

Legislative Assembly of Alberta

Title: **Tuesday, November 19, 2002**

8:00 p.m.

Date: 02/11/19

[The Deputy Speaker in the chair]

THE DEPUTY SPEAKER: Please be seated.

Before I ask you to continue on second reading, I wonder if we might have unanimous consent to revert briefly to Introduction of Guests.

[Unanimous consent granted]

head: **Introduction of Guests**

THE DEPUTY SPEAKER: The hon. Government House Leader, followed by Edmonton-Strathcona.

MR. HANCOCK: Thank you, Mr. Speaker. It's my pleasure this evening to introduce to you and through you to members of this Assembly 11 scouts and their scout leaders, John Burnham and Dustin Burbank, along with assistants Mike Shaw and Daniel Bateman. They're with the 176 LDS Scout Troop from my constituency of Edmonton-Whitemud. They're here this evening to observe the proceedings of the House and are sitting in the members' gallery, and I'd ask that they please rise and receive the traditional warm welcome of the House.

THE DEPUTY SPEAKER: The hon. leader of the ND opposition party.

DR. PANNU: Thank you, Mr. Speaker. I rise with pleasure to introduce to you and through you to all members of the House 15 of my constituents. I shall name them very quickly: Candice, Cassie, and Eric Behr; Brett Kapcsos and Paula Kapcsos; Todd Keeler; Krystal McLain; Cam, Cossette, Michelle, and Sky Mussetter; Jared Pitcher; Jen Poulin; Corey Rowe; and Becky Smith. These guests include among them one of the daughters of our colleague from Cardston-Taber-Warner, and I'm sure that he is delighted to see his daughter among the visiting guests up there.

These young men and women are members of youth groups of the Church of Jesus Christ of Latter-Day Saints. They range from age 12 to 18 and meet every Tuesday to learn various skills which include cooking, knitting, singing, et cetera. These young men and women are here to witness democracy in action and prepare themselves to become active citizens. These guests are seated in the members' gallery, and I would now ask them to rise and receive the warm welcome of this Assembly.

THE DEPUTY SPEAKER: The hon. Member for Cardston-Taber-Warner.

MR. JACOBS: Thank you, Mr. Speaker. I would like to rise and introduce another one of my daughters, who is here tonight from Cardston. To you and through you I would like to introduce Mrs. Jolene Jacobs-Strang, who is visiting with us from Cardston. She, I think, came to watch her sister Paula get introduced. I would ask that she stand and receive the warm welcome of the House.

head: **Government Bills and Orders**
Second Reading

Bill 31

Security Management Statutes Amendment Act, 2002

[Adjourned debate November 19: Ms Carlson]

THE DEPUTY SPEAKER: Are there any further speakers, or are you ready for the question? The hon. Member for Edmonton-Strathcona.

DR. PANNU: Thank you, Mr. Speaker. I welcome this opportunity to rise and speak to Bill 31. I got caught a little unprepared. My apologies for that.

Bill 31 is the Security Management Statutes Amendment Act, 2002. It's a very important bill. It's wide ranging in terms of the powers that it seeks to assign to ministers and others in order for them to be able to undertake certain investigations, release information, or seek information and share it with others, including, I must say, Mr. Speaker, some foreign governments. This bill is inspired by, I think, genuine concern for our security. There's no doubt about it. All of us do want to make sure that there are appropriate security measures available so that all of us could feel safe and secure, including the institutions from which we benefit so much, but I think there has to be a balance between concerns for security and concerns for those rights and freedoms that define an open and democratic society.

The enemies of open society, people who dislike open societies and democratic societies, would be delighted to see us make compromises that lead us astray from our fundamental commitments to the very values, the rights, civil liberties, and human rights that define our civil society and that then define our state and its capacities and its powers. The powers of the state to investigate matters that we generally agree should remain within the confines of privacy for all of us, powers that tend to reach into the very sacred values which define our society and its aspirations to become even more civil, more democratic, and more open, should always be received with critical scrutiny. This bill, while it is intended to enhance the ability of our government, the ability of our police forces, and the ability of the people responsible for our security, including ministers, I think is excessive in the kind of powers that it seeks to bestow on those who have those responsibilities for ensuring that we get the security that we need.

I had a quick look at this bill, and it does, of course, extend the rights of cabinet and other authorities to make regulations regarding oil and gas facilities, electrical facilities, park and wilderness areas, highways and railways in respect of terrorist activity or threat of terrorist activity. It also allows authorities to ask for more information from people seeking to change names, to transport dangerous goods, to enter courtrooms, or to get identification. It allows the minister responsible to refuse to register a charitable organization if the organization is named in a certificate under the federal Charities Registration (Security Information) Act. There are several other provisions, including allowing the minister to share information with other jurisdictions when relevant for the purpose of combating terrorist activity and extending the Disaster Services Act and the Public Health Act to allow greater response to perceived or real threats.

So it's really quite wide ranging. It will affect many of the existing statutes of the province, and in my view, from a first quick reading of it, it seems overboard in giving the powers to ministers and other authorities that I think will infringe seriously or certainly would potentially threaten the civil rights, human rights, and the rights to liberty and freedom that we have and also could fundamentally damage the project of keeping and enhancing the open and democratic nature of our societies. We must never give in to any threats, internal or external, to terrorists or others, to our fundamental commitments to openness, liberty, freedom, and democracy.

8:10

So I have serious concerns, Mr. Speaker, with respect to these provisions. It seems to me that the federal securities act – I apologize for not being able to recall its exact name; I think it was called Bill 36 – has received a great deal of national attention, debate. Outstanding legal experts, constitutional experts, civil liberties advocates have all expressed grave concerns about the way in which that bill is likely to damage our ability to guarantee to our citizens those very basic rights which define our society as an open and democratic society. So it's with some degree of concern that I rise and speak on this bill. While I understand the motivations behind it, I don't think the measures proposed in it are needed in the fullness in which they are being demanded here.

I just want to read to you a few of the concerns that have been expressed to us in writing. We obviously sought some advice from concerned Albertans and citizens. I just want to read a few excerpts from two of the letters that I brought with me. These are e-mails, and here is what the writer says.

I doubt I need to reinforce the general viewpoint that [Bill 31] is excessive – that there are huge powers given to a few people by this bill that seem hard to justify to me. If the police and other security personnel are doing their jobs then these sort of broad powers would not be all that necessary. It feels to me like the international preoccupation with this that arrived at the national level last year is now arriving at the provincial level. The absurdity of this is that I think none of these measures are liable to actually be very effective with terrorism should it really happen. But what they do do is make all of us paranoid, cause us to live in more fear that we are surrounded by potential terrorism that can surprise us any day and that makes for a more suspicious society where the chances of anyone different being distrusted is greater.

So that's just a part of what the writer of this e-mail states.

The second e-mail, very briefly, just a short one, is even more forceful in expressing concerns by the writer. The writer says:

This bill, in the name of preventing terrorism, is designed to curtail Albertans' basic human rights. What business does the provincial government have to be fiddling around in the area of national security which belongs under federal jurisdiction. This piece of Draconian legislation needs to be fought tooth and nail and you will have my support in your efforts to do so.

The point is that these are very serious concerns, expressed sometimes in very strong language, by ordinary citizens in whose name we stand up and speak here and enact laws and legislation.

At this point I will not go into the details of the bill. I need to give it a little closer scrutiny and examination, and I'm sure that at the committee stage I will have my chances to speak to various clauses of the bill and seek to amend it if I so decide.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER: The hon. Minister of Justice and Attorney General to close debate.

MR. HANCOCK: Well, thank you, Mr. Speaker. I'm pleased to add just a few words in closing debate on this bill. Some of the comments opposite have indicated that security is a national issue and that we ought not in this Legislature concern ourselves with the security of our public, with the citizens of Alberta. I think that nothing could be further from reality in terms of what our obligation is to the public of Alberta. When we have an industrial complex in this province which provides energy for much of North America, when we have security issues which could be of interest around those complexes, but more than that, dangerous substances which are being handled both within our major communities and within the countryside, we have an obligation to be prepared for any eventual-

ity, and we've seen through the dramatic events over the last year and a half what those eventualities might be. It's not our job to scare the citizens of Alberta or to become paranoid about the challenges which we might face but to take prudent response and to be prudently prepared for those eventualities. So I just add those comments in suggesting that the House might consider passing this in second reading and deal with the details in committee.

[Motion carried; Bill 31 read a second time]

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

[Mr. Tannas in the chair]

THE CHAIR: I call Committee of the Whole to order. For the benefit of those people in the galleries this is the informal part of the Legislature. The members are free to wander around, hopefully not to engage in lively discussion except in their own place when they're recognized for speaking in debate. It allows us to ask a number of questions and that kind of thing or to go back and forth in a freer fashion and a less formal fashion than in the Assembly.

Bill 25

Alberta Corporate Tax Amendment Act, 2002

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

MR. BONNER: Yes, I'd like to make a few comments, Mr. Chairman, at this stage of the debate on Bill 25, the Alberta Corporate Tax Amendment Act, 2002. The object of this particular bill is that the amendments enact the second phase in the reduction of the corporate income tax rates in Alberta as announced in Budget 2002. It will also parallel a number of changes that have been made recently in the federal Income Tax Act.

8:20

We have to realize that small business in this province is what drives our economy, but at the same time I also have to question how we can continually give tax cuts and rebates to people in this province when the most disadvantaged members of this province have not seen an increase, and I'm talking of those people who are on AISH, those people who are on social services, those people who are on supports for independence, and these people have not seen any significant increases for years. We hear time and time again how this province is so unique to have a program like AISH, yet those people certainly don't benefit the way that so many others in this society do. It seems, as one of these people had said to me, that if you're not a productive member of this particular society here in Alberta, whether you're a senior or on AISH or supports for independence, you certainly don't see any benefits and you certainly don't see any part of the Alberta advantage.

So I think that what we require here, Mr. Chairman, more than anything else is a balance. If we are going to be giving tax cuts in this province to small business, we should certainly make certain that we have put into place those supports required by people on a fixed income or on some type of social assistance.

Now, then, as well, Mr. Chairman, we also have to look from the point of view that two years ago we had the second largest revenues in this province that we've ever had, yet this particular government saw fit to cut back so many vital programs in this province. So we do have a major problem that we have to look at here when we are

looking at the Alberta Corporate Tax Amendment Act, 2002, in that it is addressing certainly small business and less tax for small business, but at the same time at whose expense does this come? We certainly don't see any indicator of that here.

Now, then, last year the government reduced business taxes by \$286 million. They cut the general income tax rate to 13.5 percent, cut the small business rate to 5 percent, and raised the small business threshold to \$300,000. They also eliminated the capital tax and reduced the capital gains inclusion rate to 50 percent. At that time, Mr. Chairman, they announced a schedule for further reductions that would have raised the small business threshold to \$400,000 this year and cut the small business rate to 3 percent by 2003 and the general rate to 8 percent by 2004. The government also announced that this plan would proceed subject to affordability, but who is this affordable for? Certainly not all Albertans.

Under the current fiscal circumstances the government has decided to modify the original business tax reduction schedule, so now under Bill 25 as of April 1, 2002, the general rate falls to 13 percent, the small business rate drops to 4.5 percent, and the small business threshold increases to \$350,000. These cuts will save Alberta businesses somewhere in the neighbourhood of \$81 million. The government still plans to cut the general rate to 8 percent and the small business rate to 3 percent and increase the small business threshold to \$400,000, as affordable, but they are certainly slowing down the pace of the planned reductions.

The other changes contained in Bill 25 are primarily technical in nature to increase the readability and the functionality of the act as well as to parallel changes in the federal Income Tax Act.

When we look at the sectional analysis of this particular bill, the major change is in section 15(1), which amends section 21. Under this section the general rate is reduced from 13.5 percent to 13 percent. These reductions are effective as of March 31, 2002, so they will be retroactive to that point. Section 16(1) amends section 22 of the original act. The changes here involve raising the small business threshold to \$350,000.

The remaining sections involve primarily technical changes intended to parallel amendments to the federal Income Tax Act. For example, Mr. Chairman, section 17 of Bill 25 amends section 23 of the original act, which deals with foreign investment income. The federal government has done a lot of work in this area, and the changes in this section are intended to parallel the work done by the federal government. The additions made in 17(4) clarify the rules surrounding a corporation's foreign investment income through the Canadian banking system as well as access to tax credits. Section 21(1) amends section 30 of the original act to adjust for federal changes in order to ensure that mutual fund companies in line for a reduction do not get more back than they pay in tax.

Other changes are made to improve the readability of certain sections as well as the functionality of the act. For example, section 2(c) repeals 1(6) of the original act since it was causing problems with tax calculations. Section 1(6) dealt with a corporation that had a tax year greater than 365 days and yet was treated as if it were 365 days. Another example would be section 7(1), which amends section 14.2(1) by removing the requirement for a copy of the federal election form in order to participate in the provisions of this section, which is the transfer of property to a corporation. The section was intended to apply to all corporations. The need to submit a form negated the effect of the section.

Other changes, Mr. Chairman, that improve the functionality of the act include section 14(1), which broadens what is considered as royalty income to cover all areas pertaining to hydrocarbons, metals, and minerals. Sections 18 and 20 repeal sections 25 and 26.5 respectively, dealing with the Alberta rental investment tax credit,

since this program is no longer in effect other than the carryover from the previous years. No application for this program could have been made after 1990. This simply takes it off the books other than the carryover subsection to handle any firms that still have not claimed their full amount.

As I said, I do have some concerns when we do have a bill such as Bill 25, the Alberta Corporate Tax Amendment Act, in front of us here when other sectors of this province, particularly the seniors, the people on AISH, the people on supports for independence, are not seeing any raises and yet we are cutting taxes.

So with those comments, Mr. Chairman, I will sit down and listen to further debate on Bill 25. Thank you very much.

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

8:30

DR. PANNU: Thank you, Mr. Speaker. I rise to make some general observations on Bill 25, the Alberta Corporate Tax Amendment Act, 2002, as we begin the debate at the committee stage of our deliberations on this bill. To provide sort of a backdrop to my comments on this bill, I just want to note that earlier this afternoon I rose and under Standing Order 30 called on the Speaker to accept my request for an emergency debate on the peril in which we have potentially put our low-income citizens, citizens who are on SFI, supports for independence, programs and citizens who are severely handicapped adults and need our assistance. I also in those comments drew attention to the unfortunate decision of this government to keep the minimum wage in this province at \$5.90, which is the lowest rate for minimum wage in this country. New Brunswick, Newfoundland, and all other provinces have a higher minimum wage rate. That's the background against which I think we have to assess the needs of one sector of the community.

MR. BONNER: Are we not the lowest in Canada?

DR. PANNU: We're the lowest in the country, in Canada, yes.

When I look at this bill and what it proposes to do, it certainly is an attempt to further reduce already very favourable rates of corporate tax, particularly for large corporations.

The second feature of this bill is that it, in a sense, ties the two sets of reductions together. It puts them in the same bill. If I want to support one section, I must support the other. Let me talk to these two sections. One part of the bill proposes a reduction of the corporate tax rate for large corporations from 13.5 percent to 13 percent. The other part of the bill does what I think is quite justifiable: a proposed reduction, if you wish, in the small business tax rate from 5 percent to 4 percent and also raise the small business threshold from \$350,000 to \$400,000.

Now, I am enthusiastically supportive of giving some tax relief to small businesses. Small businesses are where most of our young people work. Small businesses are where most of the people who work for minimum wages work. Small businesses also create more jobs. Small businesses serve our communities more than large corporations. So there's every reason to think that a tax relief provided, as proposed in this bill, to small businesses will do a great deal of good both through local economies in our communities and to people who work in the enterprises and the businesses we call small businesses. It's also quite appropriate, given the inflationary trends and other things, to raise the threshold from \$350,000 to \$400,000, to make a distinction between what should be deemed as small business as distinct from what should be deemed as large corporation. So that part of the bill presents no problem. I can support it. I want to support it. I'm enthusiastically supportive of it.

It's the other part of the bill which offers a tax cut to some of the largest, wealthiest, and most profitable corporations in the province. That reduction from 13.5 to 13 percent has to be judged in terms of both the need for it, the justification in terms of fairness, and the impact of it on our provincial revenues. We have seen all kinds of taxes go up, including the health care tax by 30 percent. We have seen medical services for seniors and others being rolled back or stripped, and there are other taxes on the way, from the cost of registries to what have you, court costs. Tuition fees are going up by 6, 7 percent. Why are we doing that? So that we can pay for these tax handouts or tax breaks to large corporations? Taking from the young students, from seniors, from the poor so that we can give to the richest of the corporations not only in this province, not only in this country but in the world makes absolutely no sense. Whether you use the touchstone of fairness, justice, or need, I cannot justify to this House my support for that part of the bill, which is section 15, which offers yet another tax cut to the large corporations.

So if we are not willing to look after the most needy, the most vulnerable citizens of this province, if we are not willing to spare our seniors, who have worked hard all their lives building the society in which we live and the fruits of which we enjoy, if we're not willing to invest in our young people in the province, those who attend our colleges and universities in the hundreds of thousands, if we are willing to increase the burden of going to school onto their shoulders, why is it, then, that we are, at the same time, ready, as this bill proposes, to make further tax concessions to corporations, who don't need it? There's no guarantee that any money that they save because of these tax cuts will necessarily be invested in this province. That's the old idea of the so-called free enterprise, the market-driven decisions that corporations make. They're not obliged because we give them some taxes back to invest those taxes in this province.

For all of these reasons, Mr. Chairman, I regret to say that I will have to oppose this bill unless I can get at least one section of it amended, and I'll need your direction as to when I can propose that amendment.

I'll sit down with those comments.

THE CHAIR: The hon. Minister of Revenue.

MR. MELCHIN: Thank you. I'd just like to respond a little bit to some of the questions that were raised. Appropriately identified in this bill, the bulk of it has to do with, as was said, paralleling federal amendments. That contains really the bulk of what's in here. Our taxable income, the income which we use as a basis for calculating the provincial tax, is used on the basis of an act to which both provincial and federal governments comply in the calculation of taxable income. So most of these, as mentioned, are to accomplish just that purpose, to parallel federal amendments.

That said, the provincial changes, as was talked about, to change the general corporate tax rate from 13 and a half to 13 percent and to reduce the small business rate to 4 and a half and to increase the small business threshold from \$350,000, as everybody has stated here, is correct. I would point out that the personal and corporate income tax reductions that we have put in place already over the past few years have not led to a decrease in the absolute dollars that we've collected. In fact, we have continued to collect even more dollars in personal and corporate income taxes. Part of the real benefit, if we are supposedly concerned about those that are in need, is to see how we create more wealth, how you and I have more money to care for all the personal needs and everything else. So it is critical when it comes to things like the right tax structures for it.

You mentioned that reducing the thresholds does a great deal of benefit to small businesses. It does; we concur with that. But

reducing the thresholds and the rates for all companies also has a great deal of benefit for jobs, employment, investment, and opportunity in Alberta.

8:40

Just to give you an illustration, this is why Canadians in greater frequency are investing more and more of their money in the United States, in the stock markets in the United States, in U.S. corporations versus Canadian corporations. They get about 15 percent higher returns in the stock markets in the United States than we do in the Canadian equities. So those reflect the profits that our companies make. It's purely a price question. If our companies are not able to get a sufficient return, and taxes are a part of that cost, then the investors, you and I, are choosing not to keep our money right here in Canada to support our own companies. It is important that we be competitive not just with the other provinces in Canada but throughout the world, and our tax rates in Canada continue to be yet still higher than those of our major trading partner, the United States.

It's for those reasons that we will continue to implement, as we said, the reductions in the corporate tax, which will continue to see that the Alberta advantage thrives, that we have opportunities for jobs, greater employment, greater investment opportunities, and more chances for our corporations to thrive and to succeed in the decades and generations ahead.

I'll conclude my remarks there.

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

DR. PANNU: Mr. Chairman, I would like to propose an amendment if this is the right time for this.

THE CHAIR: Have you got copies?

DR. PANNU: Yes, I've got copies here.

THE CHAIR: Okay. Good.

DR. PANNU: I'm ready for the distribution of the copies, Mr. Chairman.

THE CHAIR: Hopefully, hon. member, the original is going to come here.

DR. PANNU: Certainly, Mr. Chairman. It's on its way.

THE CHAIR: Move it, and then we'll wait until everybody gets a copy. Okay?

DR. PANNU: Okay. Mr. Chairman, let me read the amendment, then, for the record. The amendment, in the name of my colleague the Member for Edmonton-Highlands, reads that Bill 25, Alberta Corporate Tax Amendment Act, 2002, be amended as follows: "Section 15 is struck out." It's a very simple amendment, Mr. Chairman.

I would be happy to very briefly speak to the amendment. I understand that all hon. members have a copy of the amendment before them. The amendment simply proposes that section 15 is struck out. If we look at what section 15 does, it lowers the tax rate for corporations from 13.5 percent to 13 percent. I submit to you respectfully that we cannot support this sort of tax reduction given that there are so many pressing needs such as money for health care, education, low-income programs – and the list goes on – and given that the government is crying poverty as an excuse for not acting on

these priorities of Albertans. I heard the Minister of Revenue talk about that we already have enough money, that we are in fact generating more income tax dollars and more corporate tax dollars. If that is the case, I wonder: why doesn't he stand up and call on his government and the minister of education to take action forthwith to reduce the class sizes that need to be reduced in this province?

I would like the Minister of Revenue to stand up and call for an immediate increase in the rates that we pay for supports for independence programs and for recipients of AISH. It appears that we have room there to be generous towards corporations. I just would appeal to him to do the same or ask for the same kind of treatment when it comes to our postsecondary students, when it comes to funding our K to 12 classrooms, reduction of class sizes – and I can go on – and health care. We could certainly afford to reduce the health care premiums, which he voted for increasing by 30 percent.

I'm curious that the Minister of Revenue would draw attention to the fact that revenues are going up in this province, yet he agrees with his own cabinet members, his own colleagues on the government side in saying that there's a need to increase taxes for health care, the need to increase tuition fees for postsecondary students, and there's no urgency for us to act and provide resources to school boards so they can reduce the class size for our young children, at least from kindergarten to grade 3, the years when the foundations for a more solid performance in later years in school are laid down.

If he were to do all these things at the same time as he is calling for a tax decrease for corporations, I might find his argument convincing. In the absence of such commitments and in the presence of his total silence on this, I find it very difficult to accept his argument and be persuaded to vote for yet another tax cut for corporations as proposed in this bill, Mr. Chairman. I certainly would like to hear from other members to see what justification they have. Just to increase wealth while at the same time claiming poverty – we want to decrease taxes because it will lead to more investment and more jobs and more wealth – doesn't make sense to me.

He asks us to follow the American model. Well, in America we have the Enrons of the world, and those Canadians who invested there got cleaned out completely. Worldcom: another story. I think he should be far more circumspect in making recommendations from the floor of this House encouraging Canadians to invest in a market which guarantees 15 percent returns. Does it? I just ask him that question. He should be more specific about what he says in the House because as a minister of the Crown what he says here is taken very seriously by Albertans, and I think he has to give some evidence for his recommendations, for making suggestions that somehow the nirvana, the paradise, is out there south of the 49th parallel.

Huge scandals. Absolutely enormously shattering scandals. The life savings of tens of thousands of hard-working Canadians, Albertans, and, of course, I'm sure, millions of Americans have been simply sacrificed at the altar of those great big corporate giants who have been found to be indulging and engaging in practices which are not only corrupt but which are scandalous to the point that CEOs are now being dragged through the civil courts and the criminal courts.

8:50

In view of that, I think we need to have a balanced assessment presented to Albertans about what it is that we want to do by reduction of tax to the corporations while at the same time wanting to increase the tax burdens of direct or indirect taxes from students to seniors to the sick in this province to everyone else.

Given that, Mr. Chairman, I hope that members of this House will support the amendment that I've just proposed so that it cleans up this bill and all can vote for it then. Let's vote for this amendment,

which will make it possible for me to vote with the Minister of Revenue to pass this bill through the House.

Thank you.

THE CHAIR: Hon. members, this is amendment A1.

MRS. McCLELLAN: Mr. Chairman, I would just like to make a few comments on the amendment, and I certainly would say at the outset that I do not support the amendment. We're fortunate to live in a province that has a very dynamic economy. Unfortunately, we don't have time in this House to go through the whole course on economics 101 and through the rest, but I think that there are a number of people in this House that have a business background, that do have some understanding of the private sector, so we won't go into those details.

However, I heard the Minister of Revenue state very clearly that the policy of this government, which is to reduce taxes on a corporate side, a small business side, and a personal side, has led to an increased and robust economy in this province. So by the very virtue of that, Mr. Chairman, I would suggest that it would be very ill advised for anyone to support the amendment.

Mr. Chairman, we've heard lots of rhetoric about our health system, our education system, the supports that we give to seniors and those who are less fortunate. Well, I would suggest to you that the facts speak quite contrary to what we've heard. Health: the Capital regional health authority, which we are in, has for two years in a row been noted as the best health care delivery system in Canada. I don't think they do that on less than adequate funding. Seniors' programs: we have a huge in-migration of seniors into our province, have for a number of years, because indeed we support our seniors in a manner, I think, that gives them dignity and also respects the contribution that they've made to the growth of this province.

Education. Mr. Chairman, I'm one of nine children and not, certainly, from a wealthy family, especially in the years I was growing up. You know, my parents did not expect somebody else to educate their children. Every one of those children had an opportunity for an education. Certainly there was sacrifice on behalf of the parents, but they also felt it was a duty and a responsibility. I think we had better put some duty and responsibility back into our thinking, and we had better change our thinking on education. It is not a burden to students to go to university and college; in fact, it is an investment in their future.

Instead of talking about the possibility of their spending 30 percent of the cost of tuition, maybe we should talk about the 70 percent that the public in this province proudly contributes to their education. Why do we do that? Mr. Chairman, we do that because it is a known fact that in Alberta we have the most highly educated workforce in Canada. We can look at national results, national examinations and find that our students perform at the top in almost every subject. That tells me that we have a good education system, and, yes, the Minister of Learning continually strives to make that better.

We have one of the most generous student loan programs of any province in Canada, and if the members in this House would like to see less burden, perhaps we could talk to the federal government and ask them to contribute to the remission policy that this government has, that ensures that no student leaves our system with an unfair burden that they can't manage in the workforce. We do have a system of remission. We do have a system that says that you will leave school and be able to repay your student loan. Why would you do that? You would do that so that more students have the opportunity to go to school. When the student loan policy was put in in this province, it was put in to ensure that no student would go without

the opportunity for a postsecondary education, not that all of us simply didn't help with our children's education. We have a responsibility as parents to prepare for that eventuality, and goodness knows there are all types of instruments out there today that allow you to do that with a very small amount of money put aside each month.

But I have to come back to the narrowness of this amendment. What do we really want for this province? Do we want our economy to grow? Do we want more businesses to invest so that we can enjoy the strong social programs that we have in this province? I would suggest that the government members in this Legislature want to see the economy grow. We want to see more people invest in our province. We want to have more taxpayers, and we want to have more tax dollars not by increasing taxes, not by putting an unfair burden on people but by ensuring that people want to invest here. I think the in-migration in this province, the fact that we enjoy the highest number of head offices of any city in Canada today, speaks to a very sound fiscal policy and tax structure that this government has put in place.

Mr. Chairman, this amendment will do nothing to ensure that those who can't help themselves will have more. It will do nothing to ensure that class sizes will change in schools. It will do nothing to ensure that our health system sustains. It will do nothing to ensure that our students have an education at a cost that they can afford. If we defeat this amendment, if we continue with a tax policy that says "we will not overburden our citizens," we will continue to have investment from all over Canada come to this province, and we will enjoy the best social programs of any province in Canada.

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

MR. BONNER: Well, thank you very much, Mr. Chairman. I must speak to this amendment after hearing the comments of the hon. minister in telling us what a great opportunity students have in this province for an education.

I had the opportunity earlier this year, Mr. Chairman, in September, to travel with a group of other MLAs from this Assembly. We toured a number of parliaments and countries in the British Isles, and it was amazing when we started talking to the people in southern Ireland. Now, southern Ireland has had people moving out of there. They've had a brain drain for years similar to what Alberta is experiencing right now.

In meetings with them we talked, and of course we all know that back in the 1960s – I believe it was 1962 – the Republic of Ireland decided to provide free education for division 1, division 2, and division 3, which of course is grades 1 to 6, 7 to 12, and postsecondary education for everybody. They did that back in the 1960s. Now, then, today southern Ireland enjoys many of the economic benefits that Alberta is experiencing, and in fact they might even be ahead of Alberta.

DR. TAFT: And they don't have oil or gas.

MR. BONNER: Yes, and they don't have oil or gas revenues.

In discussions with their parliamentarians the question I posed to them was: is there any correlation between your free education policies that you established back in the '60s and your economic success of today? They all said: yes; there is a direct correlation between free education and the economic success that they are getting today.

9:00

Now, then, the minister said that students have absolutely no

trouble getting loans. Well, I have a constituent that contacted me that's attending DeVry institute in Calgary. They got loans for the first year. They got loans for the second year, but in their third year, when they required money, they could not get a loan. Now, this is a 21-year-old student living away from home, and because his parents got a raise, this young man does not qualify for a loan in this province. No. This young man has to stop his training at DeVry because his parents cannot afford to send him there and he can't get a loan. This is the Alberta advantage for this young man, and it certainly isn't coming off the same song sheet that the minister was just speaking about.

So, yes, I think we do have to look at this amendment and look at it seriously. We certainly want a competitive atmosphere here for our businesses, but as well I think that the hon. Member for Edmonton-Strathcona has a point, that perhaps there are some people in this province that aren't paying their fair share.

With those comments, Mr. Chairman, I will take my seat, and I thank you very much for this opportunity to speak to the amendment.

THE CHAIR: The hon. Member for St. Albert.

MRS. O'NEILL: Thank you, Mr. Chairman. I just would like to clarify something that has just been said with respect to southern Ireland, first of all, and I'd also like to speak with respect to the educational opportunities that are there.

While we are discussing an amendment to a bill --and that amendment proposes to remove a whole section, which the previous speaker, the Member for Edmonton-Glengarry, just referenced -- I'd like to clarify the fact that it was because of tax breaks most recently allowed by the government of Ireland that the students, therefore, not in the '60s, not in the '70s, not in the '80s, but in the '90s were given these subsidies for postsecondary education, which is what has allowed them to have a workforce now that is highly competitive and an economy that is humming. They're not looking at a brain drain, but they're looking at a return. It is because the government in its wisdom gave tax considerations to companies and to corporations in order for them to have an economy that would provide for their peoples who cannot assist themselves, social programs that are of great assistance to the quality of life for those who need those social programs that are financed by those companies that are indeed looking to invest and wanting to continue to invest and grow in Alberta in our particular case.

The other thing that I would like to remind everyone of as we are looking at this amendment is to consider how we all -- and I would say most of us here -- enjoy the arts, we enjoy the opportunities that we have for festivals, and they are large corporations who very frequently are the sponsors for these community social events that are very often available to those who are in great need.

So when we are looking at this amendment here, I suggest we defeat it because these are the organizations and these are the companies and the corporations that I do believe are the ones that contribute to a society that looks after those who cannot help themselves.

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

DR. TAFT: Thank you, Mr. Chairman. It's great to have some active debate this evening. I've listened carefully to all the comments on this proposed amendment, and I think I could challenge various things; for example, the comments from the Member for St. Albert pointing out the value of major corporations to the arts and then reflecting on comments earlier that the Calgary Philharmonic is bankrupt functioning in the centre of the biggest business

community in western Canada. But I won't go there too far. I think there is, in fact, an issue here of perception and a sense of fairness, and we all know that fairness and justice not only need to be done, but they need to be seen to be done. What I'm sensing here very clearly – and I share this concern – is that while we are proposing to give through Bill 25 a tax break to the largest and wealthiest corporations in this province – and it's one in a long series of tax breaks – we haven't shared that equivalent wealth or anything like it with some of the most needy members of our society.

We're all aware that the support for income rates hasn't gone up in close to 10 years now. We know how desperate the situation is for AISH recipients. We know that school fees are going up. The municipalities are desperate for infrastructure funding. Tuition fees at universities are rising far faster in Alberta than anywhere else in the country, far beyond the rate of inflation. We know that regional health authorities outside of Edmonton and Calgary are desperately trying to hang on. We know that the Lakeland regional health authority is on the brink of collapse because of inadequate funding.

So we have across this province a disparity, and I think that's what we're addressing here. I don't think we in this caucus, at least speaking for myself, are in principle opposed to a tax cut, but what I would like to see is a fairness in the distribution of the wealth. Our concern is that the track record of this government tilts very heavily in favour of the wealthy and the powerful and tilts very sharply away from the impoverished and the helpless. So that's the fundamental issue that's led to sparks this evening.

I would be much happier with Bill 25 if there were an adjoining bill or series of bills that did things like raised AISH rates or raised SFI rates or limited growth in tuition fees, and the fact that we aren't seeing that I think is an important symbol of where the loyalties and the interests of this government lie. They lie first and foremost with the corporate masters of this province.

With those comments I'm going to speak clearly in favour of this motion and congratulate the third party for bringing it forward. Thank you, Mr. Chairman.

[The voice vote indicated that the motion on amendment A1 lost]

[Several members rose calling for a division. The division bell was rung at 9:09 p.m.]

[Ten minutes having elapsed, the committee divided]

[Mr. Tannas in the chair]

For the motion:

Blakeman	Pannu	Taft
Bonner		

Against the motion:

Abbott	Fritz	Magnus
Ady	Goudreau	McClellan
Amery	Graham	McClelland
Boutilier	Griffiths	Melchin
Calahasen	Hancock	Oberg
Cao	Hlady	O'Neill
Cenaiko	Horner	Rathgeber
Danyluk	Jablonski	Stelmach
DeLong	Jacobs	Stevens
Doerksen	Johnson	Strang
Ducharme	Knight	VanderBurg
Dunford	Lord	Yankowsky

Totals:	For – 4	Against – 36
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[Motion on amendment A1 lost]

9:20

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

MS BLAKEMAN: Thank you very much, Mr. Chairman. I just had one quick question. When the government looks at reducing the amount of money that it would be collecting – and it's anticipating reducing this income tax rate from 13.5 to 13 percent, so they're forgoing an additional .5 percent revenue – what are the performance measurements? What are the expectations of the Minister of Revenue, some measurement or target that he's looking to achieve with this additional half percent? What does he expect the outcome to be? What are the attainable targets that he's shooting for with this? If I can get that on the record, please.

MR. MELCHIN: It's been stated throughout, both in the throne speech, in the budget when it's come forward as an address, that this isn't the only tax cut. This has been the start of a sequence of reductions in corporate tax rates as affordable. This is a half percentage drop, or reduction, in the rate this year, and it still is the plan that we'll continue to reduce the rates, as affordable, over the next number of years. The combined package was an \$81 million tax cut to businesses, but we expect, as it has been previously also, that the economic activity in the province will increase, creating more investment opportunities here in the province, which leads to more jobs, which leads to more people having the opportunity to accomplish all the things that they would personally like to do in their lives.

It is part of the business plan performance measures of the Department of Revenue that we have the lowest tax loads, both personal and corporate, which we do have, and we want to continue to maintain and have that Alberta advantage. It is a very significant component to why the economy is strong in Alberta, so we'll continue in that direction.

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

MS BLAKEMAN: Thanks. Didn't answer my question. If you're not going to be collecting \$81 million, then what exactly are you expecting to achieve? In not collecting the \$81 million, it's the same as giving the \$81 million to someone else. It is forgone revenue. What is your specific performance measurement for that \$81 million? You say that it's part of a larger issue and trickle down and yada, yada, yada, but how are you to know that this was a worthwhile effort unless you have some achievable performance measurements and targets in place? What specifically were you anticipating gaining for the people of Alberta from this half a percent or, if you wish to look at it another way, from this \$81 million? Get specific. What are you looking to gain? A year from now if I stand up and say, "What did you gain from this; what did you get for the \$81 million; what were you expecting specifically to achieve?" how can you measure how well you're doing if you don't set yourself performance measurements that you can measure against, some targets that you can achieve?

AN HON. MEMBER: We have business plans, good heavens.

MS BLAKEMAN: Well, fine. Good. What is it for the \$81 million then?

MR. MELCHIN: Our objective is to continue to position the province to be the best place to work, to invest, and to create jobs.

We all have an opportunity. By setting a climate where you have competitive tax rates, it will accomplish that. That's what has been the history already. As we've mentioned, already in our personal and corporate tax reductions as we've had thus far, we have not seen a drop in absolute dollars. I can't say specifically what will happen in this upcoming year, but I can say that that is the general trend. When you allow people to retain their money, to invest in the priorities of their own business, in their own personal expenditures, it does create more opportunity for everybody to attain their dreams.

So we want to be competitive, and that is part of the thresholds we will have: to be the lowest tax load for both corporate and personal. Those are our thresholds, and we want to look not just within Canada, but we are going to look throughout the world that we are a place that is attractive throughout the world for people to come and invest.

[The clauses of Bill 25 agreed to]

[Title and preamble agreed to]

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

HON. MEMBERS: Agreed.

THE CHAIR: Opposed? Carried.

The hon. Government House Leader.

MR. HANCOCK: Thank you, Mr. Chairman. I would move that the committee rise and report Bill 25.

[Motion carried]

[The Deputy Speaker in the chair]

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

MR. LORD: Thank you, Mr. Speaker. The Committee of the Whole has had under consideration and reports Bill 25. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

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

HON. MEMBERS: Agreed.

THE DEPUTY SPEAKER: Opposed? So ordered.

MR. HANCOCK: Well, Mr. Speaker, this being the first day of the fall session and work having proceeded at such a great pace, I would move that we now adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 9:28 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]