, is that we'll put in \$4 million more, because Alberta has essentially paid 100 percent of the money up to date. We've spent, I think, \$11 million so far, which is about a hundred percent of the study, and there's about another \$8 million to go. We've said:

we'll commit another \$4 million; industry and you provinces of Manitoba and Saskatchewan, it's time for you to front up now and put up some money.

So that's about where we are right now: looking for the other \$4 million to complete the study.

DR. TAFT: Thank you very much.

9:30

Agreed to:

Aboriginal Affairs and Northern Development	
Operating Expense	\$848,000
Children's Services	
Operating Expense	\$500,000
Environment	
Operating Expense and Capital Investment	\$8,296,000
Justice	
Operating Expense and Capital Investment	\$1,500,000
Solicitor General	
Operating Expense and Capital Investment	\$4,369,000
Total Voted Operating Expense and Capital Investment	\$15,513,000

THE CHAIR: The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. I would move that the committee now rise and report the votes.

[Motion carried]

[The Deputy Speaker in the chair]

MR. LOUGHEED: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions of the 2001-02 supplementary estimates, No. 2. For the fiscal year ending March 31, 2002, it reports the approval of the following estimates, and requests leave to sit again.

Aboriginal Affairs and Northern Development: operating expense, \$848,000.

Children's Services: operating expense, \$500,000.

Environment: operating expense and capital investment, \$8,296,000.

Justice: operating expense and capital investment, \$1,500,000.

Solicitor General: operating expense and capital investment, \$4,369,000.

Amount of operating expense and capital investment to be voted under section 1 of the Appropriation (Supplementary Supply) Act, 2002, \$15,513,000.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

The hon. Deputy Government House Leader.

MR. ZWOZDESKY: Thank you, Mr. Speaker. Following some very progressive discussions with the opposition parties on this point, I would now seek the unanimous consent of the Assembly to revert to Introduction of Bills to allow for first reading consideration of Bill 8, the Appropriation (Supplementary Supply) Act, 2002.

[Unanimous consent granted]

head: **Introduction of Bills**

THE DEPUTY SPEAKER: The hon. Minister of Finance.

### Bill 8

#### Appropriation (Supplementary Supply) Act, 2002

MRS. NELSON: Thank you, Mr. Speaker. I request leave to introduce Bill 8, the Appropriation (Supplementary Supply) Act, 2002. This being a money bill, Her Honour the Honourable the Lieutenant Governor, having been informed of the contents of the bill, recommends the same to the Assembly.

[Motion carried; Bill 8 read a first time]

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

MR. ZWOZDESKY: Thank you, Mr. Speaker, and thank you to all parties for that unanimous consent.

I would move that the Assembly now stand adjourned until 1:30 tomorrow afternoon.

[Motion carried; at 9:37 p.m. the Assembly adjourned to Tuesday at 1:30 p.m.]

