

## Legislative Assembly of Alberta

Title: **Wednesday, April 24, 2002**

**1:30 p.m.**

Date: 02/04/24

[The Speaker in the chair]

head: **Prayers**

THE SPEAKER: Good afternoon.

Let us pray. Our Father, keep us mindful of the special and unique opportunity we have to work for our constituents and our province, and in that work give us strength and wisdom. Amen.

Please be seated.

head: **Introduction of Visitors**

THE SPEAKER: The hon. Member for Edmonton-Meadowlark.

MR. MASKELL: Thank you, Mr. Speaker. It's my privilege to introduce to you and through to members of this Assembly Mr. Don Hamilton, who is seated in your gallery. Mr. Hamilton is the husband of a well-known and respected Albertan, Judy Wish Hamilton, who succumbed to cancer April 13 after a long and valiant battle with the disease. Mr. Hamilton is an ordained minister. He created and oversaw the Alberta service corps. He was the first executive assistant to a Premier of Alberta. He was executive assistant to Premier Harry Strom. Mr. Hamilton has served as president of the Edmonton Northlands board. As a businessman he was president of Nordic Neon. Mr. Hamilton opened the first pizza restaurant in Alberta. He is currently chairman of the racing tribunal. Accompanying Mr. Hamilton is one of his longtime friends, Mr. Jim Woroniuk, a local businessman, a hardworking volunteer, and well known to many in this Assembly. Gentlemen, would you please rise and receive the traditional warm welcome of this Assembly.

THE SPEAKER: The hon. Member for Peace River.

MR. FRIEDEL: Thank you, Mr. Speaker. It's my pleasure to welcome and introduce to you and to members of the Assembly some visitors from further west, from the province of B.C. to be exact. Our visitors are here in Edmonton for a board of directors meeting of the Northwest Corridor Development Corporation, a group that Alberta is a very active partner in, and they're also meeting with a number of our ministers and northern MLAs. Our visitors are Mr. Paul Nettleton, MLA for Prince George-Omineca; Jason Morris, assistant to Mr. Nettleton; Stieg Hoeg with Transport Canada, manager of the Prince George airport; and Graham Kedgley, acting in a secretarial capacity to the corporation. I would ask that our visitors please rise and receive a traditional warm Alberta Assembly welcome.

head: **Introduction of Guests**

MR. KLEIN: Mr. Speaker, I have four visitors to introduce to members of the Assembly this afternoon. They are here today as part of a successful fund-raising event held this past December in support of the Edmonton Christmas Bureau. The *Edmonton Sun's* Hicks on Six phone-in auction raised \$49,000 for the bureau. Those funds were used to help many Edmontonians enjoy the traditions of the Christmas season. One of the items up for auction was lunch with me – and it was a very frugal lunch, I might add – followed by a visit to the Legislature. Mr. Mo Rahall was the successful bidder. His interest in the item resulted in a \$900 contribution to the

Christmas Bureau. Mo, as many of you know, was the author of *Banksters and Prairie Boys*, and he was also a candidate in the last provincial election, running against me. Needless to say, I'm here and he's there. Mr. Rahall is joined today by Graham Hicks of the *Edmonton Sun*. His father, Mahmoud Rahall, and Barry Tucker are seated in the members' gallery, and I'd ask them to rise and receive the traditional warm welcome of this Legislature.

THE SPEAKER: The hon. Member for Edmonton-Beverly-Clareview.

MR. YANKOWSKY: Thank you, Mr. Speaker. I rise to extend a warm welcome and to present to you and through you 192 students from John D. Bracco school, which is located in the heart of the constituency of Edmonton-Beverly-Clareview, which I am honoured to represent. They are accompanied by their teachers Mr. George Nickel, Mrs. Ingrid Robinson, Ms. Kris Hendrickson, Ms. Colleen Moroz, Mr. Fitz Sherman, and Ms. Sheri Tchir. As well, they are accompanied by parents, helpers, and others: Mr. Chris Storozhenko, Mr. Jim Litven, Mr. David Dam, Mr. Matt Sparrow, Mr. Anders Halberg, Mrs. Linda Carson, Mrs. Kilar, and Mrs. Wendy Pylypow. They will be arriving at different times because of the size of the tour, but the ones that are here now are seated in the members' gallery, and I would like to ask them to please rise and receive the very warm welcome of this Assembly.

THE SPEAKER: The hon. Minister of Seniors.

MR. WOLOSHYN: Thank you, Mr. Speaker. Today I have the pleasure of introducing two constituents. The first one is Brandon Jespersen, who is a grade 9 student at Meridian Heights school in Stony Plain. Brandon helped me with my campaign, and he was a very good helper, obviously by the success. He's wanting to become Canada's next Prime Minister. Accompanying Brandon is Jordie Maxwell, who's a youth minister at the Alliance church in Stony Plain, and he is helping Brandon achieve his political aspirations. I would like Brandon and Jordie to rise and receive the warm welcome of the Assembly.

THE SPEAKER: The hon. Member for Edmonton-Meadowlark.

MR. MASKELL: Thank you, Mr. Speaker. It's my privilege also to introduce Mr. Bob Clark, Alberta's Ethics Commissioner, who has joined Don Hamilton today. Please welcome Mr. Clark.

Thank you.

head: **Oral Question Period**

THE SPEAKER: First Official Opposition main question. The hon. Leader of the Official Opposition.

### Rural Health Services

DR. NICOL: Thank you, Mr. Speaker. The Health Care Protection Act implies that the only difference between a hospital and a nonhospital surgical facility is that a hospital has an emergency room and a surgical facility does not. Now we learn that in rural areas such as Grimshaw the government is looking to close emergency rooms in local hospitals. My questions are to the Premier. Given that the facilities like the one in Grimshaw provide acute care, intensive care, surgery, palliative care, and a number of other procedures, will it still be considered a hospital once its emergency room is closed down?

MR. KLEIN: It's an interesting question, Mr. Speaker, and perhaps I'll have the hon. Minister of Health and Wellness supplement. The issue vis-a-vis Grimshaw and Peace River is not so much the emergency room and the sustainability of that hospital as an active treatment hospital; it relates to its proximity to the town of Peace River. I understand that it's only a few kilometres from Peace River, which not only has a major hospital facility but a brand-new hospital facility. So the issue is one of rationalization as opposed to whether one is a hospital or not.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Given that all three doctors in Grimshaw have threatened to leave if the emergency room is closed down, how does the Premier expect to keep the hospital going in Grimshaw without its emergency room?

1:40

MR. KLEIN: Mr. Speaker, as I explained before, that is a matter that is going to have to be considered by the regional health authority and by the Department of Health and Wellness. As I pointed out earlier, it's a matter of rationalization as opposed to any other issue.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Then given that several rural health authorities have already mused about the possibility of facility or bed closures, how does the Premier expect to attract doctors to rural Alberta?

MR. KLEIN: Mr. Speaker, there is a program to attract doctors to rural Alberta. They are paid a premium or a bonus, if you will, and the program to my knowledge is working quite successfully. I'll have the hon. minister supplement.

MR. MAR: There are a number of parts to this program, Mr. Speaker. The rural physician action plan also involves ensuring that students who go through medical training at both the University of Calgary and the University of Alberta have an opportunity during the course of their training to visit and get some of their training in rural Alberta. My understanding, in speaking with the deans of medicine at both those medical schools, is that in fact there has been a good deal of interest in rural practice.

THE SPEAKER: Second Official Opposition main question. The hon. Leader of the Official Opposition.

DR. NICOL: Thank you, Mr. Speaker. Can the Premier confirm that the reason that the due date for RHA business plans has been pushed back not once but twice is because several rural RHAs are finding it difficult to come in within their budget without making drastic cuts and considering hospital closures?

MR. KLEIN: Mr. Speaker, I can't confirm or deny that, but perhaps the hon. minister can shed some more light on it.

MR. MAR: Mr. Speaker, we tried our very best to give information to regional health authorities as quickly as we could, but as we were going through the budgeting process, it became clear that we were not able to give information to regional health authorities as quickly as we would have liked. The hon. Leader of the Opposition will know, of course, that one of the issues raised by the Auditor General in his report is that regional health authorities have been filing

business plans well into the fiscal year instead of at the beginning of the fiscal year. So in our effort to ensure that regional health authorities have sufficient time to file a business plan before their operational year commences – it's the reason why we've given them time to digest the information that has been given to them by Finance in terms of the amount of money that they'll be getting so that they can do their planning properly.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Again back to either the Premier or the minister: will extra capacity be added to the hospital in Peace River to handle the 13,000 patients a year who now use the Grimshaw hospital?

MR. KLEIN: Well, Mr. Speaker, I don't know the specifics relative to the usage of the Grimshaw hospital. Perhaps the hon. minister can provide more information.

MR. MAR: Mr. Speaker, it is perhaps premature to be talking about what will happen with the facility at Grimshaw. We do know that it is in very close physical proximity to the facility at Peace River, which is an outstanding one. Until such time as the regional health authority actually does submit its business plan, where it contemplates the use of various facilities, including the one at Grimshaw, this will be a very difficult question to answer for the Leader of the Opposition.

THE SPEAKER: The hon. leader.

DR. NICOL: Thank you, Mr. Speaker. Again to the Premier: Mr. Premier, don't you think there's something backwards here when they are actually getting their budget and then having to prepare a business plan? Shouldn't they be preparing the business plan and then you building the budget around it so that in effect the health care is designed by the regional health authority and then you provide the dollars that are necessary to deliver that kind of health care?

MR. KLEIN: Well, Mr. Speaker, again relative to the process vis-a-vis business planning and budgeting, I'll have the hon. minister respond.

MR. MAR: Well, Mr. Speaker, I need to remind the Leader of the Opposition that the increase for the Department of Health and Wellness was in excess of 7 percent in this recent round of budgeting. That is a significant amount of money. It is the largest increase of any department in government for this government's operations. For regional health authorities, they will get nearly half a billion dollars more this year. Every regional health authority got some increase this year. Admittedly, it is not the increase that they would like to have, but it is an appropriate amount, and it is a significant amount. We cannot continue to provide money on a growing basis with an unlimited budget. That's simply not possible.

THE SPEAKER: Third Official Opposition main question. The hon. Member for Edmonton-Riverview.

### CT Scans

DR. TAFT: Thank you, Mr. Speaker. This week a for-profit clinic opened in Calgary offering people without any medical symptoms full-body CT scans for \$1,200. A second such clinic will be opening

in Calgary next month. Meanwhile, four months ago the Food and Drug Administration in the U.S. warned against full-body CT scans for screening healthy people because of high radiation doses and false positive results. In addition, the American College of Radiology says that there is no evidence the procedure is either cost-effective or effective in prolonging life, and the American Cancer Society discourages full-body scanning for the same reasons. To the Minister of Health and Wellness: given that the clinic has said that CT scans are only provided on a doctor's referral indicating they're medically necessary yet people are paying \$1,200 out of pocket, what is government policy for covering the cost of this procedure?

MR. MAR: Mr. Speaker, if that's what individuals want, that's what they can pay for, but that's not something that is listed as a required service and not part of the public system.

DR. TAFT: All right. Then given that substantial risks and problems stemming from using CT scans for screening healthy people arise, will the minister take steps to ensure that they are only provided on the basis of a proper doctor's referral?

MR. MAR: Mr. Speaker, the decision as to whether an individual seeks such a treatment or not is a decision that is made in consultation with their physicians, and individuals, after hearing what their physicians may say about the risks or benefits associated with such a procedure, can still make the decision to go ahead and have it.

DR. TAFT: Given that the USFDA says that "the effective dose from a CT procedure can be hundreds of times larger than the effective dose from a conventional radiographic procedure," will the minister take steps to ensure that by law all advertising and promotion for such clinics involves a full disclosure of the risks involved in the procedures?

MR. MAR: Mr. Speaker, I would presume that for physicians who suggest to their patients that they should get such a procedure done, as with all other procedures there is some element of informed consent on the part of the patient, and if after hearing about the risks and the benefits of having such a procedure individuals choose to go ahead, they can do so.

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

### Health Resource Centre

DR. PANNU: Thank you, Mr. Speaker. There is a connection to the Calgary company that has applied for permission to open Alberta's first for-profit inpatient surgical facility. Imagine that: the very first application, and already American investors are lined up waiting to crack open Alberta's health care system to U.S. corporate interests. No wonder the Minister of Health and Wellness has set up a secretive approval process for this application. My questions are to the Minister of Health and Wellness, who hopefully has removed the Krazy Glue that kept him stuck to his seat yesterday. Why does the minister refuse to make the HRC application public if not to hide from Albertans the fact that much of the money backing this Calgary company is from U.S.-based venture capital funds?

MR. MAR: Mr. Speaker, I'm advised that HRC itself has placed its application on the web site. If the hon. member thinks that's secretive, then I'd be surprised. The criteria for eligibility or the approval criteria that will be applied by the government of Alberta in approving this will also be found on the web site. If that's secret,

that comes as a surprise to me. When the decision is made, either for or against such an approval, that information of course will also be fully disclosed and completely transparent.

THE SPEAKER: The hon. member.

DR. PANNU: Thank you, Mr. Speaker. The minister is refusing to deal with my question.

Let me ask him this. If he already knows that there may be a U.S. financial interest in this company, will he tell the House if he will consider that the presence of that interest jeopardizes the future of public health care because of NAFTA considerations?

1:50

MR. MAR: Mr. Speaker, the end point for the government of Alberta and the Department of Health and Wellness and this minister is twofold. One, it is to maintain and improve the quality of our public health care system, and two, it is to ensure that it is not only accessible but also affordable and sustainable into the future. The issue as to whether or not the corporate structure of a particular enterprise is American or Canadian is not a relevant consideration.

DR. PANNU: Well, Mr. Speaker, my final question to the minister: if he thinks that these kinds of ventures will help the Canadian health care system, will he encourage American HMOs to move into Alberta to help the health care system in Alberta?

MR. MAR: Well, to reiterate from my second answer, Mr. Speaker, the end point is to ensure that we have a publicly funded, accessible, high-quality system for Albertans. We've demonstrated that we're prepared to do that through our investments in people, in plant, and in equipment. We have an outstanding health care system in this province. Occasionally it's truly excellent. Does that mean that we cannot try and do better? No, it doesn't, and we are trying to improve our publicly funded, affordable, accessible, high-quality health care system.

THE SPEAKER: The hon. Member for Olds-Didsbury-Three Hills, followed by the hon. Member for Edmonton-Mill Woods.

### Confined Feeding Operations

MR. MARZ: Thank you, Mr. Speaker. The Agricultural Operation Practices Amendment Act has been in operation slightly over three and a half months under the Natural Resources Conservation Board, and already a number of problems have been identified by some Albertans in my constituency. My question is to the Minister of Agriculture, Food and Rural Development. As the NRCB is receiving applications for new as well as expansion of existing operations, why would the NRCB consider or even accept an application for the expansion of a confined feeding operation from an operation that's in willful noncompliance with their current permit and in willful breach of a current county compliance order?

MRS. McCLELLAN: Mr. Speaker, I would direct that question to the minister responsible for the NRCB.

THE SPEAKER: The hon. minister.

MR. CARDINAL: Thank you very much, Mr. Speaker. That's a good question. This act allows any agricultural operation to submit an application to the NRCB to start with. In some cases, of course, operations that existed before January 1 of 2002 were not in

compliance with their existing municipal approval. The NRCB, of course, has followed up on all compliance orders however they may be, whether it's through the public, the municipalities, or in some cases individual operators themselves. Compliance with existing permits or approvals is not optional. In all cases the NRCB insists that the operator comply with existing approvals that are in place.

THE SPEAKER: The hon. member.

MR. MARZ: Thank you, Mr. Speaker. To the minister of sustainable development: if the municipal input is so important to the Natural Resources Conservation Board, as they have stated publicly many times, why are they overruling existing county compliance orders and replacing them with a compliance order that appears to be compatible with what the operator is currently doing?

MR. CARDINAL: That's a good question again, Mr. Speaker. The NRCB is not replacing existing municipal compliance orders. The Agricultural Operation Practices Act does not give the NRCB authority to enforce existing municipal compliance orders, so the NRCB must issue their own enforcement orders if the situation warrants such. As you are aware, no doubt, municipalities have the authority to enforce the orders that they have issued prior to January 1 of 2002, when the new act came in and the NRCB oversaw that area. However, if there is an immediate risk to the environment or human health, the NRCB insists that immediate action be taken to remove these risks.

THE SPEAKER: The hon. member.

MR. MARZ: Thank you, Mr. Speaker. My last supplemental to the Minister of Agriculture, Food and Rural Development. Given that the regulations only provide for two specific soil tests and exclude all other approved tests, including those that are approved by the United States Department of Agriculture, which effectively gives a monopoly to those labs that provide those two tests, when will the Minister of Agriculture, Food and Rural Development change the wording of the regulations to allow for the use of all currently approved tests as well as any new technologies that may be developed in the future?

MRS. McCLELLAN: Mr. Speaker, first of all, we do testing so that we can ensure that we have the proper information so that we can enforce standards and, in fact, impose fines if those standards are violated. We can only compare our test results and have a baseline for that if we use the same basic test. The regulations that we have have taken the testing, except for phosphorus, from the manual of the Canadian Society of Soil Science, and our expert committee that worked on the standards that recommended this testing recommended that we use the modified Kelowna test because it's the best test for phosphorus under prairie conditions, and that was very important.

However, I must point out to the hon. member – and he might want to pass this information on – that the modified Kelowna test is not a proprietary test. There are several labs in our province that perform this test method, and we've had inquiries from labs about other test methods and have advised them that if they change their testing procedures only slightly, they would be compatible with the modified Kelowna test. So I believe that we've dealt with that issue, Mr. Speaker.

THE SPEAKER: The hon. Member for Edmonton-Mill Woods, followed by the hon. Member for Calgary-Montrose.

### Day Care Policy

DR. MASSEY: Thank you, Mr. Speaker. Reports of child abuse at a private day care in St. Albert have many parents worried. They want to be assured that children won't be placed in jeopardy again. My questions are to the Minister of Children's Services. Where in legislation are children in private day cares protected from abuse and neglect?

MS EVANS: Well, Mr. Speaker, I would like to first respond to the issue of that particular day care. This was a completely unauthorized situation, a horrific situation, and I think that we have to make it clear and communicate buyer beware when they go to day cares and make assumptions about who is there. We have, with the hon. Member for Calgary-Buffalo, listened to the parents' concerns, looked at what we can do in future child legislation, and worked hard with the licensing officers to determine how we can manage the situation. To be perfectly clear, this was a situation where most parents believed that there were fewer than six children in a residential home, and there were in fact several more children in that home. By the time that we had followed procedure to follow through and check on what was happening, a number of circumstances had taken place. I would like to thank the hon. Member for St. Albert, who very clearly elucidated all of these issues, who arranged for us to be involved in that situation immediately.

Mr. Speaker, clearly we have a number of rules in place. We have licensing. We are working on accreditation programs for day cares. It's a costly procedure. But people must be aware and must follow through and do their due diligence when they provide their child, their precious children, to somebody who is serving their needs for child care. Although these parents believed that they had done just that, I don't believe there had been a thorough enough check and balance done with the Capital region, the Ma'Mōwe authority, to determine whether or not this child carer had been explored for the services it was providing.

THE SPEAKER: The hon. member.

DR. MASSEY: Thank you. That's abandoning those children, Mr. Speaker.

My question is to the same minister. Where in legislation are children in those situations protected?

MS EVANS: Well, Mr. Speaker, we have legislation for the day care. We have also got a number of regulations. I'd be pleased to table in detail in this Assembly everything that we have.

THE SPEAKER: The hon. member.

2:00

DR. MASSEY: Thank you. Again to the same minister: why did it take the RCMP to finally shut down the St. Albert facility? Why didn't Children's Services take the necessary action?

MS EVANS: Mr. Speaker, when we got to the site, my understanding is that the number of children on that particular site had been removed and in fact were not there. The proprietor allegedly claimed to the parents that she'd had a medical problem and was unable to look after the children for a period of two months. This was a very difficult situation. The day care licensing officers have drawn our attention to a number of circumstances. I would offer this: I'd be pleased to meet with the hon. member opposite and go into some detail about our discussions. This was a case that was

very baffling, in the first instance, because the authority to act had not been given.

I think that for any service that's provided in the public, people have to do their due diligence to find out what is happening in circumstances, because unscrupulous types of people can open services, deliver services, and make claims that are not true. When people use that kind of service, they should actually find out. They should. I would not leave a grandchild in a place that I hadn't thoroughly investigated, and this government can't force people to do that investigation.

THE SPEAKER: The hon. Member for Calgary-Montrose, followed by the hon. Member for Edmonton-Gold Bar.

### **Fresh Start Addictions Centre**

MR. PHAM: Thank you, Mr. Speaker. Residents in the Calgary neighbourhood of Abbeydale were shocked upon learning that the Fresh Start Addictions Centre opened earlier this year within this quiet residential community and just a short walk from an elementary school and a busy playground. This facility is a 21-bed treatment centre reserved for alcohol and drug addicts, among whom many are criminals on parole. Because of the fact that this building was once used as a day care centre, the city of Calgary issued a permit which allowed this facility to start operation without any attention given to the great concerns shown from local residents. On behalf of my constituents my first question is to the Minister of Children's Services. Given that your department licensed drug and alcohol treatment centres in the past, can you please advise my constituents as to when and why you stopped doing this?

MS EVANS: Mr. Speaker, the hon. member is bringing forward something that has been a very complex situation. Let me be clear. Under the Social Care Facilities Licensing Act we license day cares, we license women's shelters, and we license those facilities where seniors have care provided. But it's care, not treatment. In 1994 the act was clarified so that care was licensed through the Social Care Facilities Review Committee, but treatment was not. Let me be very clear. The definition of "care" was identified as "watchful keeping, food, shelter, protection or attending to," which is care such as is provided in those facilities we do care for. Alcohol and drug rehabilitation or treatment facilities are defined as "something done, or steps taken, to effect treatment of or disease including examination, diagnosis and application of remedies." That's treatment, not care.

At the time that we did license facilities that offered drug treatment, we were dealing with what was inside the walls, not outside the walls. Care inside the walls was all we attended to, not the clientele coming and going to the facility, not any of the other community impacts. That quite clearly was never part of the mandate of the Social Care Facilities Licensing Act nor any type of work that we do currently in siting any of those facilities.

THE SPEAKER: The hon. member.

MR. PHAM: Thank you, Mr. Speaker. To the Minister of Municipal Affairs: given that the city of Calgary did not give Abbeydale residents an opportunity to voice their concerns both before and after the decision was made to provide this facility with a permit, did the city of Calgary abuse the power given to them by your ministry in setting up an undemocratic process which did not seek any input from residents nor offer them any process for appealing this decision?

THE SPEAKER: The hon. minister.

MR. BOUTILIER: Thank you, Mr. Speaker. Under the Municipal Government Act it clearly states an open and an accountable process that we have legislated to the responsibility of municipalities; in this case the city of Calgary. The authority for land use planning solely rests with the local municipality. It's my understanding that they have been informed by citizens that the citizens feel that they haven't been in fact consulted on this issue. I think what's most important at the end of the day is that the city of Calgary's land use bylaw, which they solely construct based on input from citizens, has a very broad range, ranging from a seniors' centre to a day care centre to, as was indicated by the hon. member, a drug rehabilitation centre. I'm advising the city of Calgary that they should consider reviewing the broad range under this land use bylaw, for which they've been granted the authority.

THE SPEAKER: The hon. member.

MR. PHAM: Thank you, Mr. Speaker. Again my question is to the Minister of Municipal Affairs. What can the minister do to address the concerns of the residents of Abbeydale and to prevent things of this nature from occurring in the future?

THE SPEAKER: The hon. minister.

MR. BOUTILIER: Thank you, Mr. Speaker. Again the hon. member raises a very important question for the community. Since learning about this last week, I've sent a letter, which I will table at the appropriate time, to His Worship the mayor of Calgary indicating that concerns raised by city of Calgary residents should be considered in terms of amending the existing land use bylaw, that the city of Calgary does have the responsibility for executing. Also, I've sent an advisory to all municipalities, 366 across Alberta, indicating that in an area where it is such a broad term, perhaps it could be narrowed. Ultimately, it is a local decision by the elected councillors within their affected municipalities.

THE SPEAKER: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Edmonton-Castle Downs.

### **Workers' Compensation Board**

MR. MacDONALD: Thank you very much, Mr. Speaker. The Constitution Act, the Canadian Charter of Rights and Freedoms of 1982, under Legal Rights states:

Any person charged with an offence has the right . . . to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal.

My first question is to the Premier this afternoon. Is it government policy to develop legislation that respects the Constitution of Canada, which is the supreme law of Canada, "and any law that is inconsistent with the provisions of the Constitution is, to the extent of the inconsistency, of no force or effect"?

Thank you.

MR. KLEIN: Mr. Speaker, the hon. member is absolutely right: the Constitution is supreme. We would endeavour to respect it in every way, shape, and form. If it is deemed by an individual or a group that the Constitution is being violated, then that would be grounds for a court action, and indeed court actions have been launched relative to alleged violations of the Constitution.

MR. MacDONALD: Again, Mr. Speaker, to the Premier: where in WCB legislation are injured workers guaranteed a public hearing before an independent and impartial tribunal?

Thank you.

MR. KLEIN: Mr. Speaker, indeed, a process has been established, a process that is in the midst now of being further enhanced relative to impartiality. I think it will go a long way to making sure that injured workers who feel that they haven't been treated fairly by the WCB will have the opportunity for a fair and impartial appeal.

I'll have the hon. minister respond further.

MR. DUNFORD: Mr. Speaker, practically everything that we are doing in terms of the amendments with Bill 26, that was introduced recently, has to do with trying to provide injured workers with more access to a system of appeal and more access for their physician, if a medical opinion is involved, to have a discussion and a decision made regarding that medical condition. Of course, the motivation entirely on behalf of not only the Premier but the rest of the members of this government in trying to move the Appeals Commission to a more independent status from WCB was to provide, again, for injured workers the opportunity to be involved in an appeal process that they would see as fair and reasonable and something to address their particular issue.

2:10

THE SPEAKER: The hon. member.

MR. MacDONALD: Thank you, Mr. Speaker. Again to the Premier: given that the WCB is both the judge and jury in all future disputes with injured workers, how is the government proposing to deal with a prospective Charter challenge by an injured worker to guarantee a public hearing before an independent and impartial tribunal?

Thank you.

MR. KLEIN: First of all, Mr. Speaker, it seems to me that the hon. member has asked for a legal opinion, and I'm not about to give that legal opinion, nor do I think that the Justice minister and Attorney General should be in a position in this Legislature to offer a legal opinion.

Secondly, Mr. Speaker, to relate the issue of injured workers to the Constitution as it pertains to criminal activity or a trial is absolutely wrong. It bears no relationship whatsoever. I don't know of an injured worker that has been accused by this government of committing a crime; right? We aren't accusing injured workers of committing a crime, so there is no presumption of innocence or guilt. It doesn't bear any relationship whatsoever to this particular case.

And thirdly, legislation is now in process to create a scenario that will offer injured workers a much more impartial and objective assessment, adjudication, of their case.

### **Speaker's Ruling**

#### **Anticipation**

#### **Seeking Legal Opinion**

THE SPEAKER: Hon. members, before calling on the hon. Member for Edmonton-Castle Downs and the hon. Member for Edmonton-Centre, there's been broad leverage given to all hon. members in the raising of questions, but under Orders of the Day, Bill 26, the Workers' Compensation Amendment Act, may or may not be up for debate later today.

*Beauchesne* 408, Oral Questions, clearly prohibits questions which would "require an answer involving a legal opinion." Hon. members might also look at *Marleau and Montpetit*, page 427: the

questions are in order at various other parts of the Routine but not during the question period if they seek a legal opinion.

The hon. Member for Edmonton-Castle Downs, followed by the hon. member for Edmonton-Centre.

### **Services for Autistic Children**

MR. LUKASZUK: Thank you, Mr. Speaker. In the usual tradition of hardly constructive comments by the members of the opposition a member yesterday stated, and I quote: Children's Services was abandoning autistic children. A question to the Minister of Children's Services: what services do you provide to autistic children in Alberta?

MS EVANS: Mr. Speaker, to the hon. member opposite, we provide \$50 million worth of services to help parents with autistic children. This serves 650 children in the province for respite services either in their home or out of their home. It's done in consultation with the parents. It may include orthodontic treatment, special dental work. As we know, autism is a neurological disorder of the brain that may affect their social behaviour. It may affect some of their other capacities to learn. It's very individual. Autistic children, like other children, don't come in neat packages with labels. They come with a variety of disabilities sometimes, and it means that we have to look very carefully at each child, assess them differently in some cases, and provide the proper treatments.

I should point out that these things are assessed annually in consultation with both the social worker and the family. They look at the capacity of the child and whether existing treatments are still working. Fifty million dollars for 650 children. We believe that we're making a difference for those children, Mr. Speaker.

THE SPEAKER: The hon. member.

MR. LUKASZUK: Thank you, Mr. Speaker. My supplemental is to the same minister. Does your previous answer include intensive behavioural intervention, also known as IBI?

MS EVANS: Mr. Speaker, we actually provide an additional 11 and a half million dollars. These children commonly cost an average of \$36,000 per year per child, and for those children that are covered through the intensive behavioural intervention we are looking at that policy, as the hon. Minister of Learning defined, with him and also with the hon. Minister of Health and Wellness, and looking at what's right to do for children in what particular fashion. We have an expert panel with representatives from the families, representatives from the communities that are involved as well as from physicians that have been working with these children, and we're working very clearly to . . . [interjections] Mr. Speaker, it would be delightful if the hon. members opposite would open their ears instead of their mouths.

We met just this noon about these services with a member of this community and the association, and we have made every commitment to review the policies and make sure that they're in place before any proclamation of that particular section of Bill 9 that deals with handicapped children.

Mr. Speaker, there should be no mystery about the fact that we continue to provide these programs for children and are not trying to get out of providing programs for children. We're trying to make them better and seamless in our delivery system.

MR. LUKASZUK: Mr. Speaker, that was an exhaustive answer. I have no supplemental questions.

THE SPEAKER: The hon. Member for Edmonton-Centre, followed by the hon. Member for Edmonton-Highlands.

### Electronic Racing Terminals

MS BLAKEMAN: Thank you, Mr. Speaker. The Alberta Gaming and Liquor Commission chose to extend the 70 percent compensation structure for operators of electronic racing terminals to the end of 2003 even though the Auditor General estimates that this decision will result in an overpayment of \$21 million or more to casino operators by the end of 2003. The AG also noted that a premium was likely paid by the AGLC to get operators to sign these long-term contracts. My questions are to the Minister of Gaming. Given that the contract provided for a quarterly review and adjustment of the compensation rate, why is the minister allowing this scheme to remain in place for another year and a half?

MR. STEVENS: This particular program has a history where the operators in question came to the AGLC back in the mid-90s and said that they would like to bring this particular game into the province. At that point in time permission was given provided that they provided the capital for these games. That was an exceptional circumstance and gave rise to the exceptional arrangement with those particular operators which ultimately was the subject of the Auditor General's comment. The fact is that there has been a very good working relationship with these operators, and when the Auditor General made his comments that the arrangement was inappropriate, the AGLC said that they are prepared to recognize and agree with that. But it is necessary to provide these operators an opportunity to have some time to make a decision with respect to how to deal with it in order to not materially and adversely affect their business plans.

So the arrangement that was made was a fair one. It's one that gives the operators an option, and in any event we'll have the matter determined in full by the end of 2003.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thanks, Mr. Speaker. Again to the Minister of Gaming: what makes these casino operators so special that they continue to get a windfall of \$21 million while the community lottery boards get cut?

MR. STEVENS: We believe that all of the stakeholders within the gaming industry are special, and the casino operators are part of that. I think it's fair to say, Mr. Speaker, that the number that the hon. member mentions is for 11 machines over a number of years. It is not for one year; it is for the term up to the end of December 2003, if I recall correctly. From our perspective that is a reasonable arrangement given the history of this particular product line.

THE SPEAKER: The hon. member.

MS BLAKEMAN: Thanks, Mr. Speaker. Well, if money had to be cut from the Gaming budget in this particular year, why didn't the minister cut some of these overpayments instead of cutting the community lottery boards? He could have recouped some of his money by cutting these.

MR. STEVENS: Mr. Speaker, the arrangements with the casino operators in question are pursuant to agreement. There are agreements in place, and there is a very firm option that has been put forward which the operators have a choice to accept by December of 2003. It is a matter of the AGLC living up to its contractual

obligations, and I would expect that the hon. member opposite would expect this government to live up to its contractual obligations, as would its agencies.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Edmonton-Meadowlark.

2:20

### Electricity Pricing

MR. MASON: Thank you, Mr. Speaker. On Monday we saw yet another effect of this government's rush into electricity deregulation: wild fluctuations in the price of power. Following the recent 40 percent increase for residential power by EPCOR, the average spot price on Monday of this week was spiked 300 percent over what it was the day before. Mr. John Davies, owner of the Lethbridge Iron Works, suggested that market players are able to manipulate prices. To the Minister of Energy: last year and before the election the government blew billions of dollars protecting Albertans from the price of deregulated power, but now that the election is well behind us, what protection will consumers get from unstable electricity prices?

MR. SMITH: Aw, Mr. Speaker, to correct so many errors that are included in the member's preamble will take a period long past the end of question period. So let's just . . .

SOME HON. MEMBERS: Go ahead. Do your best. Go ahead.

MR. SMITH: Well, I'll respond to the challenges as best I can, Mr. Speaker. Firstly, this government did not blow an incredible amount of money back in deregulation. In fact, this government took on the very serious responsibility of returning consumers their money. Just as this government last year delivered over \$1.3 billion in tax savings, money back in individuals' pockets, the consumer's portion of the PPA sales, the power purchase agreements, was some \$2 billion. That was returned to every consumer in a \$40 cheque each month.

Now, if the member could think back, way back to about 18 months ago, he'd also realize that there was a budget surplus that manifested itself in two \$150 cheques being returned to Albertans. That, Mr. Speaker, was Albertans' money, money that was raised from their ownership in their resource called oil and gas.

Lastly, Mr. Speaker, there was an early return of royalty money that was expressed in a royalty rebate or a gas price fluctuation.

That's just to correct the ancient, past errors of the member. Let me now move to the present errors of the member.

THE SPEAKER: Hon. minister, please. I know. So much to say; so little time. Let's move on, please, please, please.

MR. MASON: Thank you, Mr. Speaker. We all know that the government blew \$4 billion on energy rebates. Will the minister tell Albertans and tell this Assembly what his government and his department are doing to protect Albertans from fluctuating and high electricity prices? That is the question.

MR. SMITH: Well, Mr. Speaker, I'm going to start by tabling yesterday's Power Pool price that both corrects the misconceptions that the Member for Edmonton-Highlands puts forth and also corrects the continual misperceptions of the Member for Edmonton-Gold Bar. In fact, over the last 24 hours the Power Pool price never exceeded 5.7 cents per kilowatt-hour. That's \$57 a megawatt-hour.

It's springtime. There are 870 megawatts out in repair. The present price is trading at 5 and a half cents a kilowatt-hour. It does happen to be cold, as he may have noticed, a colder than average April, but that means that the gas prices are up. Now, as gas prices go up, so does the price of electricity, and so does the amount of royalties that accrue to the government account.

So, Mr. Speaker, there's no mystery to it, and I hope that my humble attempts at a clearer explanation cleans up these erroneous misconceptions that both members continue with, I daresay to lead the House in a direction other than it should be going.

MR. MASON: Mr. Speaker, when will the government admit what Albertans already know, that they are paying higher electricity prices now than before deregulation and that electricity prices in Alberta are higher now than in regulated jurisdictions in Canada?

MR. SMITH: I will absolutely admit today, Mr. Speaker, that the price of electricity is higher than it was when we were on the last legs of using our transmission capacity across this great province, which hadn't had a dollar put in it for 20 years and where there hadn't been any generation added and where we were using the last amount of generation. I will admit that this government may have created an environment since 1993 that doubled the gross domestic product of this province. We will admit to that. We'll also admit to the fact that we have spent the last 12 months working very, very hard against the federal government, a Liberal federal government, that is trying to impose issues of Kyoto and greenhouse gas emissions that'll even increase the oil and gas prices in this province.

Mr. Speaker, we know that the key to long-term, low, reliable electricity prices is increased generation. That is arriving in Alberta today.

THE SPEAKER: The hon. Member for Edmonton-Meadowlark.

### **Labour Relations Code**

MR. MASKELL: Thank you, Mr. Speaker. I've been receiving telephone calls regarding the possible opening of the Alberta labour code. Some are wondering why . . . [interjections]

THE SPEAKER: The hon. Member for Edmonton-Meadowlark has the floor.

MR. MASKELL: Thank you, Mr. Speaker. Some are wondering why the necessity for the opening of the Alberta labour code at this time, others are seeking a full review, and others are interested in certain sections. My question is to the Minister of Human Resources and Employment. With the rapid growth and change in the Alberta economy, are you planning a review of the Labour Relations Code?

MR. DUNFORD: Mr. Speaker, we've been receiving quite a number of inquiries about the Labour Relations Code. We've been receiving some suggestions as to how it's about time to have a look at it. I believe it was 1988 when it was last reviewed. I have to say to the hon. member, though, that when we assess the Labour Relations Code, even given the rather rapid growth that my colleague had talked about earlier in a response to a deregulation question, the current Labour Relations Code has been standing up fairly well. When we look at a couple of benchmarks, which perhaps would be the amount of days lost to strike and the amount of agreements that are unable to be agreed to through mediation, Alberta actually leads the country in those particular areas. So we have a very good system. I think we need to pause, examine, and hesitate before we open it for review.

MR. MASKELL: My first supplemental is to the same minister. What areas might be targeted?

MR. DUNFORD: Well, there have been areas of concern. We've all heard about salting and MERFing. There are some concerns that are around health care and some of the other areas. Again, I think it would be important, before we do anything, that we be able to minimize the amount of review that we'd make to a very good act and one that is functioning very, very well.

MR. MASKELL: Again to the same minister: if there is to be a review, when might it be expected to begin, and how long would you expect the process to take?

MR. DUNFORD: Well, again, I'm not agreeing to open the act at all. What we would contemplate doing would be to have some MLAs go out and talk to stakeholder groups here within our province to see what, if anything, we should do. If we go forward with that, we would do that this summer.

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THE SPEAKER: Hon. members, prior to going on with the next item in the Routine, let me just remind hon. members of a correspondence that I provided to all of them earlier this afternoon. It's an invitation from Brigadier General J.I. Fenton, Commander of the Land Force Western Area, inviting all members of Alberta's Legislative Assembly to join in a memorial ceremony to commemorate the loss of the four soldiers of the 3rd Battalion, Princess Patricia's Canadian Light Infantry Battle Group, who gave their lives in service to Canada on April 18, 2002: Sergeant Marc Leger, Corporal Ainsworth Dyer, Private Richard Green, and Private Nathan Smith. This memorial will be held at the Skyreach Centre this Sunday. Hon. members, if you are free to attend, please do, and will you please make your presence known by the date on which you've been asked to make your presence known as well.

2:30

### **head: Recognitions**

THE SPEAKER: The hon. Member for Edmonton-Meadowlark.

### **Judy Wish Hamilton**

MR. MASKELL: Thank you, Mr. Speaker. It's my privilege to speak today about a great Albertan that we lost to cancer on Saturday, April 13, Judy Wish Hamilton. I knew Judy for little more than a year, but in that short time she became a special person in my life. My first encounter was during the 2001 election campaign. I knocked on the door of Judy and Don, and when Judy found out why I was there, nothing would do but I had to come in and receive some wonderful coaching on how to run a successful campaign. Although she wanted to play a major role in my campaign, her illness did not permit it. However, in her own unique way she was a great supporter. Judy was a mover and shaker. She worked in Premier Harry Strom's Calgary office. From that time politics became a big part of her life. She was Premier Lougheed's legislative assistant and deputy press secretary. From there she served seven years as director of the Alberta office in Ottawa. Judy became Petro-Canada's director of public and governmental relations in Calgary for 12 years. Her last employment was with the Canadian Petroleum Products Institute.

Judy was also a tireless volunteer and a great supporter of the arts. A few of her volunteer activities included member of the National Capital Commission, president of Alberta Theater Projects, president



of the petroleum commission, member of the Alberta Foundation for the Arts. Judy was a close friend of the hon. Member for Calgary-Varsity. She served as president of his constituency association. This last year she served on my constituency board. Judy was a dynamic, loving person with personality, wit, charm, and great intelligence. We who were all blessed to know her will miss her deeply.

Thank you.

THE SPEAKER: The hon. Member for Edmonton-Beverly-Clareview.

#### **Canadian Institute of Ukrainian Studies**

MR. YANKOWSKY: Thank you, Mr. Speaker. I rise to recognize the 25th anniversary of the Canadian Institute of Ukrainian Studies, located at the University of Alberta. CIUS was born in response to a deeply felt need in the Ukrainian community to preserve historical and cultural values. Some prominent Ukrainian Canadians that were instrumental in creating CIUS in partnership with the government of Alberta were Manoly Lupul, Peter Savaryn, the late Ivan Lysiak-Rudnytsky, the late George Luckyj, the late Bohdan Bociurkiw, and the late Laurence Decore. Also, the then president of the University of Alberta, Harry Gunning, endorsed the institute, while Peter Savaryn used his persuasive efforts to lobby the government to obtain \$350,000 in annual funding for the institute.

Alberta is home to more than 300,000 individuals of Ukrainian ancestry, who began arriving some 111 years ago to forge a new life. It has been a real success story, and I wish to congratulate the Canadian Institute of Ukrainian Studies for its important role in this regard.

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

#### **Secretaries' Day**

DR. MASSEY: Thank you, Mr. Speaker. Each April we observe Professional Secretaries Week and on this Wednesday Secretaries Day. The term "secretary" has a Latin root, secretum, meaning a secret. A secretary, then, became one who kept secrets. Today we still share with them information about our assignments, co-workers, supervisors, and ourselves. Discretion, then, is a hallmark of a secretary. Can you imagine how the course of history might change if that were not true of secretaries in this building? Discretion, however, is not enough. Over the years the tasks taken on by secretaries have changed. Being a secretary requires a set of distinct skills. They must have the computer ability of a Bill Gates, the telephone acumen of a Ma Bell, the writing ability of an Alice Munro, the tact of a Lester Pearson, the calm of a Martha Stewart, the sympathetic ear of an Oprah, and the warmth of a Peter Gzowski.

On this day we have two obligations. First, we must pause and say to secretaries: thank you. Second, we must avoid the day becoming but ritual by showing our appreciation throughout the year, reserving for today those extra tributes that make it special. Thank you.

THE SPEAKER: The hon. Member for Calgary-East.

#### **Leith and Lorraine Orr**

MR. AMERY: Thank you, Mr. Speaker. It is indeed a pleasure to rise today to recognize and congratulate Mr. Leith Orr, a constituent and friend, on his 80th birthday, which was celebrated on April 1, 2002, in the presence of over 150 friends and well-wishers. Leith

and Lorraine Orr and their daughter Debbie have been living in the community of Southview in the greater Forest Lawn area since 1955. Active participants, tireless volunteers, and community oriented, in the late '50s, early '60s they worked so hard to build the Southview community hall, and when that goal was realized, along with friends and volunteers they moved on to build the greater Forest Lawn seniors' drop-in centre, a thriving gathering place for 525 seniors.

Mr. Speaker, Leith and Lorraine Orr are indeed outstanding members of our community. At this time I would like to take this opportunity to wish Leith a happy 80th birthday.

THE SPEAKER: The hon. Member for Calgary-Bow.

#### **Calgary White Hatters**

MS DeLONG: Thank you. Each year outstanding individuals from the tourism and hospitality industries are honoured at the Calgary White Hat awards. These individuals are recognized for their unwavering commitment to first-class customer service. Time and time again they have demonstrated their dedication to excellence by exceeding the expectations of visitors to our province. These individuals ensure that our guests have a positive, memorable visit. This year's awards ceremony, the 40th annual, was held Monday evening. The Minister of Economic Development attended the ceremony to congratulate the numerous award recipients. He also had the honour of presenting the 2001 White Hat of the Year award, the evening's most prestigious award. It's given to an individual or organization that has added to Calgary's recognition, creation of a legacy, and enhancement of community spirit. I'm pleased to announce that the recipients of the 2001 White Hat award are the Calgary Airport Authority's White Hat volunteers. From 6 a.m. to 10 p.m. each day of the year these volunteers enthusiastically welcome visitors arriving at the Calgary airport. To these volunteers and to all award recipients, congratulations and thank you.

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

#### **National Soil Conservation Week**

MS CARLSON: Thank you, Mr. Speaker. I rise today in recognition of National Soil Conservation Week. Soil conservation is very important in both the agricultural and industrial sectors in Alberta. Much like water, people often assume that the soil will always be there. Anyone who has watched a farm blow away in a summer windstorm during a drought knows that this is not true. When truck after truck of soil has to be taken away from a contaminated site, the importance of safe industrial processes becomes evident. The government has a responsibility to educate Albertans about soil erosion and contamination and the long-term effects of not having appropriate protection strategies in place.

In the case of contamination it is also important that the polluter pay. Companies must post sufficient land reclamation bonds so that they are responsible for the full cost of recovery. This cost should not fall to the taxpayers. Those who make their living off the land know the importance of good stewardship. During National Soil Conservation Week let's hope the message spreads further and that Albertans take the time to consider how their activities are affecting the land.

THE SPEAKER: The hon. Member for Vermilion-Lloydminster.

#### **Fred Brimacombe**

MR. SNELGROVE: Mr. Speaker, it's an extreme privilege to rise

today and relate to you in the Assembly a brief snapshot of a truly great Albertan. Mr. Fred Brimacombe served in the Canadian military until he chose to pursue a career in teaching. Using his exceptional life skills combined with his love for music and sport, he soon became a huge and positive influence on his many students and to the communities he lived in. Upon his return to Vermilion in 1963 he and his family became an integral and fundamental part of the community. While Mr. Brimacombe was dedicated to his profession, he was completely devoted to his family. His children remain a huge part of his life, and he has every reason to be proud of them.

Mr. Brimacombe opened a real estate, insurance, and travel business, becoming an active member in the Chamber of Commerce, the Rotary Club, as well as a director of the local PC Association, which in fact he is still in today. Mr. Brimacombe continues to serve the community through the church and is extremely active through his involvement with the seniors' organizations. He constantly arranges transportation for those in need or unable to transport themselves yet still finds time to play the piano for the seniors' choir. Although Mr. Brimacombe retired from actively selling real estate several years ago, he still retains a business office in Vermilion that he visits daily. Mr. Brimacombe continues to maintain his professional licence and has just completed his first on-line course in professional responsibility through the Alberta Real Estate Association. He has registered for three additional courses to be completed in June.

Mr. Speaker, the remarkable thing about this story is that Mr. Brimacombe celebrated his 88th birthday yesterday. On behalf of the Vermilion-Lloydminster constituency and this Assembly I would like you to join me in wishing Mr. Brimacombe a happy birthday and continued good health and happiness.

2:40

THE SPEAKER: Hon. members need not be reminded, but the time frame for recognitions is one minute. The time frame for the other item, on Tuesdays and Thursdays, is two minutes. Hopefully there's no confusion from day to day. Today is Wednesday.

#### head: **Presenting Petitions**

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

DR. PANNU: Thank you, Mr. Speaker. I rise to bring before the House a petition signed by 90 Albertans petitioning the Legislative Assembly to urge the government "to not delist services, raise health care premiums, introduce user fees or further privatize health care."

Thank you, Mr. Speaker.

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

MR. MASON: Thank you, Mr. Speaker. I'm presenting today a petition signed by 39 residents of Edmonton petitioning the Legislative Assembly to urge the government "to consider reinstating funding of the Community Lottery Boards."

#### head: **Tabling Returns and Reports**

THE SPEAKER: The hon. Minister of Children's Services.

MS EVANS: Thank you, Mr. Speaker. Today I would like to table five copies of Children's Services Supports to Families with Children Diagnosed with Autism.

THE SPEAKER: The hon. Minister of Energy.

MR. SMITH: Thank you, Mr. Speaker. Relative to the question

earlier today, I am tabling four copies of the power report to continue to clear up the misconceptions offered by the members opposite earlier in the day.

Thank you.

THE SPEAKER: The hon. Minister of Municipal Affairs.

MR. BOUTILIER: Thank you very much, Mr. Speaker. In question period today the hon. Member for Calgary-Montrose posed some questions. I promised that I would and committed to table a letter to His Worship the mayor of Calgary as well as an advisory that's going out to all municipalities pertaining to land use bylaws and group care facilities.

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

DR. TAFT: Thank you, Mr. Speaker. I have two tablings today. One is the appropriate number of copies of an article from the U.S. Food and Drug Administration *Consumer* magazine of November-December 2001 expressing concerns over full-body CT scans.

The other, with permission, is seven pages of examples of health care fraud cases involving health care businesses in the U.S. totaling over \$700 million.

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

DR. PANNU: Thank you, Mr. Speaker. I am pleased to rise and present the appropriate number of copies of a letter written just a few days ago by the mayor of this city, Mayor Bill Smith. It's addressed to the Premier and is requesting the provincial government to reinstate the community lottery board grant program.

Thank you.

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

MR. MASON: Thank you, Mr. Speaker. I am tabling today a letter from the Edmonton Multicultural Society addressed to the Premier. The society is disappointed with the government's cutbacks in Alberta's recent budget, the elimination of community lottery boards, and the erosion of health care assistance to seniors.

#### head: **Orders of the Day**

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

THE SPEAKER: First of all, the hon. Government House Leader.

MR. HANCOCK: Thank you. Once again, Mr. Speaker, I seek unanimous consent of the Assembly to waive Standing Order 58(4) to allow this afternoon's consideration of the estimates of the Department of Revenue to go beyond two hours with the vote on these estimates to take place no later than 5:15 this afternoon as per Standing Order 58(5) or sooner if no one wishes to speak.

[Unanimous consent granted]

#### head: **Committee of Supply**

[Mr. Shariff in the chair]

THE DEPUTY CHAIR: We shall call the committee to order.

#### head: **Main Estimates 2002-03**

#### **Revenue**

THE DEPUTY CHAIR: As per our Standing Order the first hour is

allocated between the minister and members of the opposition, following which any other hon. member can participate in the debate. I will now invite the hon. Minister of Revenue to present opening remarks.

MR. MELCHIN: Thank you, Mr. Chairman. Before I start, I'd like to introduce a few people who are in the members' gallery. Many of them work for the Department of Revenue and the Department of Finance: Christine Oness, the lead responsibility for Revenue's budget analysis and reporting – maybe have them wave so everybody can see – Bob Stothart, manager of corporate budgeting; Colleen Kroening, strategic planning and performance measurement; and Bonnie Lovelace, senior financial officer for Revenue. Also in the members' gallery is Glenn Shepherd, executive assistant.

Given that introduction, I am sure that will be enough discussion about the Department of Revenue. Is that sufficient for the day? [interjections] I guess there's a little more interest.

I'd like to first start by reviewing. It's been a little over one year since the Department of Revenue was created, and at that time Premier Klein suggested that because of the size and complexity of the revenues and investments in the province of Alberta, it was felt important to create a department that was more solely focused on the revenues and investments of the province. In that regard, as we know, the revenues over the last year were 20 billion plus dollars at one stage over a year ago, peaking at \$25 billion.

We also manage a total of about \$37 billion in assets, some of those being the heritage fund and a variety of pension funds and the like. So we have an investment management division that manages a very significant portfolio of investments.

The department directly collects and administers \$8 billion to \$9 billion in taxes and investment income each year and has oversight of a revenue framework for all the revenues of the province – I'm a good colleague here with the Minister of Energy – those revenues that come in from the various departments such as Energy and Gaming and all the other departments along with the taxes that are collected directly through the department.

In looking at the estimates for the Department of Revenue, all the expenditures in this department are to sustain the revenues necessary for supporting all the programs of the government. Now, it is incumbent that we ensure that we have sufficient to manage and sustain the levels of programs that we put in our business plan. In that regard, I'd like to highlight three key initiatives that we've had and have been working on over the past year and that are continuing on in this next year in the estimates and in the business plan of the department, the first one being the consideration of “the recommendations from the Future Summit to ensure that the views of Albertans are heard and acted upon.”

As we know, this past year we've had, I'd say, a very exciting and tremendously successful public consultation, engaging Albertans all over the province in imagining what the province could look like in the future, not specifically related to our three-year business planning but related to how we could and what we should do to start preparing now so that the future of the province will continue to be that which Albertans would aspire to have.

2:50

In that regard, we will continue to work – the summit process/public consultation phase has been completed with the summit actually in Red Deer on February 4 and 5 of this year. We will be releasing a report in the near future to all Albertans of that Future Summit process. That will just be an interim step and the start of a lot more work to be done on those consultations. Some of it will involve further consultations with Albertans in more specific detail

on particular topics, and others we'll start working on in the business plans of the normal departments. Various other stakeholders will also participate in their actions and work on strategic planning for the future.

One of the other key initiatives that we've been working on and will continue to – it's just come a short way in this past year – is “developing and implementing a comprehensive revenue framework for the Province.” In that regard, we are looking at a few fundamental questions. One might be the appropriate size and levels of revenues that the province ought to derive. Certainly we have to ensure that revenues are sufficient to sustain the programs that we deliver. We also have to ensure that we respect all those dollars as being important to leave as much as we can in the hands of individuals so that they can attend to their own responsibilities. There become thresholds beyond which if we move start to become very much deterrents to the prosperity, the objectives and aims and independence and self-reliance of Albertans. So the government as a partnership with individual Albertans has a large role to play, but it's important that when we look at the size of revenues, we don't lose sight that Albertans value their independence, their hard work, the entrepreneurial spirit, the self-reliance aspect in preparing for their own futures.

The other aspect of that revenue framework will get into questions of mix. What types of revenue structures ought we to rely upon in the future? What ought to be the appropriate balance of the various revenue streams?

The last key initiative I'd like to focus on would be “developing and implementing a comprehensive investment framework for the Province.” As I touched on, Revenue has an investment management division that operates and manages a portfolio of \$37 billion. The heritage fund, being the largest provincial asset, is a value of about 12 and a half billion dollars at this stage. There are other endowment funds like the Alberta Heritage Foundation for Medical Research and the ingenuity fund or the one we created with respect to science and engineering, those being about a billion and a half dollars in total. There are a variety of other funds of the province that are managed, some of them short-term in nature, plus various public-sector pension funds that are administered by this department on behalf of those pension holders and rights.

We are looking at a couple of questions in that regard. One, we have been reviewing the question of savings. What are the appropriate reasons that the government ought to save and for what purposes? How much? Who are the beneficiaries? Trying to even bring clarity to the Alberta heritage savings trust fund for its mandate going forward, we know that Albertans continually say that they respect and value having that fund. So this isn't an exercise of trying to eliminate the Alberta heritage savings trust fund. It's trying to bring greater clarity as a normal process of reviewing the mandates of the assets that we manage so that we would do a regular review and make sure that we understand in context how large that fund ought to be as we go forward and specifically for what purpose it ought to serve to ensure that Albertans benefit from it not just now but in the future.

The other aspect of the investment framework we're looking at is the governance structure specifically of those funds and of the department itself, not just the oversight of the Alberta heritage savings trust fund but also in regard to the governance of the administration of the funds for the pensions so that we appropriately ensure that we have the best and are constantly modifying, keeping up with the latest and best practices of oversight, of management of the funds.

So those are the key initiatives that I thought I'd mention before I go on and touch a little bit on the core businesses of the government.

In the business plan, pages 318, 319, 320, in that area, it starts talking about four core businesses of the government.

1. Manage tax and revenue programs fairly and efficiently.
2. Manage and invest financial assets prudently.
3. Manage risk associated with the loss of public assets.
4. Regulate Alberta's capital market.

I thought I'd touch somewhat on each of those four core businesses of the department before I turn the time over to other members to participate and ask questions.

The first core business is to "manage tax and revenue programs fairly and efficiently." Our goal 1 under that talks about maintaining and developing "a revenue structure that meets Alberta's needs and is consistent with Albertans' values." That ties very much into our key initiative of developing a revenue framework in the sense that this department also manages \$8 billion to \$9 billion of tax and investment income but, more broadly speaking, ensures that we have a revenue structure that will meet Albertans' needs well into the future and will be able to sustain the program deliveries that are required of the government.

Goal 2: "Maintain a fair and competitive provincial tax system." It's very important that we continue to maintain – Albertans' overwhelmingly say and continue to see that the government has an important role but that our role in taxation ought not put an undue burden upon the economy such that it would be an inhibitor to the creation of wealth, an inhibitor to the creation of jobs, an inhibitor to the opportunities that Albertans would seek and value. In that regard, we have to look at not just the competitiveness of our provincial structures vis-a-vis the other provinces, but we have to look globally in light of most of our exports going the United States. In that context, we have to ensure that we have a structure where if we're going to attract the capital, if we're going to want people to take the risk to invest in this province – not just Albertans but people from around the world want to come here and invest in the opportunities that are here in Alberta – we will have to have a competitive provincial tax system.

This year alone we are announcing a second stage of reductions in tax rates corporately. These are all subject to affordability. We have a three-, four-year plan to continue to lower the corporate income tax rates. We have lowered the overall rate from 13 and a half to 13 percent. We are lowering the small business limits as well as increasing the small business thresholds. So we will ensure that we will continue to review the competitiveness of the provincial tax system.

Our performance measures speak of that, both in respect to individual and corporate taxes. We are the lowest in Canada overall with respect to our tax burden, tax load on families of four and the tax load on business, and we will continue to look at and expand that towards our competitiveness with respect to our competing countries such as the United States in particular, where much of our trade goes.

Part of that provincial system also deals with a fair system such that everybody shares their appropriate responsibility in paying tax and receiving benefits. We look to a system that would be simpler, more easily understood, and in that respect could help facilitate less degrees of cost of compliance and regulation, one that would be easier for people to understand and make their decisions without having to have the cost within their own organizations or going to experts to have to provide such detailed analysis of an investment just with regard to tax. So we want to look at something that's fair to all Albertans in understandability and that appropriately levels that tax so that everybody bears their fair share.

3:00

The third part in this program itself is to "administer tax and

revenue programs fairly, effectively and efficiently." The Auditor General says that we should talk about various programs, the benefits of exemptions. We do have a number of exemptions in our tax structures where people forgo paying taxes, and the Auditor General has suggested that we ought to look at the cost of those and to see that the benefits are realized, that we report on the values forgone in collection of revenues. I would think that that's very much a part of what we're looking at when we say "fairly, effectively and efficiently," that we analyze our current structures and ensure that they are those which we'd like to retain going forward.

Core business 2, "Manage and invest financial assets prudently." There are four specific goals that we have under that core business. One was to "develop and implement an investment management framework." I spoke of that previously when I mentioned that one of the key initiatives of the department was that we are analyzing our management framework. We want to

analyze and review comparable investment organizations with respect to objectives, philosophy, operations, structure and governance to determine best practices and understand the resources required to be a successful investment organization.

There are a number of things changing in the industry, so our organization is faced with structures such as T plus one; in other words, transactions being completed within one day of trade. Presently the markets are on a T plus three, three days post trading, and they're even considering T plus zero so that it's real time of completion of a transaction when you invest in the various markets throughout the world. That transaction would be completed within the same day. That's going to require and part of our budget does allude to an increase in resources to accommodate the T plus one challenge that we have, making sure that we have the technology, the systems of how we process the transactions, the people, and the IT support as well to ensure that we can respond to the requirements that will be coming in over the next few years. Now, those are long-reaching objectives that require work today. If you're ever going to be ready for it, those systems would have to be tested well in advance, be prepared and foolproof before they become enacted in the marketplace.

Goal 2.2 is to "develop a renewed savings policy for the Province of Alberta." We are asking questions:

- Should the Province add to, maintain, or reduce its existing savings?
- How should any savings be used in the future and what should the investment objectives of the savings be?
- Should the savings be maintained in the Alberta Heritage Savings Trust Fund or in some other vehicle?

Before we start clarifying even the objective of the Alberta heritage savings trust fund, I think it's important to realize: to what end and what size should that fund be? What would be the investment purposes? Who'd be the beneficiaries of the income? Would it be for an endowment-related function? Presently the income is going to the general revenue fund. Would it be a specific endowment, things like medical research or science and engineering funds? Would it be for building of the fund and retaining the income? If the fund were to be built, for what purposes and what size? So we want to make sure that we're clear on the savings objectives, whether or not we need a different vehicle, whether or not the heritage fund forms part of that. We've done a lot of work, and we'll be continuing that work through this year.

The third goal of the investment management division is to "maximize investment returns subject to client-defined objectives and policies." We have a number of clients. I'd mentioned a number of pension funds that are administered by the investment management division. As such, those investment objectives will be set by the boards of those various pension funds, and we will have

to respond to their criteria. What will be their risk tolerances? What types of investments? It will look towards the returns that are required for each of those funds. As well, being that the province is the client of the Alberta heritage savings trust fund, what are our investment objectives?

In 1995, as we know, there was a very significant review of the Alberta heritage savings trust fund. From that review it came back that we would maximize and look towards maximizing the long-term returns of the Alberta heritage savings trust fund. That would give us a change in portfolio mix, which used to be solely focused on fixed income, to more of a balanced portfolio. The benchmark portfolio at this stage is earmarked at being upwards of 65 percent in equities and 35 percent in fixed income. So we would see that we would diversify that in stocks and bonds, both Canadian and foreign content, with the objective of maximizing the return while trying to minimize the risk. So you don't place all the investments in one structure. You will acknowledge that there will be volatility, such as in the past year, but you would manage that through diversification.

I'll conclude my remarks and would be happy to entertain any questions that come through the afternoon.

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

DR. NICOL: Thank you, Mr. Chairman. I want to say hello to the staff as well and welcome them and thank them for the work that they're doing. The minister began by giving an overview of the department. In that context, I want to start by just raising some general functional or jurisdictional questions. You talked about the fact that you're still kind of in the transfer stage of getting things straightened out between what you're doing and how it fits with all of the other ministries. You made references to the relationship you have with Gaming, Energy, Treasury. So, you know, this whole new focus of the Minister of Revenue has to kind of mature as it establishes its position.

One of the things that I found missing as I was looking through both the business plan and the budget, especially the business plan part of it – I don't think this necessarily needs to be in the budget – was a table that reflects some of the numbers you were talking about in the context of, you know, the total asset base that you manage, where it is allocated, whether or not it's the heritage fund, whether it's the pensions, whether it's the short-term investments, whether it's the overnight investments that you do with cash flow management.

I think this would help Albertans understand more, not only the dynamics of the kinds of responsibilities that the ministry undertakes, but it would also give us as the Official Opposition, the people who are mandated to review what you're doing and benchmark what you're doing, a chance to look at your performance measures in relationship to the kind of asset base that you do manage. I say that in the sense that you've talked a little bit about the new strategy, the longer term strategy for the heritage fund, but if you look at performance indicators that are outlined here in the business plan, it kind of lumps all investments together. I think everybody recognizes that the risk in a pension plan, the risk in a quick turnaround or a short-term investment fund is more important than when we look at this broader long-term growth strategy, say, for the heritage fund. So in terms of being able to make judgments about the performance of the ministry in those different areas, having some of those breakdowns might be more appropriate. It might be helpful both to us and to Albertans in understanding the total responsibility of the ministry.

3:10

From there I'm going to jump to the revenue side as well. You mentioned the fact that within the province now we're dealing with a revenue base in the neighbourhood of \$20 billion, yet when I go through both the business plan and the budget, the only numbers that I see actually being reported in the context of revenues collected are kind of the income tax parts of it. In terms of giving us a sense of how you relate to the other departments, something should be presented in your business plan to give us a sense of where you fit in the context of administration, enforcement, collection, evaluation, all of the different aspects as it relates to these other ministries.

You know, as I was reviewing the business plan and the budget, I kind of had the sense: well, your responsibilities are really in the tax area. The royalty area belongs over in Energy, and the gaming area belongs under the Minister of Gaming, but in your comments just now you mentioned the fact that you are in a sense responsible for setting some kind of a mix analysis. In the context of our province, how much are we getting from tax sources, how much are we getting from royalty sources, and how much are we getting from gaming sources?

You talked about you as a minister and your department as a functional responsibility having this interaction in terms of looking at what is fair, what is equitable relative to the sources of those revenues. For us to deal with it, no question; we can go to the other part of the budget and get it. But in the context of looking at it under your business plan, I think it would be very helpful for a table to be put out there so that we can see what the relative management strategies are, decisions that are being made relative to the positioning of Alberta in the context of our revenue. This would then allow us to say: okay; if you are actually changing that mix of revenues, is it because of a decision to in some way reduce income tax or is it an option to, say, change the relative balance between the percentages that come in the gaming revenue sources? You know, how much goes back to the community, how much goes into the lottery fund. Those become decision strategies that affect this revenue mix or this revenue balance that you talked about. I think that if Albertans are going to track and be able to look to your new ministry to do that kind of analysis and do that kind of public rationalization for them, they need those sets of information to make comparisons so that when you talk about changing those strategies, they can actually see how it would show up while they are dealing with your business plan without having to go and look at a whole different series of budget documents to actually achieve that.

I guess the other thing that I picked out in your conversation – and this gets again into some of the core businesses that you define. Before I go there, I have one more question that came out of your comments.

You talked about an analysis of some of the other revenues that the government has, and that just triggered in my mind a debate that we had it seems about three or four years ago. The government was committed to go through all the fees that are charged by the government and determine whether or not they were true fees or whether or not they were charges in excess of the cost of delivering the service. I guess I'd like to follow up on that and see whether or not anything came out of it in the context of changes in those fees, changes in the ways that costs associated with these get reported. I don't know if that now has moved under your responsibility or not or if that's still Treasury, but it is a Revenue area, so I would assume that it would be there.

I guess the reason I bring it up is because as I look through the list of fees that were changed in conjunction with the new budget, I see what I would assume to be a reasonably similar administrative requirement actually not carrying through into a similar increase in

fees. If we look at the different licensing fees that were introduced, say, for different vehicles or for drivers' licences of different levels, in some of those fees there were significant increases in one type of licence and not such large increases in other licences. It doesn't seem to me that the costs associated with administering either one of those licence-handling systems would be very different. So why the difference in the fee increases? Was the difference in the fee increase based more on an ability to pay rather than the cost of administration?

We have to go back to look at, you know, that whole debate that precipitated out of the court ruling that basically said that if you call it a fee, it must be on a cost recovery basis, as opposed to a fee being a surplus revenue overcost of delivering the service calculation. Then it had to be defined as a tax. That follows out, and that issue was raised when we saw, I guess, what appeared to me to be nonjustified differences in increases in different levels of some of the fees associated with licensing or applications to the government. So I would like the minister to explain that. I know that's not something that you can stand up right now and say: one, two, three. So a later date would be quite adequate to review, you know, that kind of cost structure within the program.

You know, that goes back to the suggestion or the request I made at the start, that by having some of these breakouts about the different levels, it would make it easier for us to follow some of the costs associated with administering some of those fees as opposed to just constantly bothering you every budget, saying: will you report it again? If it comes out right up-front, that's great.

One of the other things that came to mind in the context of your business plan was the issue that you raised about the need for fairness in our tax system. I think that it's under 1.2 on page 320, you know, that you talk about maintaining "a fair and competitive provincial tax system." I appreciate your discussion there because that helped me to understand a little better the difference between 1.2 and 1.3. If I'm interpreting what your comments were relative to each of those, 1.2 really deals with how we stand relative to other jurisdictions whereas 1.3 deals with how we stand as individuals or as taxable entities within the province. So it's kind of an in-house internal/external type comparison.

The issue that comes up in that – you made reference to whether or not exemptions in the tax system are really being realized through the benefits that accrue back to the individuals who get those exemptions. This is something that's always fascinated me. If you do get something that is a functional model in that area, where you can measure the benefits accrued from a tax exemption or a tax deferral, I think this would be great in the context of public policy analysis, because it would give a better sense of where policy options can really take force. So, from that perspective, I look forward to the results over the next couple of years as you work on that.

3:20

The other thing there that I was wondering about is when you talked about some of the exemptions. One of the other issues that comes up there is either tax or even income leakages, you know, in the sense of: what work are you doing to look at whether or not appropriate levels of income are being reported? Especially now, we have that option by breaking away from the federal income measurement. Even though we do take it directly off their tax form, we do have options to deal with alternative measures of income-reporting compliance; similarly in the context of the reporting of exemptions or the reporting of actual tax deferrals, tax credits.

I guess what I would ask the minister is: are they contemplating looking at any of those kinds of issues as part of their efficiency criteria under 1.3 in the context of core business 1? That seems to

me to be one of the areas that comes up on a regular basis when people come into an MLA's office and start talking about: are taxes fair? They always say: well, what about? Everybody's got a neighbour that doesn't pay taxes, and it always seems to be that neighbour who is playing the system, if I can say it. So in terms of looking at it from the perspective – can we make sure that we've got something we can give to the individual who comes to our office and say, you know, "These are the things that are done to follow up on your neighbour"? Because you always end up trying to say: well, the system is there; we have to make sure that it works. What is actually being done? That would be quite helpful.

I guess another part of this core business section as well comes to mind. You mentioned that you are responsible for dealing with this idea of a fair tax across Alberta in conjunction with – and I think you made reference to all of the sources of revenue of the province. Yet I guess I would ask in the context of the debate that we had under the single-rate tax system: how can you justify the increase in the health care fees as being fair and equitable as part of a tax? Mr. Minister, we've had a number of members of government who have actually said: yes, no matter what we call it, it is a tax. You know, a per head tax, a flat tax, a unit tax, all those fancy names that get thrown on as alternatives to a premium in effect are regressive taxes. They have the greatest burden on the individuals at the lower end of the category that pay. I recognize fully, Mr. Minister, the fact that there is a cutoff below which nobody pays, but once you get to the break where individuals begin to pay, that tax in effect has the highest impact on the individuals at that lowest end, and it gradually fades down to almost an insignificant tax rate when we get to upper incomes.

I say that in the context of the debate that went on with the single-rate tax, when I had suggested that what we have to do is look at whether or not we really have a single-rate tax on income, that what we have is a single-rate tax on taxable income, which in effect makes it also a decreasing-rate tax, because as you get higher levels of income, you have access to a significant number of optional ways of delaying income mostly. You eventually pay it, but you pay it later, when you've had use of that in effect tax-free money for a period of time. But in the context of these fees, it doesn't.

Where I was going with that, Mr. Minister, is that one of the members in the House stood up and tried to show that in the context of just reported income or taxable income, the single-rate tax in effect was a progressive tax. You know, we can put a lot of things into words that have a lot of different meanings, and I challenge that interpretation, but it was presented. Even on that basis, in effect, these single-fee taxes, head taxes, unit taxes, premiums, whatever we want to call them, go a long way to negating this whole idea that the individual who responded to my challenge in the Legislature at that time was putting forth. In a sense, if that argument were true, then we really have a tax system now, because of the use of higher fees that aren't justified on the basis of cost, basically being there to offset that declining tax based on our single-rate income tax. So I guess I would ask that as you go through your analysis of what's fair, what's equitable, you look at that in the context of how these new revenue systems promote and encourage that stable tax system that you talked about.

Thank you, Mr. Chairman.

THE DEPUTY CHAIR: The hon. minister.

MR. MELCHIN: Thank you, Mr. Chairman. I appreciate your comments. I'll have some opportunity to respond today and will be more than happy to respond in more detail over time as well. A number of the questions, some of which you had, were quite

detailed, as you mentioned, and I don't have all that information at my fingertips presently.

I'll just go through a number of comments. You mentioned a table reflecting the total asset base being managed. You know, in a business plan you can't contain everything, so that, I think, is a suggestion I'll certainly take forward in thinking about what we structurally put in a business plan, because the operation of the investment management division is far more than the Alberta heritage savings trust fund. As I mentioned, it's a \$37 billion operation, and it probably would help Albertans to appreciate and understand the size and scope and nature of that organization. So somewhere at some stage I know there's information that's publicly available in the business plan or somewhere at this stage, but we'll take a look at how some of that could be incorporated in the future. You also said, I think, that investments are lumped together, and you mentioned pension funds. I think that'll address most of the investment management.

The revenue base. You also mentioned that our department collects, as you said, the taxes and the investment income totaling \$8 billion to \$9 billion and how that relates to the other ministries; i.e., Energy or Gaming or Health, the health care premiums, or all of the other departments that have various revenue sources. Clearly, the Department of Revenue has primary responsibility for the taxes, first and primary responsibility for personal and corporate taxes, fuel taxes, tobacco taxes, and hotel room taxes. So the tax components are the primary responsibility of the Department of Revenue.

The other responsibility that we talked about in this revenue framework or some work at looking at the overall revenue structures of the government – it would still be the primary lead policy role of Energy to review royalty structures and policies with regard to royalties. Clearly, Gaming will do the same for gaming, and each of the individual departments will have that primary lead policy development/stakeholder consultation in looking at their own structure. So what we have started is the work of correlating amongst all the ministries the collection of that information so that we have a good body of information on all the present structures. We've done much work on that already in the first year, and we have a lot more to do in looking at and extrapolating the present structures to where we'd like to go and the appropriate mix. We are working with all the departments in collecting that information and doing the correlation. So if it came down to a decision in the future that you wanted to change an emphasis of tax to a royalty or a premium or gaming or whichever so that one took a greater emphasis than another, it wouldn't necessarily be the first lead responsibility of the Department of Revenue to cause that, especially if it might relate to Energy, though we would work hand in hand with them in trying to make sure that we've got the right revenue structures for the future. If we identify that in this analysis, we'll take that lead role in taking it back to the various departments.

3:30

So it isn't ours to cause change in each department, but it is our responsibility to ensure that there's someone looking at the specific revenue structure of the government overall both as to size and mix, and we will use that in working with those other departments, those cross-government initiatives, that jointly will make some of those decisions. That's how we've tried to view this. It's not so much that we look just at a siloed approach, that any one department is independent of the others, but that we work more co-operatively amongst departments, and we'll take the lead role in gathering information, starting to structurally look at the what-ifs in the scenarios and the pros and the cons and bring back that information as we work on those structures and work specifically with another department if it applies to them.

I'll take a look at some of your suggestions. How do we help the public be more aware of that aspect? Maybe a revenue table, you suggested. How do we better communicate that so people could interpolate it without having to go throughout, as you'd mentioned, all the various estimates together? I'll take a look at that idea as well when we look at our future plans as to how we can continue to improve communication of the business plan to Albertans.

We do mention up front, though, the Department of Revenue developing tax policy, administering tax programs. We get into key initiatives that we're looking at, the Revenue frameworks. We get into the mission and values. All of them speak toward this correlating activity, and we'll look toward how that can be implemented or improved as far as communication. I don't have a recommendation for it yet today.

Analysis of fees and charges. There is still a committee that's ongoing. The Member for Whitecourt-St. Anne chairs the Fees and Charges Review Committee. It was previously chaired by the Member for St. Albert, and they presented a report a year or two ago on that fees and charges committee. Many fees had already been analyzed at the first onset to ensure that they meet the tests; i.e., they can't be more than basically recovering costs with maybe a little bit of markup on it, but it has to relate to the costs. A number of fees have been changed. I don't have the specifics right now with regard to that. With the new ones that came out, we'll get you some more detail and that type of information and why there were some differences.

Part of the costs, though, that were looked at by this committee did identify that many fees were totally out of line with the cost and bore no resemblance to the cost of providing that administration. Therefore, it was the recommendation in some instances that some fees should be substantially increased versus others that maybe held with minor increases or none. So you start taking a look at your fees in all cases or more cases actually trying to resemble the cost. As to a number of them that were reviewed that you might be referring to which you probably came up with through Government Services, through registries and the like, we'll give you back a little more detail on that in due course.

I would just emphasize again that that Fees and Charges Review Committee is ongoing. As fees are analyzed, they do come to the committee, and they report back, do their due diligence with respect to ensuring that all fees in the government meet the appropriate tests of being related to costs and being appropriate in the circumstances.

The fairness questions. I think you appropriately identified the differences between 1.2 and 1.3, one external and one internal. Clearly, there is a fairness approach as to other provinces and other jurisdictions and very much a fairness question as it relates to all Albertans: how is the tax burden allocated?

Exemptions. We're very, very early in that work. It's in the Auditor General's report. I have a lot of warmth, personally, to the fact that it's important for us to get a better handle and understanding of the cost and benefits, not so that we just continually treat exemptions as being entitlements forever but so that we are able to monitor those programs and somehow then address whether they're the right programs or ought to be modified or maybe eliminated and resources reallocated. So we'd welcome suggestions on that too. On the other side, if you've got some great thoughts, we'd welcome what a model might look like. We're early in that work.

Work to ensure that appropriate levels of income are reported, compliance questions, and the efficiency issue. The tax model is a voluntary compliance model. Even though by law you're required to, what they report as income is voluntarily reported even though they sign that it's true and accurate to the best of their knowledge. It's still voluntary what they choose to disclose. Therefore, it really

is important. There are a number of things you can do to help voluntary compliance and to ensure that it is fair and that you get the higher compliance rates voluntarily. One way would be to have a simpler system so that an average person can understand it without having to go to another expert to get an interpretation of an interpretation of a court ruling. So the simpler we can make a system the better, and that was part of the design of the single rate.

I think everybody understands that everyone ought to contribute and that as you progressively earn more money, then you progressively pay more. If it's a 10 percent single-rate tax, it's very simple. You don't need any manipulations. As soon as you go into multiple rates, now you get into a lot of tax planning. All of a sudden you get into armies of accountants and lawyers, who get very sophisticated in looking at how you defer, who should hold the income, which spouse should hold it, should it be held corporately or personally. It adds tremendous levels of compliance problems, both in reporting and regulating and in voluntarily complying, as soon as you start adding multiple levels of income rates and deductions and exemptions. So simplicity would help substantially for compliance. It helps everybody in knowing what they earn, what they can pay, and what their expectations are.

Another one that will help is that lower rates have been demonstrated over time to help the compliance rates go up too. One of the challenges, quite frankly, we are going to have with tobacco tax increases is a compliance problem. In that respect, it's of great concern by going the other way. By having reduced corporate taxes and personal income taxes, we should stand to see a higher compliance rate. It's been demonstrated in other jurisdictions that that helps eliminate some of the underground economy and helps broaden the tax base. That would be part of the structure that we'd want to ensure is in place.

Another aspect of voluntary compliance has always got to be some form of audit testing verification. Now, you don't want to get too onerous on this so that everybody views that you've got auditors everywhere complying. But our level of population is increasing, so there are higher numbers of people filing returns. The federal government actually handles the personal income tax returns for us, so they have the responsibility for compliance and reporting to us as to the accuracy of the personal income tax. The same with corporations; there's an increase in the number of business activities.

One of the things that has been added in our budget is an increase in full-time equivalents of about 18 people in the division of tax and revenue administration to deal specifically with things like the compliance problems that we're going to face with tobacco tax. There have been a million and a half dollars added with regard to the increase in tobacco tax rates. We have additional staff and resources in our department and also in the Gaming department to deal with the compliance questions there and also to deal with other corporations and entities so that there is an ability for us to at least have a high enough sampling rate that people are aware that we're there, so that there is compliance, there is an ability to have testing and a follow-up. That will help both to ensure that people will more willingly want to voluntarily comply and not defy the law, and it will also help as an information process to help people clarify and understand the rules of tax. It's not there just to be an exercise and be punitive. It's there to be informative, as well, in understanding the laws of tax.

3:40

You now get into the questions of Alberta health care fees versus a single-rate tax reduction, an increase in one versus the shifting of revenue sources from one to another or the expanding of one base. I would say on personal income tax that even though we lowered the

rates, our three-year business plan already shows a substantive increase of personal income tax being paid. With the broadening of a base, the economy thrives and improves and becomes a demonstration of the fairness types of questions as to the strength that it's already adding to personal income tax. The lower rate is adding to a higher income being attracted to the province. It's not actually the elimination of a tax base but a preferential way to improve the broadening of the base, an attraction for people to invest and come here and acknowledge that this is where they'd rather be earning their income than in other jurisdictions where they retain far less. So it's helping us improve the tax base and strengthen the personal tax, not actually eliminate it. So we're not forgoing personal income tax in relation to an increase in health care premiums.

A fairness question I would still pose – it's a vague question – is: how do you define fairness? It's at the core sometimes of tax policy, simplicity I mentioned being one and efficiency as being another. Everybody contributing to the cost is another part of fairness. Our health care premiums – you can mention that when Health and Wellness comes up; it's not part of the specific estimates of the Department of Revenue – only represent 13 percent of the cost of providing the service. We look at all kinds of insurance premiums, what you pay for your cars, and it doesn't matter how it relates to income levels. There's a basic cost of living that one ought to contribute to. Part of the challenge we have in health care is: how do people take more responsibility for their health? We talked about wellness, and part of the incentives are financial. We all operate on some financial incentives and appreciate the cost if we participate in the cost. So the premium has been associated very much with: ought not everybody have an opportunity to participate in the great health care system that we do have? It's not to be viewed that everything is given for nothing and that someone else ought to be paying my share of that. Ought not people be willing to contribute to it? It's not structured as a tax in that sense. You'll need to go more to the estimates of health to defend that one, so I won't go down that.

With respect to the term "fairness," there are a lot of criteria that are used in the word "fairness." I think that when you look at taxes, sometimes the fairness question is a variety of structures too; i.e., if you put it all on personal income tax to collect everything, you disproportionately make some groups pay the burden, so you have multiple forms of tax and revenue sources to broaden out the base and fairness questions. There's no one tax that you could really argue is fair for everyone, and that's why you do have different sources. You also want fairness in some respects to average out the risk of revenue sources. They don't all come with the same stability or volatility issues. Health care premiums are far more stable than corporate income tax, for example, which is far more volatile and economically driven. Education property taxes, for example, are very stable as related to energy, commodity price, income-related types of things. So stability and dependability of revenue sources are also parts of fairness, and those are things we will look at.

I'll end my comments there and be happy to respond in more detail to any of the other questions that we've missed. Thanks.

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

DR. MASSEY: Thank you, Mr. Chairman. I appreciate the opportunity to ask some questions and to make some observations about the estimates for the Department of Revenue this afternoon. I think that unlike our leader's my questions and comments are going to be more those of the person on the street than someone who is knowledgeable and qualified in the area to make the kinds of sophisticated comments that people who pursue accountancy and



managerial strategies are able to do. Mine will be more from the perspective, I suspect, of ordinary Albertans, and I don't pretend that they are going to be as sophisticated as they might be.

I wanted to start with goal 1, "Maintain and develop a revenue structure that meets Alberta's needs and is consistent with Albertans' values," and ask some questions. The minister made reference to the Future Summit, and prior to that we had the growth summit. We go back to those gatherings and look at the priorities, and it seems to me that the priorities that Albertans identified, at least at the growth summit, have somehow or other been misconstrued by the government.

We keep coming back with this almost obsession with taxes and tax cutting. I noticed from a recent public opinion survey that Albertans ranked taxes and tax cutting as number 4, far down the list of priorities compared with their concern for education and health care and those social services. I guess I'm a little uneasy at the kinds of sources that the ministry is depending upon to get their information about what Albertans' needs are and what they consider Albertans' values. I wondered what other kinds of sources of information they are going to draw upon and how we can be assured that the conclusions that come from those instruments are actually the ones that reflect Albertans' values at this time. As I say, just from an unsophisticated observer, it doesn't seem to me that that is the case.

It's all a bit problematic too, I think, when you put in place a performance measure like the provincial tax load for a family of four. In spite of the minister's comments about fees, families don't sort out just exactly what they pay for taxes and then what they pay for fees. They have a limited income, and they look at the costs that that income allows them to cover. Sorting out: "Oh, this is to cover health care. It's a fee or it's a premium, and this is a legitimate tax" – I don't think that kind of thing goes on in most families. They look at the head tax on health care as just that: a tax. You can play with the language and do everything you want; it still will be called a tax.

The minister digressed a bit and gave us his philosophy on fees, even though it's not particularly a part of this budget, and he talked about fairness. With respect to those health care premiums, we also have considered it fair that Albertans will look after one another when it comes to health care and that we will do that through the tax system – at least that's been our past understanding – just as we have decided that we as a group will have our children educated in schools that are freely and publicly accessible regardless of and without respect to parents' incomes.

3:50

I have a little trouble with the kind of separating out – you must pay a fee for this service; you don't need to pay a fee for this service – and where that actually would end up if you carried it to its logical conclusion. I suspect eventually you could say: well, we really don't collect any taxes because we've got these fees all parceled out, and they'll give us the revenue that we need to run the province. I guess I would be happier if there were some assurance that the information the government is gathering about Albertans' priorities had a more, I guess, credible base than relying on the Future Summit.

A couple of specific questions about the kinds of criteria where the framework is going to be developed, and I guess it goes back to what I've been saying. What are the criteria that are going to be used for the development of the framework or the structure that's going to be in place?

The minister talked about noncompliance. I wondered about the co-ordination of this kind of activity. Is there co-ordination with the federal government? Are there any kinds of cost sharing, cost

savings that can be made? What's the magnitude of the problem? How much do the efforts to enforce compliance – what is the kind of payoff in terms of that kind of activity? One would assume, given the way people address taxing, that it might be fairly significant. I wondered if there was any specific information.

Core business 2, "Manage and invest financial assets prudently." A number of years ago the government surveyed Albertans, and I think the conclusion was that Albertans want the heritage trust fund preserved. Yet it seems to me that the government has decided otherwise and through a variety of ways keep running at the heritage trust fund. The question is here: "Should the savings be maintained in the Alberta Heritage Savings Trust Fund or in some other vehicle?" again going at that fund, which I thought Albertans had fairly clearly said that they wanted maintained. So that's my impression, and I would be interested in the minister's comments on it.

One of the other concerns I have looking at the heritage trust fund is this drive to have the province debt free. As admirable as that is as an objective, I wonder what's being sacrificed and how much the government is willing to sacrifice to see that goal achieved in the next three or four years. Again, I guess it goes back to a matter of priorities, the kinds of priorities that Albertans seem to have and whether the government's actions are consistent with those priorities.

I admit that I'm relatively unsophisticated, but I have a question in terms of what exactly the province's involvement is in the investment management industry. What is meant by involvement in the industry, and exactly what is the government's role? It's unclear as to what that should be.

There's mention here of other vehicles. What other vehicles is the minister considering? What other investment vehicles or savings vehicles does the minister consider? I've asked the question about the heritage fund and why this is continually being asked about. Is there some plan afoot to eliminate the heritage fund so that the debt can be eliminated and then replace it with a different vehicle to sort of pacify Albertans? It's an area that I think is unclear, and if you do any amount of door-knocking, certainly my constituents are less than clear in terms of what the intent is with respect to the heritage trust fund. A lot of that I know is a lack of knowledge, and there has been an effort by the fund to put out brochures and explanations that are useful.

There is a goal of enhancing "the management of risk by implementing new monitoring and analytical tools," and I wonder what some of those tools are and what exactly they're expected to accomplish. Are there any kinds of costs associated with their implementation that could be shared with us at this time?

There seems to be an effort to implement a business continuity plan for critical areas, and I wonder if we could have some further explanation of the plan and the kinds of purposes that it's intended to serve, if we could have some of the specific objectives of that effort.

Under sub 4, "Regulate Alberta's capital market," what kinds of results are expected from that effort, and what are the kinds of costs that might be associated with it? There are standards that are being developed, and they're going to be published at the end of 2002. Can we have an example of some of the standards that are being considered? Who's involved in establishing the standards? What is the mechanism for enforcement of the standards that are being considered?

That was a bit wandering, Mr. Chairman, but I think it covers the kinds of notes I had over questions in the business plan with respect to the first two goals, "Manage tax and revenue programs fairly and efficiently" and "Manage and invest financial assets prudently." So thank you.

THE DEPUTY CHAIR: The hon. minister.

MR. MELCHIN: Thank you, Mr. Chairman. There are a number of detailed questions you have as well that we'll respond to in due course, but I thought I'd at least comment on a few of them. Under core business 1 you mentioned the growth summit process and words that you said: misconstrued; i.e., obsession with taxes and tax cuts and other sources we have to say that it's not a priority. There have been many public consultations. We've just finished the Future Summit consultation. Two of the key theme areas – there were seven of them. One of them was fiscal responsibility; the other was the economy. Both of those continue to articulate the need to have a competitive tax structure. We do live in a global economy, and they view it as foundational for making sure we are prepared for the future. So in the integration of providing the revenue and the economy and the base to support education and health, it is really important that you look at the drivers of wealth creation. The latest consultation that we have, even now, is just reaffirmation of the importance of a competitive, low, simple tax base. It will help broaden the wealth and broaden the base and help improve the ability to sustain programs, unlike what we've seen in other jurisdictions in Canada, even our neighbour to the west, in B.C., with the struggles they are now having for having not adhered to and lost sight of some of the economic factors and drivers that will help preserve their wealth, the ability to sustain their health care and their education. Very critical that you look not just at how do we spend the money, but how do we ensure that you and I create sufficient wealth to pay for all that we'd want? How do we create a bigger pie? It isn't about just splitting up a pie that's of the size that we know today. How do we make it bigger so that we can have more of all the things that we value, so that we can have more to sustain the self-reliance?

4:00

Once again, the Future Summit talked very much about people valuing things such as hard work, industry, self-reliance, that they're responsible. So they want to think that government is not taking all the incentives and initiatives out of their own hands. Clearly, in that, we had not too long ago the It's Your Money survey. That, again, was a provincewide survey. Over 120,000 responded, the highest response rate yet, and placed tax burden and debt reduction as well in that as high priorities. It also talks about a balance. It doesn't say that you don't also sustain your programs of health and education and other areas, but it does mention that balance, that you still continue towards those sources.

The growth summit also adhered to many of these things that you said, so I'm not certain how you would say that all these sources are not credible. I would beg to differ that these have been great public consultations and very credible and not skewed at all. This is what Albertans say. It's maybe your interpretation and your spin to say that things are misconstrued and somehow are an obsession, but these are priorities that Albertans say.

We hear continually about debt reduction, that you say is not a priority, but Albertans overwhelmingly say: get rid of debt. We now save over a billion dollars annually on interest payments because our debt has been repaid. We overwhelmingly heard that back in the last election. You hear it in support of who they elect, and you'll hear them saying: yes, stay the course. We hear that in many ways: public consultations. You hear it through elections. You hear it in all kinds of credible public reaffirmations of the approach of the government to what's happening. So I don't know what credible sources you're looking for. You obviously haven't found them. [interjections] Obviously, letting some emotion into this Revenue discussion will spice it up.

I will talk about you saying that families don't look at and differentiate anything as being different and other than a tax. You know, we consume a lot of things as families. We consume and pay for everything to do with sustaining our life, our priorities of the things that we want for our families. We look for the independence to be able to do that. We look for a variety of services also that ought not to have to be targeted, that everybody pays for everything and therefore you can do nothing until everybody participates. But in life we all have some specialized desires and needs. Some of those come from government services. A fee isn't something which everybody necessarily always has to have or require. Therefore, if you want to differentiate things like premiums and fees and taxes, we can have some great philosophical discussions, but I would say to you that the participation of fairness and a diversity of how you collect those moneys is a part of fairness, that putting the burden upon one system of tax, i.e. personal income tax, to pay for everything can be just as distorted and unfair as any way of looking at how people participate directly and appreciate the costs more directly by the choice of buying services.

Now, in health care clearly there's a substantial cost, and we don't put all the burden on health care. We actually waive the premiums for low income. In tax structure we've even built a \$12,900 exemption for every individual so that they don't pay, the highest threshold of tax anywhere. So we do look at the ability and affordability to pay as a fairness concept. Our tax structures and the balance of them have been extremely fair. We don't rely upon health care premiums to pay anything other than 13 percent. Our royalties have been a great source. That isn't something that every individual has to pay, but they pay it indirectly through the cost at the pump. These taxes all come back through what we willingly pay when we go and fill up our cars at the pump. So tax structures get added in corporate tax. That's a cost at the pump. You and I pay for it some way. You look at the royalty structure. It eventually ends up that we pay for it one way or the other.

Co-ordination between federal and provincial in compliance I think is an important area where we have to continue to be vigilant. One of the tobacco tax things that just happened recently, actually, is that the B.C. government, the Saskatchewan government, and now the Manitoba government have all recently raised our tobacco tax rates. That will help us in compliance now that we have similar rates across the western provinces. It would be very difficult and would increase compliance problems, so correlation of that and discussions have been going on through the other provinces, and we would encourage the other ones that have lower rates yet to follow suit. That would help right across the country.

We do work with the federal government. They actually have the responsibility for the compliance with respect to personal income tax. We have quite an ongoing working relationship with the federal government, with Canada Customs and Revenue Agency, with respect to that collection and the monitoring of that tax. In compliance areas, certainly with respect to enforcement and officers – we'll look at your notes. I'm not certain what more I can say there other than that I agree with the concept of that correlation and that how we can improve it is important to our collection of taxes.

Core business 2, investing assets. Why are we always looking at the Alberta heritage savings trust fund? I would like to clarify, I guess, one of the objectives of goal 2.2 in the core business "manage and invest financial assets prudently," where we say, "Should the Province add to." I've come back to one of the questions and said that we know that Albertans say to keep and retain an Alberta heritage savings trust fund, so the question isn't about eliminate or not. The question is: how do we ensure that the value and its purpose and structure are intended precisely to maximize its benefit

for Albertans? That's an ongoing thing that Albertans ask and like to have participation in. I don't know that we can predetermine 20 or 50 years hence what all those structures ought to be, so it's incumbent upon us to look at it. One thing I would say with respect to the heritage fund: it was \$12 billion in '83; it's \$12 billion today. How big of a fund should it be? Answer that question. What is its purpose 20 to 50 years from now? That'll help you determine the size, the scope, what the income ought to be used for. Those are the kinds of questions that we want to bring greater clarity to when we talk about do we add to or not and what is, then, the savings fund's purpose.

When we look at other vehicles – and you asked about other vehicles – we are fortunate that we are about debt free. We have net assets that exceed our debt, so we are in a net asset position. We actually have a positive savings account in the province, unlike any other jurisdiction in Canada. So it is incumbent upon us to look at, as surpluses come in – we know the volatility of oil and gas prices. We've seen how they can go up and they can go down. How do you deal with the year-end types of questions that the Minister of Finance is looking at with the Financial Management Commission? When you get the surplus of money at year-end because you can't calculate it precisely, what do you do with it? Do you save it short term or long term? There are various vehicles that one might consider. Do they apply to the heritage fund? Maybe, but maybe not.

4:10

So there are a variety of reasons why you might save, volatility being one of them. Do you use another vehicle for that or not? Those are questions that we're examining, both the Minister of Finance and myself, with regard to year-end and accounting types of questions. We know that the heritage fund's purpose originally did contemplate a variety of purposes. Some were capital works projects. Some were various economic and social benefits. Some were for savings for the future. So we know that the fund has been used for a variety of purposes and intended to be such over those years, and that's the kind of review that we're doing.

As to debt free and priorities and are we prepared to sacrifice everything to get rid of debt, it's never been about sacrificing everything to get rid of debt. It's always been about a balance, and it has been about ensuring that we are deficit and debt free and putting a priority to it. We are fortunate that we've had some strong years where the economy has been very healthy in Alberta, and it has allowed us, rather than escalating our spending to the levels of the highest year of income, to save for the future, and those savings have occurred by paying off debt. It's the best savings program you could ever have: get rid of the risk and get rid of the volatility of having to manage an asset and the income.

You mentioned 2.3 under core 2: what types of new analytical tools are we looking at? I'll have our department respond a little more in detail to you. The investment community is getting more and more sophisticated in its analyzing of stocks, various market-places. The T plus one and the trading of same day are going to require different analytical tools of sorts, but they have very sophisticated software/ hardware types of requirements, various measurement techniques that the industry constantly changes and improves. It looks for the best tools. It's a competitive market. It's a market that needs the best of knowledge. It needs the latest of knowledge. It needs the best tools to forecast based upon historical trends and what's happening in today's market as to where it might be going forward. So they are constantly refining that, and that's part of what the organization will have to be at the leading front of and constantly be monitoring what is happening so that we can ensure that we do maximize returns for Albertans. I'll have them

respond so that you've got a flavour for some of the tools that they are specifically working with.

Core business 4. You mentioned standards being developed and what are we doing. On the regulating of the capital markets – this is page 323 of Revenue's business plan – and the "service standards developed and published," we have a date of December 31, 2002. Actually, the Alberta Securities Commission is an independent quasi-judicial body that works with the other regulatory markets, the Ontario Securities Commission, and it also works with B.C. and the other provinces. The provinces have the jurisdiction. There is not a national securities commission. There are various provincial jurisdictions. Many of our companies are listed on not just our exchanges here in Alberta for the junior capital pool markets, but they're listed on the Toronto stock exchanges and they're listed on the international stock exchanges. They require some commonality and uniformity of standards. Aspects of filings in New York will affect, many times, the standards that are being developed for Toronto and thereby affect what we have to do for regulation here in Alberta. Alberta has the second highest concentration of head offices of any jurisdiction in Canada, and we have many of those companies that require access to markets that are broader than just Alberta's. They need the services of: how do they access the capital throughout the country and throughout the world? So our standards are constantly being refined and modified, and there is a uniform standards project that they have going this year. I'd be happy to report on the progress of that as that comes forward.

I will conclude my remarks on that.

DR. MASSEY: I can't let the minister's lecture go unchallenged, Mr. Chairman. Just one specific. He talks about maintaining the heritage fund and how Albertans have said that they want it, yet the specific item in the budget says, "Should the savings be maintained in the Heritage Savings Trust Fund or in some other vehicle?" That says to me – and I don't think that I misread it – that they're considering getting rid of the heritage trust fund, that that at least is a consideration. I don't think that's what Albertans expect of the government at this time. That's just a specific.

[Mr. Klapstein in the chair]

I go back to the comments about the values and the priorities. Certainly Albertans value sound fiscal management. That's an earmark of our province. They also have a list of priorities, and I don't see coming at those priorities in goal 1. We have just experienced the first provincewide teachers' strike. Albertans are concerned about that kind of stoppage in service. If you recall, they were promised in the '90s that the budget cuts would yield a benefit that could be used for education and for health care. Lo and behold, after they suffered through the cuts, they find that the education system is in the greatest strife it's ever been in the history of the province. I would be interested in how representative of Albertans the 120,000 responses were and how representative of all Albertans the Future Summit is. When I ask for something that's credible, I would ask for something that does sample all Albertans for their opinion in a way independent of government that can be verified so that we have some assurance that the values that are being chosen really do reflect Albertans. There's so much more that could be said, but I think it's too important an issue just to leave with government-called summits and government-sent questionnaires.

Thanks, Mr. Chairman.

THE ACTING CHAIR: The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Chairman. I rise to ask a few questions of the minister, who seems to be in a lecture mode this afternoon. Nevertheless, I guess I will still proceed with the questions and then hope that he switches from the lecture mode to a mode of genuinely responding to questions. I'm sure he will. This is one of six new ministries. This government, which talks about fiscal prudence, decided to add a huge new burden on Albertans by creating six new ministries, and this minister heads one of those. I looked at the amount of money it is costing Albertans. It's into tens of millions of dollars, of course, \$40 million or more.

I want to start with perhaps a question on the heritage fund. Last Friday, as a matter of fact, I had appointments in my constituency office. I didn't know the people who were coming to see me, and as it turned out, one of the visitors came from another constituency. He wanted to talk to me about his concerns about the future of the heritage fund. In the first question that he raised with me, he talked about a course that he took in economics many years ago, and he said that the value, the number of dollars in the heritage fund, has been frozen over a number of years. Mr. Minister, I would perhaps request that you tell me which year the government decided not to put any more money into the heritage fund. It's at about \$12.5 billion or \$12 billion, in that range, and it's been at that level for the last seven years at least. Now, inflation over those years has been around. Some years it has been very high; over the last few years it may have been low. Nevertheless, he asked me: "You as an MLA should be able to answer my question. What's the real dollar value of those \$12 billion today?" You know, the same \$12 billion of, say, 10 years ago meant something, but it clearly won't purchase the same amount now. He said: "Tell me. What's the real value today in terms of, you know, '95 or '94 dollars?"

I said to him: the Revenue minister is going to be very kind to provide us with this information, and I'll throw that question at him. So that's a very specific question. It's two parts. What was the year from which no more money has been put in, and what's the magnitude of the erosion of the real value of that amount over those years up till today?

4:20

The second question that he raised had to do with why our heritage fund in Alberta has been frozen. He mentioned Alaska, and he said that they had \$50 billion or \$55 billion in there. He also talked about Norway. I guess, obviously, he read some of the information that has been appearing in the papers over the last little while. He said: is our royalty rate responsible for this difference, why we don't have the size of a heritage fund comparable to these other two jurisdictions, one of which came on the scene much later? Norway, for example, he said, has been there only for the last 10 years. We've been at it for a long time.

So the real question was about royalty tax rates, royalty tax credits, royalty tax reductions. You earlier in your comments, in fact, referred to royalty tax rates and said that regardless of what we charge, it's going to get translated into the price that we pay at the pump. So if we charge high royalty rates, what we pay at the pump is going to go up in terms of the price, you know, the retail price. That's what you said. But we don't produce just for our own consumption. This is a nonrenewable resource. We export it. We have the obligation, as the trustees of this source of wealth for all Albertans and future generations, to maximize the returns on it; the rent on it, that is. As I heard you, you tried to justify the royalty rates that we have in relation to interest in controlling what we pay in terms of the price per litre at the pump. It doesn't address the question of the enormous significance of this nonrenewable resource not only for us but for the next generations and our obligation to

maximize the returns on it for the benefit of Albertans. So I'd like you to return to that comment of yours and perhaps elaborate on it, defend it or change it, if you like, change it to my tastes, if you wish, and you know what that is.

I have another question about the Alberta heritage fund. Does the government use some sort of ethical screen when determining where to invest these funds? An ethical screen: do you use it? Is it one of the routine, standard procedures, a test that we use, where the money is invested, in terms of some of the ethical standards?

I see here in one of your key strategies, goal 2.1, it says:

Analyze and review comparable investment organizations with respect to objectives, philosophy, operations, structure and governance to determine best practices and understand the resources required to be a successful investment organization.

Good enough. Does the ethical screen fall within that notion of philosophical considerations that guide decisions related to the investment of this fund in these different organizations or businesses?

Related to that is a question about Talisman Energy Company. I couldn't figure out from the information that's provided here whether or not the Alberta heritage savings trust fund still has some investments in Talisman Energy. So my questions are: do we have some investment there? What's the amount of that investment, if it is there? How long has it been there? That's a subsidiary question. If we have investments there, is the minister aware of the serious questions that are raised about the complicity of Talisman in co-operation with the Sudanese government and army to engage in serious human rights violations in Sudan? If this is true, what's the minister's position on the continuation of such investment with that company?

[Mr. Shariff in the chair]

I have before me an article. I think it may be from the *New York Review* or some other place. It says:

Talisman Energy, the Canadian oil company operating in war-torn Sudan, asked the Khartoum government in 1999 to remove villagers from the vicinity of its oil properties, according to what is claimed to be a Sudanese government document cited in a lawsuit filed against the company.

This lawsuit was filed in New York somewhere, by the way. All of these questions may become unnecessary if you answer that we don't have any investment there. So it will be an easy answer, I guess, if that's the case.

You made some general policy statements when addressing some of the questions that were addressed to you by the hon. Member for Edmonton-Mill Woods. You returned again and again to individuals taking personal responsibility for paying the costs of services that they get. You talked about individual responsibility and individuals being responsible as very important, but I didn't hear you talk about the responsibility of each of us as citizens toward each other, and I think that that's also a value that Albertans hold dear to their heart and, I submit to you, should be reflected in the policy and principles and structures that you built around justifying revenue generation, provincial revenues, in this province.

The issue of a health care tax is an important one. You singled this out and drew our attention to the fact that we are only raising 13 percent of the provincial health care budget from these premiums. The implication obviously is that it needs to be raised. I guess with a 30 percent increase in health care premiums, that percentage I'm sure is going up. You can correct me on that. Tell me what would be the new percentage that the health care tax revenues will constitute of the health care budget. The point is this. Health care isn't like any other consumer goods that you consume and, therefore,

take personal responsibility for purchasing services to service those needs. Health care is a human need, a fundamental, absolutely inalienable human need. We can't escape illness, regardless of how rich we are, how poor we are, how athletic we are. We may be able to reduce certain risks through lifestyle changes or through being lucky to be working in the context in which we do, but it's not something that's optional. It something that's there. We are given by nature to get sick. Therefore, it's not something that's a consumer item; it's not a consumption item. It's a basic need that must be addressed in any civilized society, regardless of whether you can pay for it or not.

4:30

Now, I have been talking to seniors who live on limited and fixed incomes. The seniors who fall just above the so-called very, very low cutoff line for those who qualify not to pay premiums find it very hard to believe that they should be getting lectures from us in this Assembly with respect to the fact that they need to pay more of the share of the costs for their health care. They say to me in my constituency – last Friday two of the three people who came to see me were seniors, as a matter of fact, and they were outraged to be told that they must pay more for their health care because it's good for individuals to take responsibility for it. They are hurt economically by this excessive increased tax burden, and they don't like it. So I'd like to I guess in a way counter what you are saying and remind you of some of the problems with your logic.

One last question, Mr. Chairman, for the minister. The budget of the province was of course based on certain assumptions of commodity prices, you know, the way they are, the health of the economy, the sluggishness or slowdown of the economy. Now, all of those assumptions, whether it's gas prices, oil prices, or whether it's the health of the economy, all of those conditions have changed, changed very quickly since the reading of the budget in this Legislature. In fact, they started changing before the day the budget was read in this Legislature. How valid is that budget based on projections that are entirely invalid today? How would you as the Minister of Revenue advise the Minister of Finance to deal with the problem of this invalidity of the assumptions which were used in a sense as building blocks for the budget and the logic for it?

So with these questions I will sit down and listen to the lecture from the minister with great intensity. Thank you.

THE DEPUTY CHAIR: The hon. minister.

MR. MELCHIN: Thank you, Mr. Chairman. I'd like to first thank the leader of the third party for his lecture on my lecture. We can certainly put on the record that there clearly is a difference of opinion and values and structures. We thank you for all of those opinions and lectures that you've now given to us. Having been a university lecturer, you're obviously very well into it. So thank you so very much.

The Alberta heritage savings trust fund value is at \$12 billion. I'll get the specifics for you of the right year. It's back about '82-'83. It's been about \$12 billion ever since then. The income of the fund at that stage has been retained in the general revenue fund ever since.

Now, those were changes made by governments at that time because of substantial changes in the economy, the deficits that we know of back in '82-'83, the huge decline in the Alberta economy. [interjection] I missed that. Just as well. Anyway, it's been at the \$12 billion value ever since. It's gone up and down a bit based on market conditions of the time, but it's been in that range of \$12 billion in assets ever since. The inflation real dollar value today clearly is less than what it would have been if you take it back not

just from the early '90s but back to the '80s. It is clearly a different value in real terms today than it was then.

Part of the work that we're doing on the savings is to assess how large the fund ought to be for what purpose. One can make lots of arguments. You compared it to Norway or the Alaska fund, and they are being grown for different purposes. We met with the Norwegian people actually some number of months ago, last year, and talked explicitly about their fund. Their Norwegian fund is anticipated to grow into the hundreds of billions. It's intended for different purposes, though. They don't have a Canada pension plan; i.e., they don't have a pension plan established . . .

AN HON. MEMBER: Neither does Alberta.

MR. MELCHIN: Exactly. They don't have a Norwegian pension plan.

MR. SMITH: They don't give \$70 billion away to the feds either.

MR. MELCHIN: Another good point. They don't give billions of dollars away to their federal government.

They have a Norwegian fund that's there to anticipate paying for a pension requirement, a different objective, a different purpose, and they're watching the demographics of their own people having to meet a need. So they know that they need a fund of a certain size to meet a pension obligation of their own citizenry, that's got clear objectives as to how large it ought to be, the income it needs to earn to get to that size.

Those are the objectives that would very much help the Alberta heritage savings trust fund. If we could identify specifically for what purpose it needed to be, then you could help clarify how large that ought to be, over what period of time it ought to grow or not grow to that size, what the income ought to be used for. We've had a priority of the government over the past number of years, though, that that fund is not taken into consideration. You know, almost an average of a billion dollars a year in income has gone towards priority services of the government, repayment of debt. We now find that because of debts being retired, we are saving in a different form. We no longer put out annually interest payments of over a billion dollars. Our interest expense peaked at just under \$1.7 billion. Having the priority on allowing the income to go towards repayment of debt rather than just building up the heritage savings trust fund is saving clearly every year.

So maybe you can't say that the real value of the fund is a different higher number, but you can clearly say that we no longer have debts of \$23 billion, and we're saving to where they're now only \$6 billion and falling. So we have saved substantial moneys over this past decade in a different format. Rather than an instrument of the Alberta heritage savings trust fund you have to look at the balance sheet of the provincial government to look at the value and the net asset position of the government, not just the heritage fund position. So look at the full, complete balance sheet when you discuss that with those constituents or others that you're talking about. We'll get you the information as to what the real value might have been today otherwise.

Obligations to maximize return on royalty rates. You'll be delighted potentially when the Minister of Energy has the opportunity with his estimates to be able to maybe talk more fully about them, and he can explain more completely how we are looking to maximize economic return for Albertans and maximize the potential for the companies as well. So I'll let him comment on his estimates. It applies more directly to the Minister of Energy with regard to that.

You've mentioned ethical investing, specifically referencing our

core business goal 2.1, "Develop and implement an investment management framework" and "Analyze and review comparable investment organizations with respect to objectives, philosophy, operations," et cetera. We do own shares in Talisman. We invest in the TSE 300. Talisman is a significant player. They are much higher than the 300. They're in the top 20 some odd companies listed. As such, we don't make a specific investment objective investing in Talisman. We make a specific objective investing in the Canadian marketplace.

4:40

So we do invest in the TSE 300. We invest in the Standard and Poor's 500. To insinuate – I guess my concern is that it is ethical. We've got millions of investors every day investing in the marketplace, making prudent, ethical fiscal decisions on every company. Every company is held to a high level of reporting. Talisman or any other company is required to not only handle financial information but to disclose all kinds of its information on its operations to the public markets, and the public markets are able to take that information and assimilate it and pass judgment on the values and practices of that. We do have an ethical investment policy in this sense: we look at the best practices. There's been a drive for all industries and the marketplace to look towards a broad-based, good business practice method.

I hear lots of allegations, and certainly we are aware of the stories and allegations and innuendos. If they have facts, if they have evidence, I would suggest that people bring those to the appropriate regulatory authorities with evidence, not just a story in the press about an innuendo. The stock markets receive this; they analyze it. It's not fair to place the burden on Talisman and a charge in this Chamber that's not substantiated of them being something other than a very good, ethical operating company without a way to substantiate that – we're going to go to some kind of guilty unless proven innocent methodology. Talisman is listed on our Canadian stock exchange and the TSE 300 and deserves our respect. They are prudent, strong, ethical businessmen following practices that merit support.

If you continue to bring up innuendos and accusations – I'd suggest that you go to Talisman, present them with the information, go to the appropriate regulatory authorities, bring the evidence. We don't care to hide evidence. If you have it, if you've got such great evidence, then why are you sitting here and not taking appropriate legal action? Go there. Do it.

Okay. The last policy you got into was just your lecture, so I don't even think I'm going to go down that road. I'll end it there. Thank you.

THE DEPUTY CHAIR: The hon. Member for Edmonton-Glengarry.

MR. BONNER: Thank you very much, Mr. Chairman. I want to thank the minister for being here this afternoon and certainly for standing and attempting to defend some of the policies of Revenue. I do enjoy the fact that his staff has taken the opportunity to be here as well. I think that all members in this Assembly would definitely agree that we are blessed to be in the country we are in, to be in the province we are in, a province that is abundant in many resources. It certainly creates a tremendous amount of wealth for us.

I look back to 1982-83. At that point, we had accumulated somewhere in the neighbourhood of \$12 billion in our heritage savings trust fund, and all of a sudden it was stopped. Well, why was it stopped? Did all of a sudden members in the Legislature become very poor investors, or was it the fact that the price of oil went down to \$10 a barrel?

I also am quite interested here to listen to the minister's comparison of how our neighbours to the west have fallen on tough times. Is it because their natural resources are no longer there? I know that they have an abundance of lumber that they would love to ship out of that province right now to any place in the world. Their mining is certainly not in bad shape either. Their fisheries are doing well. In the northeast portion of their province they have gas reserves. What's happened to their revenues? Why does B.C. find itself in the position that Alberta did in 1982-83, when we quit adding to the heritage savings trust fund?

Mr. Chairman, it is because of international forces, a collapse of the southeast Asian economy. They're not buying B.C. lumber. Their products from mining are not being bought. Their huge resource in the fisheries industry is certainly not in demand in southeast Asia. The very same thing happens here in this province. In fact, prior to September 11 we saw where revenues in this province were falling, and many essential services were cut at that time. Budgets were cut by 1 percent, and this is at a time when we were experiencing the second greatest amount of revenue that we had in this province's history. Now, we can sit here smugly and talk about our neighbours to the west who are having difficult times, yet when it came to our own backyard, we weren't doing such a good job, not even six months ago, despite the fact that we had enormous amounts of revenue.

When we look at how that heritage savings trust fund was built up, it was certainly built up during the period when revenues from oil, a nonrenewable resource, were put aside not only for this generation but for future generations. I hope that in all considerations that take place around the heritage savings trust fund, there's great consideration given to the commitment we have made to future generations and that it isn't up to this generation to decide what happens today, for right now. The overall question has been not what is in the heritage savings trust fund, what its value is today compared to a decade ago or two decades ago, but why is it still remaining at that level? Why during periods of great revenue in this province have we not increased the amount of that fund? Why haven't we done even the slightest bit to inflation-proof that fund? So these are questions that certainly have to be answered and answered to the people of this province. Unfortunately, we haven't heard too many answers.

Now, then, the Member for Edmonton-Strathcona had raised a number of questions on Talisman. For those detailed questions on Talisman that the minister didn't have the information for here – and certainly we don't expect him to – I would hope that he would CC me a copy of those answers as well.

I also see that apart from our investment program, which is of course in the Alberta heritage savings trust fund, the Alberta heritage scholarship fund, and the Alberta Heritage Foundation for Medical Research endowment fund, we also have, Mr. Chairman, in the neighbourhood of \$17 billion in trust funds, the bulk of which are public-sector pension funds sponsored by the province. So I would like to know from the minister if these funds also own shares in Talisman.

Now, then, when we are looking at this as well, one of the comments that the minister mentioned, that I thought was very, very good, was that the best way to get rid of the risk is to get rid of the debt, and I agree with that. He also comments that if people have information about Talisman that is not innuendo, they should take it to the proper authorities, but let me remind all members of this Assembly that we just had a by-election in this province not because somebody broke the law but because there were ethical standards which were not maintained. So certainly there are various ways that we can look at this whole issue of ethical investing or socially responsible investing or whatever we want to call it.

4:50

Now, as well, to use the minister's own terms, the best way to get rid of risk is to get rid of debt. But, again, if we don't want risk, Mr. Chairman, then we look at this whole idea of ethical investing. Certainly one area we can look at there is a very popular hamburger chain. This hamburger chain was using styrofoam containers for their hamburgers, and it was a group of schoolchildren that started a letter writing campaign that eventually ended that practice of putting hamburgers in styrofoam containers, and they went ahead and used a different method. We also have seen very recently how a particular company that was manufacturing SUVs had problems with their tires and how that drastically reduced the sales of those and how they were forced to change. We have also seen one of the major sporting companies in the world change their policies drastically and suddenly when it was learned that they were using child labour. We have also seen the other end of the spectrum where companies that have been in business for many years have not done this according to environmental standards: expenses of environmental cleanup. So, yes, there are some very great benefits not only to ethical investing but socially responsible investing.

When we have a company – and again we'll use Talisman, whose activities in Sudan are certainly well known throughout the world by many, many top-notch organizations such as Amnesty International, the Red Cross, the World Council of Churches, and they have been tracking their activities. The thing here is that even as Talisman wishes to get out of Sudan, we have to look at what energy analysts feel about this particular company, and it has been reported that energy analysts feel that the company's shares are discounted due to its holdings in Sudan. From a shareholder's perspective is this firm maximizing shareholder value, and does the Alberta government care?

As well, Mr. Chairman, on March 21, 2002, I tabled some documents in here, and those documents that were tabled were copies of a class action complaint between the Presbyterian Church of Sudan and Talisman Energy Inc., and this is in the United States District Court for the Southern District of New York. Now, let's look at what happens. If we look at the worst scenario and they were to lose this case, how does that affect our shares in Talisman? We have a great risk here in this company. Therefore, yes, let's forget about the ethical part, and let's look at it from an investment point. There is risk there, unnecessary risk, yet we continue to invest here. So on two fronts, the ethical investing front as well as problems here with their involvement in Sudan, then certainly this is not a good investment, and this is not an investment that Albertans, if they were given the choice, would want to be in.

Those are comments that I wanted to make to follow up on what the Member for Edmonton-Strathcona had done so well on.

Now, then, when we look at program 3 under investment and we look at 3.0.1, investment management, we see that the operating estimate is \$8.492 million, and in the 2001-2002 budget the operating estimate was \$7.192 million. This indicates that there is a 20 percent increase over last year's estimate and a 50 percent increase over 2000-2001 estimates. So if the minister could please let us know or inform us: what is the justification for a 50 percent increase in funding over two years for investment management, and would the minister provide more details on the source of the \$8.492 million in dedicated revenue for the years 2002-2003?

As well, could the minister inform us how many full-time employees are employed under program 3, investment management, in 2002-2003, and what are the projections for the full-time equivalents in 2003-2004 and 2004-2005? Also, will the minister provide a breakdown of the \$8.492 million in operating expenses by object for 2002-2003 for the following: the salaries for permanent posi-

tions, the salaries for nonpermanent positions, the salaries for contract positions, travel expenses, advertising, telephone and communications, and hosting expenses?

Will the minister provide further information on the terms of reference and planned activities of the Investment Operations Committee in 2002-2003, which is designed to oversee all investment operations, including the review and approval of investment risk management policies. As well, if the minister could please inform us what criteria is used by the Alberta heritage fund Investment Operations Committee to determine whether various heritage fund investments should be outsourced and managed by external managers. Will the minister agree to release the investment policy manual of the Alberta heritage Investment Operations Committee? Alberta Revenue uses external managers to invest in certain asset classes such as Canadian small cap companies, U.S. equities, and global equities. Also, will the minister provide additional information on the investment management mandate that is to be established through the portions of the heritage fund that are externally managed? Will the minister provide copies of the investment management mandates? Will the minister indicate which external managers of assets of the Alberta heritage savings trust fund endowment portfolio have performance-based fee schedules?

As well, Mr. Chairman, if the minister could provide us with what analyses were conducted by Alberta Revenue, outside consultants, or the Investment Operations Committee in 2001-2002 or our plan in 2002-2003 to determine specific objectives and targets for managing the interest rate risk that exists in the province's liabilities and the heritage fund transition endowment portfolio assets in order to maximize income over the medium term and minimize debt costs while constraining risk to the government's bottom line. As well, could the minister provide copies of those studies for us.

5:00

Will the minister consider amending the Fiscal Responsibility Act to ensure that there is a mandatory provision that the fund be inflation-proofed on an annual basis? As well, what are the estimates for the percentage increase in the Canadian gross domestic product price index in 2002-2003, 2003-2004, and 2004-2005? Another question for the minister: what is the frequency of reporting of Alberta Revenue and external managers to the Alberta heritage savings trust fund Investment Operations Committee, and what are the contents of these reports?

Just a couple more questions here. I think I'm getting close to the end of my time, Mr. Chairman. Will the minister provide a breakdown of the investment management fees paid to the following heritage fund external managers in 2002-2003: Guardian Capital, Bissett & Associates, Standard Life, Mawer Investment Management, Van Berkom, Bolton Tremblay, AMI, JP Morgan, Morgan Stanley, Pyrford International, Baring Asset Management, Morgan Grenfell, ABN Amro, UBS/Philips & Drew, Fleming, Bankers Trust, Stein Roe & Farnham, and GE Investments? As well, under section 3.0.1 how much in custodial fees will be paid to State Street Company of Canada in 2002-2003?

If I get another opportunity here, Mr. Chairman, I do have a few more questions for the minister. Thank you.

THE DEPUTY CHAIR: The hon. minister.

MR. MELCHIN: Thank you, Mr. Chairman. With respect to the Member for Edmonton-Glengarry as you finished off a lot of questions, we'll be happy to provide more of the detail to you rather than responding to you today. There are quite a few questions you had, so we'll go through that and respond to you.

I'd like to at least anecdotally go to a couple of things. You mentioned comparison to B.C. and that it was because of international marketplace forces and so forth that they've got some challenges that may be unique to them versus Alberta. I would only say that, you know, we continue to see many people from B.C. retiring in Alberta. I've worked with a number of companies in past years in government on various committees on things that we've looked at. One of the companies, Al-Pac, I worked with at one stage, and they were telling me that our forest industry here versus in B.C. has a substantially better climate for industry to be able to work with. So there's a lot of regulation, tax policy, and other things that create a climate so that companies still choose Alberta as the place they would prefer to invest. Individuals choose, and it's evident by where they're moving to. There's no compelling of anybody to choose Alberta over another place, but they come here because of opportunity, they come here for many of the benefits, and our policies lead to that kind of a climate. It leads to people wanting and desiring those opportunities, including the tax policies that are in place.

You mentioned that the Alberta heritage savings trust fund has not been increased. That's correct. There have been three years, actually, where it has been inflation-proofed. We'll get the specific details to you. Those happened within the last five years. We'll provide the specific details as to what amounts were retained in the fund from income, but you're correct that the income over those years has primarily gone to the general revenue fund. But that said, you still need to look at the balance sheet of the government. We could as a policy have chosen to build up the heritage fund and left the debt higher. Those are choices you could have made. Clearly, you could have retained a fund that was larger and growing for the sake of a fund, but your debt would have been higher and you'd be paying higher interest costs. We couldn't have had it both ways. So that's why, in looking in the context of the value of the fund, you need to look at the debt that has been saved and that is continuing to be less expense. It may not be contributing from a heritage fund perspective, but on the balance sheet it has improved the position of the government.

Yes, we want to look at the inflation-proofing questions. I think those are good questions. How large ought that fund to be? You know, we could retain all the income in the fund, but before we start going down that road, identify why you need that money, for what purpose and what end. Be clear about those objectives before you just build a fund for the sake of a fund. It's not to say that there won't be a direction that could be pursued there. That might be the direction, but let's make sure we're very clear on those long-term objectives, and that's what the savings review is about.

You mentioned Talisman, and I'd just like to say again that I find no evidence that Talisman has been ruled by any courts or securities commissions as having done something wrong. It's easy for people to make preference and accusation, but there still are no courts of the land, where we treat people as innocent until proven guilty, saying that they are unethical or improper or anything other than a company that deserves to still be listed and treated with respect until proven guilty. You know, I don't find that fair. If we want to go down and really blast the opportunities – and I would say that there are opportunities for us to normalize the relations of Alberta companies with the countries and people of the world.

We could do wonderful things for improving the situation of many companies by normalizing trade, by communication, by our tourism, by going there and visiting, and we ought to encourage more people to be participating in other countries, be it Sudan or anywhere in the world. Our federal government has the responsibility of providing sanctions, and it clearly is their responsibility as a federal govern-

ment to say if a country should have sanctions on it. Talisman is not the only company operating within Sudan. Therefore, we have an obligation. If the federal government is not viewing that it merits sanctions, if they're not coming down with that evidence and that support, we still ought to be encouraging normalizing relations with the countries and people of the world and supporting the companies who are acting with ethical behaviours. The marketplace judges that every day.

We do invest ethically. We do ensure that we invest in companies with reputations that are listed and are judged every day of their existence by the millions of people that live and invest in those companies and participate in all of them as employees, as opportunities for jobs. They are our friends, our neighbours. They are all Albertans. I would say that the investment management division has an outstanding group of people. They set very prudent investment policies, they invest strategically, and they are working toward maximizing the return of that investment for all Albertans. That was what the review in '95 said: maximize the return; diversify that portfolio; allow it to be invested like you would typically, even as a pension fund.

I'll conclude my remarks there. Thank you.

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

DR. MASSEY: Thank you, Mr. Chairman. I appreciate the dialogue or the parallel lectures we've had with the minister this afternoon. It's been rather interesting.

I'd like to pick up where my colleague from Edmonton-Glenarry left off, with some specific questions about the minister's office. I wonder if the minister, under 1.0.1, could provide us with a breakdown of the \$263,000 in operating expenses by object for 2002-2003 for the following: first of all, the salaries for permanent positions and then the salaries for nonpermanent positions. How much of the work is contract work? Could we have some indication of the traveling expenses and how much is spent on advertising by the minister's office under this object?

5:10

I wonder if the minister can explain what quality indicators and performance benchmarks he is considering to have established within his own office to measure outcomes. I note, for example, that the New Zealand Treasury business plans include performance measures; for instance, the correspondence received from the public and the number of members of the public that feel satisfied or dissatisfied with the kinds of dealings they have with the office. I wonder if we could have some indication of the measures that are being contemplated, if any are being contemplated. For instance, are there standards for the number of replies to questions asked in the Assembly? Are there for ministerial correspondence, motions for returns, written questions? Are there performance measures that are being looked at for those activities? I wonder if there is a turnaround time for correspondence that the minister's office has in mind.

I also have some specific questions about the deputy minister's office, 1.0.2. Why was there a drastic increase over the past couple of years? Where is that extra money being spent? Again, could we have some breakdown of how the money is being spent on the positions, permanent and nonpermanent, any contracting, and particularly if we might have information on hosting and advertising expenses that are being incurred?

Under 1.0.3, corporate services, I guess the question is: why is there less money being spent in this area than in last year's estimates? What's the reason for that? Again, can we have some indication of the breakdown of the \$3.026 million in operating expenses for the ministry in terms of salaries for permanent posi-



tions, salaries for nonpermanent positions, salaries for contract positions, travel expenses, and some of the hosting expenses? I know this is detailed information that we're asking for, Mr. Chairman.

I would have a similar set of questions for the communications, which is item 1.0.4. There's an extra \$65,000 being budgeted this year over last year, and we'd like to know where this 30 percent increase is going. What's the reason for it? Again, could we have some breakdown, some detail by object, for the salaries, for the travel expenses, for the advertising, for the telephone communications, for the hosting expenses?

THE DEPUTY CHAIR: I hesitate to interrupt the hon. Member for Edmonton-Mill Woods, but pursuant to the understanding agreed to unanimously by the Assembly earlier this afternoon I must now put the following question. After considering the business plan and proposed estimates for the Department of Revenue, are you ready for the vote?

HON. MEMBERS: Agreed.

Agreed to:  
Operating Expense and Capital Investment                      \$40,244,000

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

HON. MEMBERS: Agreed.

THE DEPUTY CHAIR: Opposed? Carried.  
The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report the estimates of the Department of Revenue and beg leave to sit again.

[Motion carried]

[Mr. Shariff in the chair]

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

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2003, for the following department.

Revenue: operating expense and capital investment, \$40,244,000.

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

SOME HON. MEMBERS: Agreed.

THE ACTING SPEAKER: Opposed?

SOME HON. MEMBERS: No.

THE ACTING SPEAKER: So ordered.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Speaker. I move that we adjourn until 8 p.m., at which time we'll reconvene in Committee of Supply.

[Motion carried; the Assembly adjourned at 5:14 p.m.]

