

Legislative Assembly of Alberta

Title: **Thursday, February 27, 2003**

1:30 p.m.

Date: 2003/02/27

[The Speaker in the chair]

head: **Prayers**

The Speaker: Good afternoon.

Let us pray. Our divine Father, as we conclude for this week our work in this Assembly, we renew our thanks and ask that we may continue our work under Your guidance. Amen.

Please be seated.

head: **Introduction of Visitors**

The Speaker: The hon. Minister of Learning.

Dr. Oberg: Thank you very much, Mr. Speaker. It's my pleasure to introduce to you today and to the members of the Assembly Minister Monika Hohlmeier, who is the Minister of Education from Bavaria, Germany. With her in the Speaker's gallery is the delegation from Bavaria, which includes Dr. Harald Vorleuter, who is the head of the minister's office. Miss Claudia Piatzer is the spokesperson for the Bavarian state Ministry of Education. Dr. Ingeborg Berggreen-Merkel is the head of the Department for International Affairs, Youth, Adult Education in the state ministry. Also part of the delegation is Mr. Joachim Peter, a journalist from the newspaper *Die Welt*. Ms Bettina Vogt is their interpreter. Seated with the delegation is also Mr. Friedrich König, who's the honorary consul for Germany in Edmonton; Mr. Karl Suess, a German language consultant to Alberta; and Mr. Waldemar Riemer, a member of our Alberta Learning staff.

Mr. Speaker, I had the opportunity of having dinner with Minister Hohlmeier last night and learned that there are a lot of commonalities between Bavaria and Alberta. Their province, for example, is number one in Germany as our province is number one here, and the thing that dominated our conversation is that they have many issues with their socialist regime and the federal government as well.

So I would ask that all the delegation please rise.

head: **Introduction of Guests**

The Speaker: The hon. Minister of Finance.

Mrs. Nelson: Thank you very much, Mr. Speaker. I would like to introduce to you and through you to members of the Assembly a team of dedicated staff from my department. Earlier today I announced my intention to deliver the budget speech on April 8, and the staff here today are part of the team that has been working very hard to put the budget together. They are here to watch the proceedings of this Assembly today as part of an orientation session to the Legislature. I'll ask them to stand and be recognized as I read their names. We have Chris Sargent, Ed Stafford, Kerstin Bzdel, Justin Halbersma, Liliana Cordeiro. I'd ask them to receive the warm welcome of this Assembly.

Thank you.

The Speaker: The hon. Minister of Revenue.

Mr. Melchin: Thank you, Mr. Speaker. It's my pleasure to stand today and to introduce three visitors from Alberta Revenue who are here as part of the public service orientation tour offered to all of the public service employees. We're thrilled to take this opportunity to

introduce them to all of the members. Each of these three are just within the past year new employees of Alberta Revenue and of the public service, and we're thrilled to welcome them aboard. I'd have them stand as I introduce them: Randy Proskow, Sheila Biollo, and Joanne Choquette. If they could please have a warm welcome.

The Speaker: The hon. Member for Edmonton-Riverview.

Dr. Taft: Thank you, Mr. Speaker. I have three sets of introductions today. My first is to introduce to you and through you to all members of the Assembly three girls who are strongly committed to improving public education in Alberta and who have been instrumental in collecting a petition in support of better funding for public education. They attend Belgravia, Vernon Barford, and Ross Sheppard schools in Edmonton. They're in the public gallery, and I would ask them to stand as I call their names: Hayley Grundy, Molly Grundy, Grace Grundy, and their mother, Lorie Grundy. Please give them a warm welcome.

My second introduction is of a group of students from various schools in Edmonton who are also very actively committed to bettering public education in Alberta. These are outstanding students, the future of this province, and we need to ensure that our educational system is there for them to realize their potential. They are seated in the public gallery, and I would ask them to rise as I call their names: Charlotte Dibden, Robin Nobleman, Kathryn Lennon, Jessica Moe, all of Ross Sheppard high school; Sydney Neuman, Roxanne Nesbit, and Rhiannon Klein, all of Victoria high school; Christie Kneteman of Old Scona academic high; and Heather Whyte of Vernon Barford school. Please give them a warm welcome.

My last introductions, Mr. Speaker, also relate to education, this time to postsecondary education. The University of Alberta is in my constituency, as is one campus of Grant MacEwan College, so my constituents are all too familiar with rising tuition fees and other challenges facing postsecondary students. My two guests today are Mike Hudema, president of the University of Alberta Students' Union, and Anand Sharma, chair of the Council of Alberta University Students. Mike and Anand and many other students were instrumental in collecting thousands of names on petitions and letters that I will be presenting later in the Legislature. Please give them a warm welcome.

Thank you.

The Speaker: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. I'm delighted to rise and introduce to you and through you to the Assembly nine young Albertans, Edmontonians, our future leaders. They are also visiting here today to bring a message to this government to stop underfunding public education. They are aware of the negative consequences of continued underfunding for the quality of education that they are entitled to. They're seated in the public gallery, and I would ask them to rise as I call their names: Katrina Beatty, Ava Becker, Jonathon Balazs, Tina Caron, Jennifer Leech, Nancy Lambert, Tony Cyr, Alan Cliff, and Heather Shrimpton. I'll ask now my colleagues in the House to give them a warm, warm welcome.

The Speaker: Hon. Member for Edmonton-Glenora, you wanted to participate in introductions. Please proceed.

Mr. Hutton: Thank you, Mr. Speaker. It is a great pleasure for me to stand before you today to introduce to you and through you to members of the Assembly two young individuals that truly demonstrate the Alberta advantage in education in this great province.

Hailey is an international baccalaureate middle-year student at Westminster junior high school. She has a 91 percent average. She is bilingual, plays piano, bass guitar, drums. She's involved in ballet, Irish dance, skis and swims. She is an artist who has had her art used on the cover of the Edmonton public school board retirement program last June.

Accompanying Hailey is Hillary. She is a constituent with a 90 percent average at Parkview junior high school. She plays volleyball, basketball, participates in the track team. She is bilingual, plays piano, and in her spare time she assists her brother, who has muscular dystrophy, to lead a more independent and fruitful life.

Both are too busy to collect petitions in the constituency. I would ask that Hillary Schell and Hailey Hutton please rise and accept the warm welcome of this Assembly.

head: **Oral Question Period**

The Speaker: First Official Opposition main question. The hon. Member for Edmonton-Gold Bar.

Natural Gas Prices

Mr. MacDonald: Thank you, Mr. Speaker. The signatures just keep coming in. Four hundred more Albertans have visited our web site, altoliberals.ab.ca, to express their outrage over skyrocketing utility bills. This government protects the greedy and ignores the needy. My first question is to the Minister of Energy. Will the Minister of Energy finally admit that the natural gas protection act was all about public relations and had nothing to do with consumer protection?

Mr. Smith: Mr. Speaker, this member has a tendency to change what he says today as compared to what he used to say when he was here for the debate, when he was here for the passing of the bill, when he saw the bill unfolding, when he saw the process. Some of the comments from the time in the session in 2001: they would agree that this bill is not necessary; what kind of sheltering is necessary?

We look at this: the minister . . . If this bill, this slogan bill, this public relations exercise . . . were to be lining the pockets of the developers . . . at the expense of Alberta consumers, I would be very, very disappointed.

1:40

Mr. Speaker, we have a bill that went through an extensive policy process: standing policy committee, approval by cabinet, approval by caucus. Then it went in front of the House. It was Bill 1 in 2001. It was subject to extensive debate. It was 5 percent below the threshold established for the rebates of 2001, and we are putting that policy to the test now. We will evaluate how that meets that test. We have looked at it from a perspective of timing. Could we do it on a different 12-month period? Could we do it on something where it would be different from the budgeting process and the cycle in which we collect money?

Mr. Speaker, we have seen the Natural Gas Price Protection Act in its infancy work in 2001. We struck a good bill. It's good policy, and it's in place today.

The Speaker: The hon. member.

Mr. MacDonald: Thank you, Mr. Speaker. Again to the same minister: then why did this government repeal an act that would give Albertans natural gas rebates only to put in place legislation that ensures that rebates will only occur during an election year?

Mr. Smith: Well, Mr. Speaker, as used as we are to scurrilous

preamble, I think that kind of takes the cake. It kind of tops out on a Thursday. He's referring to the Natural Gas Rebates Act of 1974. That act was in place. It was repealed in 1987. This government responded to a very real crisis in 2001. It has good policy in place. We're watching what's going on now. The gas price is dropping. It's dropped \$2.40 in Henry hub today. I think all members enjoyed the sunshine outside this afternoon.

Mr. Speaker, it's good policy, it's effective policy, and most importantly there are other policies put in place by this government that will protect seniors, low-income Albertans, and families in need.

Mr. MacDonald: But it is not an election year.

My next question is to the Minister of Finance. Will the Minister of Finance pry open her blue handbag immediately and let go of a small portion of the \$400 million she set aside yesterday for emergencies like skyrocketing natural gas prices and the bills that are reflected because of that high price?

Mrs. Nelson: Mr. Speaker, the hon. Minister of Energy has explained the act and the policy, as has the Premier, every day this week to this hon. member. I don't know what part he does not understand, but obviously we're going to have to give him a briefing so he understands the act that he actually voted for.

The Speaker: Second Official Opposition main question. The hon. Member for Edmonton-Mill Woods.

Education Funding

Dr. Massey: Thank you, Mr. Speaker. Edmonton students – and there are some in the gallery today – tell us that there are fewer resources in their classrooms, fewer librarians and resource teachers, and that they are sitting in larger and larger classes. On top of this, their moms and dads are fund-raising for the basic needs of their schools. My questions are to the Minister of Learning. Will the minister explain to these students why they are learning in resource-starved classrooms?

Dr. Oberg: Well, Mr. Speaker, that's a very long issue and a very long question. Part of it has to do with the 14.09 percent settlement that was received by the ATA in the last two years. Keeping that in mind, we just recently put \$20 million directly in the classroom in the form of textbooks, in the form of computer software, in the form of other resources that these students can now use.

I will take exception to one of the things that the hon. member just stated, and that is the larger class size. Mr. Speaker, we have just finished a survey from around the province which shows that the class size has not grown in Alberta and actually is very similar to what it was last year. Edmonton public, for example, in this present school year had an increase of 300 students and hired 82 new teachers to service those 300 students.

The Speaker: The hon. member.

Dr. Massey: Thank you. Again to the same minister, Mr. Speaker: why in some schools in this city do four students have to share one outdated textbook from the 1980s?

Dr. Oberg: Mr. Speaker, that absolutely is not acceptable, and I will take that up immediately with the superintendent of schools. I do not find that situation acceptable at all, and if it's true, I will certainly see it changed.

The Speaker: The hon. member.

Dr. Massey: Thank you. Again to the same minister, Mr. Speaker: why are school libraries such a low government priority that in some schools all the new books must be purchased through parent fund-raising activities?

Dr. Oberg: They're not, Mr. Speaker.

The Speaker: Third Official Opposition main question. The hon. Member for Edmonton-Mill Woods.

Dr. Massey: Thank you, Mr. Speaker. At the last election Edmontonians were told that having a few more seats at the government's banquet table would make sure that this city shared in the feast. Well, two years later all the city is left with are crumbs. The Edmonton Tory caucus has failed to protect the city from losing a constituency and failed to get the same financial help for Edmonton public schools that Calgary public has received. My questions are to the Minister of Learning. How was the Calgary Tory caucus able to squeeze an extra \$7 million out of the department while the Edmonton Tory caucus got absolutely nothing?

Dr. Oberg: Well, Mr. Speaker, that line of thinking is something that is absolutely amazing. I don't know how many more times I have to say in this House what I said yesterday, and that was, quite frankly, that in the arbitration settlement there was an extra \$7 million weight that was put around Calgary public that was not put around any other school board. Any other school board. I could spell it out too: any other school board in Alberta. What the \$7 million did yesterday was level the playing field so that Calgary can be making the same decisions based on the same funding, on the same facts as Edmonton could.

The Speaker: The hon. member.

Dr. Massey: Thank you. Well, that being the case, then, will the minister give the other school boards in the province who also pay 100 percent of teacher benefits the same break?

Dr. Oberg: Mr. Speaker, I'm sure the hon. member was here yesterday, but I did explain this yesterday as well. There are approximately another 12 or 13 boards around the province who pay 100 percent benefits. Those boards negotiated that themselves. They negotiated that at the same table where they negotiated salaries, at the same table where they negotiated benefits. That was done prior. The Calgary public school board did not negotiate this. This was an extra clause in the arbitration agreement that they were saddled with that no other school boards were saddled with in their 54 arbitration agreements.

The Speaker: The hon. member.

Dr. Massey: Thank you. Again to the same minister, Mr. Speaker: will the minister give the Edmonton public school board the same budget flexibility that he has given Calgary public?

Dr. Oberg: Mr. Speaker, what I did yesterday was put Calgary public on the same footing as Edmonton public when it came to their budgetary issues. What had happened before then is that the Calgary public school board had a \$7 million penalty imposed by the arbitration that Edmonton public did not have. They are now on equal footing. We are working with Edmonton public and will

continue to work with Edmonton public to find out how we can help their budget issues. As I said yesterday in a question from the very exceptional Edmonton caucus that we have in this Assembly, I would look at amortizing after the audit that is occurring right as we speak today.

The Speaker: Hon. members, before calling on the hon. leader of the third party, just to advise the House, there will be a point of order dealt with at the conclusion of question period. It was during the exchange between the hon. Member for Edmonton-Gold Bar and the hon. Minister of Finance.

The hon. leader of the third party.

Dr. Pannu: Thank you, Mr. Speaker. Once again the Edmonton Tory caucus shows how ineffective they are at standing up for this city. While the government doles out \$7 million for a Calgary school board, the best suggestion Edmonton Tories can make and come up with is to let Edmonton public go into debt. They are literally mortgaging the future of our schools. My questions are to the Minister of Learning. How does allowing school boards to rack up debt and pushing funding problems onto future generations of students solve the problem of proper funding for schools?

1:50

Dr. Oberg: Mr. Speaker, the nice thing about this Assembly is that I get at least three or four chances to answer a question because it's repeated three or four times. What happened yesterday – and I will repeat what I just said – is that \$7 million was given to Calgary public to put them on the same footing as Edmonton public. I don't think that anyone in this Assembly would argue with the fact that we have to look at making everyone – everyone – including anyone in this Assembly, accountable for how our taxpayers' dollars are spent. Quite simply, that's what we are doing with Edmonton public. We are going in and taking a look, finding out how they spend their money. As I've stated already, there are some great inconsistencies; for example, 300 new students with 82 new teachers. Does that make sense, or doesn't that make sense? I can't answer that because we haven't looked into their books and into what their practice is. That is what we are presently doing. We want to help Edmonton public, and we certainly will look at doing what we can.

Dr. Pannu: To the same minister, Mr. Speaker: given that every school district is unique and has special challenges, will the minister recognize this and fund the entire arbitration settlements for affected schools, not just the parts that meet his political needs?

Dr. Oberg: Well, Mr. Speaker, it's funny because the last time I looked, despite the boundary redistribution Strathmore-Brooks did not extend into Calgary.

We have given \$298 million to fund a \$260 million settlement that the arbitration people brought forward. Included in that settlement was an extra tax, I will say, on the Calgary public school board for \$7 million. Again, quite simply this time – I'll even try to make it simpler if I can, Mr. Speaker – the \$7 million levels the playing field between Edmonton and Calgary.

Dr. Pannu: To the same minister, Mr. Speaker: do students in the Edmonton, Red Deer, Elk Island school boards and elsewhere really deserve to lose hundreds of teachers and valuable services all because their Tory MLAs are asleep at the switch?

Dr. Oberg: Mr. Speaker, I will say categorically that every Tory MLA in this Assembly represents their school boards and represents

their people. As you were told yesterday, when it comes to areas like Elk Island, they have assured me that they will not be running a deficit. We've seen some very interesting things in Elk Island, for example, in that they gave their support staff a 14 percent pay increase as well. These are all the types of things that we are looking at. Those are the independent decisions that school boards make right now, and we are confident in working with them. It's going to be tight, absolutely, but we are confident that the school boards will come out of this, that they will be okay, and to the hon. minister from Bavaria, that we, too, will be number one in the world again next year.

Thank you.

The Speaker: The hon. Member for Lac La Biche-St. Paul, followed by the hon. Member for Edmonton-Riverview.

Crop Insurance

Mr. Danyluk: Thank you very much, Mr. Speaker. Crop insurance changes recently announced by the Agriculture Financial Services Corporation have many of my agricultural producers very interested in the new programs. However, they are concerned with getting an appointment to see the AFSC insurance administrator before the deadline of February 28, which is tomorrow. My question is to the Minister of Agriculture, Food and Rural Development. What is AFSC doing in response to the tremendous uptake for pasture and forage insurance programs?

Mrs. McClellan: Mr. Speaker, there's been a remarkable uptake on this program. I think it's a direct response from producers to changes that have been made to the program that make it more responsive to their needs, and that's as it should be because the changes we made were farmer driven.

The deadline is tomorrow. Staff have been working up till 7 o'clock at night and past. The deadline is tomorrow, but if producers call in for an appointment and they cannot be seen, we will go up to March 11 to accommodate those appointments. But, Mr. Speaker, if people do not contact a representative in the many offices we have across the province before the end of the working day on February 28, they will not be accepted in the program.

The Speaker: The hon. member.

Mr. Danyluk: Thank you very much, Mr. Speaker. Many of my producers make their rental decisions for the following year in December. Why did the deadline for forage and pasture insurance get moved up three months to December 15, 2003, for next year's crop insurance?

Mrs. McClellan: Mr. Speaker, this is an insurance program. It is meant to be part of the risk management tools that a producer has, and we believe that they would be quite capable of making those decisions by December 15. An insurance program does not work if you wait until the eve of an event to insure. We are expecting that people, if they feel that they need this risk management tool, would make that decision in December.

The Speaker: The hon. member.

Mr. Danyluk: Thank you very much, Mr. Speaker. For my final supplemental, to the same minister. Many of my crop producers are concerned about the new prices for the crop insurance, that haven't been released yet. When will these numbers be available for producers to make the best decisions for their operations?

Mrs. McClellan: Those numbers will be available for producers on March 10. The deadline for that insurance program is April 30, and we're confident that we will be able to accommodate producers in that time frame. Mr. Speaker, I think we do have to recognize that those changes to that program were just made less than a month ago, so I think that for staff to be ready and the numbers to be ready for us and accurate, March 10 is what we could achieve.

The Speaker: Before calling on the hon. Member for Edmonton-Riverview, let me advise the House that we will have an additional point of order, this one raised by the hon. Minister of Justice and Attorney General on an exchange with the hon. Member for Edmonton-Mill Woods. He just didn't rise at the time.

Learning Resources Centre

Dr. Taft: Mr. Speaker, schools that wish to use the \$20 million the government has provided for textbooks and resource material must purchase them through the government-owned Learning Resources Centre. Schools must do this despite the fact the Learning Resources Centre charges far above the market price for many items. The government is using the Learning Resources Centre as a company store to claw back funds from cash-starved schools. To the Minister of Learning: given that purchasing 10 dictionaries, 10 spelling books, and 20 atlases will cost a school over \$400 more through the Learning Resources Centre than other suppliers, why does the Learning Resources Centre consistently overcharge schools?

Dr. Oberg: Mr. Speaker, I find that question extremely, extremely offensive. The Learning Resources Centre has provided an economy of scale for all our school boards and provides on average around a 25 percent discount to what it can be purchased for elsewhere.

The Speaker: The hon. member.

Dr. Taft: Thank you, Mr. Speaker. I will take the risk of offending the minister more in tabling the information to back up my question.

The Speaker: We'll do the tablings at the appropriate time in the Routine. Please proceed.

Dr. Taft: Thank you. To the Premier: will the Premier admit that his government has a double standard when it ties the hands of schools in purchasing materials even if it drives costs up, yet it complains so loudly when strings are attached to federal dollars for health?

Mr. Klein: What was the question? Mr. Speaker, what was the question? Are we tying their hands? No.

The Speaker: The hon. member.

Dr. Taft: Thank you, Mr. Speaker. I'm delighted to repeat it. To the Minister of Learning: will the minister give schools the opportunity to purchase the materials they need from the lowest cost provider?

Dr. Oberg: Mr. Speaker, there is no obligation for the school boards to purchase their equipment from the Learning Resources Centre. Right now there's approximately \$32 million worth of resources that are purchased at the Learning Resources Centre each year. Above the \$20 million that was provided now, we also give school boards a credit for \$5 million to purchase them at the Learning Resources Centre.

I will table on Monday the evidence that shows the prices for the Learning Resources Centre, and at that time I fully expect an apology from this hon. member for myself and my staff and my department.

2:00

The Speaker: The hon. Member for Drayton Valley-Calmar, followed by the hon. Member for Edmonton-Centre.

Commercial Fishery

Rev. Abbott: Thank you, Mr. Speaker. In my constituency some residents have fished for many years under commercial fishing licences. Pigeon Lake and Buck Lake fishers have followed the rules, reported their catches, and made use of the renewable commercial fishing resource. It's not uncommon to see three or four generations of fishers on the lake setting nets. People drive from all over Alberta to purchase whitefish right off Buck Lake. The small town turns into a fish marketplace for the day. The community comes to life holding a supper and a breakfast especially for the fishermen. If this is to change, there would be a strong economic impact on the community. In the past year the Department of Sustainable Resource Development has been implementing a plan that would put numerous small operators out of business. So my question is for the Minister of Sustainable Resource Development. [some applause] Thank you. Is there a future for Alberta's commercial fishery, and does it include small operators?

The Speaker: The hon. minister.

Mr. Cardinal: Thank you very much, Mr. Speaker. That's an excellent question by that member. The challenge is to have both a sportfishing and a commercial fishing industry in Alberta. As you mentioned before, the commercial fishing industry in Alberta is about 800 commercial fishermen. They presently access about 34,000 100-yard nets, and it's approximately a \$5 million industry. The targeted species, of course, are tullibee and whitefish. On the other hand, the sportfishing industry is over \$350 million, and over 350,000 members belong to that industry. So we do have challenges as to how we do the balance as we move forward.

In order to have a viable sportfishing industry and a commercial fishing industry, Mr. Speaker, we intend through a compensation program to reduce the number of commercial fishermen, to start with, down to about 200. Of course, they would also access about 18,000 100-yard nets. The compensation program, I believe, is one that was done jointly with the commercial fisheries association of Alberta, and they're fully supportive of it.

The area of the very small operators the member mentioned, with four total net privileges they can continue fishing until March 31 of 2005, at which time they will no longer be able to license.

The Speaker: The hon. member.

Rev. Abbott: Thank you. My only supplemental question for the same minister is: what are the time lines for buyouts, including the deadline for small operators to amalgamate in order to stay in business?

The Speaker: The hon. minister.

Mr. Cardinal: Yes. Mr. Speaker, a letter went out over a year ago to the commercial fishermen of Alberta advising them that there are time lines. In fact, the opportunity to apply for compensation is February 28, which is, I believe, tomorrow. Anyone who wants to

continue commercial fisheries and hasn't bought a licence, this year for open lakes it's March 15. That's important. A transfer for this year is March 15. Eligible small operators – and this is the important one – with fewer than four total net privileges who want to stay in the fisheries and buy out larger operators is March 15 of 2005.

The Speaker: The hon. Member for Edmonton-Centre, followed by the hon. Member for Olds-Didsbury-Three Hills.

Human Rights

Ms Blakeman: Thank you, Mr. Speaker. Several years ago we had a cabinet minister of this government advocating that pedophiles be put in with the general prison population to let the moral prisoners deal with them, and now we have the Member for Edmonton-Norwood scoffing at human rights legislation, musing admiringly about using 50-millimetre machine guns on protesters, and advocating shipping repeat offenders to Russian gulags. My questions are to the Premier. Will the Premier ask this member of his caucus to apologize and withdraw his statements?

Mr. Masyk: Point of order.

Mr. Klein: Mr. Speaker, the hon. member alluded to has raised a point of order, and I don't know, other than reading the news reports, what exactly he did say. I don't recall reading in the newspaper article the comments or the statements made by the hon. member, but I will do this. I will undertake to discuss the situation with the hon. member.

The Speaker: The hon. member.

Ms Blakeman: Thank you. That's satisfactory.

The Speaker: The hon. Member for Olds-Didsbury-Three Hills, followed by the hon. Member for Edmonton-Gold Bar.

Police Services

Mr. Marz: Thank you, Mr. Speaker. My question today is to the Solicitor General. Urban municipalities over a population and size of 2,500 are required to pay for police services, while rural municipalities and smaller urban municipalities are not required to do so even though they do receive police services and receive the fine revenues collected there. My question is: when will the Solicitor General take steps to correct this inequity?

The Speaker: The hon. minister.

Mrs. Forsyth: Thank you, Mr. Speaker. The hon. Member for Olds-Didsbury-Three Hills is correct when he says that cities and towns and villages and summer villages with more than 2,500 people are required to pay for police services. This is clearly laid out in the Police Act. I realize that some communities, especially many rural communities where the tax base does not reflect the policing needs, are having a hard time funding their policing. I've met with many communities across the province, and I've listened carefully to their concerns. This is an issue around equity, and we have to look at how we can make the system more fair. Equity is a complex issue. It's a growing concern and one that's been taken very seriously by this government. That's why the government MLA committee was asked to review policing in the province. We are reviewing the recommendations from the committee and the responses we've received, and the next step will be a careful review by our government.

The Speaker: The hon. member.

Mr. Marz: Thank you, Mr. Speaker. Well, given that there's a movement started by some smaller urban municipalities over 2,500 to withhold payment for police services until this situation is resolved, can the minister assure Albertans in those municipalities that police service will continue uninterrupted?

The Speaker: The hon. minister.

Mrs. Forsyth: Thanks, Mr. Speaker. I understand that many municipalities in this province are in difficult situations, and I'm disappointed to hear from the hon. member that some municipalities have decided to take that action in their contracts with the federal government. I have not personally been contacted by any municipalities advising me of their plans. Again I'd like to assure the hon. member that we are providing police services in this province and would be willing to discuss his issues with his towns, and I'd be pleased to meet with them.

The Speaker: The hon. member.

Mr. Marz: Thank you, Mr. Speaker. My final question to the same minister: would she consider immediately allocating all fine revenues collected within the police district to those municipalities who do in fact pay for the service?

Mrs. Forsyth: Mr. Speaker, the bulk of the fine revenue from the municipal statutes already goes to the municipalities in which the fine is issued with the exception of a surcharge that goes to the administrative costs and to support victims' programs. It's up to the municipalities to determine how that funding is used.

The Speaker: The hon. Member for Edmonton-Gold Bar, followed by the hon. Member for Edmonton-Highlands.

Natural Gas Rebates

Mr. MacDonald: Thank you, Mr. Speaker. This government's generosity has no limits during an election year, but now we find out the truth about the Natural Gas Price Protection Act, and we find out that it is yet another broken election promise. My first question is to the Minister of Infrastructure. What happened to the \$396 million that was left over from the energy rebate program in the election year? Where's that money now?

Mr. Lund: Mr. Speaker, I believe that the hon. member is the chairman of the Public Accounts Committee, and if, in fact, he is really concerned about something that happened over two years ago on the financial side, I would think that he would be able to find that in the public accounts. Either his research – incidentally, they get a large amount of money for their party research – is not working or he's not doing his job on Public Accounts.

Mr. MacDonald: Again, Mr. Speaker, this time to the hon. Minister of Finance. The \$125 million that was committed to the Natural Gas Price Protection Act two years ago was not spent. Where is that money now, and why don't you use it to provide emergency relief to Albertans at this moment?

Mr. Smith: Be gentle. It's Thursday.

Mrs. Nelson: I'm reminded it's Thursday, and it's been a long week,

but I'm just a little perplexed that this hon. member as the chairman of the Public Accounts Committee doesn't have a handle on what is going on from the years past. That's his job. I'm just really surprised that he's asking these questions.

2:10

The Speaker: The hon. member.

Mr. MacDonald: Thank you, Mr. Speaker. Again to the Minister of Energy. Given that "Bill 1 does exactly that. [It] enables the government to react to gas spikes," why are the words of the Minister of Energy during debate on Bill 1 not the law now? Why do you have this cumbersome formula that does not allow for gas rebates when you said that gas rebates were just going to be for the spikes?

Mr. Smith: Mr. Speaker:

So when you think that this is the flagship piece of legislation from this government, I have to caution the consumers of the province and I have to caution all hon. members of the Assembly: we cannot accept this bill in this form. It is a blank cheque. It is like giving the government a credit card with unlimited spending: here; go for it. Anything could happen here.

Another sentence: "The concept of gas rebate programs is not bad." Did I say that in debate? No. The chairman of Public Accounts, who is supposed to know where the money has gone, said that in the debate in 2001.

The Speaker: The hon. Member for Edmonton-Highlands, followed by the hon. Member for Calgary-Currie.

Natural Gas Prices

(continued)

Mr. Mason: Thank you very much, Mr. Speaker. This winter Albertans have the dubious privilege of paying the highest home heating costs in the prairie provinces. The natural gas prices that will be paid next month by Saskatchewan residents will be more than \$3.40 per gigajoule lower than the price Alberta residents will pay, and residents of Manitoba will pay \$2.80 per gigajoule less than we pay in Alberta. We are sitting right on top of the gas. We supposedly own it, yet we're paying more for it than people in other provinces. What's wrong with this picture? My question is to the Minister of Energy. Why can provinces like Saskatchewan and Manitoba deliver natural gas to their citizens at winter rates that are 30 to 40 percent lower than the rates Alberta natural gas consumers have to pay in this province?

Mr. Smith: Well, Mr. Speaker, the hon. member is absolutely right when he says that he is sitting on top of all the gas.

To compare, on February 24, 2003, the price of gas in Alberta was \$12.20 a gigajoule, while the price of gas delivered in Toronto was \$25.70 a gigajoule. This member knows full well from his experience with big business in the utility of EPCOR that people can buy in these other provinces contracted rates, and those Crown corporations which support government debt guaranteed by the taxpayer are the same companies, Mr. Speaker, that buy their gas on a 12-month basis.

I would ask him to ask the same question in two or three months' time, and he will find that the price of natural gas will be somewhere between 35 and 70 percent higher in the provinces of Saskatchewan and Manitoba than it is in the province of Alberta.

The Speaker: The hon. member.

Mr. Mason: Thank you very much, Mr. Speaker. Well, I appreciate the minister when he's witty but not when he's half witty.

Why should Albertans care that rates are cheaper in the summer when they're being gouged now during the winter at the very time they use the most natural gas?

The Speaker: That's an opinion, hon. minister.

Mr. Smith: Well, Mr. Speaker, I only wanted to be half witty so I could be on the same level.

It's very, very clear that the price of natural gas in Alberta today is sold at a spot rate. If people want to put a contract, they could have bought a contract from EPCOR or Enmax. In the future, Mr. Speaker, there'll always be a flow-through rate if people want to pay spot rate, but there will be opportunities for people to buy contract rate as well. Year on year, in and out, Albertans have been well served by their utilities, by the legislators, and by the great benefits that natural gas produces for this province.

Now, Mr. Speaker, I referred earlier to not only is there no sales tax in the province, but we've seen a third-quarter update that reflects how Albertans value and use the oil and gas revenue royalties that accrue to them, and this will continue. We will continue to be vigilant with a program that is unique in Canada and will protect Albertans at the point where the average annual price exceeds \$5.50 per gigajoule.

The Speaker: The hon. member.

Mr. Mason: Thank you, Mr. Speaker. Well, I'll ask a question. I'm tempted to make a statement.

The Speaker: Well, I'd like you to ask a question because those are the rules that you told me to enforce.

Mr. Mason: I appreciate that, Mr. Speaker. Thank you for that.

Given that Medicine Hat has cheaper gas than the rest of Alberta, given that Saskatchewan and Manitoba have cheaper gas than the rest of Alberta, what is it that those jurisdictions know that the Minister of Energy in this province doesn't know?

Mr. Smith: Well, Mr. Speaker, I know that people in Medicine Hat, I know that people in Saskatchewan – I've been there. I went to school at a little place called Notre Dame College, where in fact we didn't have natural gas. We had propane, and they would come and fill our tanks with propane. In fact, when this college ran out of money, we didn't get money for propane. We just sat there without any heat at all, but we didn't complain.

In fact, Mr. Speaker, I've worked in Manitoba as well. Manitoba has just converted its only coal-fired electricity generating station, in Selkirk, Manitoba, where I worked at the Selkirk Gordon Hotel slinging beer to try and get through college. That group now uses Alberta gas to fire up their electricity.

We're proud of what we do. We're proud of how we protect seniors. We're proud of how we protect low-income Albertans. We'll continue to be fair.

The Speaker: The hon. Member for Calgary-Currie.

Regional Health Authority Human Resource Costs

Mr. Lord: Thank you, Mr. Speaker. In large corporations overtime pay as a percentage of total payroll rarely exceeds 1 or 2 percent, and 5 percent would be an item of some concern. We know that human

resource costs – in other words, the payroll – are a major concern to health regions. In fact, the highest percentage of health authority costs are related to the human resource component, wages and salaries. I understand that more nurses are listed as working part-time than full-time, which is driving up overtime costs, and that takes money away from other patient needs. My question is to the Minister of Health and Wellness. Can the minister tell us what percentage of nurses work full-time and what percentage work part-time in the Calgary health region?

Mr. Mar: Mr. Speaker, my inquiry to the Calgary health region has yielded the following information. There are 7,882 registered nurses working for that region. Of those, 1,679 are employed on a regular full-time basis, 3,058 are employed on a regular part-time basis, and the remaining 3,145 nurses are working in temporary positions or on casual contracts.

Provincially there are a total of 21,390 nurses currently working for RHAs. Of those, only 7,059 are working regular full-time, 9,626 are working regular part-time, and 4,706 are working in temporary positions or on casual contracts.

The Speaker: The hon. member.

Mr. Lord: Thank you, Mr. Speaker. My next question to the same minister: how much of the Calgary health region's total spending on part-time and how much on full-time nurses goes to pay for overtime?

Mr. Mar: Mr. Speaker, the Calgary regional health authority has an entire budget allocation for nurses' salaries in the amount of \$305 million, and of that total, approximately \$12 million is paid for nursing overtime costs.

The Speaker: The hon. member.

Mr. Lord: Thank you, Mr. Speaker. My third question to the same minister: will the government ensure that nursing overtime costs are addressed in the current negotiations between the public health authorities of Alberta and the United Nurses of Alberta?

Mr. Mar: Mr. Speaker, it is very important to know that the contracts for nurses are between regional health authorities and nurses and not contracts with the government of Alberta. So the responsibility for negotiating new contracts rests with the provincial health authorities of Alberta.

That contract with the UNA, the United Nurses of Alberta, expires on the 31st of March 2003. The Alberta government has no role in negotiating nurses' contracted hours of work or in determining their work schedules.

The Speaker: The hon. Member for Edmonton-Glengarry, followed by the hon. Member for Calgary-Fort.

2:20

Licence Plates

Mr. Bonner: Thank you, Mr. Speaker. Licence plates on motor vehicles help society catch criminals, stop traffic violators, and recover stolen property. In Alberta, unlike nearly every other province and state on the continent, a plate is required only on the rear of the vehicle. The absence of a front plate hampers the police's ability to catch violators and criminals and locate stolen property. We have heard the story about a vehicle whose occupants were following and harassing children but could not be identified because

it was only viewed from the front. My questions are to the Minister of Transportation. Given that crime prevention organizations such as police services and Crime Watch in Alberta unanimously agree that front plates will help to curtail crime and increase public safety, when is the minister going to introduce mandatory front plates?

The Speaker: The hon. minister.

Mr. Stelmach: Well, thank you, Mr. Speaker. I believe that the hon. member will remember the discussion we had in this House some time ago on a motion that was brought forward by the Member for Clover Bar-Fort Saskatchewan with respect to issuing front licence plates. The decision of the House then, if I recall correctly, was to wait until we had to change the numerical sequence of our licence plates, given the reason of population growth, et cetera, and then that's when we would visit and look at the possibility of running a new numerical system for licence plates.

The Speaker: The hon. member.

Mr. Bonner: Yes. Mr. Speaker, the minister was quite correct that in the year 2000 we did pass a motion in this House and that many Albertans supported the front licence plate program.

Why will the minister not commit at this time that when this date does arrive, front licence plates will be reintroduced in Alberta?

Mr. Stelmach: Mr. Speaker, we have a motion that was duly passed in this House, and I suspect and believe that it's my responsibility to adhere to the motion that was passed by the majority of these members.

The Speaker: The hon. member.

Mr. Bonner: Yes. Mr. Speaker, to the same minister: given that new plates would only cost a few dollars for each driver, does the minister not agree that this is an insignificant cost for increased public safety?

Mr. Stelmach: Mr. Speaker, the hon. member is very correct in terms of various issues brought forward by numerous groups that have talked about issuing front licence plates. These would be from crime prevention to school bus drivers to others. We are currently assessing a lot of that information that has come forward in terms of school bus safety and crime prevention and are going to be coming forward with some recommendations. It might not all be in the form of a front licence plate but significantly looking at changes to the Traffic Safety Act to ensure that motorists are safe on our provincial highways and also at that time try and reduce significantly some of the crime that occurs.

The Speaker: The hon. Member for Calgary-Fort, followed by the hon. Member for Grande Prairie-Wapiti.

Natural Gas Prices

(continued)

Mr. Cao: Thank you, Mr. Speaker. Our Calgary-Fort constituency covers a large industrial park in Calgary. A few days ago the manager of a long-established factory in my constituency contacted me expressing his worry about the large increase in gas bills, that affects the viability of his business and the jobs of his employees. He talked about a gas billing increase around a hundred thousand dollars even though his business volume stays the same. My

question is to the Minister of Energy. Gas prices have risen over the past few months, and my constituents want to know how the natural gas prices are determined.

Mr. Smith: Well, Mr. Speaker, Albertans who buy natural gas from ATCO or AltaGas receive a monthly flow-through price based on daily and monthly spot prices. There is no profit component to these prices. The wholesale prices, however, are based on market prices set in an integrated North American marketplace. We export three-quarters of what we produce; we keep 25 percent. Of course, as everybody has seen and everybody has talked about, we have a very cyclical pattern in these prices: cold winter weather, chokes in pipelines, links to the oil price, explosions in Staten Island of gasoline stocks, poor drilling activity, and now it's been ramped up to massive drilling activity. So it is difficult to ascertain a stable price. However, there are people in the marketplace who you can go out and contract through hedging or through a series of financial instruments, as a business, to be able to get specific pricing.

Now, Mr. Speaker, in various papers today there were numerous reports that the hottest sector for growth, profit, and money invested will be the oil field energy sector, and that is a function of the quest for natural gas stocks and natural gas reserves in this province. As we see an economy that's going to have economic growth of some 4.9 to 5 percent, that search for natural gas will aid all businesses in Alberta because that is going to bring in a tremendous amount of investment. In fact, an oil and gas exploration company must spend anywhere from 115 to 125 percent of its cash flow in order to stay alive, to stay prosperous. So that money is injected into this economy on a continual basis, which then, of course, raises the taxes, the royalties, and allows us to be the number one province in this dominion.

The Speaker: The hon. member.

Mr. Cao: Thank you, Mr. Speaker. Small commercial businesses in my area, with their limited cash flow, would like to know what natural gas pricing options are available for them.

The Speaker: The hon. minister.

Mr. Smith: Well, thank you, Mr. Speaker. I think this is an area where the provincial government in co-operation with the industry can do more to provide a consumer education program, a program where we actually get more information out to small businesses, the real backbone of today's economy. In fact, there might be a minister here who'll wish to talk about the small business health of the economy given the change in energy prices in this marketplace. But those particular companies can already choose today from Enmax, EPCOR, and other natural gas marketing agencies to find specific contract points that will then allow them to nail down or determine a level of certainty for their business inputs, and we all know that certainty in business inputs is an important component of profit and growth.

Now, it's my understanding, Mr. Speaker, that many of these companies are in fact doing well. Business bankruptcies are at a very manageable level in Alberta, and I know that the hon. Minister of Economic Development will add materially to this question.

The Speaker: The hon. member.

Mr. Cao: Well, thank you, Mr. Speaker. To the same minister: what can Alberta businesses expect from the government policy if the natural gas price stays or keeps rising?

Mr. Smith: Well, you know, Mr. Speaker, businesses in Alberta today can expect the very same treatment that they have received since June 15, 1993, and that is a government that provides an environment that allows the private sector to flourish, a government that will not get involved in the ordinary business dealings of the day, a government that will not lend money and pick favourites over one company or another. This government will continue to provide that appropriate environment that allows business to flourish in this fair province.

head: **Members' Statements**

The Speaker: The hon. Member for West Yellowhead.

Edson Savings & Credit Union

Mr. Strang: Thank you very much, Mr. Speaker. It is with great pleasure today that I rise to recognize the Edson Savings & Credit Union. This past week they celebrated their 60th anniversary of serving the Edson and district residents in the town of Edson. The Edson Savings & Credit Union was incorporated on April 16, 1943. Their first annual meeting was held on January 12, 1944, with five elected directors, three credit committee members, three supervisory committee members. They approved 31 loans ranging from \$15 to \$30 each. The credit union declared its first dividend in 1945 and joined the Credit Union League of Alberta in 1946. In 1951 the credit union introduced savings insurance. Through the '50s the credit union grew continually. In 1957 the credit union joined Credit Union Central Alberta. By 1960 the credit union had surpassed \$100,000 in loan guarantees since its inception.

2:30

The economy began to heat up in the '70s, and the credit union experienced phenomenal growth. In 1973 the credit union hired its first full-time manager and opened for full service introducing current accounts. By 1975 the credit union assets surpassed the million-dollar mark.

Mr. Speaker, in 1993 through 1995 the credit union introduced home and auto insurance, registered retirement income funds, Interac payment terminals, and strictly business accounts. Over the next couple of years the credit union entered the technological age with the installation of its first ATM.

Congratulations, Edson Savings & Credit Union, on your 60th anniversary, and thanks for your dedication to the constituents of Edson and district.

The Speaker: The hon. Member for Edmonton-Ellerslie.

Evan-Thomas Provincial Recreation Area

Ms Carlson: Thank you, Mr. Speaker. Alberta is home to some of the most beautiful and diverse ecosystems on earth. Albertans know this and appreciate it, and they are willing to make the sacrifices necessary to preserve it.

Unfortunately, this government does not share the same commitment towards the environment as the people of Alberta. This is abundantly clear from the draft management plan for the Evan-Thomas area submitted last November. In the plan the government outlined how it will allow new commercial development and the expansion of existing commercial interests in this fragile area. This will place in jeopardy the delicate balance between development and protection of this precious natural environment. One of the most distressing aspects of this entire process is how this government has systematically ignored the public input. This, of course, is nothing unusual, but for the Evan-Thomas area the government ignored the

results of its own public survey conducted by an expensive private consulting firm.

What did Albertans tell their government in this survey? Ninety percent of Albertans said that the highest priority in Kananaskis should be environmental protection even if it means fewer recreational opportunities for people. Ninety-one percent of Albertans said that Kananaskis is a home for wildlife and that it is our responsibility to protect this area for them. Eighty-seven percent of Albertans said that commercial development should be directed outside Kananaskis Country, in which Evan-Thomas resides. In spite of the sentiments expressed by Albertans, this government has gone ahead with plans that will allow more development and that will inevitably diminish the value of this natural area for wildlife and for people.

I call upon this government to listen to the will of Alberta's people, to listen to their own survey and redraft a management plan for the Evan-Thomas area. This plan should hold the will of Albertans and needs of the environment paramount and relegate the interests of industry to a position of only nominal importance. Albertans demand no less.

The Speaker: The hon. Member for Whitecourt-Ste. Anne.

Betty and Bud Underwood

Mr. VanderBurg: Thank you, Mr. Speaker. Much has been said directed to the Minister of Children's Services in this Assembly this week. This minister, her staff, and the foster parents in Whitecourt-Ste. Anne have been outstanding.

One outstanding couple in Whitecourt-Ste. Anne is Betty and Bud Underwood, and I'd like to tell you their story. Betty and Bud were foster parents in the Whitecourt area for a 28-year period, from June 1974 until June of last year. They reside on an acreage in rural Whitecourt but were seen in town daily, running errands, meeting with school officials, social workers, and doctors, to name a few. Everyone in town affectionately knew them as granny and granddad. I don't think it was until I was 40 that I knew "Betty." I just knew her as granny. She was always just granny in the town of Whitecourt.

During their time as foster parents Betty and Bud fostered 141 children. [interjections] It's outstanding. They included many long-term placements and some overnight placements. They never turned away any child. They were always willing to take a call from any worker at any hour of the day, including many calls in the middle of the night. They were always willing to give every child a chance and were strong advocates for children, but they also held them accountable. The children's families also found the Underwoods to be supportive and would call on them often during placements and after the children returned home.

Betty and Bud saw many children reach adulthood in their home and to this day maintain ongoing relationships with many of them. They took in children and accepted them as part of their family and continue to be granny and grandad to many sets of next generation children. They worked very well with teenagers and for many years fostered six teens at any given time.

During their many years of tireless commitment to the children and social workers, they seldom took a holiday or were unavailable at a moment's notice. They would carry cell phones and could be counted on quickly to return to town whenever there was a placement in crisis.

The decision for the Underwoods to finally stop fostering was made with much difficulty and was primarily due to health and old Father Time. If they could have, they'd still be fostering today and offering their much-needed unconditional love to many more Alberta children.

The home closed in June of 2002, when the couple chose to retire after seeing many children successfully enter adulthood. A retirement party was held by the Whitecourt office and was attended by many community members, former foster children, and staff.

Thank you to Granny and Grandad Underwood.

The Speaker: Hon. member, the next time the chair recognizes, the time frame will be one minute.

The hon. Member for Edmonton-Strathcona.

Education Policy

Dr. Pannu: Thank you, Mr. Speaker. School boards and parents across the province are raising the alarm about a growing crisis in our schools caused by this Tory government's policies. Albertans know that this crisis was caused not by decisions made locally by school boards or specific schools but the policy decisions unilaterally imposed by this government, policy decisions that increased costs for school boards but that the government is now refusing to pay for.

The first decision that put school boards behind the eight ball was ramming Bill 12 through the Legislature last spring. Bill 12 imposed binding arbitration in a dispute with teachers. Since the arbitrator announced the settlement last June, the government has stubbornly refused to pony up for the arbitration award. As Michele Mulder, president of the Alberta School Boards Association, said on February 6:

Do the math — school boards received six per cent to pay teacher salaries; a third party arbitrator imposed a salary increase of 14.09 per cent — we're looking at a \$142 million shortfall for ever and ever.

Another unilateral decision that negatively impacted school board budgets was imposing a funding cap on how many credits grade 10 students can earn. Finally, the government unilaterally changed the formula for calculating school operation and maintenance grants. In the case of Red Deer public schools, for example, this reduced their grant increase to pay for things like skyrocketing utility bills from 3 percent to less than 1 percent.

In summing up the frustration of school boards and parents across the province, the chair of Elk Island school board, Maureen Towns, said of the Minister of Learning, "He's just not listening." She further accused the minister of "misleading" Albertans. Strong words, indeed.

Why isn't the Minister of Learning listening? I'm not sure, but one thing is certain: the minister's mindless refusal to listen is hurting schoolchildren in this province. Class sizes will grow. Programs that allow our children to achieve excellence will be scaled back as will programs and support for children with special needs. That is the real tragedy, Mr. Speaker.

Thank you.

head: Presenting Petitions

The Speaker: The hon. Member for Drayton Valley-Calmar.

Rev. Abbott: Thank you, Mr. Speaker. On behalf of the Minister of Government Services, the hon. Member for Livingstone-Macleod, I'm pleased to present a petition signed by 26 residents that ask the Legislative Assembly to urge the government to "remove abortion from the list of insured services that will be paid through Alberta Health."

The Speaker: The hon. Member for Dunvegan.

Mr. Goudreau: Thank you, Mr. Speaker. I rise today to present two

petitions. Both are from my constituency. They are petitioning the Legislative Assembly to urge the government to deinsure abortions.

Thank you. Mr. Speaker.

The Speaker: The hon. Member for Highwood.

Mr. Tannas: Thank you, Mr. Speaker. I wish to present a petition with 40 signatures from Highwood and area residents asking for the Legislature to "remove abortion from the list of insured services that will be paid for through Alberta Health."

2:40head: Notices of Motions

The Speaker: The hon. Minister of Community Development.

Mr. Zwozdesky: Thank you, Mr. Speaker. I rise pursuant to Standing Order 34(2)(a) to give notice that on Monday I will move that written questions appearing on the Order Paper do stand and retain their places.

I'm also giving notice that on Monday I will move that motions for returns appearing on the Order Paper do stand and retain their places.

head: Tabling Returns and Reports

The Speaker: The hon. Minister of Energy.

Mr. Smith: Thank you, Mr. Speaker. I wish to table further information to a question that I responded to yesterday with respect to Medicine Hat royalties. In fact, the city of Medicine Hat does pay some royalties.* They do not pay royalties on a portion of an agreement created by the Parliament of Canada, the Medicine Hat gas agreement area, which was signed in 1915. When the province of Alberta was granted control over its own resources, a most notable decision worked hard for and obtained by former Premier Brownlee, this part became exempt for Medicine Hat.

There are currently 440 gas wells in the Medicine Hat gas agreement area, and the price benefits to the city over the past decade have been worth approximately \$3 million annually. Medicine Hat has been a very co-operative player in this marketplace, and I did want to clear that information up.

Thank you.

The Speaker: The hon. Member for Edmonton-Riverview.

Dr. Taft: Thank you, Mr. Speaker. I have three tablings today. The first is the appropriate number of copies of 197 letters to the Minister of Learning from university students. The letters raise concerns over rapidly rising tuition fees, note that Alberta ranks eighth out of 10 provinces in its general operating grants to universities, and notes that tuition fees in Alberta have risen 209 percent in the past decade, reducing access to higher education and jeopardizing the future of this province.

My second set of tablings today concerns education as well. It's the appropriate number of copies of a petition signed by 2,772 Albertans expressing their concern about reductions in teaching staff, larger classroom sizes, and the elimination of various special programs, and urging the government to "increase funding for public education." This petition was launched a mere two weeks ago by three sisters that I introduced earlier today, and it spread so quickly because it reflects the seriousness of these concerns.

My third tabling is a document that apparently has information that offends the Minister of Learning. It's simply a comparison of prices between the Learning Resources Centre, Chapters bookstore,

*See p. 141, right col., para. 6, line 2

and National Book Service on 13 different items showing that the Learning Resources Centre prices are 10 to 80 percent higher than other suppliers.

Thank you.

The Speaker: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Speaker. I have a number of tablings this afternoon. The first is from Vicki MacIsaac, who participated in an environmental science class that completed an environmental assessment on the Evan-Thomas Creek area showing vegetation in the area is of unique importance to supporting wildlife populations and would like development stopped in that area. She is from Calgary.

Ron Dagg, who also is very concerned over future commercial development of the Evan-Thomas area in Kananaskis Country, wants it stopped.

Dennis Floate, who is from Calgary, the same thing, is not supportive of any further development in the Evan-Thomas area.

Alix Miller also believes that the Kananaskis Valley needs protection and that we should stop all future development in that area.

Thank you.

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

Mr. MacDonald: Yes. Thank you very much, Mr. Speaker. I would like to table over 400 signatures from Albertans from all over the province who are urging the government to initiate a natural gas rebates program.

Thank you.

The Speaker: The hon. Member for Lacombe-Stettler.

Mrs. Gordon: Thank you, Mr. Speaker. I rise today with two tablings. First is a copy of the council resolution from the town of Blackfalds whereby they unanimously as a council reject the recommendations of the Electoral Boundaries Commission on the grounds of democratic and social diversity and ask the Legislature to reinstate the town of Blackfalds within the Lacombe-Ponoka constituency.

The second tabling is a letter from the town of Lacombe bearing the mayor's signature wherein they endorse and support the inclusion of the town of Blackfalds within the Lacombe-Ponoka constituency, removing them from Red Deer-North.

Thank you.

The Speaker: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Speaker. I've got one tabling today, five copies of a letter written by Ms Heather Waldie dated February 17, addressed to the Minister of Learning and copied to me. Ms Waldie is expressing her deep disappointment and sadness with the Minister of Learning's failure to listen to Albertans who are asking him to fund our school boards and our schools appropriately so that our children will get the best education that we can possibly provide them.

Thank you, Mr. Speaker.

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

Mr. Mason: Thank you very much, Mr. Speaker. I have two tablings today. The first is a letter from the office of the mayor of

the city of Edmonton dated February 26, 2003, and addressed to the Premier and the Minister of Energy. The letter contains the motion passed by city council on February 25 asking the government of Alberta to "immediately institute the natural gas price protection rebate program."

The second letter is from Mrs. Margaret Stumborg, a senior from Edmonton, dated February 24, 2003, and addressed to the Premier. She draws the Premier's attention to his broken promise of gas rebates and asks that a rebate be granted immediately.

head: **Projected Government Business**

Ms Carlson: Mr. Speaker, at this time I would like to ask the Government House Leader for the information on next week's projected government business.

The Speaker: The hon. Government House Leader.

Mr. Hancock: Thank you, Mr. Speaker. Under projected government business for next week on Monday, March 3, at 9 p.m. under Government Bills and Orders, Committee of the Whole for Bill 2, the Financial Statutes Amendment Act, 2003, and second reading of Bill 17, the Appropriation (Supplementary Supply) Act, 2003, Bill 3, and as per the Order Paper.

On Tuesday, March 4, in the afternoon under Government Bills and Orders third reading of Bill 1, the Premier's Council on Alberta's Promise Act; second reading of Bill 7, the Real Estate Amendment Act, 2003, Bill 13, the Government Organization Amendment Act, 2003, Bill 10, the Health Information Amendment Act, 2003, Bill 14, the Securities Amendment Act, 2003, Bill 15, Forest and Prairie Protection Amendment Act, 2003, and Bill 16, Agricultural Dispositions Statutes Amendment Act, 2003; and as per the Order Paper. At 8 p.m. under Government Bills and Orders in Committee of the Whole Bill 17, the Appropriation (Supplementary Supply) Act, Bill 2, the Financial Statutes Amendment Act, and Bill 3, the Electric Utilities Act and as per the Order Paper.

On Wednesday, March 5, in the afternoon under Government Bills and Orders for third reading Bill 17, the Appropriation (Supplementary Supply) Act; Bill 2, the Financial Statutes Amendment Act; Bill 3, the Electric Utilities Act; and as per the Order Paper. At 8 p.m. under Government Bills and Orders for third reading Bill 17, Appropriation (Supplementary Supply) Act, Bill 2, the Financial Statutes Amendment Act, and Bill 3, the Electric Utilities Act, and in Committee of the Whole subject to time permitting bills 4, 5, 6, 7, 8, 9, 11, and 13.

On Thursday, March 6, under Government Bills and Orders in the afternoon for second reading bills 14, 15, 16, 10, 18, 19, 20, 21 and as per the Order Paper.

That would appear to cover the week. Thank you, Mr. Speaker.

Speaker's Ruling Decorum

The Speaker: Well, hon. members, being Thursday and all, we have three points of order to deal with, but prior to that I would like to make a few comments with respect to a memo I sent February 12, 2003, to all Members of the Legislative Assembly, particularly the section dealing with decorum in the House. I'm particularly going to make these comments to the Sergeant-at-Arms, the hon. Member for Spruce Grove-Sturgeon-St. Albert, the hon. Member for Calgary-Currie, the hon. Minister of Health and Wellness, the hon. the whip for the government caucus, the hon. Member for Calgary-Fort, and the hon. Member for Edmonton-Glenora. I write underlined:

Members are reminded that the consumption of food is not permitted in the Chamber. After Orders of the Day are called, Members may consume beverages such as tea, coffee, soft drinks and juice, provided that they are contained in special cups which can be found in the South members' lounge.

Furthermore, the same kind of suggestion should apply to the use of computers until we get Orders of the Day.

2:50

We want to be consistent because, after all, this is a result of all the consultation with members of the whole Assembly, and it might in fact encourage us to continue with the Routine in a more prescribed, quicker way if, in fact, we know that we can just do these other things at the conclusion of the Routine.

Now, it really doesn't help very much if the hon. Member for Calgary-East chooses now to inform the House that the hon. Member for Calgary-Shaw is in violation as well, but that magnanimous point of view is really quite helpful. The hon. Minister of Health and Wellness is actually in two violations: drinking coffee and using his computer.

Okay. Let's try and get through these three points of order with the best harmony that we can possibly deal with in recognition that it is Thursday afternoon.

So number one. Let's see. Do I take it that the hon. Member for Edmonton-Gold Bar has a point of order?

Point of Order

Allegations against a Member

Mr. MacDonald: Yes, Mr. Speaker. I rise this afternoon under 23(h), which is "makes allegations against another member," and also 23(i), "imputes false or unavowed motives to another member," in regard to remarks that were made earlier in question period this afternoon by the hon. Minister of Finance.

The hon. member stated in the exchange that this hon. member supported the Natural Gas Price Protection Act and voted for it, and that is simply not true, Mr. Speaker. In fact, if you look at *Hansard* from that time period, whenever Bill 1, the flagship bill of this government after it was re-elected, was debated, one will see that I could see through the bill and that we tried to amend the bill. At no point in time did I support this bill in votes, and I would ask now that the hon. member apologize and retract that.

Thank you.

Mrs. Nelson: Mr. Speaker, my intention was not to slight the hon. member opposite. In reviewing the *Hansard* of May 28 of 2001, the time that third reading was given for the bill, the vote was called, and normally when there is opposition to a bill, there's a standing vote recorded by the members opposite. When there was none, I made an assumption that we had swayed the hon. member to agree to the bill. However, if I have made him feel slighted, I do retract that. I don't want you to feel slighted, but I am going only by the lack of a standing vote and the record in *Hansard*.

The Speaker: Is the matter dealt with?

Mr. MacDonald: Yes. Thank you, Mr. Speaker, and I would like to thank the hon. Minister of Finance.

The Speaker: Now, the hon. Minister of Justice and Attorney General.

Point of Order

Allegations against a Member

Mr. Hancock: Well, thank you, Mr. Speaker. In a question during question period today the Member for Edmonton-Mill Woods had

a rather long and unfortunate preamble which offended sections 23(h) and (j) in his question and specifically offended the sensibilities of members by making allegation against another member. Now, I know that normally when using 23(h), "allegations against another member," the member is specifically mentioned. In this case, he mentioned the Edmonton caucus, so I think it's very easy to discern which members the hon. member was slandering.

In his preamble he indicated that members from the Edmonton caucus were not standing up for the city of Edmonton with respect to the boundaries commission and Edmonton losing a seat. I think the hon. member should be admonished that the Electoral Boundaries Commission is an independent commission which is chosen through the processes set out by this House and set out by an act passed by this House in order to allow for an independent drawing of boundaries which does not reflect politics and does not reflect the . . . [interjection] That's right. It was terrible, as you say.

Anytime a boundaries commission report comes in, members of the House object to the contents of it, and rightly so because members of the House are the experts for their own boundaries and ridings. They understand their communities very well. It's a very, very difficult job for a boundaries commission to put a report together, but the boundaries commission made the recommendation that Edmonton lose a seat, not the city of Edmonton MLAs, certainly not the city of Edmonton MLAs from the Progressive Conservative side of the House or the government side of the House.

It is inappropriate for the hon. member to suggest that the boundaries commission is in any way an arm of government or an arm of the Edmonton caucus or in any other way politically motivated or driven. It had two members chosen by the government, two members chosen by the opposition, and if I recall correctly, they chose very badly and had to do it a second time. They're making allegations about members. When we're talking about something that's so sensitive as boundaries, to say that Edmonton members didn't stand up – I'm not sure; I can't say how many of them went to the boundaries commission. I know that I went to the boundaries commission. I know that other members of the government caucus went to the boundaries commission, and I know that now they're advocating the city of Edmonton spend \$50,000 of taxpayers' money to ask MLAs to change a boundary report after the fact and open ourselves to accusations of gerrymandering. Totally inappropriate and making slanderous allegations.

The Speaker: The hon. Opposition House Leader on this point of order.

Ms Carlson: Yes, Mr. Speaker. Hardly a point of order. More a point of debate or discussion. In fact, the only part he got right about the point of order was that Edmonton-Mill Woods was talking specifically about the Tory caucus when he talked about the Edmonton caucus.

In fact, there have been many references, editorials, concerns by municipal politicians in this entire region that when the Edmonton Tory caucus had an opportunity to make presentations and to lobby hard and effectively, which is what they promised in the last election that they would do for Edmonton, very few of them stood up and nobody stood up very loudly to defend the rights of Edmonton to keep that particular seat in Edmonton.

The Member for Edmonton-Mill Woods did not make allegations that government should unduly influence what is, in fact, an independent commission. What he was talking about was every member's right in this Assembly.

Mrs. Nelson: Did you go, Deb?

Ms Carlson: I talked to the commission before they met, and I was a part of the caucus committee and presentation. At the request of the commission I went and made a presentation to them, Mr. Speaker, which is my job as an Edmonton MLA, and I did it. Unfortunately, the same can't be said for other people on the other side. So, in fact, Edmonton-Mill Woods was right on the money in representing not only his view, not only the views of many municipal politicians in this greater region but also many views shared by people who live in this community who now feel disenfranchised.

As an example, the constituents of Edmonton-Ellerslie, by the time the next redistribution comes around, will get only half a vote in this province, and that is not reasonable, and that is not fair. If the opposition . . .

The Speaker: Okay. Thank you very much.

The person in question from whom these remarks came, the hon. Member for Edmonton-Mill Woods, is not here, and it would really be helpful for the chair for the hon. Member for Edmonton-Mill Woods to be participating in this point of order. I sense that where this is going is I'm going to have to recognize every member who represents a seat in Edmonton to get involved in a debate that is not part of a point of order. The fact of the matter is that the Blues clearly say the following, and I quote what the hon. Member for Edmonton-Mill Woods has said:

The Edmonton Tory caucus has failed to protect the city from losing a constituency and failed to get the same financial help for Edmonton public schools that Calgary public has received.

We could spend until 5:30 here this afternoon, I'm afraid, on this point, but I'm not sure that the House wants their time spent that way. So I'm going to delay this until Monday, and I want calm heads to look at this.

The fact of the matter is that the Electoral Boundaries Commission in the province of Alberta is an independent body whose members are appointed by the independently elected chairman of this Assembly, that you all have elected. Names are provided to the Speaker upon recommendation from the government leader and the Leader of the Opposition and are subsequently appointed. If it were to be suggested by any innuendo that an independent Electoral Boundaries Commission, created for a purpose, was in any way influenced by any member of the Assembly, then in essence there would be a great difficulty for everybody. So I want clear heads to think this through for the next several days. I'll return to it on Monday afternoon.

3:00

My understanding is that I have tabled in the Assembly the report from the independent commission. The tradition is that the government will then introduce a motion. The members will then have a bill to deal with, subsequently, in time. All members will have an opportunity to participate in the debate in this Assembly, where *Hansard* will record all of their comments for posterity without edit, and we'll find out. But if we're going to play with innuendo today, I want the hon. Member for Edmonton-Mill Woods to be participating in this, and I'll return to it on Monday.

Now the third one. The hon. Member for Edmonton-Norwood.

Point of Order Allegations against Members

Mr. Masyk: Thank you, Mr. Speaker. I rise under Standing Order 23(h). The Member for Edmonton-Centre implied false motives, that I suggested using machine guns on protesters. I ask that the member apologize to me and to the House and withdraw her remarks.

Mr. Speaker, if I offended anybody in the public in any way, shape, or form because of the language of intent or nonintent and different things like that and if it was taken out of context or put into context, I have issued a news release to apologize to the public, and I'd like to give this to the Assembly.

Thank you.

The Speaker: Just a second. There's an issue here, and I need some help, Opposition House Leader. We've got two points of order. The members to whom the points are directed are not here, and it seems to me that one of the most just things that should prevail, if we're going to have a review of this, is that the hon. member who is coming under question with respect to the point of order should have the courtesy to the Assembly to be here in the Assembly.

Now, having said that, I will listen to what the hon. Member for Edmonton-Ellerslie says before going further. Please proceed.

Ms Carlson: Thank you, Mr. Speaker. I refer to both the member's comments in the Legislature here earlier this week in talking about this point of order and direct quotes that were given in the *Edmonton Journal* in an article written by Kelly Cryderman, who in fact has the statements of the member under question on a tape recorder.

What was stated there was not what the allegations were from this member when he rises on the point of order. What they talked about here – and I quote from the tape recorder that we heard of the statements made . . .

The Speaker: Please, hon. member. No, no, no. We all know what the rules are with respect to this.

There's a reason to involve yourself, hon. Member for Edmonton-Rutherford?

Mr. McClelland: Mr. Speaker, if I may comment on this. The Speaker has referred to the absence of the member, but I think that for the record, because it will be the record that will be perused independent of any remarks that the Member for Edmonton-Centre may or may not wish to put on record, in the normal give-and-take of political life and political debate members independent of political affiliation conduct themselves in a fashion so as not to discredit each other in a capricious or a malicious manner. To break that convention is to debase the very essence of political discourse, and that's what we're talking about here: the essence of political discourse.

I know that the member representing Edmonton-Centre would not wish to maliciously or accidentally impugn the integrity of another member. Therefore, Mr. Speaker, I respectfully request that the Member for Edmonton-Centre or the House leader representing the Member for Edmonton-Centre on her behalf withdraw the remarks with regard to the Member for Edmonton-Norwood.

The Speaker: The only thing I'm doing right now: number one, I'm going to make a request that the hon. Member for Edmonton-Centre be here to participate in this point of order, and I'm going to refer members to page 114 of *Hansard* dated February 25, 2003, for the actual text of the words given by the hon. Member for Edmonton-Norwood. We all know the traditions of the House, that questions in question period are ruled out if asking for verification of statements made in newspapers and the like, and we're not going to get involved in that.

So we're moving on now, and I'm coming back to those two points Monday afternoon. It's now in *Hansard*: a public invitation by the Speaker of the Alberta Legislative Assembly to two hon. members to be here.

head: **Orders of the Day**

head: **Committee of Supply**

[Mr. Tannas in the chair]

The Chair: I'd call the Committee of Supply to order.

head: **Supplementary Estimates 2002-03**
General Revenue Fund, No. 2

The Chair: Just so the chair has some idea of which way we're going, House leaders of the three parties, do we have any directions, or do we just start with whoever jumps up first? We already have the Minister of Human Resources and Employment doing that. Nothing on that? Then okay.

Human Resources and Employment

The Chair: The hon. Minister of Human Resources and Employment.

Mr. Dunford: Okay. Thank you, Mr. Chairman. Alberta Human Resources and Employment, as the hon. members would know, has an annual budget of just over \$1 billion. Supplementary funds of \$25.8 million, representing 2.4 percent of our budget, are being allocated to meet a higher than budgeted demand for skill training this particular year. Now, one of the reasons for this: the labour force has grown significantly, as we're all aware here in Alberta, but the number of workers has grown even faster than the number of available jobs. For an example, there were 55,000 more people in the labour force in January of 2003 than a year earlier, while the number of jobs increased by 41,000, so the unemployment rate has crept up here in Alberta. In 2001 it averaged 4.6, and in 2002 it was 5.3. So these funds are being used to support people who are getting the skills they need to, of course, find and then keep a job, and our commitment is to give Albertans a hand up rather than a handout.

So this supplementary estimate, hon. members, is necessary given the difficulty of budgeting for programs where demand is driven by a number of other issues.

Thank you.

3:10

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I appreciate those introductory comments. I have two questions that perhaps the minister could answer initially, and then I have another point to make.

In talking about the numbers of workers increasing in Alberta, we know that that's the case. We know that the population in Alberta is also increasing, so the expectation would be that there would be a natural increase in enrollment. My questions are: why didn't the department budget for this increase over this particular year? Do you have plans in place for next year to ensure that you can accommodate an increase in enrollment, since we would expect supplementary supply not to be an option next year?

The Chair: The hon. minister.

Mr. Dunford: Thank you, Mr. Chairman. As it regards the matter of the budget, we were looking at increases in this particular area, but we were also faced with some concerns that we had around the demographics that were leading into the AISH area. So what we've actually experienced is that we overbudgeted for our costs on the AISH side and underbudgeted on the skills side. So where we had

anticipated growth, we were a little bit off in those particular areas.

Of course, next year's budget will be revealed imminently, and then we can see how we've tried to accommodate our forecast for the upcoming year.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you. Mr. Minister, we have a difference of opinion of what imminent is, because the end of the first week of April hardly seems imminent for a budget that will likely be \$20 billion or more to be presented in the House.

My last question and concern with these dollars, this almost \$26 million that we're taking a look at, has to do with recommendations that came from the Auditor General. I'm wondering how the recommendation that came from the AG's office ties into the additional money that you may have needed, and that's in terms of the AG again recommending that your department "improve the procedures to monitor compliance by training providers with the terms of the Skills Development Program." It would seem to me that these training providers are still people providing training with the addition of this new money. The criteria, the AG said, is that "the Department should have a plan, based on a risk assessment of the training providers, to review training providers' compliance with the terms." The findings were that you do "not have adequate assurance that the 302 training providers currently delivering the SDP are meeting the terms of the program," and "without effective monitoring, there is a risk that training providers are not complying with the terms." There's no assurance, therefore, "that students are receiving adequate instruction and training and that training providers are spending the funding appropriately." So does any of this come into play with this additional funding you have, or are any of those people back in retraining because they didn't get the job done the first time?

Mr. Dunford: Well, I don't have the Auditor General's previous comments in front of me as we're speaking here this afternoon, but my recollection is that he talked in terms of risk, recognized, however, some of the control features that we had brought into place, and indicated that we were showing marked improvement in this particular area.

I want to assure the hon. member and other members in the House that we continue with the competitive bid process. We have also memorandums of understanding with many of both the private providers and also the public institutions that do the skills training for us, and a part of it is our performance measures that would indicate that employment is achieved after the completion of these contracts. Now, whether or not there is some recycling of the same person back through the training program, I'm not in a position to answer at this point. I think it's logical to assume that there might be some, but we are not in the business of training for training's sake, so I would think that the numbers would be minimal.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. That concludes my questions for your department. Thank you very much for those answers.

I'd just like to make a couple of general comments, and then hopefully we can ask the Minister of Justice to introduce his supplementary estimates in a moment.

We're overall a little concerned about a few things with these supplementary estimates. First of all, 14 departments have asked for more money. I have to say that in my 10 years of being here, this is

definitely the biggest supplementary estimates book we've seen. It's the second time that the government has come back and asked for money in this year, which suggests that there are some problems with their budgeting processes and their revenue forecasting ability. So we have concerns about the overall reliance of government on supplementary estimates as a part of that budgeting process, as it really demonstrates a lack of long-term planning.

Certainly, this isn't the kind of budgeting process you could get away with in industry and live to be the head of a department for very long. Often it can cause, I believe, a tendency for ministers to overspend or to certainly not plan for the future in terms of being able to hit their benchmarks and their long-term planning objectives. While "long-term" is a relative term here because it means three years with this government, they still have a really hard problem with meeting those benchmarks, and we see this happen all the time in the departments where what comes out in the business plans in one year isn't even relevant six months later, never mind three years later, when they're supposed to be forecasted for.

So two supplementary supply estimates in one year means that it's a government governing without being able to follow a definite plan. We see that with the third-quarter update that just came out. The surplus for three short months changed from \$199 million to \$1.8 billion. I mean, surely someone in that government can add and should be able to figure this out before we get into supplementary estimates. So we have some real concerns about that.

It's interesting to note, Mr. Chairman, that this is the last supplementary estimate that the government introduces because of the proposed changes to the fiscal framework that the province operates under. It means that the government will be limited to \$3.5 billion a year in operating expenses. I think that most stakeholders in this province will be pleased to see supplementary supply go because it means they're now better able to engage in long-term planning. So on the one side, it's been really bad, I think, in the past, and I have said that repeatedly on the record. Let's hope that the new plan they're going to will be better. It looks like it uses sound fiscal policies, and we hope they will stick to it. We certainly are quite prepared to keep their feet to the fire to ensure that this happens.

I guess that this question goes to the Provincial Treasurer. When we take a look at page 5 of the 2002-2003 supplementary estimates, we see that the adjusted gross amount and dedicated revenue was increased by almost \$48 million. Could you tell me why that money is not coming through supplementary supply? I might have missed something on the read through of it. So if you could answer that question for me, or if you could get back to me in writing on why that has occurred.

We would like to, then, move on to the Ministry of Justice.

Mrs. Nelson: On that same page, Mr. Chairman, if the hon. member looks, she will see that that is coming from ag and rural development, Government Services, Justice, Transportation, and some from Infrastructure, so in particular she needs to go back into their detailed pages for a further breakdown.

3:20

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. Now I'm hoping that the Minister of Justice could give us an overview of his department and the requests for additional moneys.

Justice

The Chair: The hon. Minister of Justice.

Mr. Hancock: Yes. Mr. Chairman, I'd love to give an overview of the Department of Justice, but we don't have enough time this afternoon to deal with all the good things that are being done by that department and the good people that we have working in it. However, we have asked for supplementary supply for approximately \$2,623,000, and the purposes for that are clearly set out in the supplementary estimates. Eighty-five thousand dollars of that is for the child-centred family justice initiative. That's a flow-through actually. That's money which primarily comes from the federal government as part of their family law initiatives, and we receive it and then apply it to programming. So that's simply just an increase in the amount of money that we've been able to receive in that manner.

The primary amount of the money, quite frankly, is to pay for salary settlements. The salary settlements in the last year or so have been difficult to accommodate within the existing budget particularly because – and I think I explained this last year, as well – there were significant changes in some of the grids and processes. The impact of this salary settlement wasn't the 4 and 5 percent. Rather, it impacted the department by about 11 percent. So there was a significant need for that money to be applied to the budget to deal with those.

We did receive some money at the end of last year to accommodate those pressures, but it was onetime money, and we were expected to try and go back into the budget and try and find the resources to deal with that over the longer term. In doing so, I've been able to make the case to the Treasury Board that we actually needed the extra resources rather than trying to accommodate it within the budget because of the types of services that we're providing and the need for those services.

So those resources, the supplementary appropriation, as the hon. member will see, are spread, quite frankly, right across the department based on an allocation according to the manpower budget, and then the balance of it is with respect to external legal costs relating to the issue around Kyoto, that we all are so painfully aware of from last fall.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. Sorry. I missed the part where you talked about onetime money. Could you explain to me exactly why it was onetime money and that you hadn't budgeted for it?

The Chair: The hon. Minister of Justice.

Mr. Hancock: Well, yes, Mr. Chairman. Allocation of scarce resources is, of course, one of the most difficult tasks of governance. Although we had been accommodated on a onetime basis for some of those costs, at the tail end of last year, when the budget was put together for the current year, we were asked to try and rearrange our resources and find ways to meet those costs internally, and I was able to come back and say that that was not the most prudent way to deal with Justice. If at all possible, it was more appropriate to obtain extra resources, and now we've succeeded in doing so. I hope that that will be annualized from here on.

Ms Carlson: So, Mr. Chairman, they were expecting a 5 percent and 4 percent increase and had an 11 percent increase. How many of those dollars were for bonuses and layoffs?

Mr. Hancock: Couldn't break down per se the bonuses and layoffs, but I can say this: we haven't been laying off staff. We have had to

go through some rather painful hiring freezes in order to try and manage the budget, and over the course of this year, at one point in time we had a spectre of perhaps having a \$7 million deficit in our budget if we couldn't manage it. So we have had to engage hiring freezes and other tasks to try and stay within budget, and for that reason I was able, as I've said before, to come back and say that this is not a good way to do business. We need to have the extra resources. We can't manage the full 11 percent without cutting back in areas that ought not to be cut back and, as I say, were successful in making that case and having the extra resources applied.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. My last set of questions on Justice are, of course, around the Kyoto accord. Five hundred thousand dollars is asked for here. There has been no legal challenge. The bill was left on the Order Paper. We would expect that there's going to be an additional requisition for dollars in the coming budget. Can you tell us what you spent the money on?

Mr. Hancock: Legal advice.

Ms Carlson: Well, Mr. Chairman, I know that lawyers are expensive. I know that the troop of lawyers you would have put on this particular potential fight with the feds would have been enormous, but for a 30-second flash in the pan that the bill was in this House and the lack of legal challenge that was forthcoming, I've got to tell you that \$500,000 seems very expensive. How many lawyers? Come on. Albertans deserve some detail on this, Mr. Minister.

Mr. Hancock: I would be delighted to provide some detail if the hon. member can't imagine this. In essence, one of the jobs that the Department of Justice is to do is to provide legal advice to government, and when one has the spectre of such a disastrous policy as the approval of the Kyoto accord and what its implications might be for Alberta, for Albertans, and for the Alberta economy, one has to be totally and fully prepared to provide good legal advice at every and all aspects of the whole discussion.

So throughout the fall, right from the time that the Prime Minister attended in Johannesburg and told the world community first, rather than telling the Canadian community, that Canada was going to sign the Kyoto accord, Alberta and the Department of Justice, as the legal adviser to the government of Alberta, had to gear up for a discussion that we had hoped to have at a political table rather than through legal channels. It was prudent and appropriate for us to review all constitutional aspects. It was prudent and appropriate for us to look at all of our potential opportunities. The amount of \$500,000 might seem like a lot of money, Mr. Chairman, and it is a lot of money, but it pales in comparison to the amount of money that the economy of Alberta will lose and the jobs that will be lost in this province and the implications of signing the Kyoto protocol for the province of Alberta.

The hon. member quite rightly indicated that we brought forward a bill as part of our overall plan. The Department of Environment and the Department of Energy worked on the preparation of the legislation, as did the Department of Justice, and of course in doing so, we also had to be very prudent and careful that the things we were proposing to put into legislation were constitutional, appropriate, and advanced the cause of Alberta and Albertans in the whole discussion of Kyoto. This is a difficult task, and when you do a difficult task and you do it quickly and you engage the best and the brightest and the most talented people in that particular area, it costs money. That's what the \$500,000 was for.

I'm sorry that the hon. member thinks that one should only spend the money if they eventually go to court. That may yet happen. Who knows? We haven't seen the way the Kyoto policy has been implemented by the federal government. They're only now, as we speak, trying to figure out what it was they signed and what they're going to do with it. But Alberta, I can tell you, through the Department of Justice's efforts and the efforts of the departments of Environment and Energy and the players that have been at the table through the fall and spent a lot of time and energy on this issue to protect Albertans' interests, will make sure that we not only do what's appropriate for the environment and appropriate for Albertans but that we also protect the economic interests of Albertans. We have engaged lawyers, and we have researched a number of different initiatives, and unfortunately because the federal Liberal government was not specific, in fact didn't even have a game plan, we had to explore a wider range of issues and concerns than those that we might have otherwise had to deal with. So it's been a fairly complex file, and \$500,000 is a lot of money but necessarily spent.

3:30

Ms Carlson: Well, Mr. Chairman, can this minister tell us how many firms those best and brightest that he alluded to belonged to, that are working on this file for \$500,000? Did it go to just one law firm? Was it spread out? Do we see some regional representation between northern and southern Alberta?

Mr. Hancock: Two law firms, both in Edmonton. This isn't a policy development process where you get regional representation. This is a legal issue where you go to the people who have the expertise. In this case, we were able to find the expertise in Edmonton, and some of my colleagues to my left, only geographical of course, are saying: tsk, tsk, why not Calgary? But we were conscious of cost and expense, and because they were dealing with our department and dealing with us, rather than paying a lot of expenses of flying people back and forth and paying expenses on processes that weren't necessary to getting the results that we needed, we hired two Edmonton law firms, and there have been several lawyers from those law firms engaged.

I must also say while I'm talking about this that we also deployed a considerable amount of the Department of Justice's internal legal resources, and the expertise that we have on constitutional law within the Department of Justice is unparalleled anywhere.

So essentially there were three groups of lawyers, if you will: the Department of Justice lawyers, as I said, unparalleled in their expertise with respect to constitutional law, and then because we needed the added help in doing research and bringing the issues to the table, two Edmonton law firms were also engaged.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I believe that that concludes my particular remarks on Justice, but I know that Edmonton-Highlands has some comments and then perhaps Edmonton-Centre on this same area.

Chair's Ruling Speaking Order

The Chair: Hon. member, the chair has a bit of a problem. I asked all three House leaders if they would tell me what order. Now we have one hon. House leader directing another one to make a comment. Right now it seems that we're on the Minister of Justice's supplementary estimates, and if you're going to speak about that, then go ahead.

The hon. Member for Edmonton-Highlands.

Mr. Mason: Thank you very much, Mr. Chairman. I was going to do that. I'd indicated to the House leader for the Official Opposition that if now might be a more convenient time for everyone, I would pop up and address this particular issue because I have considerable concern about it as well.

Debate Continued

Mr. Mason: I have some other questions for the minister because I have considerable concern. Clearly, the minister is right that there is a large reservoir of expertise on these matters within his department, and I'm sure that he was able to get administrative assistance as well from the minister of intergovernmental affairs. But I seriously would like to know what the results have been for this particular expenditure. I would like to know in some more detail what avenues of research were followed and whether or not any of this research has actually been utilized in the government's campaign against the Kyoto accord.

I would like to also know the minister's view with respect to the usefulness of this. I know that since the accord has been ratified by the Parliament of Canada, the government has now adopted a different position with respect to that ratification and is now claiming that, in fact, it is not necessarily as dire a situation as the government portrayed in the first place. In fact, I think that it's clear that there was a lot of posturing on the part of the provincial government with respect to Kyoto and that the fears that were being expressed no longer seem to be tormenting the government.

So I really have to question this particular expenditure, Mr. Chairman, half a million dollars for legal expenses to fight Kyoto when the government ultimately doesn't feel that it's as damaging as they said it would be. I'd like to know what the taxpayers of Alberta got for their money specifically in this case that could not have been provided by the department's own legal staff.

Mr. Hancock: Well, to answer the last question first – and I don't know whether I got the first question, so if I missed it, I'd ask the member to repeat it. But to answer his last question first – what did we get that we could not have got from our own in-house legal staff? – the answer is nothing. We didn't get anything we couldn't have got internally, but we didn't have the time to do it all internally given the essence of time. If we'd had a much longer period of time, the expertise in the department is there, but because we were in a compressed time frame, we didn't have all of the resources available to do it within that time frame. Therefore, we had to go outside, as we do in those circumstances. The capability is certainly there within the department. As I say, the expertise in our constitutional law department is exemplary, but we did need the additional assistance and also wanted the additional assistance on a number of areas relative to gearing up for any potential challenges.

When one is looking at the Kyoto affair and the protocol and the processes that went through, we had to look on an ongoing basis, on an iterative basis at the steps that were being taken and what might be appropriate: whether or not, for example, we should consider applying for an injunction, whether we should apply for a reference, whether we should take some other court action. It's not only with respect to the ratification of the Kyoto protocol. It doesn't end with the ratification of the Kyoto protocol. It's an ongoing issue because many of the issues actually come up with respect to implementation rather than ratification. So it's a moving target but a very important one.

The hon. member mentions posturing, and of course even he would agree that you can't posture without having a good background, a good understanding of what it is you're talking about. He

calls it posturing. We call it advocating on behalf of Albertans in the most strenuous way possible. I think we're talking about the same thing. He just is putting a bit of a different spin on it. The reality is that the Alberta government did act on behalf of Albertans in the strongest way possible, and we needed, in order to do that, to have the best advice possible so that we knew the strength of our position and knew where we were coming from legally as well as politically. I think we have succeeded.

Did Albertans get value for the money? Well, I think Albertans get good value for their money from this government. Did we succeed? Yes, and even his source of facts, the *Edmonton Journal*, I believe in an editorial, indicated that we did get some significant changes from the federal government in terms of their approach to Kyoto and how it would be implemented.

We've made progress already. We've made some substantive progress. We've worked very strongly with industry in this province and with the public in this province in order to make cases to the federal government as to the damage that they were going to be doing with this protocol if they didn't. They've come out now with a number of iterations of their position, and each one has changed, but each one successively has been more aligned with what Alberta has been talking about in terms of a made-in-Canada approach to greenhouse gases. So, yes, we've made significant inroads on this discussion.

We didn't stop the federal government from signing the protocol, and that was not fatal. It would have been a good place to start if we'd been able to stop the federal government from signing the protocol, get them to understand that that political step was not the best way to deal with greenhouse gases and to deal with that problem, particularly when we have a carbon-based economy and need to be sensitive to that as well as to the sustainable development and as well as to the very important issues relating to the environment.

But we were able to do the legal research that was necessary and provide the legal background that was necessary so that this government had a very strong foundation upon which to make its arguments both publicly and to the federal government. We achieved great movement in what the federal government has been saying it intends to do, but we intend to continue to be extremely vigilant with respect to ongoing implementation of the Kyoto protocol and what damaging effects it might have on Alberta's economy.

The Chair: The hon. Member for Edmonton-Highlands to the Minister of Justice.

Mr. Mason: Thank you very much, Mr. Chairman. Well, just to supplement the question. It is likely that some slight movement on the federal government's part was achieved through the efforts of the government of Alberta, but there are a number of ways to achieve that. You can achieve that administratively and politically as well as legally, but this half a million dollars is for legal costs, and the part of the question that the minister didn't respond to is: what exactly did we get for this \$500,000? Is the government going to be pursuing legal options in connection with Kyoto now that it's been ratified, or is it going to continue an administrative dialogue and a political defence of the province's priorities as the government sees them? This is the question. Will the minister table the legal bills that they've incurred to these external forums in this matter so that the Assembly can see exactly what we paid for?

3:40

Mr. Hancock: Mr. Chairman, it's not normal to table legal bills in

the House or otherwise make them publicly available, because often they give an indication with respect to the legal advice that's received. Of course, legal advice is a matter of some privilege, legal privilege I'm talking about, which is an important concept. One ought not to be required to disclose legal advice because one might need it some time in the future, so we have to maintain that sense of privilege, and the legal bills are associated with that legal advice and can sometimes give indications. So, no, I will not be tabling the legal bills in the House.

But I can tell the member that we did get legal advice. We got legal advice on a number of aspects both with respect to the ratification of the protocol and with respect to potential methodologies for implementation. We have thoroughly looked at what our legal position might be from time to time, and the process has changed over the course of the six to eight months that we've been on the file, the focus with respect to ratification and then with respect to implementation.

As to whether or not any formal legal action in the courts will be taken, well, that remains to be seen because we haven't seen the full implementation process. We haven't seen in any great sense of detail how the federal government intends to achieve its obligation or its intention now that they've ratified the Kyoto protocol. We do know that if they move ahead to achieve the greenhouse gas reductions that were set out in the Kyoto protocol for Canada, if that becomes a legal requirement, that will be very damaging to our economy without something more than what they've offered so far.

So, yes, we intend to remain on the file. Yes, we intend to remain vigilant. Yes, we intend to work in a practical and pragmatic way to make sure that Alberta industry is not damaged, and, yes, we intend to continue to protect the environment. But we need to have, it's imperative that we have a good understanding of our legal position at every aspect of the way, and I don't apologize for the need to do that or for the need to have that properly resourced. I only wish that we could have done it in-house because we do have such exceptional people in-house to be able to work on these things. We have to continue with the other aspects of government as well, so we can't devote all the resources that we have in-house to one file, and therefore we had to seek and get expert legal advice from outside.

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

Ms Blakeman: Thank you very much, Mr. Chairman. I'm pleased to have the opportunity to question the Minister of Justice on his supplementary supply budget. There are just a couple of questions. Well, actually one is a statement.

I understand that the increase in salary that appears here is due to a larger than anticipated salary settlement, and I hear that the minister was willing to apply for more money to cover that settlement. Knowing the quality of people that are working in that department and how underpaid they are in some sections, I'd like to thank him for his support of that salary increase for the staff. I think that's a good idea.

Now, one of the questions that I had was about bonuses, whether there is still room in the budget to pay bonuses to those that have earned it in that department.

The only other question I have here, aside from the overall concerns that I have with supplementary supply budgets, but I won't go into that on this minister's time, is that I notice there is a notation under the department summary that notes that it's including an increase of pretty much \$4 million in the allowance for doubtful accounts. I would like to know: what are these doubtful accounts, and what has brought the need for an increase in the amount? Obviously, this is an internal department transfer. Nonetheless,

almost \$3,944,000 has been put in as an increase into the allowance for doubtful accounts. I'd like an explanation, please, of what the change is, why you're anticipating that extra \$4 million, some description of the accounts.

Now, I know that you have to have contingency money there if lawsuits, for instance, go against you, but is that what this money is for? Can you detail what the doubtful accounts are? Sometimes that's what the government has to pay out: they're expecting to lose; who knows what these settlements are. But \$4 million is a significant amount of money, and I'm interested in what the explanation for that is.

Thank you.

The Chair: The hon. Minister of Justice.

Mr. Hancock: Thank you, Mr. Chairman. I'm pleased that the hon. member recognizes the need for us to deal with the salary issues within the department. She'll know that, for example, court clerks for years suffered under an administrative process that didn't allow for appropriate adjustments and those sorts of things, and we've been able to fix that and to make that change. I think that most people in the department are now quite satisfied with the way that the salary processes have been dealt with, but it did result in, during the course of that five and four settlement in past years, the actual impact on our budget being significantly higher. So I'm pleased that we have the support of the opposition with respect to making that right and embedding in this budget through supplementary supply and hopefully in future budgets the amount of money necessary to cover that.

The second question was?

Ms Blakeman: Bonuses.

Mr. Hancock: Oh, bonuses. Well, of course we won't know about bonuses being payable until after the year-end to see whether we've met targets and those sorts of things, but I would hope that within the management of our operation our managers have been prudent enough to make sure that as we move through this, they will have set aside sufficient money to pay bonuses if they are accrued.

I tend to operate on the policy in the department rather than dealing with the managerial detail. I think my deputy minister and executive staff appreciate that. They get to manage the department. I haven't specifically asked them if there's bonus money set aside, but I would be very surprised if bonuses were provided for this year that there wasn't sufficient money to pay them. However, without this supplementary estimate I think that would have been one of the first things on the chopping block because we were very, very short, in fact had to do hiring freezes and take other steps to make sure that we met budget. So this will help to deal with that issue.

Now, with respect to the final question that the hon. member raised, the \$3.944 million allowance for doubtful accounts, the hon. member may recall that some two or three years ago the federal government made a change in the federal criminal law which resulted in the fact that you could not jail people for certain offences for nonpayment of fines. So the collection process became more difficult with respect to some of those fines, and the \$3.9 million essentially relates to old, uncollectible fines from years gone by, and it's time to take them off the books. That doesn't mean to say that they will not be collected if they can be collected, but from an accounting perspective, rather than have the Auditor General comment on it, we thought it would be prudent to take them off the books.

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

Ms Blakeman: Well, thank you. Sorry. I get so inspired by the minister. I came up with two more questions while he was talking.

Can I just confirm that the \$85,000 that's appearing under vote 3.0.6, child-centred family justice, is the Zebra centre? Okay. Good. I'll look for an explanation on that.

My second question is around the Public Trustee's office. I've had an issue raised a couple of times. I'm sure the minister is also aware of the same issue, where the Public Trustee's office was not able to follow through on a request that in legislation appears to be doable with administering living wills, I think. What are they called? It was essentially living wills, how an individual wanted to be looked after if they lost their mental faculties and had left written instructions with the Public Trustee and expected the Public Trustee to administer that. There have been some legal opinions, I gather, obtained by that office that said that they couldn't follow through on administering this, but there also seemed to be something said about a lack of staff time to do this. I'm wondering, with this increase that I'm seeing under the Public Trustee's office, if perhaps that would help facilitate what these individuals were looking for, whether this, in fact, is added staff.

3:50

The last question is once again on the maintenance enforcement vote, 3.0.5, just confirming that that \$128,000 is salary and, if it's not, if I could get an explanation of what it is specifically.

So those three questions: Public Trustee, child-centred family justice, and maintenance enforcement. Thank you.

Mr. Hancock: Perhaps, with your indulgence, Mr. Chair, I could just ask the hon. member to repeat the last question, about what was for salary.

Ms Blakeman: Maintenance enforcement: was it salary, or is there something else in that \$128,000 that appears under that vote?

Mr. Hancock: Well, Mr. Chairman, as I've indicated earlier, the supplementary estimates, primarily, here are for salary issues, and the division among the various portions of the department is based strictly on a proportion of the payroll that each of those areas has. So the expectation is that those are salary related. Now, I can't guarantee that each and every dollar goes to salary. That's the intention here, but, you know, as is always the case, we may have already contributed to our salary budget in some area by taking it from some other area temporarily. So what I'm saying is that it may in effect be spent in some other way because we've now replenished the salary budget. The intention here is to meet the salary requirements as a result of the increase.

With respect to the child-centred family justice initiative I don't believe that's specifically the Zebra house, but I can certainly undertake to advise the hon. member if that's going there. This is relating to the family justice initiative. The federal government has provided some money, and this is a flow-through of that money back into our family information centres and those sorts of areas. I will get the detail for her as to what specific area the \$85,000 is going into, but I don't believe it's the Zebra centre.

With respect to the third question, it was . . .

Ms Blakeman: The Public Trustee.

Mr. Hancock: Public Trustee. I don't anticipate that the money that we have available as a result of the supplementary estimate will expand the services available from the Public Trustee. They're already fairly stretched in terms of the services that they can provide. In any event, I wouldn't think living wills would come under the

Public Trustee because the Public Trustee is a trustee of resources, of dollars, those sorts of things. The Public Guardian is the office which deals with the guardian of the person for most cases.

I'm sort of speculating here, but it wouldn't seem to me that you would want to do a living will and have either the Public Trustee or the Public Guardian be the person who makes the decisions on your behalf. A living will is a very personal document. It ought to be something in which you designated somebody who is very close to you to deal with. In any event, it wouldn't in my view fall within the Public Trustee's purview because, really, the Public Trustee is managing estates, not dealing with the individual, the person.

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

Ms Blakeman: Thanks. I apologize to the minister for not being able to be more clear. I don't have the documentation with me. I'll get it and send it over so that we can satisfy the questions of the constituent on this concern.

Thank you.

Municipal Affairs

The Chair: The hon. minister responsible for Municipal Affairs.

Mr. Woloshyn: Thanks very much, Mr. Chairman. I am very pleased on behalf of my colleague the Minister of Municipal Affairs to request some \$11.4 million, \$10 million for the orphan underground petroleum storage tank program and another \$1.4 million to finish off the 2002 disaster recovery program. I think the notes are self-explanatory. Page 73.

The Chair: Any further comments?

The hon. Member for Edmonton-Centre.

Ms Blakeman: I'm sorry. Am I understanding that the Minister of Seniors was speaking for the Minister of Municipal Affairs?

Mr. Woloshyn: Yes, I am.

Ms Blakeman: We had asked some questions earlier during, I think, the budget debate, in fact, for this. We did not receive responses for these, so I'll repeat these questions again, and perhaps the minister can have his colleague answer them for us.

This is specific to the Ministry of Municipal Affairs and around these underground petroleum storage tank programs. Could we get the minister to table any studies or reports that his department has about the effects of the 5,200 leaking petroleum storage tanks on Alberta's drinking water supplies? Could the minister release a list of the locations of all of the tanks that have been identified to date and the planned date for mediation? Who receives money from this fund, and what are the specific cleanup plans? I mean, there's \$10 million in here to deal with the accepted applications and \$1.4 million pursuant to disaster recovery. We're mostly interested in additional information about this \$10 million for the underground petroleum storage tank program with those accepted applications and in, I guess, what kind of applications were not successful in applying for some of this money, which also would indicate some of the criteria for those that were successful in being accepted. If those questions could get passed on – and perhaps we can get an answer in writing or through a tabling – I'd appreciate it.

Thank you.

The Chair: Hon. minister, is that what you would like to do?

Mr. Woloshyn: Yes. Thank you. I'll pass on *Hansard* comments

to the Minister of Municipal Affairs, and then he will take whatever course is acceptable.

The Chair: The chair would indicate that we have now received notification from the House leaders that they would like to proceed in a slightly different order than haphazard and that we are still on the Department of Justice, as I understand. If that is finished, then we'll move to Agriculture, Food and Rural Development.

Agriculture, Food and Rural Development

The Chair: The hon. Minister of Agriculture, Food and Rural Development.

Mrs. McClellan: Thank you, Mr. Chair. I'll deal with the supplementary estimate of \$39,719,000. This funding is needed to support the increased costs associated with our safety net programs.

I was interested in the Member for Edmonton-Ellerslie's concern on our ability to budget, and I know that the ag critic from the Official Opposition supported the dollars that were expended in agriculture in emergency assistance. May not have agreed in total on the way they were distributed but agreed that the need was there, and I think everyone in the House would agree that this was a very unusual year. It was the worst drought in 130 years. I don't think anyone would expect that someone could predict that.

Just to give you an example, last year I believe it was in the range of \$288 million that was paid out under Ag Financial Services under crop insurance. I may be wrong within a million or two in that last year, but it was the highest payment made in 40 years' history of that program. Well, this year we have surpassed that fairly significantly, so we've had to cope with that. I think that producers have made use of all of the tools that were available to them to mitigate the impacts of this disastrous drought on their operations.

So the additional \$50,858,000 for ag lending assistance – and I'll give you the numbers – is \$2,473,000 to support lending assistance programs delivered by Ag Financial Services; \$46,137,000 represents the provincial share of the increased cost of delivering the farm income disaster program; and \$2,248,000 for additional provincial costs for crop losses caused by waterfowl and wildlife. These are offset by a reallocation of \$11,139,000 within the agriculture insurance and lending assistance program.

4:00

I should just note that increases in expenditures are substantially offset by a federal contribution of \$37.3 million, primarily for the farm income disaster program payments. As a result, the net draw on the general revenue fund is really \$1.8 million, but, as you know, because of our accounting system, because of the way we expend and account for those dollars, we have to record them in a supplementary estimate, hence the request for Agriculture for this year.

I think that Agriculture tries very hard to live within its budget. Ag Financial Services has a tremendous record of success in dealing with these issues, but this was an extraordinary year. We don't have to go far for data on that. The encouraging thing, I would say, is that we've all seen some moisture. We're all thankful for that, unless we're driving on some streets and trying to get to and from work during this, but my understanding is that the city of Edmonton, which is one of the driest areas in the province, has more snow now than it has seen in the last five to seven years. We're all encouraged by that, and we hope that that continues on into the summer and mitigates this disastrous drought that covered over 75 percent of our farmland in the province. The drought affects more than just our agricultural communities; it affects our urban communities as well. We were certainly encouraged by our urban centres who put out

water management messages encouraging people to conserve that resource, and I would say that the whole province, urban and rural, pulled together to try and mitigate the effects of the drought.

With those comments, Mr. Chair, I'd be happy to try to answer any of the questions directly related to these sup estimates. If there are any that go beyond that, I'd be happy to respond in writing, in the interest of time.

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

Ms Blakeman: Thanks very much. In looking at the areas that funding is being requested for and also looking at the Auditor General's report, I notice that two of these areas for which money is being requested also turn up in the Auditor General's report, and I'm going to question the minister on that.

Now, in fact, it appears – and perhaps the minister could address this briefly – that in the recommendations from the Auditor General from the previous year on the farm income disaster program there was a recommendation that the department “perform annual performance evaluations of [the farm income disaster program] to assess the achievement of the program.” In this particular case, \$46,137,000 of additional provincial costs is what we're examining in this supplementary supply. In fact, it appears that the department did successfully implement the recommendation to perform the annual performance evaluations. If I could just get the minister to speak briefly about that.

The second area is around the Agriculture Financial Services Corporation, and it, as well, turns up as a recommendation in the Auditor General's report. It is talking about reinsurance programs, and I'm interested because it speaks specifically to weather and reinsurance. I'm just quoting page 43 of the annual report of the Auditor General of Alberta, 2001-2002.

The reinsurance took the form of weather derivatives, which are financial instruments that would pay off if rainfall across the province dipped below average levels. Second, [the Agriculture Financial Services Corporation] reinsured an area substantially larger than its pilot program.

So there's a concern being raised by the Auditor General, and this is specific to the native pasture pilot program. What's caught my attention, of course, is the direct reference to weather and particularly rainfall dipping across the province. So I'm wondering if this recommendation, which came out of the report in September, has been dealt with inside of the additional money that's being expended.

As an overall comment on additional money from the government being put towards farming programs, I continue to have a frustration. Although I represent a downtown riding in an urban centre, it's not that I'm unsympathetic to what's happening to the farmers and, indeed, the entire issue of the family farm, which we have yet to really have a full-fledged discussion on as to how it's most appropriate to support the family farm in Alberta. I wish we would have that discussion, because I think it would help us all make better policy around it. I continue to be frustrated that we have ad hoc support programs, and I see these programs as being biased and, some would say, inflexible. I can't comment on the inflexibility of it. I would continue to question the minister as to why we cannot develop stable and predictable programs that are based on a stable and predictable income. Certainly, you've heard from the Leader of the Official Opposition, who's also our Agriculture critic, that we're looking for a farm income insurance program that's based on lost income rather than on margin or yield or production values, a program that gives farms the freedom to make production decisions mid-season.

My final point here is: what's the difference between the fall

sitting and this sitting? It wasn't a big agricultural production time. I'll admit that I represent a downtown riding, and maybe I misunderstood this, but why is there additional money being asked for now as compared to the last set of supplementary estimates that we had in the fall? There was money then. There's money now. I'm saying: well, what kind of farming went on between December 2 and February 27? [interjection] Well, there's a lot of innovation in Agriculture, Food and Rural Development. Maybe there's innovation I'm just not up to speed on.

So if I could get the minister to comment on those three issues that I've raised, please.

Mrs. McClellan: Certainly. Hon. member, the agriculture programs are complex. I appreciate your interest, and I invite you, when you have time, to have a good discussion with the ag critic in your caucus, because he has worked very hard over the last year to join in the discussion on how we achieve some of the things that you've talked about. Unfortunately, you've missed the announcement of about three to four weeks ago where we announced a comprehensive set of safety nets, so I'm going to sort of go backwards from your last comments and move back to the first ones to try to assist you and other members in the House to understand why it took this long.

There has been a discussion in Canada on agriculture. It has taken almost two years, I will grant you. I attended my first meeting on the agricultural policy framework in the Yukon two years ago this June, and Minister Vanclief, the federal minister, and the 10 provincial ministers and the territorial ministers came together and agreed on a framework to go ahead with an agricultural policy that would be a national policy. One part of that included a complete review of the safety net program, and when we talk about safety nets, we talk about crop insurance, pasture insurance, hay insurance, and we talk about NISA, the net income stabilization account. Those are considered the safety net portions. There are four other chapters in the agricultural policy framework. They centre around the environment, food safety, renewal. I'm trying to think of what the other one is, but it'll come to me. But the safety net chapter was the one that we really concentrated on at the outset, and we directed our officials to work towards a safety net that would perhaps be one program.

4:10

Now, I must admit that in the Yukon I expressed my concern. I did not believe that we would be able to come to one program. It would be great, but crop insurance is different. It's very seasonal, and to deal with a safety net, an insurance program where you have to deal with a tax year that's a year later than the year you're working in, is extraordinarily difficult, but we try, and our officials worked hard on it, came to a conclusion throughout that work that, indeed, we could not. There would have to be two. So what has come about is a comprehensive set of safety nets under crop insurance and an improved NISA program.

Now, if you think back to June in Halifax, where the ministers met together to conclude the umbrella agreement on the ag policy framework, you might recall that Alberta signed that agreement at that time. It is an umbrella agreement, and what happens under that is that each province then negotiates under that set of principles bilateral agreements for their province. Understand that agriculture in Newfoundland and the Yukon is quite different than it is in Alberta or in Ontario or in Quebec, so that's why you have bilateral agreements. Understand also – I should have mentioned this at the outset – that agriculture is a 50-50 shared responsibility constitutionally, one of the very few areas that is a shared jurisdiction.

In June we signed that agreement, which enabled us to begin negotiations immediately with the federal officials – our officials,

their officials – on those chapters. I am proud to say that while the negotiating trail sometimes was rocky, we were able to conclude our negotiations and announce to our producers in January a new set of safety nets which are comprehensive, which will eliminate the need for ad hoc programs. You will not look for ad hoc programs in Alberta this year. We have an improved crop insurance program that looks at the weather production, that looks at a spring price option, and that looks at our revenue stream. We have improved our hay and pasture program, and we are able to use under silage barley for proxy. It's very difficult to actually nail down silage, if you know what silaging is. Cutting hay is one thing and grazing pasture is another thing. Silage is another thing. So we've used barley as a proxy, and the reason that we use barley is because it is the indicator of price in feed. As you know, barley is heavily fed in our province.

So we have that in place, and I can tell you that our producers are very happy. I have spent a lot of time in the last weeks with producers, and the reason that they're pleased with the programs is because they designed them. We spent a lot of time in this province doing a crop insurance review. It was begun by the Minister of Infrastructure when he was minister. It concluded last year with focus groups around the province, where we sat down at a table with 15 or 20 or however many farmers, average guys, and said: is this what will work for you to make good risk management decisions? Because it is an insurance program.

It's a tripartite program shared between the federal government, the provincial government, and the producer. So it's not a matter of this government just saying: this is how it will be. We have to negotiate agreement with our partners, which are the producers and the federal government. I'm pleased that the federal government has been very helpful in moving through this process. When I phoned the federal minister and told him that we were ready to announce them, he said, "And?" I said: well, you're going to like some of it, maybe some of it not quite so well, but I hope you're going to help us fund all of it. We have a cordial relationship in the development of these programs. They're very important. So, hon. member, ad hoc programs in that area are gone.

I can tell you that the Premier of this province gave this minister the very clear direction that we were to get there, and we have. We'll make some more changes. If you go back and look at the news release from the announcement that was made in Lacombe, you will see that there are some additional changes that will be made in 2004. One of those is in cushioning. One of the difficulties that you have on an index is that if you have successive years of bad production – weather related, not your fault, not bad management but these anomalies that might run four years or five years – your production index goes down, down, down. Pretty soon your coverage isn't any good for you.

I've often tried to explain this. If you have a \$120,000 house and you insure it for \$120,000 and it burns down, you get your money, unless you did something like set it yourself, which we wouldn't do. If you rebuild that house, you reinsure it and it burns again, you still can insure your house for that value, and if it happened again, you could do the same thing. You don't lose your protection on your insurance, but your premiums go up; right? That's the way it works. That's what insurance is about, and that's what this is about. So it's important for us to be able to cushion that index so that the program doesn't come to the point where it is of no value to the producer because through no fault of their own they've had some repeated years.

If you look from just west of the city of Edmonton to the Saskatchewan border, which is primarily, of course, what we're interested in, there have been four to five years of significant drought, very significant. If you are not using some indexing or

cushioning of that index, your insurance would not be of value to your producers. This year, because of the general drought covering so much of the province, very few indexes will go down. In fact, I would suggest that most indexes will rise because they're all in the same position. So there wasn't the urgency to deal with that this year, but we do intend to deal with it next year.

The other area that we need to do some more work on is in the silage area in that insurance program, and we've made a commitment to producers to do that.

No no ad hoc; we've done that. I've tried to explain the process. We have a national process. Now, I can't speak for other provinces as to whether they've negotiated their bilaterals, but I can tell you that Alberta has. I can also tell you that I'm very pleased with the other four chapters – food safety and environment, renewal, et cetera – because we did have agreement from the federal government that they would recognize what we had already achieved. We have invested so much in food safety and in environment and so on that our costs will be negligible or nil to receive our federal share at the outset, because we are ahead in those programs.

So that's the ag policy framework. You hear a lot about it, some negative and some good, but I have to say this. I've been a legislator for 15-plus years. I was in this portfolio some dozen years ago, and this is the first time that we've had a five-year agreement, and that is very important. The federal minister has negotiated with his Finance minister a block of money. Is it enough? Probably not. Would it ever be? Probably not. But it is what we have. So my opinion is that it's time to get on with it and get the job done for producers, and I think our producers concur.

4:20

When you look at the issues around the family farm, we first of all have to say: what are we talking about with the family farm? We hear a lot about corporate farms and all of that. I can tell you that the majority of corporate farms in this province are held by families, and one of the reasons that they are incorporated is for tax purposes and business management purposes. It can be father/son, son/daughter, it can be brother/brother, and they're incorporated, so it looks like we have a large number of corporate farms. Most of those corporate farms, the majority – I can get you the figure. I think there are less than 3 percent that are not held by families. Less than 3 percent. I'm sure I'm right on that, but I'll get you that. So the family farm does exist. Has it changed? Yes. Will it continue to? Yes. For those of us who've been in the industry for a long time, maybe we want it to a little, but the emphasis is still there.

The other thing that's encouraging to us – we're getting just a little bit away, maybe, from these, except the importance of support to the industry in a time of need, and that includes our family farm – is that the age of our farmers is lowering. Yes. That's important to us, because there was a period of time when it was rising. We are seeing more young people come into the industry, and that is really important if you want to sustain agriculture.

The way we do business has changed. The environment has changed us. We're looking at new ways of doing things, continuous cropping. I can tell you that farmers are very environmentally minded.

On the issues of the Auditor General's report, the reinsurance. The very reason that they're called pilots is because they are pilots. When you introduce something using a weather derivative, you're using the very best information you have, but until you put it into absolute practice, you do not know how it's going to work. On the reinsurance side we're very thankful that we do have reinsurance in this province, because the reinsurers picked up a large portion of our loss this year. So it was a good thing to have.

On our native pasture program, the weather derivative and the satellite – we have both, and we have them on pilot – were piloted because we weren't sure. Sure enough, we did find some problems in that area. One of the problems is that in the weather derivative you use weather stations, and we didn't have enough for the anomalies in weather that we had this past year. When you have unusual drought like the worst in 130 years, I guess you could expect that your weather patterns would be quite different than they had been. We've improved that this year. The federal government as part of its drought response has assisted in the development of a further number of weather stations. That was announced here in the city of Edmonton, actually, about a year ago by Minister Vanclief, and we will have more than double the number of weather stations that we had last year. How it works: a producer chooses a weather station that he thinks is most appropriate to his area. What happened last year is that the one that was normally the most appropriate was very abnormal; it may have rained there and not where it used to. So what we can do this year because we have additional stations is have a producer choose three in his area – I've told them: you can't pick one at High Level and one at Manyberries – and use an average. That's a great improvement in that.

We still have some issues on soil testing, moisture testing in soil, but we'll work those out.

I'll give you a written response on the acreage side of your question on reinsurance.

You've already indicated that the Auditor General did indicate his pleasure with our changes in performance measures and evaluations on the farm income disaster program.

I think I covered all you asked and more than you ever wanted to know about farm programs.

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

Ms Blakeman: Thanks. The minister opened the door on this one, and I would just like to add a few comments about it. That is the whole issue of risk management and safety nets. This isn't something that the minister can particularly answer, probably isn't even for her department to answer, but it is an issue that continues to concern me, representing, as I do, a number of small businesspeople in the downtown centre, and it's a question of equity. The minister has worked hard to explain why the money is necessary going to the family farm. It is a question of risk. Farmers know that they're in a risk business, and they try and manage that risk. Nonetheless, there are government programs to assist them here because that, one assumes the overall argument is, helps everyone in Alberta. But I continue to be concerned and want to see more equity across the province. It seems that agriculture gets the safety net; they get the money; they get the help.

I have businesspeople who equally are doing their best to manage their risk, to manage things which can scupper their success, which are equally as uncontrollable as what our farmers or agricultural sector could be dealing with, like weather. You know, we've got the Golddome here in Edmonton. Electricity and gas prices are making it very difficult for that businessperson. No control over that. Small businesspeople trying to import or have a cross-border business can't control the U.S. dollar, and it sure affects their business and certainly affects their ability to manage their risk. Acts of God, political insurrections in a country that produces tin, and we've got somebody that's trying to put Chinese food into tin cans. So there are all kinds of risks that my small businesspeople are doing their best to manage, and there's no assistance for them, but there is a great deal of assistance for the farm. So to me it's a question of equity. I keep raising this, and I've yet to see the government give me any kind of really solid response on that.

Let me be very clear here. I'm not saying that the agricultural sector doesn't deserve every penny they're getting. I'm not saying that, but I am saying that it's a question of equity. There's a lot of assistance for that group of small businesspeople who are trying to manage their risk but no assistance for another group of small businesspeople, that being my downtown small businesspeople, who are trying to manage their risk. So it's a question of equal treatment across Alberta.

Thank you.

Mrs. McClellan: Well, I'll try to very briefly answer that. Your small business sector can buy insurance against theft, fire, things like that. The weather is the farmer's fire and theft, and that's what they're protecting. There is no private insurance for agriculture. A farmer buys the same insurance on his house, pays probably more premium because he's away from a water supply, I can tell you that, doesn't have a hydrant in front of his house, pays the same insurance for his liability on his place, faces the same costs when you consider that most of the farm machinery is imported from the U.S. We gain overall as an economy on the export side, granted, but when he buys a John Deere tractor, it comes from the U.S. at a U.S. price. When he buys the parts for it, he does that. We don't insure him against that.

So I appreciate the concern. We support small business. Agriculture is the single largest manufacturing sector in this province. The single largest manufacturing sector. Most of it is small business, and much of it is in the city of Edmonton. The rural community does not have that side of it to a great degree. There are over a hundred companies in the city of Edmonton – I'll just use that because we're here – who value-add agricultural products and ship to over a hundred countries in the world. So it's a huge part of our economy. I mean, we could name some of them. Often we don't think about it, but you look at Cheemo, well known; Saxby Foods, very well known; and the list goes on and on. There are over a hundred companies in this city. Our value added last year went to \$9.9 billion – that's doubled in 10 years – \$8.9 billion on primary, almost doubled in that same time period of large growth, no question, in cattle. We are the largest cattle producing and processing province. We're the second largest agricultural producing exporter in Canada. I think that when we think about the size of our province, 10 percent of the population, and you consider that we're the second largest agricultural exporter, it speaks well to the business community in this province who develop the value added. We need to continue to have that good primary product for them to work with.

4:30

So I appreciate your concern, but we're mixing apples and oranges when we talk about it because the producer has those same risks. What we're talking about here is the weather risk and loss of production because of that, which is like a fire or a flood or something to them. If there was private insurance available, I can tell you the federal government and the provincial government would not be involved in insurance, and we've investigated that over and over again.

The Chair: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Chairman. I want to start by complimenting the minister for displaying a very thorough knowledge of matters related to this portfolio. She certainly brings very vast experience as a cabinet minister and also as one who comes from a farming area of the province. So I'm delighted to hear someone talk with some degree of authority based on both firsthand knowledge

and knowledge acquired when running a department which handles matters that really mean survival or collapse for lots of farmers and farming families.

As to my own knowledge with respect to Alberta agriculture it's very limited, I must confess, but I do come from a farming background. I grew up in a part of India that's known for its agricultural economy, a vibrant economy. The green revolution transformed it. I just visited there for two weeks last month, and now I know how the green revolution impetus has petered out. Added to that, the WTO-related uncertainties – and WTO has been signed by India – are causing a great deal of grief to family farms and family farmers. In Punjab and in many other parts of India as well farm indebtedness has become an absolutely huge problem.

Farming at the best of times, because of weather, because of markets, because of pestilence, and other problems, is always a risky business, and the kinds of risks involved with it are quite different for the producers and for the owners and for the investors. So there's a need for the kind of programs of both the federal government and the provincial government. Hopefully, many of them in collaboration with each other try to provide relief to not only families but also communities that rely on healthy agricultural production and activity.

In the rural areas of Alberta – and I'm sure we would all agree that we want to make sure the rural areas remain attractive places for Albertans to want to stay, not only aging Albertans but young Albertans – the economic health of small towns is very much dependent on the economic health of farms and farm families. There is symbiosis there: one exists in relation to the other to a large degree.

So I'm generally very impressed with what the minister has said, and I know that she has the best interests of the farming community at heart.

My questions have to do with the supplementary estimates related to the farm income disaster program. I understand that this \$46,137,000 of extra money that's being asked for in the supplementary estimates is the result of the farm disasters that occurred from the widespread drought that has been experienced, and particularly this year just past it has been unprecedentedly dry weather that has hit our farmers in parts of Alberta and Saskatchewan and maybe – I don't know – some other parts of the prairies as well.

Now, some of the farmers perhaps have been hurt a lot more by this drought than others because the intensity of the drought has been variable across the province. The minister will add to my information, but my understanding is that areas north of Edmonton, particularly the northeast part of the province, have been most seriously hurt by this and areas south of here less so, but there have been scattered sort of affects of it. There's no uniform, whole region that might have been affected.

So this \$46 million, I'm sure, has been channeled in the direction of the farmers who have been affected – farm families, corporations, and others – but my question is: was this money targeted, as this government normally does, to the most needy, to those who were most seriously affected by the disaster caused by drought, and if so, would the minister want to comment on how the targeting was done? What criteria were used? What regions were targeted? The number of family farms that received the assistance because they were most affected.

The second related question arises from the minister's observation that when this farm relief, this disaster relief was being provided, there was a great deal of concern expressed by some members of the Assembly, including perhaps my caucus, that much of this money would end up in the hands of large corporations, so she drew to the attention of the House in her remarks just 10, 15, 20 minutes ago that

only 3 percent of the farms are owned by nonfamily corporations. I suppose that's the exact word to use.

Now, it may be the case that only 3 percent of the farms are owned by nonfamily corporations, but my question is: what overall arable area is owned by this 3 percent? We do know – and I think the minister would confirm it or contradict it – that concentration of ownership is a fact of life, and the rate at which the land resources are concentrating in the hands of fewer and fewer families or corporations is growing. The rate is picking up speed. So if she would comment on the percentage of ownership in terms of acreage; you know, whether it's mixed farming land, whether it's ranching, raising horses or beef cattle or whatever else. What percentage of that land is owned by the 3 percent? So if there is a disparity between the percentage of corporations, which is 3 percent, owning farmland and the area that they own, then I suspect that the minister would be able to tell me what portion of \$46 million has gone to the 3 percent corporate-owned entities as distinct from the family-owned ones.

The third question that I have is based on my lack of knowledge on this, and I will ask this. Of the \$75.5 million or \$75.6 million that was originally budgeted for this particular item, farm income disaster program, do any of those funds come from the federal government as well? Will the new allocation, the \$46 million supplementary that the minister is asking for, bring some more federal money as a matching fund, and if so, what would that be?

Maybe I can sit down and have the minister address these questions first.

4:40

Mrs. McClellan: There are two different programs that I think the hon. member is alluding to. One was a grant program that we did this summer in response to the drought, the \$324 million that was distributed on an acreage basis, and it was distributed whether it was a seeded acre of crop or a pasture or a hay. So that was a different program.

FIDP is cost shared. The \$324 million was not cost shared by the federal government. That was taken out of an emergency fund, and as you would recall, at the time we were facing a very huge concern about loss of breeding stock. Cattle were coming to the market in quite substantial numbers. I'm pleased to tell you that it would appear that our cattle numbers are down about only 10 percent. It was significant, I believe, and the people in that community tell me that it was significant in stopping the loss of our breeding herds, which is what we wanted to do. We had about 5.4 million cattle. We're about 5.2 million. Those are our figures. So that program was different.

Under those programs there always is a cap, and you cap the amount that an individual can have, and if it's a corporation, there's a limited number for that corporation, a cap on that too. I'll give you a written response explaining that part of the program to you.

Under FDIP. FDIP is triggered based on a significant loss in your income, and it's done on your tax form, so FDIP only responds a year out. So after you've done your tax forms, if you've had a significant loss, if you've dropped below 70 percent, then you can look at requesting a FDIP payment.

The federal government has participated in farm income disaster. They did give notice that they would no longer be involved in that. They announced that in June of this year and set aside some transition money to move to an improved NISA, net income stabilization account program, to eliminate the need for that. We're not quite there yet. We're still working on NISA. We're looking at a federal/provincial meeting later this month to try and conclude that. That net income stabilization account program would have a disaster

component so that we could get away from these other programs, but we're not there yet.

Your question: did the federal government contribute? Yes. In fact, \$37.3 million would come from the federal government. Because of the way we have to account for our dollars and our expenditures, we show this as a supplementary estimate to agriculture. The net draw on the GRF in this instance would be about \$1.8 million, but you understand how we have to do our accounting.

So it is difficult when you have to do these ad hoc programs like we did with the \$324 million. We think we distributed as fairly as we could. The administration of delivering that \$324 million was around 1 percent, and I think that's fairly significant, and in fact some officials from the federal government commended us on it. They had had some experience and found that it was difficult to keep it under 20 percent when you get the complexity. So keeping it simple helped.

We also did an analysis on the program and found that the bulk of the money went to the most affected area. There was some discussion at the outset – you're right – that some areas that didn't need it got it. Well, you know, the year wasn't over when they got it, and I can tell you that some of the south, which is the very deep south, south of the No. 1 highway – there's an awful lot of Alberta on the other side of that – suffered some real problems with harvest, as did central Alberta. It's very unusual to be combining in December and January. I've been on a farm for 40 years, and I've only experienced it maybe once or twice, the same with spring. The only exception might have been some parts of the Peace River, and even they had some difficulties with harvest and suffered yield losses as well as quality. So I think that overall, while we knew it wasn't perfect and so did the producers, it came out as evenly as you can.

The other thing that was important to producers is that – actually the first farmer did have his cheque in nine days – we were able to distribute that money very quickly. So low administration, get it out fast, let people make a decision on their herds and what they're doing and so on. I think it worked, but it's not the best way. We prefer what we've done now: a good comprehensive safety net program, a good crop insurance program, a good hay and pasture program. We're saying to producers: "Look at these programs. Look at your operation. If you need a risk management tool, which means that you can't self-insure, then you had better take advantage of these because we are out of the business of ad hoc programs."

So good questions. I am going to give you a written answer on acreage because I think you'll want something just a touch more in-depth than acreage. Your corporate entity might be a hog operation; it might be a dairy; it might be a feedlot. So just giving you acreages wouldn't probably give you the answers you need. So I will give you that in writing and probably can even give you an indication of what part of production they represent as well. It's better to have the whole story when you're looking at those.

I was interested in your comments on your area in India because I had the pleasure of meeting with the agriculture representative – I'm not sure they call it minister – when I was at world trade talks, and we had a fair discussion on some of these challenges. It's always amazing how similar our challenges are. Although our farms are quite different, the challenges in these things are the same wherever you are in the world.

I'll respond more fully in writing.

Seniors

The Chair: Okay. The hon. Minister of Seniors next.

Mr. Woloshyn: Thank you, Mr. Chairman. Back in June of 2002

the Alberta government and Canada Mortgage and Housing Corporation signed the Canada/Alberta affordable housing agreement. The funding requested today, the supplementary appropriation, is for some \$17 million. The net payout from the Alberta government is 8 and a half million dollars. The other 8 and a half million dollars are from the federal government. This is to implement the program for this current fiscal year.

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

Ms Blakeman: Thanks very much, Mr. Chairman. Just a couple of issues that I wanted to raise with the minister around this money. First of all, he and I have had a couple of go-rounds about whether this money was coming. When was it going to happen? Was it going to be new money? Blah, blah, blah. I think it was today actually – yes, there's officially an announcement about this money. It is new money. I'm just double confirming that. Yes, indeed, it is, which is what I thought, which is excellent. It will actually result in some new affordable housing and accommodation for Albertans. I've always believed that the province has got to step up to the plate and put money on the table to encourage this kind of thing, and I'm pleased to see that they are in fact doing it.

Now, the question I have is an accounting question. It may be easily answered by explaining that it has to run through the account. In fact, the government is putting up 8 and a half million dollars. The books are showing \$17 million. Perhaps the minister can comment on whether the federal money may well be a reimbursement. Once the province shows that the money has gone out, they will be reimbursed for their share. Otherwise, why is the accounting showing \$17 million going out? The minister is quite up front in admitting that, in fact, it's a matching. It's only \$8.5 million.

4:50

As I always do, I'm checking the Auditor General's report, and the only hesitation there was that the ministry does not present consolidated reports, which would mean presenting the information, the audited statements, from all of the entities that it's responsible for, the revenue and expenses of management bodies, et cetera. That seems to be the only concern, and that's really not reflected in what we're seeing here.

So I'm very pleased, frankly, to see that this money is finally happening. It's certainly something that I've been asking for for some time. My big concern was that it wouldn't be new money, that the province would take the opportunity to say: well, you know, last year or this year we've already spent X amount of money building something else, and let's use that money to qualify. That was the concern that I continued to raise in question period with the minister – and I'm glad I did – and continued to press for. I'm very pleased to see what I'm seeing here.

If he could just answer that question about why it's appearing as \$17 million when, in fact, the province is really only putting out \$8.5 million. Unless the province pays up front and gets reimbursed by the feds.

Thanks very much.

The Chair: The hon. minister.

Mr. Woloshyn: Yeah. Thank you for your comments and observations. As I indicated to you when you were asking the questions along the way about the program, we entered into an agreement, and the understanding was quite clear, that the program was going to be straightforward, clean, mutual, administered by both the provincial and the federal governments, although it was tailored to meet our

needs and the understanding was that it would be new cash. Because of the wrinkles that were going on, that you're well aware of, I felt that it was more prudent to proceed with the announcement when we had the money in hand, which was today. I thank you for your support.

Your observation as to how it works is probably accurate. We have to show it as a program because we're involved in it, but this doesn't show the source of the funding. That's why I made a point of saying that half of it is GRF; half is from the federal government. To be quite frank with you, as to whether the money is going to be through us or directly from them to the projects, I don't know. As you may well be aware, this is project driven, not a grant with no strings. We found this to be very successful in some of the other things that were done with SSHIP and HAPI, going with the project approach. So that's why we've taken that.

With respect to your comments the Auditor General – I do respect his observations – sometimes gets a little bit carried away as to how much should be consolidated. A lot of our management bodies manage one or two bits of property for us and have a considerable amount of their own property. We take very grave care to ensure that anything they manage on our behalf is documented, so it's all up front and we get our fair share and the whole thing. To try to consolidate all the bodies that we deal with, as was indicated there, would be quite unrealistic and would throw a lot of confusion into it. A better way of approaching it, which we do, is to show the net value of our assets regardless of who's managing them. As you know, I guess that virtually all of our projects, all of our inventory of whatever – \$1.2 billion – is managed by outside bodies. So I feel very comfortable that we're quite clear on the province's bottom line, and I'll have those discussions once again with the Auditor, I'm sure.

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

Ms Blakeman: Thanks. In speaking, the minister just twigged my mind to something else. The money is to be disbursed. It's project driven rather than just handing it out with no strings attached, as the minister explained. Is there a file folder with projects that have already been proposed that will now be examined for suitability to receive the money? I know that the ministry has worked fairly closely with the Edmonton land trust and, I believe, a similar organization in Calgary. Forgive me; I can't remember their name. Is that how some of the money will be distributed, going through to those two organizational management bodies that will then ensure that the projects are completed, or are there actually, as I say, applications that have already been forwarded to the minister and are awaiting some pot of money that would be available to them?

Thank you.

The Chair: The hon. minister.

Mr. Woloshyn: Yes. A good point. We have more than a sufficient number of projects in the file folder to proceed with distributing this money. A couple of things have to happen. One is that Canada Mortgage and Housing and us have to agree on the specific projects. When that's done, we'll just do it and forward it to whoever is going to be managing the project. There are more than enough to do with this \$17 million already.

The Chair: The hon. Member for Edmonton-Strathcona.

Dr. Pannu: Thank you, Mr. Chairman. I have just a few questions for the minister. There's a huge need, obviously, for affordable

housing or low-income housing in this province, from Fort McMurray to Edmonton to Grande Prairie and other places. We are aware of it. I don't know if \$17 million will make a real difference, but it certainly is a start. It's been long overdue, in my view.

The government did have the federal commitment for \$67 million over five years, I think, in its hands for over a year now. The delay has been noted and caused concern among those who are looking for an affordable roof over their heads. I don't know if the minister is able to comment on whether or not the projects that will qualify, that are not only eligible but are finally selected for support – is there some sort of formula in terms of percentage of the overall cost of the project? Is there a cap on the amount of money that those projects will receive from this fund? That's my first question.

Second is whether or not these funds are going to be targeted for the communities in most need. I mentioned Fort McMurray. We know, first of all, that the definition of affordability is quite different, I guess, in a place like Fort McMurray than it might be in Red Deer or even here. So is there a plan that the minister has which will help him target these funds where they are most desperately needed and relieve the pressures with respect to affordable housing?

I understood the minister as saying that under this plan, under this supplementary estimate no project has as yet been funded and no project is currently underway. So this is all for the future. The minister will clarify it. He's shaking his head. I obviously didn't interpret what he said clearly.

The point that I have in mind is: is there some sort of time line when these projects must start and how soon they need to be finished? We are more than halfway through this winter, but certainly the next winter is not all that far away, and homeless Albertans, even the working poor who work day and night yet can't afford to really have affordable housing, would be interested in knowing if the minister has a plan which will get some of these projects underway and in process on an urgent basis.

Another question that I have, again in the minister's department: is there some sort of priority in terms of whether or not co-op housing comes first or a private investor willing to invest some money and then create some housing units for rent comes first? Is there some sort of priority list in terms of criteria that will help the minister to guide decisions with respect to priority that can be given to projects depending upon where they come from? Who are the organizations, institutions, or entities seeking to undertake these projects?

5:00

I'm unfamiliar with the general programs, so there's a question that the minister should, I guess, answer as information for someone who doesn't know enough about the way these things are done. Are the low-income residents in this affordable housing entitled to buy these spaces, or does it depend upon the individual project, or is there a uniform, standardized sort of policy that the department and the government have to promote certain kinds of affordable housing that would ultimately be available for ownership by those who originally may have moved into them for rent?

So these are some of the questions. The minister may want to seek some clarification on a question or two that I have asked. Really, I'm interested both in targeting the money and in time lines. What are the minister's thoughts on that?

The Chair: The hon. Minister of Seniors.

Mr. Woloshyn: Thank you. The questions were good questions. The preamble was unfortunately very inaccurate. The agreement was signed nine months ago. There has been no delay. When the

agreement was signed, I visited with the mayors of seven cities, and I got a consensus as to how the program would be delivered. It's not limited to the seven cities I visited. It's whatever community. There was no delay, quite frankly. It's just a matter now that the funding is in place, and you'll see that the question you could have asked is: how would you distribute it in 30 days, so to speak? Well, it's not a problem because we've been working on this since the agreement was in place.

It is a provincial program. Local people determine in consultation with us the varying levels of what constitutes affordability, because you're absolutely correct: what's affordable in one community is very different in another one. I would suspect that the majority of the units will be directed toward the rental market, although not restricted to the rental market. This will go on a project-by-project basis; however, the units, to qualify for funding, must remain affordable for 20 years, which means that anybody buying it would have some sort of life lease or something on there so that you couldn't use these properties to speculate. They have to remain available for affordable housing. Those kinds of criteria might vary from community to community, depending on who's administering it and what they feel is the best need for it. The maximum amount that would be given is \$50,000 per door, per unit, if you will: 25 and 25. That's the maximum. We expect that to lever moneys.

We invite the private sector and the municipalities to participate with us on the same rules as anybody else. So it's wide open, provided the basic criteria are met, and that is that the units must be affordable. There will not be operational subsidies from the government, so they have to have a method in there that these units will be self-sustaining for operations and the provincial priorities are addressed. The focus will be on the areas of highest need provincially, so it's not going to be per capita, say. It's based on need.

There is one project that the particular people, who are municipal people, are involved in and have already started it with the hope that they will get help. They've front ended the moneys, and we'll certainly be looking down to them and treat them appropriately. We will, in effect, become partners in this, and they have chosen to put in their portion. As I indicated, \$50,000 doesn't buy a whole unit, period. So they've taken the risk on their own of going ahead with some very appropriate housing in the community. I won't go on to mention it here. I should speak with them first before I say it.

So in answer to your question "Has something started," yes. Have we got others ready to go? Yes. The only thing is we do have to work closely with CMHC on announcements and things like that because they are funding partners with us.

Dr. Pannu: Thank you, minister, for addressing almost all of my questions. I've got one additional one. The number of units that the minister thinks can be funded from this current supplementary estimate that he has asked the Assembly to approve: does he have an estimate of what the total number of units are that he might be able to fund from this?

Mr. Woloshyn: I'm getting, I guess, to the point where sometimes I forget numbers, but if you divide 50 into 17 million, that's a minimum number of units because the \$50,000 support from the government is a maximum, if you follow me. So if you just divide 50 into 17 million you'll find the minimum number of units this money will buy.

Sustainable Resource Development

The Chair: The hon. minister.

Mr. Cardinal: Thank you very much, Mr. Chairman. I'll do my presentation, and if time allows, then no doubt the opposition or

whoever may ask questions or make comments, and if time doesn't allow for me to answer the questions, then my staff is here and we'll go through *Hansard* and do it in writing. As minister responsible for Sustainable Resource Development I'm here today to explain to you the need for supplementary estimates to our budget. These estimates relate to two areas mainly, fire protection and regulation of the confined feeding operations, which was moved to my department just over a year ago.

First of all, I'll touch on the forest fire area. Last year, of course, Alberta had one of the worst wildfire seasons ever, I believe, in 133 years largely due to severe drought and persistence of drought over a number of years. There were over 1,450 fires. In addition to that, it burnt over 496,000 hectares of forest land. The wildfire, in addition, threatened more than seven communities and led to the evacuation of about 2,000 Albertans, mainly in the Fort McMurray area. Our forecasted expenditures to the end of this fiscal year now total \$317 million, resulting in an anticipated shortfall of about \$18.7 million. So I ask for your support in granting these funds so we can meet our business plan priorities and objectives for protecting our forests.

The second area I want to cover very briefly is the confined feeding operations, and I'll try and do it reasonably quickly, Mr. Chairman. The new responsibility, of course, in this particular area was moved to my department in January of 2002, and it's just a bit over a year ago. At the time we decided not to allocate new dollars. We were being prudent, I guess, and wanted to see what demand existed in the first place, and demand, of course, is very significant. Over the past year the NRCB had received an extremely large volume of applications. So our projection of operating costs to fiscal year-end are now at \$4.9 million, which leaves a shortfall of \$2 million. The NRCB will use \$1.6 million from the cash surplus they had, which leaves an additional funding of \$400,000. So I ask for your support in these requests.

The Chair: The hon. Member for Edmonton-Ellerslie.

Ms Carlson: Thank you, Mr. Chairman. I'll start with the moneys asked for for the feedlots. When you talk about demand, what are you actually talking about there? Is this hearings, public hearings, enforcing the regulations, or so on? Also, then, given what you now know about last year, in next year's budget are you going to project what you think is a fair amount of costs associated with keeping this part of the department running?

5:10

On the forest fires I just want to make a few comments. Yes, last year was an exceptionally tough year for fires, and we have always supported the request for dollars for fighting fires in this province, and we'll continue to do so. In fact, we had a unique experience in our family last year. My son went to work at the staging area in Lac La Biche and worked as a roustabout to see what it's like to work in that kind of a situation and had a very enjoyable experience working on the front lines, so to speak, or close to the front lines and working with department officials. So thank you for that.

I think that the fires in general are well handled. I'm a little concerned as we continue to see drought conditions again for the next year, and it looks like large fires in this province aren't going away. So I'm a little concerned that in the long term we create a fiefdom within the department that's for fire suppression, and I think it's really important that we have adequate benchmarks to be able to measure performance, particularly performance related to costs and cost overruns. So I'm hoping that we'll see some of that or have some discussion of that in next year's budget. I think that fire

suppression could become a department of its own within the government, and we just want to make sure that we're getting the very best value for our dollars that we can. So far it hasn't seemed to me to be a problem, but I think it's time for a warning flag to go up.

Those are all the questions I have on that area. If we could just take those under advisement, if you don't mind, Mr. Minister, because I really do have a question for the Minister of Economic Development that I would like to put on the record, at least, even if he doesn't have the opportunity to speak to it in the couple of minutes that we have left.

Thank you.

Economic Development

Ms Carlson: It's only \$4 million that Economic Development is asking for, Mr. Chairman, but they're asking for it in marketing, so with the kind of explanation we have so far in this department, it looks like a lot of money for beer and pizza. So we're hoping that there are some actual benchmarks and that we can get a description from the minister of where that money is coming. In fact, I would like a little more than a two-minute description, if we can, on why it is that these weren't dollars that were originally asked for within last year's budget and some specifications in terms of where the money is going to be spent and how you're going to judge the value of how that money is spent. So if I could get a short note on that from the minister sometime in the near future, that would be very beneficial. He's nodding in agreement with that.

So I do very much appreciate this minister staying here to share his comments. We've nearly run out of time. Looking forward to the written information and also from Sustainable Resource Development, who has agreed to provide that information in writing to us.

With that, we have only about a minute left, Mr. Chairman, so we'll conclude debate on estimates this afternoon.

Mr. Norris: Well, I would just like to say, Mr. Chairman, that having heard some of the comments, I will be very happy to provide the information to the hon. member, but the reference to beer and pizza I find somewhat offensive. If we're going to spend any kind of money for the taxpayers of Alberta, it certainly wouldn't be on that, and I will provide her with it, but at the outset the money is going to be used to promote one of the greatest industries we have in Alberta, which is the tourism industry. It's going to go, in consultation with the industry, to the places it should, and it's money well spent on behalf of the taxpayers of Alberta.

Vote on Supplementary Estimates 2002-03 General Revenue Fund, No. 2

The Chair: Okay. We don't have to give the comment about pursuant to Standing Order 59(2). We have, then, for our consideration the supplementary estimates, No. 2, for the year 2002-2003. It is now quarter after 5 in the afternoon, so we take the whole estimates in one lump form, although it does refer to the departments that have already been referred to and those that are in the document.

Agreed to:

Total Voted Operating Expense and Capital Investment	\$206,642,000
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Mr. Zwozdesky: I move that we rise and report.

[Motion carried]

[The Deputy Speaker in the chair]

Mr. Klapstein: Mr. Speaker, the Committee of Supply has had under consideration certain resolutions and reports as follows.

All resolutions relating to the 2002-2003 supplementary estimates, No. 2, have been approved. Mr. Speaker, I wish to table a list of those resolutions voted upon by the Committee of Supply pursuant to Standing Orders.

Aboriginal Affairs and Northern Development: operating expense, \$1,400,000.

Agriculture, Food and Rural Development: operating expense and capital investment, \$39,719,000.

Economic Development: operating expense, \$4,000,000.

Energy: operating expense and capital investment, \$3,300,000.

Environment: operating expense and capital investment, \$2,000,000.

Government Services: operating expense and capital investment, \$4,565,000.

Human Resources and Employment: operating expense and capital investment, \$25,800,000.

Infrastructure: operating expense and capital investment, \$800,000.

Justice: operating expense and capital investment, \$2,623,000.

Learning: operating expense and capital investment, \$33,500,000.

Municipal Affairs: operating expense and capital investment, \$11,400,000.

Seniors: operating expense and capital investment, \$17,000,000.

Sustainable Resource Development: operating expense and capital investment, \$19,075,000.

Transportation: operating expense and capital investment, \$41,460,000.

Amount of operating expense and capital investment to be voted under section 1, \$206,642,000.

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

Hon. Members: Agreed.

The Deputy Speaker: Opposed? So ordered.

The hon. Deputy Government House Leader.

Mr. Zwozdesky: Thank you. In keeping with past practices when Committee of Supply finishes and the opposition parties having been apprised, it's my pleasure, Mr. Speaker, to seek the unanimous consent of the Assembly to revert to Introduction of Bills to allow for first reading of Bill 17, the Appropriation (Supplementary Supply) Act, 2003.

[Unanimous consent granted]

5:20head: Introduction of Bills

The Deputy Speaker: The hon. Minister of Finance.

Bill 17

Appropriation (Supplementary Supply) Act, 2003

Mrs. Nelson: Thank you very much, Mr. Speaker. I request leave to introduce Bill 17, the Appropriation (Supplementary Supply) Act, 2003. This being a money bill, Her Honour the Honourable the Lieutenant Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

[Motion carried; Bill 17 read a first time]

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

Mr. Zwozdesky: Thank you, Mr. Speaker. I would move that we now call it 5:30 and adjourn until 1:30 p.m. on Monday.

[Motion carried; at 5:21 p.m. the Assembly adjourned to Monday at 1:30 p.m.]