

## Legislative Assembly of Alberta

Title: **Tuesday, March 4, 2003**

**8:00 p.m.**

Date: 2003/03/04

[The Deputy Speaker in the chair]

**The Deputy Speaker:** Please be seated.

head: **Government Bills and Orders**

head: Third Reading

### Bill 2

#### Financial Statutes Amendment Act, 2003

**The Deputy Speaker:** The hon. Acting Government House Leader.

**Dr. Oberg:** Thank you very much, Mr. Speaker. On behalf of the hon. Minister of Finance, I move third reading of Bill 2, the Financial Statutes Amendment Act, 2003.

**The Deputy Speaker:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thanks very much, Mr. Speaker. I'm pleased to have the opportunity to speak in third reading of Bill 2, the Financial Statutes Amendment Act. While this has been an interesting time, following the debate of this act, I'm sure the members opposite have heard many times how pleased the Official Opposition is to see the government take up the excellent Liberal idea that we've been proposing for almost 10 years, I think. In fact, I think it is 10 years; '94 might have been the first time that it was brought up. But the key is that we do have a rock-and-roll, boom-and-bust, roller-coaster revenue base that's connected to the resource industry and how well or how much that sector is struggling, and it does make for instability.

Certainly, one of the major tenets that government is providing is to attempt to achieve some kind of stability for its citizenry, and that should allow for budgeting, for example, in all departments that's reasonable, that takes into consideration things like regular, scheduled maintenance of infrastructure and computer systems and inventory. This is not allowed to happen if we have: "Well, we've got a whole bunch of money. Oops, sorry; no, we don't, and we're going to make you cut some of it mid-year."

I think a number of the issues that the Liberal opposition continues to raise through the fall sitting and now into the spring sitting have come about because that boom and bust has happened. I appreciate that the financial commission that was put together by the Premier was able to recommend this and that it's now coming before us.

In third reading we're speaking to the anticipated effect of the bill, and I'm hoping that the anticipated effect of this bill will be more stability, a couple of concerns that have been raised and not addressed. When we were looking at the amount of money that would be set aside and put into this stability fund – I think actually the government has got a slightly different name so they can pretend they came up with the idea; they're calling it a sustainability fund – it was getting the sort of average amount that had been produced or was available from the resource sector of \$350 million I think was the figure that I had heard. Yet if that's the average, then that's hardly enough, I think, to build that cushion. I just wondered if in fact that is going to be enough to carry us through and to build that cushion appropriately. Part of the effect of it is to kind of smooth out those peaks and valleys and that roller-coaster ride. That is something that I'm still anticipating, that that may not be enough money to be putting into that as a commitment to actually get this up

to speed and useful the next time we're looking at a down year.

I'm also looking to having the budgeting process made a bit more believable from this government, and that's an additional effect that I expect from the bill. In other words, we keep having these budgets that come forward – and one is expected to budget low on revenue and high on expenses, but this government is so wildly out of line with what actually happens. I mean, it's not a matter of being out by 100 percent or 200 percent; we're, like, 4,000 percent out. I think once for fun a colleague of mine looked at the previous Treasurer's track record, and it was abysmal. He was out, like, 400 times or something. I do expect that an effect of this legislation is to put the government into a position where its budgeting will be more based in reality, and we'll have something that closer approximates the actual revenues or the actual expenses instead of having such inflated numbers happening on either side.

I would hope that we would be able to see an appropriate dedication to ongoing maintenance, an overused word but I'll use it again because the government didn't seem to get it the first bunch of times. You're expected to keep your car in regular maintenance on an annual basis, and you shouldn't be surprised, if you never take that car in for an oil change or any kind of a check up and after driving the heck out of it for 10 years, that it just comes to a slow, grinding, and noisy halt on the side of the highway. Well, yeah, if you haven't done anything to keep it in good repair, that is going to happen to you, and it's going to cost you an awful lot of money to do the major repairs, when you could have spent a consistent amount of money to keep it in reasonable running order. So there is the question of the maintenance that I would like to see.

I understand that the government doesn't want to commit itself to funds that it would then have to find over and over and over again on a yearly basis. They don't want to make a commitment to be funding something that they then find they can't keep up the payments for, but there are a couple of areas, in particular, where I feel the government is so far behind that they're almost catching themselves on the next lap, and that is around the use of the lottery funds to the traditional lottery-based foundations, that being the Alberta Foundation for the Arts; Alberta Sport, Recreation, Parks and Wildlife Foundation; Wild Rose; and the human rights, citizenship and multiculturalism education fund. Now, the very last one was a more recent creation, and amalgamations are downgrading a number of things. It's stuck at a \$1 million budget. But the other ones that I mentioned have not had increases, not even inflationary increases, or COLA, if you like, for a dozen years or more, since the late '80s. And these are showpieces. These are the things that the government loves to take pictures of and put in their brochures to show everybody what fun we all have here in Alberta and how great it is. You can only put so many pictures of oil wells or drainage ditches in your brochures and on your web sites. Eventually and very quickly the government turns to pictures of tens of thousands of people at the folk festival or at the Fringe or at the Citadel Theatre.

We had introductions of some of the artistic personnel and board members from the Citadel Theatre in here yesterday. The funding to the Alberta Foundation for the Arts has been stagnant for so long; I can't believe it. I keep hearing: well, you know, everybody's coping; everybody's keeping up with it. No, they're not. We have lost companies. We've gone from a five-play season in most theatres to a four-play season, to a three-play season, one of which is a co-pro and is being brought in or bought or shared with somebody else. So, in fact, it's two plays or two plays and a bit in a season. That community has coped and tightened its belt far better than I ever thought it would, but there is an end to this.

I think that also holds true in the recreation and sports sector. For amateur sports we're talking about trying to turn our population

towards a more health and fitness lifestyle. Certainly, it starts when you're young, and it starts with that kind of promotion and opportunity. That is much tougher to get, again, because those lottery-based foundations have not had an increase. Well, why not? Good question because in fact the amount of money in the lottery fund has increased staggeringly, yet certainly as a percentage of the total funding the amount of money going into those foundations has not increased. It's actually reversed itself. In the beginning it was 80 percent of what was in the lottery fund that went to those foundations, 20 percent to other things. With the advent of the VLTs and the slots that income has just gone up and up and up. We're now over a billion of revenue that the government takes home, so to speak, from those gambling activities and not one penny more to those organizations.

8:10

There's definitely a movement from the government side to curtail the grants and the resources that are available to arts groups and sports and recreation groups down to sort of one outlet or one possible grant. Well, the reason that all those other different grants and project grants and CFEP and CIP and the lottery boards and all those other things came into being was because their operating grants were frozen and weren't increasing and they had to try and access all these other areas to keep going with. So you can't have it both ways. Either increase the operating funds that they've got or continue to give them access to project grants and other ways of providing those services and programs and cultural opportunities.

As part of this stability fund and looking towards the government to provide a more stable financial basis, I think we need to have a discussion about the place of gambling in our finances in Alberta, and I'm hoping that the passage of this act will then lead to that discussion about gambling revenues. It's where a significant portion of the revenue that drives this province comes from. Is it appropriate? Is it appropriate to have the government as an addict to gambling revenues and, in doing so, make every Albertan an addict to gambling revenues? There are additional issues that have come up around that, around restrictions and licensing, to which kind of groups get access to casino and bingo funds. I'm straying off the discussion about this actual Financial Statutes Amendment Act, but it is all part of the financial picture that this government presents to its public and how it manages its own resources.

One of the things that I think does need to happen is that we need to have some sort of measurement device in place so that we understand whether this stability fund is working. The government is not good about that. They're not good about tracking forgone revenue and by forgoing a certain amount of revenue through whatever mechanism whether in fact that advanced whatever the purpose of it was and how we measure that. Programs tend to get put in place and left there without ever going back and looking at them to see if, in fact, it achieved the purpose that it was set up to do. We have to be better at doing that. Now, part of that is, indeed, setting targets, and it's being able to understand all the different ways that you can offer incentives and record and track, monitor and evaluate, that sort of thing. The Auditor General and his staff are always available to assist us with that, and I think we need to pay more attention to what they're trying to tell us. Certainly, they've repeatedly said things like: we've got to have consolidated statements; we need to adhere more closely to the financial reporting schedules and common practices, which we don't do. They're certainly putting an emphasis in the Auditor General's report that's currently out on risk management and understanding how we do that.

So in third reading of Bill 2 I'm glad to see that the government did take the Liberal idea of a stability fund and has instituted it. I do

look to the government to now follow through on the other opportunities that this should open up for it and to provide us with more stability, with more realistic budgeting, and with better monitoring and evaluation and measurement mechanisms against what it's actually doing with the money, to move from a strict accounting basis to one of value for money, which is where I think we need to go.

This government has been quite ahead of its time in some of the financial ideas it put in place and then never followed through on them. So we have the beginning of a great system that was never really implemented and put into place.

Thanks for the opportunity to speak in third reading on this, and I look forward to the rest of the discussion around this bill. Thank you.

**Mrs. Ady:** I'm honoured also to rise and speak to Bill 2 tonight, the Financial Statutes Amendment Act, 2003, that was introduced in the Legislature on February 24. I have to disagree with my colleague. I do not think that we're behind, I do not think we've renamed it, and I don't think of it as their idea. I think that we're ahead of our time.

**An Hon. Member:** Have you got your shoes on?

**Mrs. Ady:** No.

I think we are ahead of our time. I think that this government has spent a lot of time and a lot of energy bringing their financial house under control, that perhaps there was not the opportunity for this before as we had to get spending under control, we had a deficit, and we had a debt that needed to be taken care of. Because we were able to do those things and because we had the discipline to bring them into being, we're in the position today to now take the next step which is the stability fund.

This province is blessed with oil and gas reserves that others only dream about. The profits derived from these nonrenewable resources have made us the envy of other jurisdictions across North America. It has allowed us to aggressively tackle the debt, as I said before, to the point where we now have a triple A credit rating. Now, in my book that's an advantage, one that we should be using as a province. No other province can make that claim. Alberta continues to lead the country in growth, and Albertans have the lowest tax burden in Canada. I've said many times in this House that Calgary-Shaw is a good example of the Alberta advantage. When I moved to the area of the city that I lived in some 15 or 16 years ago, we weren't that large. I now am the MLA for 17 subdivisions in Calgary. It's big; it's big. It's truly a reflection . . .

**An Hon. Member:** You can still walk across it in one day.

**Mrs. Ady:** My colleagues are saying that I could walk across it in one day, and they're right about that. But in that time period I would cross 90,000 people, and I think that that is the story. The reason that it's the story . . . [interjections]

#### **Speaker's Ruling Decorum**

**The Deputy Speaker:** Hon. member, I hesitate to interrupt you, but too many of your colleagues are offering you help. It's really hard to receive help from all these hon. members, so if we all could just let the hon. member speak for herself. As she does say, she represents more constituents than any of the members here. Let her speak.

The hon. Member for Calgary-Shaw.

**Mrs. Ady:** Thank you, Mr. Speaker. I am sure my colleagues are all well-meaning and just being completely supportive, and I thank them.

#### Debate Continued

**Mrs. Ady:** The reason that I say it is a success is because it shows how many people have moved to Alberta because of the Alberta advantage, because, as I've stated before in this House, they have jobs. So they come here to this province because they can support their families and they think it's a great place to live, and I would agree with them.

At the same time, long-term Albertans know something too, that these kinds of fortunes can quickly change. We recognize that we have no control over volatile oil and gas prices, but we can do something to protect Albertans from the in-year spending cuts when prices tumble. We're having a good year, but things could change and change quickly. I am remembering the very first year that I was in this House and September 11 came, and it was a horrible time. I remember just being in shock after that incident and thinking of what a horrible time it was, and it had a direct effect along with other things on oil and gas prices. In one day from Calgary-Shaw we had on deferral a high school, three overpasses, and a DATS centre. That's what it caused in the Calgary-Shaw constituency alone. So when people tell me things can change quickly, I'm a believer. I've seen them change very quickly. I'm happy to say that we've been able to manage and been able to put money back into some of those projects, and they're moving forward today, but it was disappointing to have it and then have the price of oil and gas tumble so rapidly and have it reverse our fortunes. So when I say that things can change quickly, I know that they can.

8:20

But we can do something to protect Albertans from in-year spending cuts. Now is the time to move forward with a new fiscal framework that we will establish, and it's a sustainability fund to cushion Albertans against these volatile energy prices. Now is the time to establish a capital account to ensure critical projects are not put on the back burner when prices slide. And they will slide; they always do.

So when I look at this act, I'm very encouraged. I've followed its progress very carefully since the time that the Financial Management Commission was formed and the recommendations came back, and I saw within it hope, hope for the future and the opportunity that we now had afforded to us as Albertans to be able to take that next step. It frees us up from the ups and downs of energy prices, and it will outline a capital plan that will accommodate the pressures that come from being the best province in Canada. It allows for spending that is predictable, but more importantly it allows for spending that is sustainable. I think it is a good news story to be able to tell our municipalities and our school boards and those people that are dependent upon government what they can count on because we have a fund that will protect us from the rise and the fall.

I'm particularly encouraged to see that we're planning – and I've heard others mention it – to put a lot of tools in the toolbox. I'm really a believer that we should be considering all options with caution. The last thing that we want to do is undo the good work that has been done in this House previously in getting spending under control, but we also don't want to inhibit the ability to manage our finances differently in the future and perhaps fund infrastructure a bit differently than we have in the past. My constituents have always said to me: how could we ever afford a ring road around Calgary in one given year or even in a three-year period? It's one of

those kinds of projects that needs predictable and sound planning and funding. So I'm very encouraged when I look at the Financial Management Commission, and I think that the constituents of Calgary-Shaw are very encouraged to see government moving in this direction.

I just want to close, Mr. Speaker, by saying that I urge all Members of the Legislative Assembly to support Bill 2, the Financial Statutes Amendment Act, 2003. Thank you.

**The Deputy Speaker:** Before we continue, may we have consent to briefly revert to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

**The Deputy Speaker:** The hon. Minister of Innovation and Science.

**Mr. Doerksen:** Thank you, Mr. Speaker. It is my privilege this evening to introduce to you two friends of mine, one that I've known for some time and the other that I've just met. The person I've known for a long time is Bryan McIver. How I met Brian was that he had the audacity, actually, one time to send a letter to the Premier's office requesting him to come to his social 30 class and make a presentation. Of all the letters that were written to the Premier, that one was accepted and acted upon, and in fact that is the first opportunity that I had to meet this young man. Subsequent to that, he worked in my office in Red Deer for a summer, and we've kept in contact over the years, and I'm pleased that he's visiting with us tonight.

Accompanying him is a lady by the name of Lisa Wuerfel. I sure hope I pronounced that name correctly, Mr. Speaker. I'm pleased to introduce her and Brian to members of the Assembly, and just so they know that I actually know what's going on in the House, we are currently debating Bill 2, the Financial Statutes Amendment Act, 2003, which is a very important act in the governance of our financial affairs into the future. If I could ask Brian and Lisa to stand and receive the warm welcome of the Assembly, that'd be great.

head: **Government Bills and Orders**

head: Third Reading

#### Bill 2

#### Financial Statutes Amendment Act, 2003

(continued)

**The Deputy Speaker:** Any comments or questions? The hon. Member for Edmonton-Glengarry.

**Mr. Bonner:** Thank you very much, Mr. Speaker. Like others in the Assembly I welcome the opportunity to rise this evening to speak to Bill 2, the Financial Statutes Amendment Act, 2003, and like other members that have spoken this evening, I must commend the government for finally seeing the light and the reason that we do need a stability fund in this province. Of course, as I mentioned in previous readings on this particular bill, it was the Member for Edmonton-Glengarry who preceded me, the late Laurence Decore, that first introduced this concept to the House in 1994. It was just as important at that particular time as it is today because, as the hon. Member for Calgary-Shaw had just mentioned, we had not only a huge debt in this province; we also were running deficits. Certainly, this was one of the planks that the late Laurence Decore, who became leader of the Official Opposition, had proposed in the

election of 1993. So it does have a reasonably long history in the House before we actually got around to passing this.

Certainly, the whole idea of this particular fund is to give some sense of stability in our budgeting practices in this province. We do have a roller-coaster economy in this province, and quite thankfully we've been able to maintain a very, very good revenue source over the last few years. I see that in 1998 we had revenues of \$16.8 billion. In 1999 we had revenues of \$20.17 billion. We had quite a peak in the year 2000, \$25.6 billion. In 2001 we had \$22 billion, and again in 2002 we had revenues of \$22 billion. So, yes, we have been very, very fortunate in the fact that we are at a peak, that we are at the top of the roller coaster, and it has been a blessing in most regards.

But along with this, Mr. Speaker, what we haven't had is the flex in the budget, and certainly part of that was because we have this law in this province that says that we can't run a deficit. What happens is that we have to leave that room particularly at the end of the budget year to ensure that we're going to have revenues to cover our expenses, so it does put a tremendous amount of strain on the budget process. It also limits the amount of flex we have in a budget, and we certainly need flex. We need flex in a budget, as the previous speaker had said, so that if we do have events such as 9-11 where the price of oil and natural gas dropped drastically and dropped rapidly, we certainly have to be able to cover those things off in a budget. Likewise, during the past year where we had enormous droughts and had to fight a number of forest fires in this province and we had to have unexpected spending of \$1.2 billion, then we also have to have flex in that direction. That is a very, very critical part of any budgetary process.

The whole idea of a budget is that it adds stability. It adds stability to the businesses in this particular province and to the people who are so reliant on the social programs and the funding of those social programs. So this is definitely a step in the right direction.

Now, then, as well, this will allow organizations such as the AUMA and the AAMD and C certainly more stability in their budgeting processes. Of course, this here, at that particular level, is the level of government that has the most contact with the people, and it is critical when they are so reliant on the provincial government for their finances and for their funds that they have stability at that process. Certainly, none of them wants to get to the point where we were a few years ago, I believe just one or two years ago, where we announced our budget and then we had to make serious cutbacks in the amount of funding that was going to go to those particular organizations. When that happens, it puts a tremendous stress on everybody down the line. At that time, we had people with AUMA that were saying: how can this government expect us to set budgets and stick to our goals when we set those plans for three to five years and we have a budgetary process in this province that doesn't last three to five days? So to have a stability fund, to have that source of revenue which will cover when we do get a tremendous drop in our revenues or we get, as we've seen this past year, a great increase in our expenses is a welcome sight.

8:30

I look at Saskatchewan. Now, Saskatchewan in the year 2001 only had revenues of \$6.8 billion. In 2002 they were experiencing some of the problems that we've experienced when our revenues weren't quite as great as what we had expected. So rather than them having to cancel programs, rather than them having to defer projects in their province, they were able to draw on \$100 million from their stability fund to keep programs running, and what a welcome thing this was, particularly to those people who required that stability in

their lives. Those are the disadvantaged people who rely on things such as AISH, supports for independence, who are so reliant on this government. Even our programs such as health care, such as education require steady funding and increased funding because we do have things like inflation pouring into the situation. This would certainly allow those programs to continue in a fashion that they had set their goals.

Now, then, I also heard how Alberta is probably one of the few provinces and probably is the only province that has a triple A credit rating. Of course, when you have a triple A credit rating, this allows you to borrow money at a very, very low rate of interest. So when we are talking particularly of a province that had revenues in excess of \$20 billion for the last four years and we have revenues of that type and nature, we have a triple A credit rating, yet in this province, this province of haves, we have an infrastructure deficit of somewhere in the neighbourhood of \$8 billion. I could stand to be corrected if I'm out of line here, Mr. Minister, so please feel free to jump in at any point. But to have in a province that has revenues of this nature an \$8.1 billion infrastructure deficit means that we have not been very good at budgeting, but this will certainly I think add to the stability that we wish in our economy.

As well, I look at the situation in this province, Mr. Speaker, where we've been toying with the idea of these P3s, and P3s to me just aren't the answer. I look at a situation that we have presently in the constituency of Edmonton-Glenarry. We have a high school that was built in 1959 for \$1.8 million. I don't think that high school could be replaced today for under \$15 million. When we see how it is ranked as far as requiring maintenance and repair against other schools in Edmonton – even though the school is over 40 years old, because it was built very, very well, the school is ranked way down. Now, that was quite an investment in 1959, to spend \$1.8 million on a school, yet that school today, 40 years later, has appreciated in value. It has served us much longer than I think people would have expected it to. So it's been a great investment for the people of Alberta and particularly for the people in the constituency of Edmonton-Glenarry who had the opportunity to send their children to that school for many, many years. As I look around this Assembly, there are probably many members in this Assembly that wish they could have a school built in their constituency and probably do require schools to be built in their constituency. So certainly with a triple A credit rating, with a stability fund these would be wise, wise investments and certainly would assist us in, you know, more stability.

It would also help us not create such an infrastructure deficit as \$8 billion, and it would be a welcome sight to many parents in this province who desperately want schools in their neighbourhood for their children, who moved to neighbourhoods because there was almost a promise that they were given, not necessarily by the government but by developers, that land had been set aside for schools and that schools would be built there. Here they are. Their children have moved on through elementary school, they've moved through junior high school, yet they still don't have a school in their neighbourhood.

Now, as well, this stability fund would assist us in not having to cancel and defer projects. When huge cuts were made to the construction of highways in this province a few years ago – and that funding was reinstalled very quickly – we saw a huge cry by the road builders of Alberta and quite rightfully so. Many of them had made long-term commitments to purchase very expensive equipment, and if that equipment is sitting there and not working, then it eats up their profits very quickly and in a lot of cases would put some of the smaller businesses and even some of the bigger ones out of business. It also means that the staff that they have been able to gather over the

years and provide employment for are going to be laid off, and when those people are laid off, Mr. Speaker, they go where the work is. They are sought and their skills are certainly valued, so we would lose them out of this province if we didn't have work here for them. So, again, a stability fund will allow us to make certain that the goals and the projects that we plan for, the contracts that we let could be completed without interruption.

Now, as well, when we look at the infrastructure debt, we also have to look at another debt, you know, and this is the debt on our highways. Our highways in this province do require regular maintenance and upkeep, and because of our budgetary practices over the last few years the regular maintenance that is required on all the highways in this province has been less than what is required. Unfortunately, when we get this situation, evidence seems to point to this not being a linear function. As we let the highways deteriorate because of lack of maintenance, those costs of fixing them down the road actually increase much quicker. Again, we do have a tremendous amount of roadwork going on in this province. We are blessed with many great highways in this province, and certainly we want to see those maintained.

One other area that I think we should talk briefly about . . . [Mr. Bonner's speaking time expired] I will do it some other time.

Thank you for this opportunity, Mr. Speaker.

**The Deputy Speaker:** Questions? Comments?

Edmonton-Highlands to speak at third reading?

8:40

**Mr. Mason:** Thank you very much, Mr. Speaker, and it's my pleasure to speak at third reading of Bill 2. I want to, I guess, begin by thanking the government for getting around to adopting a principle that's been in place for a long time, and that is the fiscal stabilization fund.

Now, I know that our Liberal colleagues are very pleased to take full and complete credit for this idea, and it's true that for some time they've been putting it forward, and it's a commonsense proposal. When you have wildly fluctuating revenues, it only makes sense to invest surpluses and then draw on them when you have a below-average take. The city does that, for example, with its snowfall clearing budget. You have very, very widely fluctuating amounts of snowfall, and it costs about \$3 million to clear the city completely of snow after a major snowfall. You may have to do it six or seven times in a year and in other years not at all, so it's clearly a financial type of arrangement that lends itself to this stabilization fund act.

But the Liberal opposition is not the first to implement this idea, nor is the government. On April 1, 2000, the government of Saskatchewan brought in its Fiscal Stabilization Fund Act. I'd like to stop there, Mr. Speaker, but actually if you go further back and in the interest of fairness, the Filmon government in December of 1989 brought in their Fiscal Stabilization Fund Act. So it has a long history. It's not an original idea, but it is a good one, and we support that part.

Mr. Speaker, we have to talk a little bit about why the government has become overly dependent on these very unstable sources of revenue, and they have. It forms a greater proportion of their revenue now than it did a few years ago. Why is that? Well, it's because the government, like lots of other Conservative governments around the world, is overly fond of tax cuts for rich people. They have given away \$400 million in corporate taxes already, and this schedule will continue until the corporate tax cut equals a billion dollars of lost revenue per year. A hundred and eighty million dollars is expected to be in the next budget, whenever that is, and that will be a further reduction. The government, of course, under the previous Provincial Treasurer, Stockwell Day . . .

**An Hon. Member:** Who?

**Mr. Mason:** Stockwell Day. Remember him?

. . . brought in the flat tax, which cost the government another several hundred million dollars.

If there were a fair taxation policy, then the government would not be so reliant on resource revenue and we wouldn't see the situation we saw a year ago when the minister was terrified because all of a sudden oil and gas prices went down. There was less revenue, and she was afraid that if she ran a deficit, she was going to go to jail, which is almost what the government's legislation would require her to do. So we saw sudden cuts to badly needed programs, including for at-risk youth, for aboriginal youth, and so on, in order to prevent an accidental deficit.

One of the other criticisms that we have had of the government's policy is the deliberate underestimation of resource revenues on an ongoing basis in the billions of dollars every year. Of course, that allows the government to plead poverty when there are demands placed upon it for program spending and then look like financial geniuses at the end of the year when, surprise, surprise, they have a multi billion dollar surplus, 75 percent of which, until this legislation, had to go to debt reduction. So the government was able by stealth to rapidly accelerate the debt reduction program that existed. Now, fortunately, that piece is also coming out in this act, and that's a second bit in its favour, that it eliminates the 75/25 split for unanticipated surpluses being applied to the debt. That's a good thing, and we support that, and we've in fact advocated that for a number of years.

But this act will not require what we call truth in budgeting. In other words, it won't require the government to predict revenues from oil and gas on a reasonable basis at all. They can continue to hide the surpluses in the way they have been doing. So we're concerned, then, that if money in excess of the 3 and a half billion dollar cutoff could be spent if the fund was fully topped up, then that money would be leftover for spending on what's called priorities, which is really political spending, politicized priorities, and that won't be prevented in all cases at all.

Now, the Minister of Justice and Government House Leader has talked about how this act sets the stage for P3s, public/private partnerships, and he spoke at some length about that. There's no doubt in our minds that P3s are simply a way to transfer funds from the public purse that is paid by the taxpayer into the hands of corporations to do the work that the government can already do more cheaply and better. The government can do this because they have the expertise that they need. We all know the old saying about hiring the consultant who borrows your watch to tell you the time, and that is certainly the case when it comes to the construction of specialized government facilities such as courthouses and other government facilities. It is the expertise resident in the government departments that needs to be accessed, usually free of charge to contractors, in order to plan, construct, build, and indeed operate, if that's the case, these public facilities.

Of course, we know that the government doesn't need a profit, and we also know that the government has access to cheaper money than the private sector. In that respect, Mr. Speaker, all the advantages are on the side of government provided that it is well run and efficiently run, which is the responsibility of the government. If it's not well run and efficiently run, then that's a problem with the government rather than with something intrinsic to the public sector. If the government is planning to make use of this act in order to have private investors build schools, courthouses, and all sorts of other public facilities, then they're going to be producing higher costs in the long run and possibly a lower quality of facility.

Now, I've got some interesting things. Of course, under Margaret Thatcher, the patron saint of Conservatives everywhere, the first 18 P3 hospital projects in Britain cost 53 million pounds, which in real money is \$110 million Canadian, for consultants alone.

P3s in Britain have led to a 30% reduction in hospital beds and a 25 percent reduction in clinical staff budgets.

In the first British P3 hospital in Cumberland, short-cuts in facility construction and design have created a shocking host of problems:

- two ceilings collapsed because of cheap plastic joints in piping and other plumbing faults – one joint narrowly missed patients in the maternity unit
- the sewage system could not cope with the number of users and flooded the operating theatre with sewage.

Wow.

- clerical and laundry staff cannot work in their offices because they are too small
- a transparent roof design flaw and no air conditioning mean that on a sunny day the temperature inside the infirmary reaches over 33 degrees celsius.

8:50

Now a little closer to home.

In Nova Scotia P3 school deals exempt the for-profit owners and builders from any legal liability for shoddy construction and faulty wiring and plumbing.

I don't know if the government is planning to do that or not, but I wouldn't be too surprised.

The Halifax P3 school's well water was contaminated by arsenic. The for-profit owners denied responsibility and students and staff were forced to use bottled water for over 12 months. In [the year] 2000, all future P3 schools in Nova Scotia were canceled in a flurry of scandal and public outrage. By then the thirty Nova Scotia P3 schools, with contracts as long as 35 years, were slated to cost the public \$32 million more than if they had been built in the traditional manner.

Now, maybe that's just an isolated example, but in Prince Edward Island "the government pulled out of its P3 hospital project after it discovered that it would cost more than if the hospital were kept public."

Here's a quote from Bruce Davidson of the concerned Walkerton citizens. He says:

The privatization of water testing meant an inexperienced firm oversaw the safety of our drinking water. When lethal levels of e. coli were found, all they did was send a fax. They ignored provincial guidelines that suggest notification of the Ministry of Labour and the Ministry of Health. In fact, they said they had never read these guidelines. It is unacceptable that such behaviour won't lead to criminal charges – in fact, their actions were adequate according to ministry officials. All on the promise of saving a few dollars? Don't mess with our lives like that – keep the profit motive out of our public services.

Here's another one.

While P3s may be a useful means of bringing the innovation of the private sector to bear, they are not without their critics. In many cases, governments find P3s attractive because the private sector company assumes the heavy capital costs of a project and governments are only required to pay "rental fees" over the longer term. Unfortunately, while P3s may cost governments and taxpayers less in the short term, these arrangements often cost more in the longer term . . . The rental costs charged to governments must be high enough to allow the private sector partner to recoup its costs and make a profit for its shareholders. The cost of borrowing is often higher for the private sector than for governments. And P3s often have higher administration costs. Critics also suggest that the quality of private for-profit run facilities can be lower than publicly run facilities and that, in some cases, these arrangements have resulted in beds being closed and staff being reduced . . . This is not to say that P3s are without a place (for example

in the case of health information systems), but they are no panacea and their use and value need to be carefully considered.

The source of this quote was the final report of the Romanow commission on the future of health care.

Having quoted from a number of sources, I would caution the government, in its zeal to find new ways to get the private sector involved in government, that in the long run the costs are bound to be higher and the quality of the workmanship and the operation of services and facilities is liable to be considerably less. There are going to be very serious cases, I think, in the future if the government persists in this direction. The experience of other places shows that P3s are an idea whose time has come and gone. Other places have tried them and have abandoned them, and this government should as well.

Thank you, Mr. Speaker.

**The Deputy Speaker:** Questions or comments?

**Mrs. Ady:** I'd just like to ask the hon. member – he made reference to the fact that there were problems in construction with P3s, and having been in construction myself, if it can go wrong, sometimes it does go wrong. I think of Fish Creek elementary, that had the same difficulty, not built as a P3 but built as a typical construction project. Is your suggestion that these things only go wrong in P3s, or do they go wrong in construction projects?

**Mr. Mason:** They can go wrong with construction projects when those projects are not adequately supervised. The problem is that in order to increase the profit margin in a P3 situation, the contractor is more likely to try and find ways to cut corners. This is not as serious a concern as when the profit motive is absent and the public interest is placed as the highest priority. That is when the government does it.

**The Deputy Speaker:** The hon. Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. Notwithstanding his latest comments totally putting down in the most grievous way honest contractors that work hard to build our buildings and build our structures across this province, I wanted to ask the hon. member whether or not in his swipe against the tax policies of the government where we instituted two rate systems, 0 and 10 percent – and he talked about the loss of revenue to government – he perhaps overlooked the fact that the government raised the personal exemption for low-income Albertans significantly so that it's significantly higher than any other Canadians enjoy before taxes kick in. That's one of the reasons the revenue went down but put money in the pockets of low-income Albertans.

**Mr. Mason:** Mr. Speaker, I will admit that I neglected to point that out. It's a good thing that the government has done that because low-income Albertans certainly need the tax room in order to pay their utility bills.

**The Deputy Speaker:** No further questions?

The hon. Member for Edmonton-Gold Bar.

**Mr. MacDonald:** Thank you very much, Mr. Speaker. It's a pleasure to rise this evening and have one final look at Bill 2, and certainly there are some aspects of Bill 2, which I expressed earlier in debate, that one has to consider a step in the right direction. Now, there are some other aspects of this bill that I do have some reservations about, and hopefully in the limited time that is available at third

reading, perhaps some of my questions could be answered.

The hon. Member for Edmonton-Highlands was absolutely right to express some concern earlier in private conversation to this member, some concern and caution in regard to the changes that are going to occur with Bill 2 in the Government Accountability Act, some of the consequential amendments. This, I believe, Mr. Speaker, is just one of them. The changes that the hon. Member for Edmonton-Highlands pointed out – and I did a little bit of research while the hon. member was speaking – I believe are noteworthy, and I think it is appropriate that they're brought to the attention of the entire Assembly.

Now, if we look at Bill 2, the Financial Statutes Amendment Act, 2003, we see where it is proposed that we are going to strike out section 19 of the Auditor General Act and substitute it with section 18. When one looks at that, of course, Mr. Speaker, the first thing that comes to mind is: what is the difference between section 19 and section 18 of the Auditor General Act? On first glance you would think, well, there's not much, but whenever you have a chance to look at this and look at this in detail while the hon. Member for Edmonton-Highlands is involved in debate, one notices that there are significant changes here.

9:00

Section 18 of the Auditor General Act is regarding an annual report on financial statements.

18(1) After the end of each fiscal year of the Crown, the Auditor General shall report to the Assembly on the financial statements of the Crown for that fiscal year.

Well, that's fair enough, but

- (2) a report of the Auditor General under subsection (1) shall
- (a) include a statement as to whether, in the Auditor General's opinion, the financial statements present fairly the financial position, results of operations and changes in financial position of the Crown in accordance with the disclosed accounting principles,
  - (b) when the report contains a reservation of opinion by the Auditor General, state the Auditor General's reasons for that reservation and indicate the effect of any deficiency on the financial statements, and

lastly, Mr. Speaker,

- (c) include any other comments related to the Auditor General's audit of the financial statements that the Auditor General considers appropriate.

Now, that's what we're getting in this new act, and that's fine, but it's sort of like an artist's work in progress or a painting in progress.

What we're giving up here is section 19, which is the annual report of the Auditor General. Now, what would be the difference between the annual report of the Auditor General and the annual report on the financial statements? Well, Mr. Speaker, there's a significant difference here.

- (2) A report of the Auditor General under [section 19(1)] shall include the results of the Auditor General's examinations of the organizations of which the Auditor General is the auditor, giving details of any reservation of opinion made in an audit report, and shall call attention

and this is very important.

to every case in which the Auditor General has observed that

- (a) collections of public money
  - (i) have not been effected as required under the various Acts and regulations, directives or orders under those Acts,
  - (ii) have not been fully accounted for, or
  - (iii) have not been properly reflected in the accounts.

We go on to talk here further in section 19(b) of the disbursements of public money:

- (i) have not been made in accordance with the authority of a supply vote or relevant Act,
- (ii) have not complied with regulations, directives or orders applicable to those disbursements, or
- (iii) have not been properly reflected in the accounts,
- (c) assets acquired, administered or otherwise held have not been adequately safeguarded or accounted for.

It goes on here further:

- (d) accounting systems and management control systems, including those systems designed to ensure economy and efficiency, that relate to revenue, disbursements, the preservation or use of assets or the determination of liabilities were not in existence, were inadequate or had not been complied with.

Now, we're giving this up for just the annual report on the financial statements. I would love to know what the Auditor General's opinion on this is. With this amendment has the Auditor General, his office, or his staff been consulted whenever we strike out section 19 and substitute 18 for it?

Now, Mr. Speaker, section 19 is quite extensive. It goes on to say that

the Auditor General may

- (a) comment on the financial statements of the Crown, Provincial agencies, Crown-controlled organizations or any other organization or body of which the Auditor General is the auditor on any matter contained in them and on
  - (i) the accounting policies employed, and
  - (ii) whether the substance of any significant underlying financial matter that has come to the Auditor General's attention is adequately disclosed.

This goes on, and it is very interesting.

Now, I at this time would like an explanation, please, from government members across on why this is happening. Is it perhaps because the Auditor General's report is not ready in a timely fashion? I don't think so, but perhaps that's the reason. The hon. Member for Edmonton-Highlands is absolutely correct to be concerned about this. I'm concerned about this, and now after discovering this, unless I can get some answers from across the way, I believe I'm going to have to support this bill with a great deal of reluctance. I think the Auditor General should be able to get at the operations of this government in a fashion that gives the Auditor General the widest scope in which to conduct a study of how and where and on what the tax dollars are being spent.

With those comments, Mr. Speaker, I will cede the floor to another hon. colleague. I am very anxious as to why section 18 replaced section 19, and I await an answer from the members across the way.

Thank you, Mr. Speaker.

**The Deputy Speaker:** Any comments or questions? You have a comment or question?

**Mr. Mason:** Yes, I do.

**The Deputy Speaker:** Edmonton-Highlands.

**Mr. Mason:** Thank you very much, Mr. Speaker. Well, you know, to the hon. Member for Edmonton-Gold Bar, I certainly hope that the government will also respond to that, but while we're waiting, I wonder if you could express your view as chairman of Public Accounts on how you feel that this might affect the work of that committee.

**The Deputy Speaker:** The hon. Member for Edmonton-Gold Bar.

**Mr. MacDonald:** Yes, Mr. Speaker. I'm certain that it will affect Public Accounts. I hope it doesn't slow down the work of that committee whenever the Minister of Finance has to report not only to the Assembly but also to the Auditor General and the taxpayers, certainly whenever you consider that the contents of public accounts for a fiscal year shall include the following in this bill:

- (a) the consolidated annual report prepared under section 10,
- (b) the ministry annual reports prepared under section 14, including the reports or statements pursuant to sections 23, 25(3), 28(5), 28.1(4), 30, 56(2), 66(2) and 75 of the Financial Administration Act, and
- (c) any supplementary schedules, statements, explanations and financial statements that the Minister of Finance may require.

Now, I know that the hon. Member for Edmonton-Centre would be delighted to receive any extra supplementary schedules, statements or explanations, and financial statements from the Minister of Finance so that that hon. member could pursue and continue to ask the diligent questions that she does ask in Public Accounts because this would certainly help her out.

Thank you.

**The Deputy Speaker:** The hon. Member for Edmonton-Highlands.

**Mr. Mason:** Thanks, Mr. Speaker. Since we're still waiting for the government to respond to this, does the hon. Member for Edmonton-Gold Bar believe that this will mean that the Public Accounts Committee will no longer be able to ask the Auditor General questions or review his report?

9:10

**Mr. MacDonald:** Mr. Speaker, I certainly hope not. The annual report is a snapshot. It's a reflection on all government spending. I would be very disappointed if that were the case, and I hope that as long as I am sitting on the Public Accounts Committee the Auditor General continues to provide observations and remarks not only to the committee but also questions and observations to the various ministries that appear from time to time before the Public Accounts Committee.

[Motion carried; Bill 2 read a third time]

## Bill 1

### Premier's Council on Alberta's Promise Act

**The Deputy Speaker:** The hon. Government House Leader on behalf of the hon. Premier.

**Mr. Hancock:** Thank you, Mr. Speaker. I'm happy to rise and express strong support for and, in fact, move Bill 1, the Premier's Council on Alberta's Promise Act, for third reading.

Much has been said with respect to the nature of the bill and the purpose of the bill, so I won't expand on that, as I've spoken in earlier debate, but I would commend it to the House and ask that we get strong support for this important initiative for Alberta's children.

**The Deputy Speaker:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thanks, Mr. Speaker, for the opportunity to speak in third reading on Bill 1, the Premier's Council on Alberta's Promise Act. This was an interesting opportunity to watch the quintessential differences, I think, between the two opposite sides of this House or at least two out of the three.

My colleagues and I felt very strongly that there was a great potential with this promise to actually detail what the promise was

and to set out some targets and some clear measurements of what was expected to be achieved. In fact, none of that is in this bill, and the government members continue to talk about a framework. Well, I don't know how anything is to be filled in with this promise when all we ever have is the scaffolding for it, but we never get any siding on it, no flooring, no doors and windows, nothing. I mean, this is – and I don't want to say empty promise because it just sounds like I'm throwing rhetoric around, but honest to goodness what's in this bill? It is so loose it does become a slogan bill. There's nothing that can be measured. There are no achievements that are targeted here to be worked toward.

You know, the opposition could have said: "Yeah, yeah, Bill 1. It's a slogan bill. Let it go. Let them have their say, and let it go." But we didn't. We tried to bring to the attention of the government members some improvements that could be done. We spent time here bringing forward amendments and trying to improve it as we felt it would improve the bill. All of the amendments were defeated and then some, I think. But we were doing things like actually incorporating the promise that exists in the other programs in the world, where this kind of plan or program has been put in place before, to actually put that in the bill. The only listing of clear "the Council shall" activities – it's listed under Activities – is administrative, you know, that it would sit "in an advisory capacity," that it'll "promote Alberta's Promise." What does that mean? We don't know what the promise is? "Provide leadership in promoting the development of community strategies." Who? So somebody else is supposed to do this, but the government just stands around and promotes it. And then – oh, one of my favorites, yup – "raise awareness of the shared responsibility of organizations, corporations and individuals for furthering the well-being of children." If that isn't a download statement, I've never seen one.

So what exactly was the government going to do in this bill? Nothing. We don't know what the promise actually was except for references to the ones that were started in the States and elsewhere in Canada. There were some members that stood up and said: oh, well, you know, really it's all in the preamble. Well, we know that the preamble is not enforceable, and it's not considered part of the bill, so if you really felt that strongly about it, put it in the bill.

This was a very frustrating episode as far as I'm concerned. I mean, we couldn't even convince the government to be as concrete as accepting an amendment that would develop recommendations to facilitate the delivery of at least one nutritious meal a day to children through a program available in every school in Alberta. No. Government wouldn't buy that. That's not part of their promise to children in Alberta. So in the end this was a very frustrating exercise.

I still don't know what the government really intends to do about it. I know that they're going to appoint a bunch of high-profile Albertans, lots of people from the corporate and nonprofit sectors to sit on a committee somewhere. They're going to have some kind of a budget. They're going to pay a CEO, who I'm sure is a good friend, probably a significant amount of money. I asked that question twice. I never got an answer to it. I asked for the budget. I asked for what the CEO's salary would be or even what human resources category it would be from. You know, this has got the Premier's name on it; I've got to presume that there's some money behind this. I didn't get any answers at all about it. I guess we have to remember to bring that up and try and dig that information out during the actual budget debate.

So I don't know what the effect of this bill is going to be. I'm afraid the effect of it's going to be zip, that it will be a slogan that will be referred to . . .



**Mr. MacDonald:** Like the Natural Gas Price Protection Act.

**Ms Blakeman:** Yeah, it might be like the Natural Gas Price Protection Act.

It will get referred to, you know, in warm fuzzy terms, but it actually doesn't do anything or mean anything, and nothing concrete is ever done that helps Albertans. You know, such potential here, such potential to really deliver a concrete program for Alberta's children, and such a void that is left, an absolute yawning chasm of nothingness that actually came through the bill. So a very disappointing experience.

Thanks, Mr. Speaker.

**The Deputy Speaker:** The hon. Member for Edmonton-Highlands.

**Mr. Mason:** Well, thanks, Mr. Speaker. I guess I'm pleased to rise to speak to Bill 1. Well, actually I am pleased to speak to it. I'm certainly not pleased with the bill. This bill is an empty piece of legislation. It's something that the government can put in its campaign leaflets at the next election to suggest that they've actually done something about this. If it has any real content at all, that content is to off-load responsibilities for children onto the so-called community.

Now, it's one thing for the community to be involved. If the government is there to support the community, if there are adequate programs, if there's stable funding, then I think the community can be a tremendous resource, and I would not say otherwise. But where the government is simply seeking to cover up its own inadequacies by reaching out or appearing to reach out to the community in order to help children, it's quite disgusting.

9:20

I want to continue with that a little bit further. I believe that this is an attempt to try and paper over the appalling gaps in this government's approach to children's welfare. It's an attempt as well to extend the myth that the government is not responsible for citizens' welfare. So instead of adequately funding early intervention programs, instead of providing adequate support to families living in poverty, and instead of investing in education, the Premier's council will examine ways in which the community can fill those gaps. Children will be the last to benefit. This also provides a potential Good Samaritan volunteer opportunity for well-connected Tories to enhance their public image.

Mr. Speaker, I've been involved in community organizations and at city council and have represented some of the areas of Edmonton which are amongst the poorest in Canada. I know that the federal riding which overlaps Edmonton-Highlands is, of all the federal ridings, the second poorest in Canada. There's one in Montreal that is poorer than Edmonton Centre-East. I represented that area for 11 years on city council and for two years now part of that area as MLA for Edmonton-Highlands. It has always amazed me how well-heeled individuals will come down to the poor part of town in their Lexus and talk about their wish to give back to the community, yet they support politically a government that has been relentless in its cuts to programs that benefit people in those areas and is singularly responsible for the extension of poverty in this province.

If we're talking about child poverty, according to the Canadian Council on Social Development, which drew its data from income trends in Canada by Statistics Canada between 1980 and 2000, 15.2 percent of the children in this province live at or below the poverty line.

**Ms Blakeman:** How much?

**Mr. Mason:** Fifteen point two percent. The number is 112,000 children, so of course you can extend that two or three times to get a clear indication of the total number of people in families, because these children are mostly all in families who live in poverty.

Now, if you look at the government's approach to the minimum wage, if you look at its cuts to social welfare and its refusal to revise those things, its refusal to assist those people with high utility costs, for example, you'll see that the government has contributed to the maintenance of this poverty which affects these children in the cuts to programs. The last time the price of oil and gas went down, we saw how programs for children at risk were cut by this government. We have now a situation where SFI rates have not been raised since 1993. As well, Alberta has the lowest minimum wage in Canada. Poor families, Mr. Speaker, equal poor children. We've seen the approach to children as adopted by this Ministry of Children's Services where we have the highest rate of apprehensions of children in the country. The reason we do so is because we also provide one of the lowest levels of support for families in need. So the government has a large number of children, then, in custody.

So what's the government's approach? It's not to put in place preventative programs and allow families to stay together. No. It's an eBay-style adoption of children, where children are marketed on the Internet. We have Sleep Country ads to try and help children, kids kept in motel rooms, a million dollar cut, which I referred to already, last year to early intervention programs for children.

Then, Mr. Speaker, there is the question of education. There is a continual underfunding of education. The Minister of Learning is always pleased to talk about how much we fund education in this province, but at the forum tonight a representative of the public school board provided some statistics. This was carried live on CBC radio. If you take into account inflation over the past 10 years or so, the increase in funding for education in this province has been less than 1 percent. We have ballooning classroom sizes, ongoing fights with teachers. A government survey, which was released last year, found that the average class size for grades 1 to 3 is 23 students per class, well above the ideal of 17 students per class. The same survey found that approximately 41 percent of classes in all of Alberta have 25 or more students. Further, 71 percent of classes have an average of four students with special needs. The question is: how can those students receive the attention they need when they're being packed into classrooms?

Of course, children grow up, and they finish public school. They want to go on to postsecondary education. Here the government has allowed the tripling of tuition fees in Alberta in the last 10 years. We have pointed out in the past that a tuition freeze would only cost \$40 million for the government, yet the government is giving away \$180 million in corporate tax cuts.

So we come back to the bill, having dealt a little bit with the government's actual record when it comes to children, and what's notable is the complete absence of tangible goals for the council. Now, without such goals, Mr. Speaker, the council can only be used as a PR tool of convenience, with success stories coming according to the Tories' time line and not the children's time line. There is no mention of the membership of the council.

All in all this is nothing more than a charade and an attempt to say in words what the Tories have consistently failed to deliver in deeds, when they have been in this government for as long as they have been and they have financial resources at their disposal which are the envy of any other provincial government in this country. Yet the record with respect to children is, frankly, shocking, Mr. Speaker, and to place such a bill before this Assembly is a slap in the face of every poor child in this province.

**The Deputy Speaker:** Comments or questions? Calgary-Shaw.

**Mrs. Ady:** Thank you, Mr. Speaker. It's an honour to rise and join debate in third reading of the Premier's Council on Alberta's Promise Act. Frankly, as I was listening to the last hon. speaker, my hon. colleague . . .

**The Deputy Speaker:** Hon. member, I'm sorry. We're on Standing Order 29, and that's comments or questions with regard to the last speech. The hon. Member for Calgary-Fort is asking a question or making comments, and then we'll have you give your speech.

**Mr. Cao:** Thank you, Mr. Speaker. I would like to ask the hon. Member for Edmonton-Highlands. You juxtaposed two things: one is student tuition fees, and the other one is tax breaks to the corporation. I just want to venture a question to you. I wonder where the parents get the money to pay for the students to live and to study. Also, where will the student work after graduation if there are no companies or businesses around?

Thank you.

9:30

**The Deputy Speaker:** The hon. Member for Edmonton-Highlands.

**Mr. Mason:** Thank you very much, Mr. Speaker. Of course, dramatically increasing tuition fees increases the burden on parents and on families and on students, but I think the hon. member is suggesting that without these tax cuts we wouldn't have free enterprise, we wouldn't have corporations, we wouldn't have jobs. I absolutely don't agree with that. Long before these tax cuts came along, Alberta already had a very, very favourable tax regime for private business, and there were plenty of jobs. So I think the suggestion that without these tax cuts private investors would abandon this rich province is simply not the case.

**The Deputy Speaker:** Further questions and comments?

The hon. Member for Edmonton-Glengarry indicated that he wanted to speak earlier.

**Mr. Bonner:** Do you want to speak?

**Mrs. Ady:** Yes.

I just want to speak very shortly, Mr. Speaker, and finish my remarks.

**The Deputy Speaker:** Okay. The hon. Member for Calgary-Shaw.

**Mrs. Ady:** Thank you. As I said before, I'm proud to be able to stand today and speak on third reading of the Premier's Council on Alberta's Promise Act. As I was saying earlier, when hearing the remarks of the previous speaker, I suppose that if you looked at my family, where there were six kids and my father did not make a very large income and my mother did not work, we would have been considered poor, although I didn't ever know we were poor because I was raised in a very loving family with parents who cared and taught us well. We were able to all go out and get an education and were able to proceed forward and become productive adults. So I do not think that poverty is necessarily an indicator in all cases. I think a lot of times it has to do with family and the support that family has for you. So I'd like to object to that.

I'd just like to say that I have a substantial number of youth in my constituency. More importantly, as a mother I understand the importance and the need to ensure the well-being of children and

youth. I've also had the opportunity to travel the province and see the children that we have in care. They're very well cared for, and I very much object to the idea that we are not caring for children in this province, because we are. I think we're doing a very good job under difficult circumstances for these children, and I think this bill gives promise to those children and gives them some additional resources and help as we proceed forward.

Mr. Speaker, this government can make all the promises in the world, but they won't make a difference unless that promise is kept. I offer my most sincere heartfelt congratulations in support of Bill 1. However, I recognize that promises are just that, promises. I implore all members and all Albertans to make this promise real and help make the dreams of Alberta's children come true.

Thank you.

**The Deputy Speaker:** Comments or questions?

The hon. Member for Edmonton-Glengarry.

**Mr. Bonner:** Thank you very much, Mr. Speaker. It is a pleasure to rise this evening and speak to Bill 1, the Premier's Council on Alberta's Promise Act. Like a number of people in this Assembly I've been blessed and had the opportunity to work with children for most of my life, something that I certainly enjoyed and certainly something that I take a lot of pride in. When I was teaching, it was said that it takes a community to raise a child. That statement has never been more true than it is today.

When we look at the situation here in Edmonton and that two years ago we had 130 children under the age of 15 that were homeless, then we do have a serious problem. I do not have the statistics at hand as to how many homeless children we had under the age of 15 in the last count, but all indications were that this number was going to grow, and certainly it has. Society's responsibility is to provide full social and economic participation to all Albertans, but unfortunately, Mr. Speaker, there seems to be a systematic failure on the part of governments to perform this basic function. So we do have to re-examine what we've been doing and where we're going. So the bill here, the Premier's Council on Alberta's Promise Act, should be focusing on more than just children. It should be focusing and setting targets on how we can provide children with full social and economic participation in this great province.

Now, then, when we have a bill in this Legislature it is to fix some problems, but we don't have any stated here, as we've mentioned earlier. This occurs, Mr. Speaker, at a time in this province when families are under greater financial stress than they've ever been before, and we do have departments in government which have been given the mandate to assist our children and assist parents in raising those children. We look at, for example, the Department of Learning, and we look at what has happened in our schools just recently, where we had an arbitrated settlement which was out of the scope, out of the responsibility of our locally elected school boards, yet we did not put funding in. We did not give funding to those school boards so that they could meet those new salary demands. Hopefully, in this budget that we expect to come down in the next three to four weeks, that funding will be restored so that we aren't looking at laying off teachers, we are not asking parents to go out and fund-raise, we are not having schools, such as I have in Edmonton-Glengarry, which have food banks in the school, another school which sets food out daily on a regular basis for hungry children to get food, another school where they have clothes that are donated for children that don't have clothes. These are situations, these are problems that I would have liked to have seen this bill address in our education system alone.

We also have in this province, Mr. Speaker, the lowest minimum wage of any province in Canada, and we are seeing in this province, a have province, that businesses cannot budget for their workers that extra dollar-an-hour raise or whatever it takes. Perhaps those businesses should not be in business if this cannot happen. We see people in this province who are on AISH, supports for independence. Those benefits have not been raised for 10 years. We want to have a flagship bill that is going to take care of children, that is going to provide all those great opportunities that every parent wishes for their child, yet we will not help the poorest of the poor. In listening to Senator Doug Roche last year, he had just a fabulous quote, and it went something like this: there are those in this society that think a rising tide raises all ships; however, it is only raising the yachts. So the most vulnerable people in our society are going to look at a bill like this and say: how is this going to help me?

In the debate the other night the Minister of Children's Services was asked to provide a list of the names on the council, those Albertans who have been nominated to this council and have accepted a position on the council, and I read through that with interest. There were quite a number of names that I could pick out, and I must say so that there is absolutely no confusion that I was impressed by the list of people that had been put on that council. Again, what is the mandate for those people? What resources do they have in order to fulfill the conditions that we wish every child in this province could be raised under?

9:40

Just to review those quickly, Mr. Speaker: "giving children a healthy start and a promising future." Well, I would like to know how we can have a situation in this province where in the formative years, the years when we require the greatest number of resources to be put into the education of children – and that's at the primary grades, in elementary school – increasing the size of those classrooms and having resources from those classrooms reduced is going to fulfill this particular point of "giving children a healthy start and a promising future." It doesn't add up. No matter how good those people are on that council, without the resources put into our schools this goal is unachievable.

I think what we have to look at is the situation that was reported in a north Edmonton school, where those resources were put into those children who were identified as requiring more assistance. Certainly, over the last three years they had targets that they wanted improved, targets such as every child being able to read at a grade 1 level when they completed grade 1, and they did it. They did it. In a lot of schools in this province where we think that those same targets should be achieved, they are not. So, yes, we can do amazing things, but we have to have commitment. It sounds good, what we have here. There is nobody in this Assembly that wishes more than I do that we could provide that for every child in this province, but so far we have not done a very good job.

I look at the second point, "providing safe and healthy communities for our children's growth, education, and development." Well, we are working towards that, yet I see that the city of Edmonton has the same number of officers on the streets today as they had in 1983, and again it is a funding issue. They cannot afford to have more, and like any other organization in our society their costs have gone up immensely too. Certainly, there are a lot more sophisticated equipment and crimes to deal with, but we do have to provide those types of services if we wish safe and healthy communities.

We also see where families have to pay more for health care premiums. Again, for some people, as I've already indicated, this is stretching those family budgets even thinner. We have to look at how we can provide the absolute best health for children.

I look, as well, to another point, "ensuring that every child receives ongoing support, care, and guidance from at least one caring adult in his or her life." Certainly, that is a goal that we wish for every child. Every child has to grow up in a situation, as the hon. member has mentioned, in a loving family where that support will take place. That means, Mr. Speaker, that we have to create a society where parents and families do have the opportunity to get together.

There is so much potential in this bill, Mr. Speaker, that I do get excited when I read it. I do get excited when I see the quality of people that are sitting on that council. I do get excited that we can make a difference in the lives of so many children, that we can certainly increase the opportunities for so many children in Alberta, because if we can't do it in this rich province, then I don't know how it can be done.

So, again, I will be voting for this bill. I certainly hope that the council will be able to come up with strategies that will fulfill these five points and that the big winner in all this will be the children of Alberta.

Thank you very much.

**The Deputy Speaker:** Comments? Questions? The hon. Member for Edmonton-Rutherford.

**Mr. McClelland:** Thank you, Mr. Speaker. I appreciate the hon. Member for Edmonton-Glengarry's positive comments in regard to this bill, and as with other members I appreciate the fact that the opposition's role and function is to oppose. Sometimes being in opposition is much more difficult than others, and I think that with this bill this is one such occasion because in principle it would appear to me that the opposition, and particularly the member representing Edmonton-Glengarry, is in accord with the overall principle of the bill, and who couldn't be? The premise is "Alberta's Promise is an initiative to encourage organizations, corporations and individuals to enhance community resources in order to further the well-being of children."

Well, the question, Mr. Speaker, is: how does one oppose such a premise? Is this not something that we as a Legislature representing all of the parties and all of the people in our province should subscribe to wholeheartedly and without reservation?

**Mr. Bonner:** I think if the hon. member had been paying close attention, Mr. Speaker, he would have heard me say that I certainly do support this bill, and I will be voting for it.

**The Deputy Speaker:** Hon. Member for Calgary-Bow, a question or comment?

**Ms DeLong:** Thank you, Mr. Speaker.

**An Hon. Member:** It's questions or comments.

**Ms DeLong:** Or comments? Actually, neither. I wish to just speak on the bill on debate.

#### **Speaker's Ruling Question and Comment Period**

**The Deputy Speaker:** If the time is up, then we can have you speak on the bill, but before doing so, I think I'll just make a comment.

There was at least one comment, if not two or three comments, when the hon. Member for Edmonton-Rutherford was making his comments as to a question. They must think it's question period, and the rules and regulations – but if they read Standing Order 29,

they will see that you can ask a question or make a comment. So the encouragement is ill taken.

The hon. Member for Calgary-Bow.

### Debate Continued

**Ms DeLong:** Thank you very much, Mr. Speaker. I would like to make a few comments on Bill 1, specifically under Activities, 3(e), “encourage financial and other support for initiatives and research that further the well-being of children.” I believe that we just assume we know what’s good for children, and in actual fact we really do need to do more research in terms of what’s good for children. When I was a child I never went hungry, but by today’s standards I lived in what might be considered abject poverty. I remember that there was one winter when we were living in a little cabin where there was one bedroom for our parents, but there wasn’t a bedroom for the three kids, so my father put plywood around the outside of the porch. In the wintertime it was literally freezing out there, and the outhouse was quite a ways away, but we were a very happy family. One of the things that I have heard recently is that the number one indicator in terms of how successful children are is a loving mother and father. That is certainly something that I had in my life, a loving mother and a loving father involved in my life.

There is recent research that has been out there that says that the number one thing – it isn’t education; it isn’t the health care system; it isn’t the level of poverty – that indicates whether or not a child is going to be successful is the involvement of their parents in their life, not just their mother but also their father. I’m very encouraged by this bill, especially part 3(e) referring to the research. I’m hoping that we are going to make some real progress in this area in actually determining what does make for successful children.

Thank you very much Mr. Speaker.

9:50

**The Deputy Speaker:** Comments? Questions? The hon. Member for Edmonton-Glenarry.

**Mr. Bonner:** Thank you very much, Mr. Speaker. Just to reply to the hon. member that just spoke, our bill has been, I think, modeled in some respects after the Ontario’s Promise and after the America’s Promise. Now, then, I would suspect that both of those jurisdictions, again, have put as much effort into researching what the needs of children are as we have done here. It’s amazing how similar these are.

Now, the five promises from Ontario were: a healthy start, an adult who cares, safe places to learn and grow, tools to succeed, a chance to make a difference. The America’s Promise: ongoing relationships with caring adults in their lives, parents, mentors, tutors, or coaches; safe places with structured activities during nonschool hours; healthy start and future; marketable skills through effective education; and opportunities to give back through community service. I think we do have a very good handle, Mr. Speaker, on what it is that children require. I think that what we have in Bill 1 certainly parallels what we find in the Ontario’s Promise and in the America’s Promise.

Thank you.

[Motion carried; Bill 1 read a third time]

head: **Government Bills and Orders**

head: Committee of the Whole

[Mr. Tannas in the chair]

**The Chair:** I’ll call the Committee of the Whole to order.

### Bill 17

### Appropriation (Supplementary Supply) Act, 2003

**The Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Member for Edmonton-Gold Bar.

**Mr. MacDonald:** Mr. Chairman, thank you very much. I appreciate the time to discuss Bill 17, Appropriation (Supplementary Supply) Act, 2003, in detail at this time, and I would like to bring to the attention of all hon. members of the Assembly the expenditure that is devoted to Government Services: \$4.5 million. Now, I know that the Member for Edmonton-Centre is very surprised that the Government Services ministry would need an additional \$4.5 million. I for one am surprised at some of the problems that are going on at Government Services, certainly with the registries and with the increase in what’s apparent to me: the information technologies service contracts that are being contracted out.

Perhaps the reason that they would need this money is because of the reduction in revenue generated from motor vehicle licences. Now, we all know that licensing fees went up, and if you go back to the third-quarter fiscal update from Budget 2002 – and all this relates to Government Services – I see that there are premiums, fees, and licences, which are really taxes. The government is going to have a very, very hard job now, Mr. Chairman, getting around not calling these items taxes because, of course, they’re forcing the municipally owned utilities under another bill before the scrutiny of this House to place right on the bills any extra charges as taxes. So for any extra charges here, in my view, if the government is going to be above reproach, they’re going to have to call these taxes as well.

But, Mr. Chairman, we see the main reasons for the change from the budget for motor vehicle licensing. There’s a \$14 million deficiency here because of lower commercial vehicle registrations. Am I to assume that because of the tax increases . . .

### Chair’s Ruling Proximity to the Microphone

**The Chair:** Hon. member, you go on and off the air for those like the chair that are a little hard of hearing. Whenever you turn around with your back to the microphone, it’s inaudible. That may be a comfort to some people, but it’s not to the chair. I wonder if you could hopefully spend as much of your speech time addressing it to the chair or to the microphone, which was designed to hear you speak into it, not with your back to it.

Thank you.

**Mr. MacDonald:** Yes. Certainly, Mr. Chairman. I apologize to all members of this Assembly.

### Debate Continued

**Mr. MacDonald:** Now, the lower commercial vehicle registrations. I need the answer from the government if this is why we need at this time an additional \$4.5 million, Mr. Chairman. As we increase the registrations, have commercial enterprises fled this province for other jurisdictions where registration for commercial vehicles, large fleets, is much cheaper? If this question could be answered in the course of debate, I would certainly welcome that.

This wouldn’t be the first time this has happened. Unfortunately, many enterprises are contemplating leaving this province because of our high utility costs with electricity deregulation. Manitoba is a very attractive place now to do business because of the low cost of electricity.

**Mr. Mason:** And the good government.

**Mr. MacDonald:** I hear from the hon. Member for Edmonton-Highlands, "and the good government" as well.

We need to be very careful. Now, whether this \$4.5 million is the result of large commercial fleets abandoning this province because of high costs and going elsewhere to register all their vehicles or not, I'm very anxious to hear from the Government Services department in regard to this because I'm told that they're requesting this \$4.5 million to provide funding for an initial phase of a driver's licence upgrade program, but perhaps there are other budget deficiencies as a result of the huge, skyrocketing increases in premiums for vehicle registrations.

Now, Mr. Chairman, also, at any time a driver's licence program is altered, there's the chance that personal information may be released. I would like to know what precautions have been taken to ensure that no personal information is going to be released. What upgrades are going to be made in this initial phase of this alteration, and how many future phases of this program are going to be funded?

10:00

I understand also that it was last July, July 2002, that the fees associated with drivers' licences went up as well. What is that money going towards, and why does the Government Services department need additional funding now?

Now, the human resources and enjoyment portfolio. Human Resources is requesting \$25.8 million here, Mr. Chairman. This is to provide additional funding for skills development programs. It astonishes me that we're going this way at this time. I'm hearing reports – and I certainly hope they're not true – that some of our facilities that provide training to apprentices, whether it's in Calgary or whether it's in Grande Prairie or whether it's in Edmonton, have a shortage of money. There have been some significant cutbacks. I hope this is not true. If it were true, is some of this money going to be going to NAIT and SAIT? We're talking about a skills shortage, a huge skills shortage across this province in tradespersons. At the time this shortage is growing – it's certainly in some sectors causing anxiety for the planners – how could we cancel or reduce funding for those institutions when we need to be training more young Albertans, not less? Is some of this money going to those institutions, or where exactly is this skills development program going? I'm always puzzled by this. I've been puzzled by this Canada/Alberta labour market agreement since it was initiated, I believe going back to 1998. [interjections] Pardon me? I'd better direct my comments through the chairman.

Now, the skills development program, this co-operation between Canada and Alberta, puzzles me, and one of the reasons why it puzzles me is it's apparent to me that we're paying this money up front to the providers. It doesn't seem to be pursuant to the student finishing the course or attending the course in a timely and regular fashion, but if they're there on the first day of classes, well, then, this school, whether it's a private school or a public school, gets the money. Last summer we had the unfortunate case of a bankruptcy with one of these outfits. They were getting money from the Canada/Alberta labour market agreement, and I couldn't believe that the contracts were worded in such a loose fashion, where taxpayers were losing the money and the students, of course, were losing a placement. Their courses were up in the air. Here I see that we're getting another \$26 million to provide additional funding, and if this hon. member had more time, it certainly would be devoted to a little bit of digging around that Canada/Alberta labour market agreement. If I wasn't so busy with Public Accounts and I had a place to spend my time, Mr. Chairman, that's where it would be. Yes.

Now, the population of Alberta is growing, so one would naturally expect that each year there would be an increase in enrollment in these various programs. If that's the case, why didn't this department budget for an increase in enrollment? Another question that I would have: does the department have plans in place for next year to ensure that we can accommodate an increase in enrollment and that supplementary supply will not be an option?

Infrastructure is the next department that got some money, and they got a significant amount of money. Now, as I understand it, Infrastructure is requesting money to fund land acquisition costs, Mr. Chairman, and I would like to know what land the department is acquiring. The fact that Infrastructure is acquiring land that they did not budget for illustrates the lack, again, of long-term planning by this department, and one would have to question that this is yet another case of the lack of long-term planning meaning additional costs for taxpayers in Alberta.

**Mr. Bonner:** It's certainly at a time when land costs are high.

**Mr. MacDonald:** Yes. Certainly, we are buying at the top end of the market. We are, yes, buying at the top end of the market, and that's a very good point. Why couldn't this department wait to acquire this land next year so that these costs could be included in the budget?

Alberta Justice. Now, as I understand it, Alberta Justice is going to be requesting \$2.6 million. The money is broken down for staff salary settlements, and I think that some of this money would be going to increase the compensation levels for some, if not all, the Crown prosecutors in Alberta. The Crown prosecutors were, I believe, underpaid. They certainly are not undervalued – we appreciate the work they do – but they were underpaid. I commend, in this case, the department's and the minister's concern, and the concern turned into a modest increase in compensation for those individuals. The court reporters are also included in this group. They work very hard also, and that is to be noted.

Now, the external legal costs relating to Kyoto. I would assume that this is completely separate from the communications plan that we all saw on television and heard on the radio and certainly saw in newspapers. I wonder if it really was necessary. Was this half a million dollars to discuss a constitutional challenge, not knowing that air sheds are like Canada geese, that they do not respect boundaries?

Mr. Chairman, at the same time, I believe that this department needs to fully explain its request for over \$2 million for staff settlements. Some of this is understandable, but are there any unbudgeted staff cuts? Also, whenever there were staff cuts, did other people get bonuses?

Now, Alberta Learning is a department that is in the news these days. Here we learn that Alberta Learning requested \$33.5 million. Certainly, the Calgary board of education is getting \$7 million, \$1 million for the government service payments for teachers' pensions, and \$25 million to the teachers' pension plan. There's no doubt that the \$7 million is certainly needed in Calgary, but we need double that in Edmonton. We need \$13 million, \$14 million right at the start, and that's only for the public board, Mr. Chairman. It is unusual that one city would get an amount of money like this \$7 million. I know that the circumstances, as explained by the hon. minister, are different in both cities, but both cities are facing a crisis in public education.

10:10

Well, the public school boards are caught. They're caught between parents on the one hand and the government on the other

hand, and they have no autonomy. They need autonomy, and that is recognized on this side of the House. They have so many limitations from which to make decisions. One, of course, would be the inflexible school utilization rate. One only has to leave this Assembly and hear a news report where here in Edmonton the separate board is, unfortunately, having to look at organizing a series of public meetings to determine whether it's necessary to close three schools. This is the most unfortunate of circumstances. Every neighbourhood needs to have a school. The school is a focal point of any neighbourhood or any community, and I think we can work around and solve these problems without having to close these schools, Mr. Chairman.

It is quite interesting whenever one considers the circumstances in Calgary and the generosity of the government. How could Edmonton be overlooked? Now, certainly, this may change when we hear next month from the hon. Minister of Finance with the budget, but I'm disappointed at that. I've heard over the years of the difference between Edmonton and Calgary, and I don't think that in this case there is any difference. Both of them need money and the commitment from this government. Both cities need the commitment from this government to adequately fund public education. It is an investment; it is not a cost. I look forward, when the budget comes around, to there being an effort put forward to alleviate all the concerns, or most of the concerns anyway, of the elected public school trustees in both respective cities.

Now, in conclusion on the Learning issue, Mr. Chairman, we have to make sure that all school boards across the province that are short of funds due to the arbitrated settlement are considered, not just one district. People from this city ask me all the time: why does Calgary get \$7 million more than anyone else?

Thank you, Mr. Chairman.

**The Chair:** The hon. Member for Edmonton-Highlands.

**Mr. Mason:** To ask a question of the hon. member.

**The Chair:** We're in committee, hon. member, and that doesn't obtain in committee because in committee we're able to go back and forth and ask questions. No, that doesn't obtain in committee. It's not part of the format.

**Mr. Mason:** That's okay.

**The Chair:** The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thanks very much, Mr. Speaker, for the opportunity to speak to Bill 17, Appropriation (Supplementary Supply) Act, 2003.

You'll have to excuse my confusion, but this is the second supplementary supply bill that we've had in this fiscal year. So when earlier in the evening I was talking about my frustration about the instability of the government's budgeting process, this is a perfect example of why. That's not to say that there isn't some understandable need occasionally to come before the Assembly to ask for additional funds to be added to a department's budget for something unforeseen. This is now not only routine from this government but regular and repeated approaches to the Assembly for additional funds. As I say, in some instances it's understandable and certainly supportable, but in others I just have to say: why didn't you know this in the first place and ask for the funds? Otherwise, you'd better be able to justify why you're coming before the Assembly and asking for this money now.

Essentially, we're at the very beginning of March. This money

has to be spent by the end of the month. So, one, if you've already spent the money or started the program for which you assumed you were going to get the money, well, shame on you, because it hasn't been passed by this Assembly, and if you are planning to spend it in the next 30 days, my goodness, what a rush to spend money. I certainly hope all the regular controls are in place for that.

In Committee of Supply I wasn't able to scrutinize every department that I wished to. I was trying to concentrate on the ones for which I'm appointed critic and then got into quite an exchange with the Minister of Agriculture, Food and Rural Development. I'd like to come back on some of that exchange because it was not satisfactory to me. So a couple of additional questions come up that I wasn't able to query earlier.

Under Economic Development we're looking at \$4 million, extra tourism. I say: well, why didn't you know about this before? What's such a goldarn-all emergency that you have to get this money? There's a request to provide additional funding for tourism, marketing, and services. What's happened that we need to get this additional marketing and services that is either going to be performed in the next thirty days or, shame on you, you've already done it and assumed that the Assembly was going to pass the supplementary supply request?

That is indeed what's happening. We're looking at a supplementary appropriation of \$35,000 into the Travel Alberta Secretariat operating expense, \$250,000 into the in-Alberta regional marketing operating expense, \$325,000 into the international marketing operating expense. Oh, here we go: tourism destination regions, \$3.3 million operating expense. Then under Tourism Services, Alberta image promotion, \$55,000; visitor support services, \$35,000. Well what in the Sam Hill is going on here? I never got a good clear explanation about that, and I'm not willing to support it until I do.

I think the Energy estimates have already been covered.

Supplementary estimates of \$2 million – and we do have the Minister of Environment here tonight, so maybe I can get a response – is requested “to accelerate grant payments to local authorities under the Alberta Waste Management Assistance Program.” Why do you need to accelerate these grant payments? Now, I'll tell you why I'm asking this. I am increasingly suspicious that there is a humdinger of a surplus out there, and the government is desperate to spend the money so that they don't have to go before Albertans and once again admit that they shortchanged services all year long so they could have this honkin-big surplus, which should have been wisely invested in these programs all the way along. Now they're in a big hurry to siphon off some of that money so that that surplus doesn't look quite so bad when they have to fess up to it at year-end.

10:20

One of the things that's really interesting to me about all of this is that we have a request for \$206,642,000 in this appropriation, but at the second quarter the government was forecasting a surplus of \$199 million. Now in the third quarter they are forecasting a surplus of \$1.8 billion, so that's a pretty staggering increase in what they're expecting for a surplus. I just found it really interesting that we've got an appropriation bill that's looking for \$206 million and that here at the second quarter we had \$199 million, which was what the budget was. So the close connection of those two figures sure makes me think that they're looking to dump money like crazy into these different departments. When I read something about accelerating grant programs, I say: why? Why are you putting more into this? Was there a demand? Did we miss a target? Have we overshot a target? What kind of information can be given by the government at this point that justifies accelerating a program like this? I'm not hearing it.

I have some questions, actually, for the Minister of Government Services. We have: “\$4,565,000 is requested to provide funding for an initial phase of a drivers license upgrade program.” Again, if this was planned for this year, then there should have been sufficient funds in the budget to do it. If it wasn’t planned for in this year, why are you now deciding to do it at the very end of the year? You’ve now got – this is the 4th of March – three and a half weeks to spend this money. How do you prudently spend this money in three and a half weeks for this program? So what since fall has happened that is so dramatic, so urgent that this extra money is needed to do this program? Or is it simply a matter of the department going: “Well, we could do this now. So if we take some of that money away from the surplus and put it in here, then we’ll look like we were really anticipating things, and the surplus won’t be quite so large?”

My other concern around this department in particular doing things in a hurry is a history of a sort of sloppiness, and I am particularly looking for reassurance that any computer or hardware that would be included in this program for \$4.565 million is going to be compatible with existing programs. What exactly is being anticipated here? Is this a contract that is going out to someone else? No. Indeed, when I look at it, we’ve got \$1.8 million. So \$1,846,000 is operating expense for private agent services/general registry, and we’ve got \$2,719,000 under capital investment. So, in fact, there is some expectation of capital investment. Was there a tender process for this? Is the minister able to talk to us about what was in the criteria for the tender process and whether we’ve got successful bidders? Obviously, if the money is going to be spent by the end of March, you must have already had this tender process happen and have your successful bidder that’s going to implement it; right? Or, in fact, you were playing fast and loose and had already done this before you had permission to do it. Is this a contract that’s going out to a private registry? That’s where it’s showing up, under vote 2.0.2. So I’m interested if some private registry got a windfall of a \$4.5 million contract just at year’s end. What kind of contract do they have? What are the performance measurements that are in place? What are the targets that are in place?

I’m looking at Human Resources and Employment next. In the appropriation bill there’s a request for \$25,800,000

to provide additional funding for the Skills Development Program as a result of an increase in the number of students enrolled in basic education and short-term training courses leading to sustainable employment.

Now, that skills development program – you’re going to excuse me because I have just seen that. If I look in the Auditor General’s report, I know that I am going to find something in there about the skills development program, and it’s not going to be something happy if it was turning up in the Auditor General’s report. Have the concerns about the skills development program been addressed before we plow – how much? – 25 million bucks into it? There we have it, recommendation 27.

We again recommend that [the] Department of Human Resources and Employment improve the procedures to monitor compliance by training providers with the terms of the Skills Development Program.

It’s noted that in 2001 this was recommendation 22. Now, I’m finding this in the Annual Report of the Auditor General of Alberta 2001-2002, page 151.

How does the minister respond to this recommendation, which has been made multiple times to his department, that there is a problem with the skills development program? Do I see something happening here? No. I see another \$25 million being dropped into this very program that has been identified as having compliance problems. So I think we need to have the minister answer for that one, and I would like to hear him answer that before I’m required to vote on this appropriation bill in Committee of the Whole.

I have two additional questions about this skills development program. One of my frustrations for an extended period of time, back to when I was with the Advisory Council on Women’s Issues, is that there’s money put into skills development to help people retrain or to upgrade their training or to train into markets where there’s a skill shortage, but we never quite commit to it. I’m just trying to think of an appropriate analogy, but I don’t think I want to go there. Essentially, one of my complaints then was, you know, that people always seem to be able to get skill development money to retrain as a hairdresser, and my thought was: well, how many hairdressers do we need in Alberta? At that time, my interest was in women and what was happening, and they tended to be channeled into things like what used to be called secretarial college but would now be called administrative support and into hairdressing.

Well, I mean, my goodness. How many administrative support and hairdressers do you need? Why weren’t we using that money to encourage women into skills development programs that would’ve actually lifted them out of the pink-collar ghetto and help them get into something that was really going to be a good income for them? Why weren’t we looking at encouraging them into apprenticeship programs like welding or steam fitting? There are all kinds of things that could’ve been happening here.

So I have real questions about how effective these programs are. I think we tend to train people into what appears to be quick and easy access routes, but in fact they don’t sustain people for a lifetime of employment. So in that are we really getting value for money? Are we really getting value for money when we keep spending money to train people to be hairdressers? No, I don’t think we are. Not that we don’t need hairdressers – and this is not a slam against hairdressers in Alberta in any way, shape, or form – but really is this directing people into the skill markets that we need and giving them enough of an education that they’re actually going to be successful? I’ve had people from programs like this. They get six months of computer training. They come and you say: okay; turn on the computer. Well, their skill level is so narrow that they’re actually not very skilled in this, and you end up not being able to keep them on staff because they’re really not conversant with, you know, the programs that you need them to be conversant with and the operating systems that you need them to really know. So I don’t know that we’re very successful here, and I’d like to hear the minister defend that.

#### 10:30

Now, I’m going to leave Infrastructure alone. I’ve already talked about Justice.

One of the other places that really jumped out at me was Municipal Affairs. We’ve got \$10 million for the underground petroleum storage tank program to deal with accepted applications. So does this mean that the ministry was not on the ball in the first place to know what kind of money they were going to need for the year if they’d already accepted these applications? Why were they accepting the applications throughout the year if they didn’t have the money in the budget to do it? Or is the minister going to tell me: “No. This is the process they always use”? They approve them all, and then they wait until they get the money. Maybe that’s how it’s done. [interjection] Well, the Attorney General and Justice minister has somewhat answered my earlier concern that because we have surpluses, we’re taking money and putting it into programs. But I will let him get up and respond on the record to me.

Now, we also have \$1.4 million in there for disaster recovery programs. You know, I don’t have a problem with that, and that’s exactly the kind of thing I do expect to see in an appropriation supplementary supply vote. I do not expect to see things like

plowing funding into programs that already exist because you want to accelerate them or because it's a program on the books that you haven't been funding for a couple of years, but, heck, you've got this 'gi-normous' surplus coming and you're trying to hive off some of that money so it doesn't look quite so bad and you don't look like you, in fact, starved schools and health care systems and infrastructure yet again all year so that you could come out and go: "Oh, aren't we wonderful? We can pay down more on the debt." But, really, who paid that debt? That would be the children and the people that needed the health care system and our students in the postsecondary institutions.

The final point I want to talk about is to go back to the conversation that I was having with the Minister of Agriculture, Food and Rural Development around what I saw as the inequity of payments that were being made to the farmers but no equivalent program for small businesspeople, for example, in the cities. The minister said: well, we have this, and the government pays for it because there's no insurance program that's available; in the cities the businesses can, in fact, get fire insurance or theft insurance. True, but we're really talking about risk here. We're talking about the farmers dealing with the risk that they have with the weather. But my point is: I have small businesspeople in downtown Edmonton that are also dealing with risk. They're dealing with risk like the American dollar or with government instability for countries that they wish to trade with or who buy their product in some way, shape, or form. They also are affected by weather. I talked earlier about the Golfdome. It's certainly affected by weather as a business risk. They're not able to forecast in any way or have any reliable way of knowing. So I disagree with the agriculture minister, and I challenge her on that one.

Thank you very much.

**The Chair:** The hon. Member for Edmonton-Glengarry.

**Mr. Bonner:** Thank you very much, Mr. Chairman. I would also like to make a few comments on Bill 17, Appropriation (Supplementary Supply) Act, 2003. In the Legislature this evening we debated Bill 2 in third reading, regarding the establishment of a stability fund here in the province. It was certainly a good Liberal idea brought to the Legislature in 1994 by Laurence Decore. It was a step forward in dealing with the peaks and valleys of our revenues. It is a welcome bit of stability in our boom-and-bust economy.

Now, Mr. Chairman, it took nine years for the government to see the value of such legislation, but now I think it is time that we look at another proposal brought forward by Laurence Decore, particularly in a province where the provincial government likes to tout itself as a champion of business, in a province where the government likes to portray itself as having some particular kind of insight and sensitivity as to how we are going to handle a budget that is blessed with revenues that were only dreamed of a decade ago, but at every supplementary supply time we have a process that I think must be quite embarrassing to the government. One of the things that Mr. Decore had proposed was to develop a much stronger kind of budget scrutiny, a much stronger budget review process. Instead of having the government decide what goes in what column, the proposal of Mr. Decore would be to open that up and not start in March, when the estimates are brought in, but in fact start far, far earlier.

The Ontario budget model, in fact, picks up many of the elements of what I call the Decore proposal. You have a powerful all-party committee that picks up a number of departments each year. They meet with the ministers of those specified departments long in advance. In Alberta that process may start with meetings in the summer because we know that is when the government starts pulling

together all the pieces that are then merged into some form of a budget process.

Other provinces have said that there is a better way to do a budget. Hopefully, Alberta will choose to take the next step and improve their budget process so we don't have this embarrassing situation of supplementary supply. The kind of numbers being put forward before us today is a clear indicator that there must be a much better way to do business. We need a process, Mr. Chairman, whereby we have all-party scrutiny of the budget, which will reflect the priorities and the needs of Albertans. The fact that year after year we see billion dollar plus supplementary estimates tells us that something is not working right.

Now, I don't know in this particular case, Mr. Chairman, if the reason that we are seeing such a large amount, \$206 million extra, is because of the desire to reduce the size of the surplus. I'm sure that this is welcome spending in some areas, but again it does point out the very weak and poor budgetary practices that we do have in this province, where we continually come back to this Assembly throughout the year asking for more and more money.

The Minister of Aboriginal Affairs and Northern Development is looking for an operating expense of \$1.4 million. In looking at this request for \$1.4 million, the supplementary estimate is requested "to provide funding for Alberta's initiative on Aboriginal consultation." Now, then, earlier this year I had the opportunity to travel to Slave Lake, Mr. Chairman, and take part in a forum that was sponsored by the Northern Oilfield Contractors Association. Certainly, the issues that were raised were looking at the situation in northern Alberta, where we have an unfortunate situation where the First Nations councils and the Northern Oilfield Contractors Association have been at loggerheads with each other over issues on Crown land. In looking at that, certainly one of the issues that I think is common to both sides is the fact that there certainly has to be a much better consultation process between these two groups. There also has to be a very consistent set of guidelines put forward by which both parties will be able to continue in an agreed-upon process that will certainly eliminate this conflict situation.

**10:40**

What is required here is some resolution to this problem. The problem is having a major impact on our northern communities because if the contractors in those communities cannot secure contracts, if they cannot go to work, if when they go to work, they cannot make a living at this particular line of work, then the impact flows back to the communities in northern Alberta. It takes away much-needed revenues from other businesses and certainly has a huge impact on their children and their families.

So my question to the Minister of Aboriginal Affairs and Northern Development this evening would be: how much of this \$1.4 million that is being put forward in supplementary estimates is going to go towards solving this issue between the Northern Oilfield Contractors Association and the First Nations councils?

At this particular time, Mr. Chairman, I will cede the floor to other members of the Assembly who wish to ask further questions on the supplementary estimates. Thank you.

[The clauses of Bill 17 agreed to]

[Title and preamble agreed to]

**The Chair:** Shall the bill be reported? Are you agreed?

**Some Hon. Members:** Agreed.

**The Chair:** Opposed?



**Some Hon. Members:** No.

**The Chair:** Carried.

The hon. Government House Leader.

**Mr. Hancock:** Thank you, Mr. Chairman. I would move that the committee rise and report Bill 17.

[Motion carried]

[The Deputy Speaker in the chair]

**Mr. Klapstein:** Mr. Speaker, the Committee of the Whole has had under consideration and reports Bill 17.

**The Deputy Speaker:** Does the Assembly concur in this report?

**Hon. Members:** Agreed.

**The Deputy Speaker:** Opposed? So ordered.

The hon. Government House Leader.

**Mr. Hancock:** Thank you, Mr. Speaker. I would move that we adjourn until 1:30 p.m. tomorrow.

[Motion carried; at 10:45 p.m. the Assembly adjourned to Wednesday at 1:30 p.m.]

