

Legislative Assembly of Alberta

Title: Wednesday, April 26, 2006

8:00 p.m.

Date: 06/04/26

head:

Committee of Supply

[Mr. Marz in the chair]

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

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Main Estimates 2006-07

Innovation and Science

The Chair: The hon. Minister of Innovation and Science.

Mr. Doerksen: Thank you, Mr. Chairman. The first thing I have to do because you reminded me is move the estimates of the Department of Innovation and Science.

I'll now resist the urge to sit down and listen to the discussion. I actually am going to make some comments. I'm going to do something very unusual tonight. I'm actually going to stick to my notes. This will be a first, and it'll surprise the people that work with me.

I am pleased to have the opportunity to review the Innovation and Science estimates for '06-07, and I'd like to start by introducing Innovation and Science staff present this evening: Barry Devlin, who is the senior financial officer; Anne Douglas, director of communications; and Donna McColl, assistant communications director.

Mr. Chairman, I have a name for our department, the little department that could, because we do a lot of great things.

Ms Calahasen: Is that on your notes?

Mr. Doerksen: No, that's not on my notes.

Of course, if there's any additional information required to answer questions this evening, we will provide those answers in writing.

Mr. Chairman, Alberta is a very attractive base of operations for researchers and scientists looking to carry out investigations. With their knowledge and contributions and with business and financial plans aligned with the government's vision of long-term prosperity for Albertans, unleashing innovation is becoming a reality. Alberta Innovation and Science provides leadership and makes strategic investments in research, science, and technology initiatives in three priority areas: energy, information and communication technology, and the life sciences, which include agriculture, biotechnology, forestry, sustainable resource management, and water research. These investments are a natural fit with the province's strengths, and together they are helping Alberta build a knowledge-based economy that can compete effectively in world markets.

Where innovation flourishes, one will find well-qualified professionals, a solid infrastructure, access to funding, and of course vision. With \$56 million to be voted on for innovation implementation and \$80 million for building and enhancing innovation capacity, Alberta has the building blocks for success within its grasp. With strategic advice from the Alberta Science and Research Authority we are working to build this culture of innovation and success to ensure Alberta's prosperity for generations to come. Government endowment funds and support for students, universities, and research institutes are helping to ensure that Albertans develop the right skills and that we can attract and retain others with the necessary skills to help us keep moving forward.

There are four organizations which are accountable to Albertans and report to the government through Innovation and Science. They

include the Alberta Heritage Foundation for Medical Research, the Alberta Heritage Foundation for Science and Engineering Research, also known as Alberta Ingenuity, the Alberta informatics circle of research excellence, also known as iCORE, and the Alberta Research Council.

The additional investment of \$500 million to the AHFMR endowment by the provincial government enables it to expand health research and may speed important breakthroughs and discoveries. This year the foundation announced \$48 million to 63 researchers in provincial universities, hospitals, and institutions. Investing in people has been a key strategy to build capacity and power in health research. The foundation has invested more than \$850 million in people and infrastructure in Alberta. The results of this long-term support have yielded tremendous benefits for Albertans in terms of basic biomedical and clinical advances in diabetes treatment, organ transplantations, cancer therapies, advances in bone, joint, and cardiovascular care, and new technologies. The foundation's support of world-class scientists and students working in a broad spectrum of research across Alberta is critical to our profile as a health care and innovation leader in Canada.

The Alberta informatics circle of research excellence, also known as iCORE, is in its fifth year of operation. Since its inception iCORE has invested \$50 million in building 24 research teams, which have attracted more than \$200 million in additional research funding from government and industry. These strategic investments have drawn many internationally acclaimed scientists to Alberta. Equally important, iCORE has been able to attract, retain, and educate many talented young Albertans in fields as diverse as computer software, wireless communications, and nanotechnology. iCORE also supports connections between university research and industry partners. This year four new funding partnerships were developed with Suncor, Matrikon, Castle Rock Research, and General Dynamics. iCORE together with the new ICT institute continues to ensure that Alberta has the highest calibre of scientists and graduate students bringing new discoveries to industry and strengthening Alberta's competitive position.

This year the Alberta Research Council celebrates 85 years of contributing to Alberta's growth and development. The ARC develops innovative solutions to industry and government, helping to increase the value of our natural resources and helping companies to grow. The ARC's focus on industrial bioproducts is helping our province to capitalize on the potential for building a strong bioeconomy. Through the Alberta fibre road map project the ARC and Forintek Canada will explore opportunities where industry can use Alberta's unique infrastructure to exploit new market opportunities from our fibre resources: trees, agriculture fibres, and polymers from the petrochemical industry. The experts at the ARC also take an integrated approach to managing water quality and quantity. Their water management systems and conservation technologies are improving the productivity of water use in industry.

Last year the government provided an additional \$100 million to the Alberta ingenuity fund. Alberta Ingenuity continues to be well positioned to support science and engineering research that will propel Alberta into the future. Alberta Ingenuity currently supports five research centres critical to the province's economic and social well-being – machine learning, water, carbohydrate science, in situ energy, and prion research – and is looking to establish others. Increased funding will also be used to expand the industry associates program, which seeks to increase research expertise in Alberta companies and to help recent graduates gain applied research experience by contributing to a company's research activities.

The Alberta Prion Research Institute, established with government funding in 2005, is dedicated to the discovery of science-based

solutions to the challenges associated with prions, the proteins best known for their link to BSE. Seven projects have recently been awarded funding, and several world-class prion researchers are in negotiations to relocate to Alberta. Planning is also under way to provide opportunities for Alberta companies in prion research.

Mr. Chairman, many sound investments in research and technologies will be made in 2006 and 2007. One very good example is the recent \$30 million grant to expand AVAC. This grant will extend AVAC's successful formula for providing support to early-stage business development in the areas of information and communication technology and the life sciences. Operating within the existing AVAC organization, this expansion will offer mentoring, marketing, and financial assistance to help develop more successful start-up technology companies, offer better leveraging of resources, and improve the quality and number of investment-ready companies.

The Alberta Life Sciences Institute has now been established with a mandate to foster the development and growth of the life sciences sector. I am very pleased to co-chair the institute with Dr. Rob Rennie, a respected venture capitalist with 20 years' experience in the life sciences sector. Dr. Rennie was also a member of the Alberta Agriculture Research Institute. This new institute will work closely with the existing agriculture and forestry research institutes but will focus on integrating challenges and opportunities which cut across these sectors. The new institute will work to create partnerships and develop a shared vision, leading toward the alignment of many organizations which together can build a truly significant bioeconomy in Alberta.

8:10

The Life Sciences Institute is focusing on areas including bioproducts, which include bioenergy, biochemicals, and biomaterials; health innovation; research management innovation; genomics; nanotechnology; and bioinformatics. The institute will identify and take advantage of opportunities critical to the province's future and to our traditional life sciences sector: agriculture, forestry, health, biotechnology, and water. We've already seen excellent results from work in some of these areas, work that has been done in collaboration with several government departments.

The Alberta Science and Research Authority in collaboration with the Alberta Water Council has developed a water research strategy to accomplish the province's goals in the Alberta Water for Life strategy. Implementing this strategy is a priority.

Bioenergy is another key opportunity for our province. This work is based on the growing international interest in biofuels such as ethanol as well as increasing recognition that agriculture and forestry waste can be used to efficiently produce energy. Alberta is developing plans to take full advantage of these opportunities. With continued effort and investment and with a shared vision of its stakeholders, the Life Science Institute will develop the kind of innovation necessary to advance Alberta's resource economy to the next level.

Our commitment to expanding Alberta's research capacity is significant. Almost \$27 million, to be voted, is required to meet our business goals for research capacity and science awareness. Nearly \$22 million is allocated to energy research to expand the province's research capacity in energy and climate change.

The major emphasis in the coming years will be on accelerating the development and utilization of clinical technology and broadening the economic value of this vast resource for Albertans. This investment will help to ensure that Alberta will always have access to long-term supplies of sustainable energy and clean water, factors that contribute to our superb quality of life.

The funding attracts matching and supplementary financing from

the private sector, research organizations and agencies, as well as other governments. A good example is EnergyINet, the Energy Innovation Network, which was officially launched from Ottawa and Calgary in March of 2005. The Alberta Energy Research Institute is the catalyst behind this national network of industry partners, researchers, provincial governments, and the federal government. EnergyINet's membership includes the provincial governments of Alberta, British Columbia, Nova Scotia, Saskatchewan, the federal government, and 18 national and international energy companies.

Alberta's integrated approach to energy research and innovation covers six key areas: oil sands upgrading, clean-coal technology, CO₂ management, enhanced oil recovery, water management, and alternative energy development. Alberta believes that climate change issues are best addressed by investments in technology and innovations right here in Alberta and in Canada.

Mr. Chairman, the board of the Alberta Science and Research Authority has identified the development of Alberta's ICT sector as a top priority for our province. This industry sector develops and adapts technology platforms that are the basis for innovation across all sectors of our economy. To accelerate the growth and prosperity of the province's ICT sector, the Alberta Information and Communications Technology Institute has been established. The institute is co-chaired by the Member for Calgary-Bow and Dr. Roger Smith, former iCORE chair. It will provide strategic advice and policy recommendations to government regarding research, development, and commercialization activities.

We are building our reputation and expertise through collaborations on national and international levels. My department continues to develop and foster affairs with industry and research professionals in China and California. The 2006 technology mission yielded a number of new projects and strengthened our ties with these important jurisdictions.

Three excellent examples of this collaborative model were formalized in January at a technology mission to China. Government's investment of \$350,000 in a joint research laboratory project is supplemented by \$150,000 from the University of Alberta. The research will be conducted in state key laboratories throughout China. The joint research project will focus on three main areas of research: nanotechnology, environment, and energy. Projects will be identified based on their importance and interest to both Alberta and China. The first five joint research projects have been approved, and scientists will begin their collaborations this year.

A partnership between Banff New Media Institute and Cyberport, a Hong Kong based IT firm, was also formalized and is exploring opportunities in research and development, including scientific and professional exchange, education and training, and encouraging technology and business partnerships among small- to medium-sized digital media companies in Alberta and Hong Kong.

A partnership formalized by our Premier in 2004 recently received an additional \$100,000 grant from the government. The Harbin Institute of Technology Research Innovation Centre opened in January. It focuses on a dozen research areas, including sensor networks, transaction management and security, and machine learning. Long term this new centre of research and knowledge exchange will further develop Alberta's international partnership and enhance the province's research capability.

Mr. Chairman, California is also an important partner in our efforts to unleash innovation. Several projects between the Alberta government and HP are in the proposal stage and stand to enhance Alberta's research and development capabilities, making our province more competitive in a global economy. The establishment of a new facility at the University of Calgary for advanced data centre operations is providing the capability for leading-edge

simulation and modelling. This will lead to more rapid discoveries in product development.

In another instance research at the National Institute for Nanotechnology will develop tiny sensors to improve medical and environmental diagnostics. The vision is that diseases like cancer will be diagnosed while the patient is still in the doctor's office instead of having to wait for results from a lab. This will cut down on the time to treatment and reduce costs, something we can all appreciate.

A third example of our collaboration with HP involves video conferencing. The University of Alberta is combining virtual reality research conducted by Dr. Pierre Boulanger, an iCORE industrial chair at the U of A, with research on desktop immersive video conferencing under way at HP Labs in Palo Alto, California. The combination of these efforts promises to give conference participants a virtual 3D presence in video and the perception of a more realistic interaction. These research collaborations extend ongoing relationships between HP and Alberta universities.

On the medical front an enhancement of current collaborations between government and an international biotech company, Varian Inc., means that Alberta's Magnetic Resonance Diagnostic Centre at the University of Alberta is getting a boost for collaborative disease diagnosis research. With \$1.5 million in funding the centre will use the emerging science of metabolomics to provide more accurate and timely diagnosis, treatment, and monitoring of diseases like pneumonia and asthma. The extension of this agreement continues a collaboration that began in 2004 between the Alberta government and Varian in funding the diagnostic centre. The Alberta government is contributing \$400,000, and Varian is supporting the project with in-kind contributions and leveraging its relationships with other industry partners.

Another result of the recent technology mission to California is an agreement between Roche Molecular Diagnostics and the University of Alberta that may someday mean a better life for organ and tissue transplant recipients. The Alberta transplant applied genomics centre is a collaboration between the University of Alberta, the Roche companies, and the government. Dr. Phil Halloran, who heads the centre, was initially attracted to Alberta by AHFMR. His team will study organ and tissue transplant patients to better understand why our bodies reject transplants. The information collected will help in developing commercial diagnostic technologies to help physicians monitor transplant patient responses to antirejection drugs and ultimately help to customize drug dosage and type to each patient's needs.

This project demonstrates how Alberta's reputation for medical research excellence attracts international companies to invest here. This multimillion dollar project is designed to lead to the commercial development of new diagnostic technologies, generating licensing fees for the University of Alberta and potentially creating spinoff companies in Alberta. Investments like this will ensure that the benefits of research, technology, and innovation such as jobs, business, and economic growth remain in Alberta.

Mr. Chairman, our early successes often grow to become significant interests. One of those is the IBM Centre for Advanced Studies, which now includes services science. By successfully integrating technology within business processes, the resulting efficiencies help organizations to become more competitive. With a government investment leveraged with IBM and the University of Alberta, services science brings together two powerful entities: the University of Alberta, with its experience and skills in computing science, business, engineering, and law, and IBM's access to industry, technology, and global collaboration. This research partnership will help make Alberta-based businesses more competi-

tive and equip university students with skills they need to succeed in their careers. That will be valuable to all Albertans in years to come. The ability to attract scientists of the highest calibre is a tribute to the Alberta advantage and to the solid reputation our province has built in the international arena. [Mr. Doerksen's speaking time expired]

I would ask for unanimous consent to finish my last 30 seconds.

[Unanimous consent granted]

8:20

Mr. Doerksen: We provide funding prudently, Mr. Chairman, and because these investments are strategic and relevant, other stakeholders are prepared to work with us and join us in funding these initiatives. Both the Innovation and Science business plan and fiscal plan are in step with industry, other governments, and research institutions. Alberta prospers through innovation. A strategic approach helps us achieve the goals set out in the government's 20-year plan and Alberta's value-added strategy, securing tomorrow's prosperity.

Mr. Chairman, this is the vision of the Department of Innovation and Science. The estimates before you provide some of the resources necessary to bring this vision to reality.

The Chair: Hon. members, before I recognize the next speaker, might we revert briefly to Introduction of Guests?

[Unanimous consent granted]

head: **Introduction of Guests**

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

Mr. Eggen: Thank you, Mr. Chairman. It gives me great pleasure to introduce to you and through you to all members the 9th Hermitage Scout group, 20 strong in number, in the public gallery along with their group leaders, Nancy, Shane, Teresa, Chris, as well as a parent volunteer, Robert. They've come here to witness the legislative process here this evening, and let's give them a warm traditional welcome, please.

Thank you.

head: **Main Estimates 2006-07**

Innovation and Science (*continued*)

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

Mr. Elsalhy: Well, I must start by saying that I'm really envious of the hon. minister and his contingent of wonderful staff sitting in the members' gallery. I wish I had the same support writing my speaking notes. Why did they not want you to digress or deviate from the script? You know, whenever you do it, you sound intelligent, so they should have allowed you some room to manoeuvre.

Anyway, thank you, Mr. Chairman, for this opportunity as I rise this evening as the Official Opposition critic for Innovation and Science. I must admit that I do enjoy a fairly straightforward, civilized relationship with the hon. minister. I can probably attribute this to how our personalities are compatible or perhaps that his department is not contentious. Nor is it plagued by controversy.

As critic in this particular case, Mr. Chairman, I find myself offering suggestions and advice more often than I am criticizing or condemning. In my view, this is 50 per cent or more of the opposi-

tion's role: to participate in positive and constructive dialogue. Even if and when we complain about something, it is usually for the public good. As such, I know that my concerns and suggestions, which I'm about to state on the record, will be discussed and examined by the minister and his most able staff, and whatever doesn't get answered live in debate tonight will be delivered back to me in writing. I must confess again here that when I trade places with the hon. minister, I am more than likely going to keep most of those staff in their places to allow them to continue their excellent work.

On a different note, Mr. Chairman, there seems to be a disconnect between how this government claims to appreciate and value this ministry and the actions taken or monies spent on its programs. For example and before we get into the financials, when the cabinet was reshuffled after two ministers resigned their posts and a third was evicted from the Tory caucus and yet another new ministry was created, the government's own press release on April 5, 2006, ranked all the ministries in order of precedence. This ministry scored 13th place out of 25. I take this as this ministry not being recognized to its fullest potential. I know that some of the traditional arguments would involve making the argument that things like health, education, and infrastructure, for example, would take precedence, but I would argue that so does this ministry.

During debate on supplementary supply, Mr. Chairman, the hon. minister agreed with me that his ministry needs or deserves more money, but in fact this overall estimate tonight of \$143 million represents about a 12.7 per cent reduction from the 2005-06 \$164 million forecast.

With that, it is interesting to see the budget for ministry support services – that is to say, administration and personnel – growing by about 7.2 per cent. The minister may indicate that this is standard across all the ministries, but I would still appreciate an explanation from him as to why this is taking place, particularly when this figure keeps rising year after year. During supplementary supply, when I was talking about allocating more money to this ministry to support its programs and services, I must be honest: I was not thinking more money just for salaries, pensions, or benefits.

Moving on, innovation capacity looks like a 9 per cent increase over the 2005-06 budget, modest considering how important this work is. You know, Mr. Chairman, after losing or relinquishing the responsibility for corporate information and communications to the Ministry of Restructuring and Government Efficiency, which really needed something to do to justify its existence, this department we're examining today has only one single core business left, and by that I mean innovation.

As I read on page 270 in the 2006 business plan how this ministry's work relates to the government of Alberta's strategic direction and given that unleashing innovation is supposed to be the number one opportunity in the government's 20-year plan, why is the government not putting a greater emphasis on the activities supported by this ministry? There seems to be a disconnect, as I mentioned, between words and action.

Also, given that the ministry seems to play a central role in the government of Alberta's overall three-year business plan – and by that I mean goal 1, which states, "Alberta will have a diversified and prosperous economy," the issue of diversification here, Mr. Chairman – why is there not greater support being given to truly creating a knowledge-based, value-added economy? A \$20 million reduction from '05-06 to '06-07, a \$20 million reduction from last year's forecast, would seem to represent either a lack of confidence that the ministry is contributing to the government's goals or a lack of genuine commitment to those goals. Can the minister briefly share with us his comments and thoughts on why this is going on and his

interpretation of this situation? How hard is it for this hon. minister to talk to Treasury Board, for example, to secure funding for his ministry? I guess what I'm really saying in plain English is that this cabinet has to put its money where its mouth is.

Moving on to the ministry's goals, goal 1 is basically to implement innovation. It lists a few strategies under that goal, and all of those strategies are good. The question again would revolve around the budgetary commitment. It is important that we don't forget the important differences in mandate between all the different parts of our research community. Our advanced education institutions in particular have a critical role to play in applied research and commercialization of our discoveries, but they also have to be careful to maintain their academic integrity and to operate sort of at arm's length or as distantly as possible from industry and industry's interests.

Performance measures with regard to goal 1. I need to receive clarification on the definition of "support innovation." How do we support innovation, and how do we measure that? Given the concern that high tech is being squeezed out by energy in terms of capital investment – we all know the stories that 50 per cent of ICT firms in Alberta are contemplating or thinking about leaving to other markets – what are we doing to assess and to address that?

Moving on to goal 3, which is to "accelerate innovation in the energy sector" – that's on page 275 and 276 – I have to say here that Alberta needs to diversify its economy. I've said it time and time again, and we even had some exchanges during question period. However, I feel that this government has failed to support that kind of development, making us more dependent on the oil and gas sector. The business plan on page 275 says that energy-related revenues account for more than 25 per cent of all government of Alberta revenues, and we know that this Legislature is also considering Bill 24, which is basically increasing our dependence on nonrenewable energy resource revenues. This is an amendment that keeps coming back year after year. So, again, are we diversifying, or are we just relying on one type of research?

8:30

General points that I would go on to mention would include the need to ensure that we get all the value from our energy resources. Second, I would say that we need to ensure that we support efficient extraction, which is, you know, a no-brainer. People agree. We also need to leverage our position as leader in the current energy resources market to become a leader in future energy technologies. So use the revenue that we're getting today to expand into new horizons and to investigate new technologies.

Energy is confirmed as the economic driver for Alberta and the reason why we are allegedly debt free, notwithstanding, of course, things like the infrastructure deficit and the unfunded teachers' liability as just two examples. Nevertheless, energy is why we're doing remarkably well and things are looking even more promising today. It is convenient to showcase and promote our energy sector at times – take Murray Smith in Washington, Mr. Chairman, for example – while at other times this government finds it convenient to lowball that picture like today when they released the much-anticipated Aon report.

I know that this is slightly off topic, but it's definitely related to some extent, Mr. Chairman, when you consider that this government uses this report that they released to estimate that by 2016 health expenses would eat up 50 per cent of the entire provincial budget and that by 2025 it will consume most of it. Part of that ominous calculation is based on, among other things, an assumption that energy resource revenues are going to go down from \$12.3 billion in 2005 to only \$6.6 billion in 2025. My question is: how come? I don't know where Aon is getting their information from.

My question is: do we need to invest more in energy research, or don't we? We definitely need to invest more in energy research, as we hope to continue to be a major player on the world market. However, a qualifier here would be that we also need to focus on clean energy solutions: wind, solar, geothermal, hydro, indeed clean coal, if there is such a thing, as was heavily promoted by the hon. Premier in his infomercial and the Speech from the Throne, and cleaner fossil fuels like propane, for example. Today we all in this House received visits from members of the propane producers association. I'm talking about just that. Again, we can be leaders in research: develop, patent, and sell our technologies and products to the world at a premium.

Moving on to goal 4, Mr. Chairman, to accelerate innovation in the ICT sector. Again, it has been reported, as was mentioned during question period, that about half of Alberta's technology companies would consider relocating outside of Alberta because of a lack of funding, weak capital markets, et cetera. So when will the new ICT strategy be completed and released publicly for comment? Is the minister working with Industry Canada and economic development authorities in both Edmonton and Calgary to address this situation? We are working with industry to encourage ICT research, but shouldn't there be a role also for NAIT and SAIT? Does the minister know how many of the new graduate spaces that were announced by the Minister of Advanced Education are going to be reserved for ICT grads?

You know, it is important that we recognize the importance of this ministry and its potential but also to highlight areas which are lacking or need improvement. For example, let me remind you, Mr. Chairman, and everyone in this House, that almost one year ago, on May 12, 2005, exactly, I stood up during question period and asked the hon. minister about provincial funding for Edmonton's wet lab. I asked him back then when this government was going to commit its share of the necessary funding for that facility. Back then it was, actually, almost more than two years after that feasibility study was conducted and the funding from both the city of Edmonton's Economic Development Corporation, the EEDC, and the federal government's western economic diversification program was secured. So the funding was there, but the provincial government did not back then contribute its share. All that was missing was to know when that money was coming forward.

I even commented that delays could lead to the redirection or loss of funding. This was in May 2005. In August of the same year we in the Official Opposition were talking to city of Edmonton officials who hoped to receive final word from this government as to when that money was coming forward. They hoped they would receive this by the end of September '05. They predicted that the situation was going to become much more critical and that cost overruns would be inevitable if that date passed. They even feared that any unjustified delay could jeopardize the quality of the facility built. Needless to say, Mr. Chairman – and you guessed it right – nothing got done.

Just yesterday, Mr. Chairman, April 25, 2006, we learned that Edmonton city council had to vote to allow a \$5 million loan to rescue the wet lab project whose costs jumped from \$14.2 million to \$19.2 million in part because of the delay in receiving the provincial grant as outlined by the EEDC executives in their submission to city hall. They even indicated that there is some risk that some of the added cost might be recouped from taxpayers as the rent charged will not cover this loan in its entirety. The questions back then were and still are today: why this delay, and what's the holdup?

I can continue on a whole number of subjects and issues, but another one that really comes to mind, Mr. Chairman, involves research pertaining to the oil sands. Recently the Liberal caucus

visited Fort McMurray as part of our province-wide outreach initiative. Of course, we were interested in learning more about the oil sands and the extraction process and the enormous opportunity and all that stuff, but we also wanted to hear from the people of Fort McMurray about their issues and concerns. One issue that was brought up time and time again was about the copious amounts of water that go into extracting the oil and the fact that it's water that is never replenished. It's water that's lost forever. It ends up in tailings ponds. Some of it just sits there, and a minuscule amount is recycled for on-site cooling or otherwise minor purposes, but the bulk of it is gone. If you take it from the Athabasca River, it's gone.

What research initiative might there be or that is currently being worked on to (a) look for or identify other substances to be used in the extraction process to spare our most valuable resource, water; (b) if it's inevitable that some water is going to be used, how far does our research go to minimize that amount and to maximize how much of it is reclaimed? Is this under AERI maybe, or which other program does it fall under? I don't know. Actually, I can probably even expand a bit more to oil sands extraction technologies themselves. What programs or initiatives are there under this ministry to minimize the adverse impact of oil sand development on the environment?

You know, Mr. Chairman, another layer that I can add here would be with regard to the new kid on the block, namely coal bed methane. Is this ministry currently working on or is it willing to be working on new, safer fracking technologies? Is this minister going to work with Alberta Environment on baseline water testing protocols and technologies? Again, let's put our money where our mouth is and recognize that it's not only an essential service or an obligation to our farmers and ranchers, but it can also be looked at as a revenue-generating and money-saving invention, where we use it locally for our purposes and then export it or sell it to new markets as well.

Moving on, Mr. Chairman, to page 315 pertaining to iCORE. iCORE is definitely a very important program aiding in the attraction and retention of grad students and faculty members in information and communications technology. It has implications for industry, implications on the academic life; however, we occasionally hear complaints about the application and approval process, and in some instances there are allegations that institutions intervene inappropriately in this approval process. So my question would be: do institutions have a legitimate role in screening, evaluating, or otherwise affecting the success or failure, the outcome, of that application?

You know, I have here a letter that was shared with the Official Opposition from a researcher in Calgary. This particular copy of a letter is dated March 28, and he sent it to the Deputy Minister of Innovation and Science. It basically raises the same allegation, that the U of C intervened to intercept an application. This matter is now before the courts. Did it really need to reach that far? Did these researchers have to go to court to prove that they were worth going through the iCORE application? I don't know. I'm not just making a case out of one example, but there are allegations out there. I would appreciate the hon. minister's thoughts and comments on the entire iCORE program but more specifically on the application process: if there's going to be an appeal mechanism for people to, you know, try to appeal before having to resort to legal action.

8:40

More on this ministry, Mr. Chairman. In examining the Auditor General's recommendations for the period '04-05 in the Auditor General's report, they found several errors and differences between some information and the source data. I know that towards the end

of that report they talk about how the ministry is progressing and that that progress is acceptable or within the parameters that the Auditor General stipulates. I would actually appreciate receiving some information from the hon. minister. You know, what specific methodologies were found to be wrong or inferior that the Auditor General had to raise that, and then what did the hon. minister and his staff do to address that to prevent it from reappearing in the following year or the following years?

Just general questions, Mr. Chairman. I need to know if the minister is able to tell us, whether today or later in writing, what percentage of total research funding is provided without matching funding or matching grants. In essence, you know, how much is it that we give without requiring the applicant to look elsewhere first, and how much of it is done when we actually invite or encourage matching grants? I need to know where that break is.

Also, I need to know what percentage of our research dollars that are allocated through this ministry goes to or is allocated towards government of Alberta funding that is tied to industry projects. I mentioned how, you know, we need our universities to be at arm's length, similarly here.

Thank you, Mr. Chairman.

The Chair: Before I recognize the minister, I would like to maybe remind the hon. Member for Grande Prairie-Smoky that *Beauchesne* 501 to 504 deals with the displaying of exhibits in the Assembly. You might want to look at your desk and take remedial action.

Mr. Doerksen: Mr. Chairman, as usual the Member for Edmonton-McClung has offered very comprehensive and thorough analysis and suggestions. I've always taken his comments in the manner in which they were intended because he does provide some very valuable comments, but I do have to respond to the one remark that he made, whereby he suggested that at some point in time when we trade places. I have no intention of crossing the floor. I don't know if that member was inviting an invitation to cross the floor, but if he is interested, he should call me.

I'm just going to cover a couple of the points you raised. I can't possibly answer everything you raised, but there are a couple of points I do want to make. You started off by talking about looking at the trends of funding, and I think what's important to remember when you look at the funding trends is that if you go back in previous years, there are a number of one-time items that you have to factor out when you look at the support that we give to the particular ministry. I would note that the increase at the time of \$30 million, the Alberta Prion Research Institute, the \$38 million, were all one-time items. So you should discount that in terms of when you look at the actual trend.

Also, not showing up in our estimates is the impact that increasing the endowment funds has. So if you look at the additional investment of \$500 million to the AHFMR, the \$100 million to the Alberta ingenuity fund, because those are endowment funds, that actually then begins to increase the amount of research effort that comes out of those institutions. So, in fact, we are seeing a larger impact in particular research.

Lastly, I'll say that – and I've made this comment before – it's not necessarily so important what appears in the estimates of Innovation and Science as the effort that is directed by all of government and other ministries at innovation and research in their areas. Health, for instance, will have areas of mental health research. That's why I used the comment earlier that we're a little department that could. Our role is to influence other departments and make sure that they are continually improving and looking at ways they can research and innovate. So it doesn't all have to be in Innovation and Science.

The member brought up the report that he raised in question period the other day about half of the firms considering leaving because of funding. I would just point out to the member – and he knows this – that that is only one element in a very comprehensive report. Of course, it's an item that attracted media attention because that's the one that they like to zero in on. It has the biggest impact. Again, I would say that that was a very small sample size, and the report itself says, and I'm paraphrasing, that you can't really draw hard-and-fast conclusions on that kind of sample size. I also indicated in my answer in question period that notwithstanding that, there are some trends in there that we've known about, particularly with access to capital, that we have to continue to look at. We have made an initial step, at least, with the investment in AVAC.

I'd also point out that there's a bit of an irony in that report. The same report suggested that we should look at certain incentives like an R and D tax credit. Many of the companies, a large percentage actually, did not take advantage of the tax credits that are available to them. So there's a bit of an irony in that report. I think you have to really look at the report in its entirety in terms of what it says. But it is a good report. I mean, obviously we don't want our companies to leave Alberta. That's the bottom line.

A little bit about energy. I'd just like to remind everybody in the Assembly that energy is a technology business. We often just throw out the term "the energy business." Well, frankly, our energy business is the result of good technology and good people applying good technology. We can use those strengths in everything that we do because we do have good people.

What I'd like to see in clean coal, of course, is a complete move to gasification of coal. Right now through the Alberta Energy Research Institute we're looking at making sure that we understand the characteristics of Alberta coal. While there are gasification technologies available, you have to make sure that they fit to the properties of the coal that we have here in Alberta. We are moving in that direction, and I hope to have some exciting things develop over the next year, which we've been working on.

I also want to pick up on your wet lab comment. We've been following that story a little bit too. I don't want to get into who did what because I'm not sure that that's terribly helpful. I was pleased to see that the city of Edmonton endorsed the continuation of that project in their council meeting yesterday.

There were a number of conditions to that particular wet lab, including the necessity for them to have the lease requirements in place before they could advance the money. It would be unfair to characterize the Alberta government as the reason for the construction overruns because there were a number of conditions that were required in that agreement. Our money did not go to construction. Our money is primarily going to equipment, which has nothing to do with the cost of the construction. So there were a number of different factors. I think the important thing is that our people have to do proper due diligence, and I expect that from them in any kind of proposal. We want to make sure that the money is well spent and well utilized. Together with the city of Edmonton and the federal government that wet lab project is going to proceed, and we'll continue to build on that research park, which is so important. So I did want to comment on that because we have been following the same discussion.

On your comments about a role for NAIT and SAIT I couldn't agree more. Actually, we have had several arrangements with both NAIT and SAIT in terms of helping to develop some of their applied technology. That applies not only to NAIT and SAIT. I also want to see all community colleges across Alberta get involved in that because they have expertise to offer. So I appreciate your comments on that.

8:50

The Auditor General's report. Again, if I don't remember all of this, we'll correct it in writing. I believe his comments were directed mainly at how we calculated our performance measures. It had nothing to do with inaccuracy of financial reporting. Our books have always been very properly reported, the expenditures properly recorded, but it's how we calculated some of the – what do you call it? – ratios that was problematic, and we've been paying attention to that and trying to improve that. So thank you for that.

There was one more thing that I was going to say. You made some comments about iCORE, and I've taken note of those. We'll look at those. I haven't been aware of any consistent problems with the process. I do know that the iCORE program has been phenomenally successful in terms of the kind of people that it's attracted and the disproportionate number of graduate students that we have in Alberta as a result of that program. So it has had tremendous outcomes, but we'll review your comments with respect to the process. We'll look into that.

How much is required without matching? I don't know what the percentage is. We'll look at your question on that one, but I think it would be fair to say that we look at leverage as an important element in everything that we do. We don't ever want to put \$1 in just from us. We want to leverage that with other granting agencies or industry or whatever so that we can actually bump up the total amount that goes toward particular innovations.

I did want to point out, too, that there is a very good report on the sponsored research revenue to Alberta universities. You go back to '95-96, when total sponsored research at Alberta universities was under \$200 million. If you go 10 years later, we're up over about \$650 million to Alberta universities. So the growth in sponsored research is a really good indicator of how much commitment that we've had. The province's share, compared to everybody else, has shown the biggest increase. Frankly, where we could do better in the province when you look at all of our things is on the BERD measure, which is the business investment in R and D, to get the business investment up. We lag behind other provinces in that area.

So thank you for your good comments.

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

Mr. Eggen: Thank you, Mr. Chairman. I would like to thank the hon. Minister of Innovation and Science and his staff as well for preparing a very thorough budget for this coming financial year. I hope that my criticisms are taken in the spirit of constructive assistance in regard to Innovation and Science. I have a very strong personal interest as well as a categorical interest in the success and the expansion of this ministry.

In regard to the history of this ministry I believe that it is in its relative infancy. I was very, perhaps, heartened or even inspired to hear the hon. minister suggest that the job of this ministry is to influence and somehow guide the research and innovation in all departments of this Legislature. In fact, I would like to see that. As you will see, my comments are directed in regard to this comment in quite a complimentary way because one of the issues that I do want to talk about this evening is just maintaining the scientific integrity and independence of research and the value of maintaining the integrity and independence of research when we are looking for science and innovation to in fact help our economy and the people of Alberta in the broadest possible way.

Just very quickly, my analysis of the budget highlights is that this ministry is in fact seeing a decrease of \$14 million in its overall budget from 2005-2006. However, I am aware that this is including the one-time \$30 million grant to AVAC Ltd. for the IVAC technology commercialization initiative of 2005-2006. Setting aside this

one-time \$30 million, the program spending will grow, in fact, by \$16 million, or 9.7 per cent, of which I am very supportive. However, certainly, as was pointed out previously, I believe we should be increasing this budget by more than this amount because, of course, the overall actual amount of \$181 million is quite small in regard to how effective the research can be done. It's very expensive to conduct scientific research, and we need to support that in the most generous way possible. So \$2 million for new technology commercialization initiatives in this budget this year, \$5 million for the identification and pursuit of priority research initiatives, especially in regard to energy and life sciences, and \$9 million for the Alberta Research Council in regard to research and for core funding as well.

Overall, Mr. Chairman, I would say that I would encourage a higher percentage increase in the budget of Innovation and Science over this next year if at all possible because, in fact, the overall budget in actual numbers of dollars is, I believe, quite small.

I'd just like to go back then. As I said, the minister mentioned that his job and the ministry's job is to influence research and innovation in all other departments. I would just like to be more specific in regard to how we might do that in a better quality sort of way. So my first set of comments is in regard to academic integrity and the adherence to pure science as much as possible.

The issue of public dollars being given to private companies appears to be more relevant to some research institutes as opposed to others. The Alberta Energy Research Institute, for example, is entirely a private/public partnership at work, and I certainly don't discount the value of that by any means. On the other hand, though, the university research and strategic investment program directs the public dollars to researchers in public institutions. From the 2004-05 Innovation and Science annual report sponsored research reached \$584 million in 2003-04, 35 per cent above the \$434 million from the year before.

While we can appreciate that no research institute is in the position to look at research grants and take them for granted or otherwise deny them, so to speak, there is anecdotal evidence that corporate or industry-sponsored research very, very often affects the outcome of the research in question. For example, Dr. Nancy Olivieri from the University of Toronto last year quoted that over 90 per cent of published drug research shows that the drugs, in fact, work well. A 90 per cent success rate in any scientific research is simply not possible, Mr. Chairman, or logical, for that matter. The vagaries of human research are just not that good. Quite frankly, the success rate should be more in the range of 50-50.

I bring this up because, of course, on sponsored research, then, the proposals submitted by students or the researcher may be skewed for what the industry is in fact looking for. If the student or researcher proposes something that is not, perhaps, in keeping with what the company that is sponsoring the research actually wants, they might get passed over.

There is also the matter of government coming to rely on industry to fund all research. You only have to look at the University of Alberta's campus to see the simultaneous lack of government funding and the relative abundance of industry dollars at work. In the past few years engineering, biological sciences, and a host of other very worthy, let me say, Mr. Chairman, science and technology fields have seen their facilities upgraded, often quite dramatically. New buildings are being built. Lab equipment is being purchased, et cetera.

9:00

At the same time, more and more of the other faculties have in fact seen their funding eroded, their buildings falling into disrepair, and the faculty staff shrinking. The reason for this divide, in my

mind, Mr. Chairman, in part is because industry, particularly the petrochemical industry, has picked up the funding slack for this provincial government, funding those sectors whose research it can benefit from most directly, leaving other sectors, in fact, short of public funding. Unfortunately, this seems to be lost on some of our research initiatives here, and the government is funding neither sector in a satisfactory way.

Speaking of not funding satisfactorily, Mr. Chairman, Innovation and Science's website states:

The Government of Alberta's commitment to energy research is more important today than ever before. Alberta's conventional oil and gas supplies are declining, and relying solely on current methods of production is not an option. Research is needed to develop [other] ways to recover the significant amount of conventional oil that is left behind, as well as less energy intensive methods to extract heavy oil and bitumen. Research is also necessary to enable the energy sector to reduce the impact of greenhouse gases and other emissions.

Now, I find that a bit disconcerting, Mr. Chairman, because nowhere is it mentioned that alternative energy source research is in fact undertaken by the Ministry of Innovation and Science although I do know that they have sponsored some things in regard to this. It's no wonder, then, that the Minister of Environment can only hope for a 2.5 per cent goal of Alberta's total electrical energy to be produced by renewable and alternative energy sources. That would be more than double last year's total, which would be almost negligible.

So I would like to ask the minister then, please, if he would not feel compelled to in fact increase the focus of this ministry to pursue research into alternative fuels. In fact, nonhydrocarbon-based fuels is what I'm trying to promote here. The necessity of this is not in question, and the importance of research at this juncture I think is absolutely critical. In the seven years since this ministry has been created, I would like to ask what percentage of total energy research dollars have been in fact invested in alternative energy sources. I would be curious to know.

The ministry's energy strategy, a clean energy future, actually seems a bit misleading because it says that the province must "develop new sources of energy, such as natural gas from coal beds." Again, why do we have the sole emphasis on extracting more of the same kind of resource rather than, perhaps, switching and extracting another sort of resource? My comments in this House have been clear in this regard. We know that it is possible through the investment of public dollars to in fact move away from hydrocarbon-based fuel dependency. So I'd ask if the minister could please give more details on the clean-coal technology. According to experts, there is no such thing yet.

Now, the potential for biogas, or gasification, is something that I, in fact, have a great deal of interest in as well. Certainly, I'm not being unrealistic in being critical of the coal rhetoric that has been coming from across the floor so far because we do recognize the necessity of developing clean-coal technology, but to presume that we do in fact have it in our possession I think is misleading. Then we have that doubly misleading misappropriation of language, talking about the fact that Alberta coal is, in fact, clean. You know, this is stretching the credibility of all of us here to suggest that the public would just swallow this. In fact, we need to do real work on real solutions to try to burn coal in the cleanest way possible. So gasification is more expensive. The technology requires more research. We have the means by which we could finance and spearhead that research, but let's be honest about what needs to be done and what we are in fact doing.

Finally, the government recently announced the mandate and board members of the new Alberta Information and Communications

Technology Institute, so I'd ask the minister if he could please give us the details regarding how the board will be providing direction for public investment in research and development activities throughout the province. For example, I would like to know what proportion of public funds will be directed to private companies in regard to this initiative. How will the public hold accountable the new board? What priorities for research will be established, and how will this be determined? In other words, the whole parameters of this institute.

In regard to the support of Bill 1, Alberta Cancer Prevention Legacy Act, the throne speech this year highlighted the creation of a cancer prevention legacy fund. This will help to meet the three goals set by the government: reducing the incidence of cancer by 35 per cent by 2025, reducing fatalities by 50 per cent by 2025 . . .

The Chair: Hon. members, the noise level in here is getting fairly high. If you would like to take your conversations back out into the hallway, that would be more appropriate. Thank you very much.

Mr. Eggen: Thanks, Mr. Chairman. It works too. That's very good. It's much quieter.

An Hon. Member: It won't last long.

Mr. Eggen: Well, yeah. It won't last very long.

In regard to cancer I would just be curious to know: what role do research institutes and research projects under this ministry play in the government's setting and achieving these goals?

Given that the name of Bill 1 was the prevention rather than treatment, I would be curious to know if this ministry would be putting pressure on others to institute prevention-based initiatives and research into the same, in regard to smoking particularly, and looking as well for genetic solutions to fighting the cancer gene. As well, I would be curious to know what role institutions and projects currently under the Innovation and Science ministry would have to play in this fight against cancer.

My last comments are just of a general nature, Mr. Chairman. I would like to know what the 10 per cent increase to the deputy minister's office budget is specifically targeted towards. Is it to an individual project or initiative? What exactly is it? Number two, why is there such a sharp increase in the innovation and service excellence programming, and what might that be spent on? It's almost a doubling of that line from the budget last year. Finally, what is the nature of the doubling of the innovation and service excellence program? What is this money being spent on? And so on and so forth.

I'd just like to once again thank the minister for his attention to detail. In the spirit of constructive criticism, I might hope that he and his ministry would consider what I have done with my research.

Thank you.

Mr. Doerksen: Mr. Chairman, like the previous member, this member has always been very constructive and helpful in his comments, and he continues to be that. I would say consistent as well because I was expecting him to focus on alternative energy, and he did that. He would have disappointed me if he hadn't talked about that.

I do want to make a few comments to some of your remarks in terms of the influencing and guiding that our ministry tries to do. If you review the Alberta Science and Research Authority Act, you will see that there is a requirement for the ASRA board, as I'll refer to them, to do an annual review of all departments and what they're doing with respect to research and innovation. That's one way in which we provide some guidance and direction to the government as

a whole, and it is a part of our legislative mandate. So in hindsight, when you look back at that act that has been passed in my time, it's a very good mandate to hold all of government accountable or at least be able to ask them questions about what they're doing. So there is one element.

9:10

You raised a very important question with respect to academic integrity, and I think that's something that we'll always wrestle with: to try to keep a proper balance, make sure that there isn't undue influence from industry. But it also strikes at part of the problem in that we are told continuously that in Alberta we need to do a better job of commercialization and not just pure science. So there is a balance to be sought there, but it is a very important question.

I followed the case that you cited with a great deal of interest when it happened several years ago because it did highlight the problem. I would point out, though, just in terms of pure statistics, that for the '04-05 year of the total sponsored research in universities \$264 million – I'm using round figures – was from the province, \$250 million from the federal government. It was actually the first year that the province contributed more than the federal government. Only \$56 million, actually, came from industry. So I don't think we're out of whack at all in terms of that scenario. But it's a very good question.

Your questions on energy. I will have to review the website to see how much emphasis we do place on alternative energy. I was actually surprised that there was no direct mention made of what we are doing in that area. So we'll check that out and make sure that that is covered because, in fact, we are doing work in that area, and we should talk about that. I do appreciate your approach, recognizing that we do want to move toward using Alberta's existing natural resources. You can't just abandon those fields. But particularly on the coal side, you have to bring technology to a place where it has a minimal impact on our environment. I like to refer to it, basically, as an energy mix. You want to have a good energy mix. You're not going to focus on one at the expense of the other. Again, I appreciate your comments there. You've always been consistent on that.

With the ICT Institute, it is largely strategic in nature in terms of the advice it's giving. It'll operate similarly to all of the other institutes that we currently have in terms of its accountability, in terms of its reporting and its mandate. But, again, we'll report back to you in more comprehensive terms the exact mandate, what the expectations are for its delivery. Really, I would say that, fundamentally, we are looking to renew our ICT strategy from about five or 10 years ago.

I was actually glad that you raised the cancer prevention legacy fund because it was not something that I raised in my comments and actually had intended to earlier. So I was glad you brought that up. How do I put this carefully? You would hope that in the area of research everybody would kind of get along and all collaborate and do things together, but like everywhere else we see that there are vested interests and people that have their own ideas about how things are to be done. So you've got a number of different people working in this area. You've got the Alberta Cancer Board, of course, and you've got the ministry of health. I raised this issue with the Life Sciences Institute at our first meeting and said: I really need your advice on this. We need to not only as a province, but we need to as a country – in fact, it's a global issue – collect and pool all of our talent as much as we can and solve this thing for the good of everybody. It's not just an Alberta problem or a Canada problem. The more we can break down the barriers between researchers, share ideas, and collaborate, the sooner we'll beat this thing. That would be my hope, so I appreciate your comments on that. It's a very

important issue to all of us and touches all of us personally. So, again, we'll respond in more detail to your specific questions and appreciate your honest and straightforward manner.

Thank you.

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

Mr. Agnihotri: Thank you, Mr. Chairman. I'm pleased to rise and participate in the estimates of Innovation and Science. Sometimes it's not easy to answer all the questions in a short time, so I request of the hon. minister – he can give me this in writing whenever possible, but I want everything in detail.

Under this core business there are about five main goals. My colleague already discussed three out of the five.

I would like to talk about goal 2, which is to build research capacity. All strategies sound good. A question about budgetary program commitment, strategy 2.1: why not look at the counterpart to iCORE, ICT, and other priority areas? Strategy 2.4: what projects are ongoing to determine the skills required for innovations?

There is considerable scientific basis for believing that innovation is a human capacity nurtured outside of the sciences just as well as within them. While it may be outside this minister's specific administrative area, I wonder if the minister supports initiatives throughout our education system to increase our students' capacity to innovate? Does he also support a new endowment fund, one that would mirror existing ones in science and engineering and health, for arts, social sciences, and humanities? This is a recommendation of the System Transformation Subcommittee of A Learning Alberta review, a policy of the Alberta Liberals, and it could use this minister's support.

Performance measures. There aren't the performance measures to assess whether very many of these strategies are successful. Why not measure science and technology awareness? Why not measure national chairs awarded to provincial professors, et cetera?

Now I move to goal 5, which is to accelerate innovation in the life sciences sector, page 278-9. The Life Sciences Institute and the ICT Institute don't yet seem to have much of a presence on the ministry's website. When will the public be able to go and read about their activities? Key priority areas appear sound on page 278. Key will be the capacity to fund these projects as well as coupling them with adequate monitoring, testing, enforcement where applicable: bioproducts, health and nutrition, platform technologies, sustainable resource management, prion science, water sustainability and safety, et cetera. When will the new water research strategy be developed to support Water for Life, which right now is just rhetoric?

9:20

There are other miscellaneous ideas for debate to be filled in by those with interest and expertise. Some ideas and some of my points have already been raised by my colleagues, and I have some other points to raise. Allow me to start with environmental research. Overall, facilitating research in the area of environmental protection and enhancement should be one of the priorities of this ministry, yet it appears pretty minor compared to the other areas. Can the minister just comment on what sort of a balance he believes his ministry is striking to support the kind of sustainable economic development Albertans want?

The next one is clean-coal technologies. When I search on the ministry's website for research projects involving clean-coal technologies, nothing comes up. What projects are being funded to search for these mythical technologies? What is the total value of these projects given the Premier's insistence about the bright future of clean-coal technology? Why return to a technology that we know

cannot be as clean or sustainable as promising alternative energy technologies?

Alternative energy. What portion of the AERI activities are going to alternative energy technologies? Does the minister believe this is to be sufficient? Are the minister's funding guidelines and processes fair to all proposals, including those exploring alternative energy technologies?

The next one is agriculture: import costs, biofuels, future of the family farm, making sure innovations and technological advances can be assessed by smaller operations.

Next is forestry: protecting massive public value in forests from pine beetles, value-added industries, et cetera.

I have some financial questions. There are undoubtedly a number of very good things going on in the minister's department. Certainly, increased R and D and strategic research export is needed if this government's dismal record on economic diversification is to be improved. However, it is important for the opposition to ensure that the public is getting a bang for our buck and that the government puts its money where its mouth is. Can the minister explain what led to the decision to increase the spending of last year's budget? If it's important enough to do, it should be important enough to budget for.

A significant amount of the unbudgeted spending went to the technology commercialization initiatives, element 2.0.1. Can the minister outline specific outcomes of this increased funding for technology commercialization? If not, why not? Given this increase, shouldn't there be a specific corresponding performance measure for commercialization? What measure is the minister using to ensure that these public dollars have their intended effects? Can the minister tell us which organizations or entities this additional funding for commercialization went to or what form this funding took? Did it go directly to firms, or is there a program within the Alberta Research Council? Did it get put through the heritage assessments commercialization initiatives? Just how did this work? This is one of my questions.

I also want to know why this minister's budget is decreasing over last year's when the business plan's first goal, page 274, is to increase government spending in support of innovation from 1.42 per cent to 5 per cent over the last 15 years? Not off to a good start. Can the minister explain briefly exactly how his department measures this funding percentage? What line items in which departments go into making it up? Overall, funding for innovation capacity, element 3, is being cut by 12.4 per cent from 2005-2006 forecasts. Research capacity, element 3.0.1, is being reduced by 15 per cent. Energy research, element 3.0.2, is up 12.5 per cent. Life sciences research, element 3.0.3, is up 10.3 per cent. ICT research, element 3.0.4, is staying essentially the same.

There was a significant increase in equipment and inventory purchases under element 2.0.2, page 307. What was this for, and what was the rationale for the year 2006-07 budget that is more than double the budgeted amount of 2005-06 but less than half than what was spent? This trend in substantial off-budget increases last year followed by reductions again this year is reversed in the expense portion of element 2.0.2, innovation and service excellence program. I understand that this stream is part of the innovation program that supports improvements to government service delivery. Can the minister explain this pattern? Would this program fit better under RAGE, particularly now that RAGE has taken over responsibility for corporate information and communication technology?

On page 309 it is reported that the expenses of the Alberta Research Council last year were less than budgeted and now have gone up again but are still projected to be lower than was budgeted for the year 2005-06. Why?

On page 311 there is significant fluctuation in other revenue in the budgeted amounts, about \$2,458 million less than was budgeted for

the year 2005-06, \$48.7 million. Is this a reflection that some of the revenue streams were not as good as anticipated? Is this related in any way to commercialization initiatives that are not as successful or realized as quickly as you had hoped for, or is this contract revenue? If so, which organizations or companies contracted with the department? Which organizations or individuals did the contractor research? Again, on page 311 I note that within the Alberta Research Council there are two subelements: number one, core research funding, and the second one, contract research. Contract research is budgeted to be more than 40 per cent higher than the core research funding. It is typical for contract research to be significantly higher than core research. Can the minister explain why this is so, based on his understanding of how each of these types of research support various departmental and provincial goals?

9:30

On page 311 again, under innovation capacity, this pattern of overspending in the year 2005-06 followed by the reduction in 2006-07 is repeated for the expenses for the Alberta science and research investments program. Can the minister explain the need for the increase and, if this increase was warranted, how he determines to reduce it in the future?

The ministry has announced that a fourth stream of ASRIP funding was being developed that would co-ordinate more specifically with the federal funding, particularly the Canadian Foundation for Innovation. Wouldn't an entirely new funding stream with the potential to leverage additional federal dollars warrant a greater increase?

Page 311 again. Expenses for the Alberta Science and Research Authority have doubled, from \$1.1 million to \$2.2 million. While this is not a lot of dollars, it is a substantial percentage increase that requires explanation.

Page 311 again. Can the minister explain the rationale behind the allocation of funding to the three research priorities for his department: energy, \$21.6 million; life sciences, \$17.2 million; and ICT, \$14.7 million?

Page 315. iCore is potentially a very important program, aiding in the attraction and retention of grad students and faculty members in the information and communication technology fields and connecting industry and academia. However, we occasionally hear complaints about the application and approval process. In some instances there are allegations that institutions intervene inappropriately in this process. Do institutions have a legitimate role in screening, evaluating, or otherwise affecting the success or failure of funding applications?

I also want to pass on some concerns I have heard about an organization that this caucus has always been supportive of, namely the Alberta Heritage Foundation for Medical Research. There are apparently some medical researchers in Alberta who have concerns. The concerns cut across a number of issues, and I would welcome the minister's comments on each of these, or perhaps he could undertake a review of some of the terms of the Alberta Heritage Foundation for Medical Research, known as AHFMR. This foundation's goals and the institution's strategic goals may not always match, putting at least some researchers in a difficult position.

I'm talking about the Alberta Heritage Foundation for Medical Research again. This foundation has a poor reputation, among some at least, for not providing sufficiently competitive salary packages. This foundation has an unpredictable evaluation process for ongoing salary support. This foundation supports basic salaries rather than specific medical research, and it's been reported that the University of Calgary's Faculty of Medicine is more dependent for basic salaries on this foundation than is the U of A.

On a related topic I would ask the minister to have a discussion with his colleagues in Advanced Education and the institution to ensure that everyone is on the same page. There are numerous accounts of how the new Heritage Medical Research Building was built as a shell, but the responsibility for equipping it has basically been off-loaded onto the institution and, more troubling, onto the academic positions. [Mr. Agnihotri's speaking time expired] Just one minute, please. These doctors are running around begging for money to equip this building rather than attending to their research and their patients . . .

The Chair: Hon. member, your time has elapsed.

The hon. minister.

Mr. Doerksen: Mr. Chairman, he certainly deserved the same courtesy that I got for going a little bit over his time, so we're more than happy to give that to him.

You asked a lot of specific questions that we'll address in writing. I will make just a couple of quick comments from your remarks. You raised the issue of research capacity, and you talked about the arts, social sciences, and humanities, which is a topic that comes up on more than a few occasions. Quite clearly, in our approach we have targeted in quite a focused manner ICT, energy, and life sciences.

I appreciate your comments on the arts, social sciences, and humanities. It is a topic that needs to continue to be discussed, so I do appreciate your comments on that.

[Mr. Prins in the chair]

You made some comments about science awareness, and again that's a critical component in terms of making sure the public is aware of the science that we do and understanding the science that we do and understanding what the benefits are. A challenge that I often give to researchers is that they have to help me to translate to the taxpayer the benefit of what they're doing and how it actually impacts on their lives. Most of us, when we look back, understand how science and research have affected our lives, so intuitively we say, "Yeah, there are going to be good things that come as a result," but still it's an ongoing challenge. We have increased the budget on science awareness, particularly at the student level. We have beefed up our budget this year on that one.

You talked about page 278, "accelerate innovation in the life sciences sector." I would just comment on that particular item in that we just established this year the Life Sciences Institute. The act provides for an MLA co-chair for all of our institutes. I deliberately appointed myself as co-chair of this institute because I wanted to raise the profile of that particular institute and the importance of it in the future. A lot of us worry about our dependence on oil and gas and the energy sector, and really the message I was trying to send with that is that we see the life sciences sector as a very important future part of the province, and we're trying to give it some profile and some direction. So I appreciated your comments on that, and I hope that's helpful.

You asked a lot of questions, some financial questions about technology commercialization and getting a bang for our buck, and those are good questions. I think you asked some questions about measurement. We do an annual report on the scientific activities of the Alberta government whereby we analyze all of the contributions on science activities and related science activities, and we publish those to our stakeholders annually. So we do a continual review of our activities. Again I'm not going to get into the specifics, but that is something where we do to try to hold ourselves accountable and measure progress we're making or not making.

Just a few comments about the Alberta Research Council. You talked about that. You were right to point out the contract revenue side. The contract revenue or expense side in our budget is largely outside of my control. A substantial portion of the revenue from the Alberta Research Council and the accompanying expenses are a result of contract revenue either with government agencies or private business. So it just becomes mainly a flow-through in our consolidated books.

9:40

We have to take the numbers that they give us in terms of their budget. If they're down or up, I have no way to control that, but we do have to report it this way. The annual government contribution is quite clear, and we do stick to that figure in terms of what we provide them for operations. But, again, when you look at our budget, you have to factor out the contract revenue to really get a fair picture of the trends of our support for research and innovation activities. Yeah, when you're reading our budget documents, it can be very confusing because you have to factor out all these one-time things and these contract revenues, and it does make it difficult.

Lastly, just on the AHFMR I've noted your comments about the concerns that you have heard. I wasn't aware of such concerns, so I have taken note of that. I would say that this is the 25th anniversary of the AHFMR. I think it was last year we had an international review of the activities and results of the Alberta Heritage Foundation for Medicine Research, and they gave a very strong, ringing endorsement of its success and its impact. I think that overall its impact from a goal point of view has been very, very excellent and very strong, but you have raised some issues and ones that we will review when we look at the notes.

Thank you for your comments.

The Acting Chair: Thank you to the hon. minister.

The next speaker is the hon. Member for Edmonton-Gold Bar. Go ahead.

Mr. MacDonald: Thank you very much, Mr. Chairman. It's a pleasure to get an opportunity to participate in the estimates debate this evening on the Department of Innovation and Science. Certainly, whenever we look at this department, it could be considered the quiet department, but hopefully it is a quiet achiever.

Now, there are many different research projects going on within this department, and I've been listening to the discussion this evening on coal and clean-coal technologies. Certainly, there is research going on that I understand the department is monitoring. This research is going on in Yorkton, Saskatchewan, with CO₂ sequestration. I think this is a very important research project. A lot depends on this project. The information I have is that it is going quite well and that the CO₂ sequestration project that's going on in Yorkton is raising significantly the production of mature oil formation.

Whenever we talk about the capture and the storage of CO₂ in this department, we're missing one word there, and that's the capture, the compression, and the storage of CO₂ in flue gas emissions. The word "compression" is important because that's the one that costs you the money. I would like to know what progress has been made on the research in this province by this department, precisely how much money is being spent, and where it is being spent in this province on CO₂ sequestration projects. It is the future.

If we're going to have coal-fired generation in this province, hopefully in the near future we are going to look at the capture and the compression of those flue gas streams. I think we should be experimenting with the entire flue gas stream to see if it can be used

to enhance oil recovery in some of our mature fields around our coal-fired plants west of the city. Certainly, there are any number of mature oil fields there. I would like to know what we're doing with that research. I certainly see where there are significant amounts of money.

Maybe the minister has already mentioned this and I missed it, but what exactly is being spent this year on agricultural research? It is my information that we spent \$38 million on prion research last year. Is that continuing? I think so, or at least I hope it is. I apologize to the minister in advance if he has discussed this earlier. Mr. Chairman, you're right: it was quite loud in here. I may have missed that. An update on that and the total figure: I would be very grateful for that information.

[Mr. Marz in the chair]

Last year there was \$700,000 spent in this department encouraging innovation – innovation – within the government of Alberta. So the Department of Innovation and Science was spending \$700,000 on a project to encourage innovation. I didn't think it would be necessary to spend any money on that. I just thought they would do it anyway, particularly with the Minister of Restructuring and Government Efficiency showing leadership and leading the charge, if I can use those words in this matter.

The department was set up with a significant amount of fanfare. In fact, in the last fiscal year there was a \$2.5 million transfer from this department to Restructuring and Government Efficiency. I'm wondering if there is going to be another transfer from this department and if RAGE, Restructuring and Government Efficiency, is going to go even larger. I would like to know the answer to that question.

Now, Mr. Chairman, I see in the government estimates for 2006-07 on page 312 the full-time equivalent employment statistics; the department has 108. That's no change from last year. The Alberta Research Council has close to 600 employees, and in iCORE there are four employees – four.

Now, I just thought I would have a look and see how this department does in hosting expenses, and I thought I would have a look through the *Alberta Gazette* for the year 2005. The department, I think, is very gracious when they host. Certainly, they do it quite often. I'm not saying that it's not necessary. It probably is. There are a lot of scientists that need to get together and talk.

If we look through this – and these are just rough calculations – there are well over \$115,000 in hosting expenses that exceed \$600 amounts. What amounts are there below \$600 that have not been listed publicly in the *Alberta Gazette* for this department. If I could have a breakdown of that with the department itself, with the Alberta Research Council, and with iCORE, I would be very grateful. If we're spending that amount over 600 bucks, how much are we spending in amounts less than that? I don't see it in the budget here. I'm looking at the statement of operations, the expense amounts. I don't see it listed in here, and I think taxpayers have every right to know.

9:50

Now, iCORE has four employees. It's a small part of the operation, but they have hosted significant events. One was a conference in Banff for \$36,000. This was the Banff Informatics Summit from June 9 to 11, 2004. This was obviously in Banff, three and one-half days of open lectures. The conference only lasted three days. There were three and a half days of lectures and workshops for iCORE chairs and the research teams. Are there any events of this nature scheduled for this fiscal year? If there are, how much is it going to cost? That's just one example.

There's a significant amount of money here. A year ago there was \$2,300 spent on a press conference. The function was a joint launch of two new iCORE research programs. The press conference was held in two locations, as I understand it: in Edmonton and in Calgary. This press conference was to increase awareness of the new research programs. Well, that's fair enough, I guess. I just want confirmation from the minister that these expenditures are valid considering the fact that there seems to be only four full-time employees in that part of the department. Now, there are certainly other listings here, but people are very, very busy hosting in this department, and I would just like the minister's input on this and what is planned for this fiscal year.

Also, the recruiting and retaining of scientists. I understand that that is going quite well. How much of a problem or is it not a problem to attract top-notch young scientists from across Canada to the Research Council?

If he could provide, Mr. Chairman, answers to those questions, I would be very grateful. Thank you.

Mr. Doerksen: Mr. Chairman, I would just thank the member for his questions. Again, as with the other ones we will endeavour to reply in specifics in writing. He does refer to us as a quiet department. I'm reluctant to give this advice to the opposition, but maybe they should give me a harder time, which might help get our budgets up so we can spend more money on innovation like they support. But you can just kind of ignore that advice.

The member talked a lot about CO₂ sequestration and the importance of that, and we can certainly find out that information and provide it. I would note for the hon. member – and he probably is aware of this – that there is a company, actually, a private company out of Red Deer that has on its own, without any government support, captured all the CO₂ out of the petrochemical plants and is using it for enhanced oil recovery in oil fields. They're doing that because the economics make sense. Quite often the challenge in this particular area is the transportation issue of getting the CO₂ to the depleted oil fields. So it's not necessarily so much the technology as it is that particular question.

Again, it is an important area. It was actually highlighted in some of the events that I attended. I went to the Montreal conference on climate change. That was a topic there, CO₂ sequestration capture and storage, so the member has raised that particular issue.

You raised the issue of prion research and the \$38 million. The \$38 million went to the Alberta ingenuity fund to fund a multiyear research program on prions. It was not all invested in research projects the year it went to the ingenuity fund, but it was intended to be spread out over five, six, or seven years. So it's actually an ongoing kind of commitment to prion research. It was a one-time transfer of money but a multiyear expenditure on finding science-based solutions to the BSE issue.

The member has raised a number of questions about hosting expenses. Quite admittedly, Mr. Chairman, we do get involved in a number of scientific conferences, and we make no apologies for that. That's how we build relationships between researchers in different jurisdictions and different countries so that we can share knowledge, share expertise. You can't always do that sitting behind a desk in your office. You have to get out and meet people and talk to them, so we do that.

Another thing we're involved in, of course, is the Banff Venture Forum whereby we bring venture capitalists into our province from across Canada and from the United States to listen to presentations by our companies. We put money into helping that happen because that's an important element of commercialization, of building a venture capital industry in the province and providing that capital

that we talked about to those start-up companies. Mr. Chairman, we do get involved in quite a number of these. We think it's important in terms of building those relationships, and we have to be consistent in building those relationships because that is where the payback comes in. We have seen over and over again in terms of relationships how that actually pays off in what we are able to do in our province on a number of different fronts.

So those are just a few comments that I will make in response to the member's questions, and where we can provide the information for him reasonably, we will. He did ask for specifics about certain expenses under \$600. Mr. Chairman, I can assure you that that would be an onerous task, and I'm not sure that we can provide that particular information. But we do report to the *Alberta Gazette* everything that we are required to do. We are very open and accountable for all of our expenditures. The Auditor General has certainly verified that in his remarks as well.

I will leave it at that. I think that we are almost ready to wrap up here, are we not? How much time have we got?

The Chair: Two minutes left.

Mr. Doerksen: Well, Mr. Chairman, I will actually sit down. If somebody else has some more comments, I'll let them do that.

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

Mr. MacDonald: Mr. Chairman, I will cede the floor to Edmonton-Manning.

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

Mr. Backs: Thank you, Mr. Chair. I'm very pleased just to have, you know, a very quick statement on an item that has just become of some interest to me. Yesterday in the news or with the media the Premier spoke of his trip to France and his interest in potentially looking at nuclear power with the French company Total, the newest entry into the oil sands sector in Fort McMurray. Why I bring that up is because I was just at the service, I guess you might say, by the Ukrainian community – and a very moving service it was – about the disaster in Chernobyl. I guess my question to the minister would be: if this is going to be moving forward, if we are going to be looking at nuclear, what will the government and your department be bringing forward to look at this very, very serious issue? In that presentation, aside from the great choral music and the prayers, there was a video showing children with brains outside their head, with firefighters . . .

10:00

The Chair: I hesitate to interrupt the hon. Member for Edmonton-Manning, but pursuant to Standing Order 58(4), which provides for not less than two hours of consideration for a department's proposed estimates, I must now put the following questions after considering the business plan and proposed estimates for the Department of Innovation and Science for the fiscal year ending March 31, 2007.

Agreed to:
Expense and Equipment/Inventory Purchases \$143,554,000

The Chair: Shall the vote be reported? Agreed?

Hon. Members: Agreed.

The Chair: Opposed? It's carried.
The hon. Deputy Government House Leader.

Mr. Renner: Thank you, Mr. Chairman. I move that the committee now rise and report the estimates for the Department of Innovation and Science.

[Motion carried]

[The Deputy Speaker in the chair]

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

Resolved that a sum not exceeding the following be granted to Her Majesty for the fiscal year ending March 31, 2007, for the following department.

Innovation and Science: expense and equipment/inventory purchases, \$143,554,000.

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

Hon. Members: Concur.

The Deputy Speaker: Opposed? So ordered.

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

[Mr. Marz in the chair]

The Chair: I'd like to call the committee to order.

Bill 24 Fiscal Responsibility Amendment Act, 2006

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

Mr. Agnihotri: Thank you, Mr. Chairman. I'm once again pleased to rise and speak to Bill 24, the Fiscal Responsibility Amendment Act, 2006. The objective of this bill is to increase the amount of nonrenewable resource revenue that can be used for budget purposes from \$4.75 billion to \$5.3 billion.

The Alberta government has been increasing the amount of nonrenewable resource revenue for budget purposes. In the year 2004 it was \$3.5 billion, then in 2005 \$4 billion, in 2006 \$4.7 billion, and now they are asking for \$5.3 billion. Although the government is increasing its reliance on nonrenewable resource revenue, the savings have not been following accordingly. For example, in fiscal year 2004-05 the province expected to collect nearly \$15 billion in resource revenue. However, the government only allocated \$1 billion to the heritage savings trust fund. It spends \$1.4 billion in resource rebates. Alaska learned from experience that it should save about 25 per cent of all resource revenue in its permanent fund. I'm trying to compare this heritage savings fund to Alaska.

There are four reasons for opposing Bill 24, for speaking against this bill. There is no planned sustainability, a lack of saving and fiscal discipline. First, this government lacks a plan for Alberta's future. The Alberta Liberals' surplus policy would provide sustainable funding. Our policy states very clearly about investing budget surpluses into four key areas. Thirty-five per cent of the surplus should go into the heritage fund. The fund would ensure that Albertans can enjoy lasting benefit from the current oil boom. Thirty-five per cent would go into an uncapped postsecondary

education endowment fund. The fund would help achieve system excellence throughout Alberta, resolve postsecondary accessibility issues for both rural and urban Albertans, and provide funding and spaces for apprenticeship and training programs across the province. Twenty-five per cent would go into a capital account to eliminate the province's \$7.2 billion infrastructure debt over the next 10 years and to address critical municipal infrastructure plans across the province. Invest 5 per cent of the annual budget surplus, up to \$500 million, into an endowment fund for the humanities, social sciences, and arts to supplement existing funding and encourage development in these fields.

The second one: spending nonrenewable resource revenue is not sustainable. A number of organizations are proposing savings strategies—the Official Opposition, Canada West Foundation, Fraser Institute, former Premier Lougheed, and some other economists—but I think this Tory government, Mr. Chairman, is still not listening to our policies and policies from very wise people. While every time they are asking us to show the policies, when we show them the policies, they say that it's crap, and sometimes they throw it out. I don't know.

This third one I want to mention is this: failing to adequately save resource revenue for current and future Albertans.

The fourth and the last: using resource revenue for annual budgetary spending demonstrates a lack of fiscal discipline. The consequence is that the province fails to show Albertans a clear vision or road map for the future. In contrast, in 1976 Alaska learned from its previous oil boom, when it spent most of the revenue on short-term program spending.

Everyone in this province is saying that we should legislate to save, and this government is legislating to spend. It is unbelievable. We have a plan for investing Alberta's surplus dollars and would create a lasting legacy for this province, but where is the government's plan? We need a strong, long-term vision, not a one-time drop in the pan. Instead of talking about where we will invest the surplus during the next quarter, let's talk about the next quarter of a century. How do we want Alberta to look 50 years from today?

10:10

Mr. Chairman, as I said before, this present government is a directionless government. They have no foresight. There's a huge windfall, and they are spending money like drunken sailors, some people say. This is the time, if not for us at least for our children and our grandchildren, when we must have long-term, sustainable policies on our resources.

We have seen that this government has not produced any policy on capping municipal education property tax. The teachers' pension plan is still there. They only throw money when there is a dispute or something, a lump sum amount of money without any long-term future plans.

[Reverend Abbott in the chair]

Failing to add funds for the future. I know they invested \$1 billion in the heritage savings fund, which is a good thing, but I want to see the funds go into the savings fund according to a plan. So far they don't have a plan. I would say that they just put in some lump sum amount of money depending, I would say, on the mood of the government.

Eliminate health care premiums. This issue was raised last election and the election before, and that issue is still there. Lots of stakeholders keep on asking or writing letters to my constituency, and I don't have an answer for them. I can only request the members sitting here, and they can pass it on. They can discuss it in

their caucus. This is a tax, and we should have a policy. We should discuss this very seriously. I know that lots of members across the floor believe that this health care premium is a tax and that it should be eliminated, but it's still there.

This government throws money if they see problems when they are drowning in cash, and their strategic plan has gone out the window. I haven't seen any diversification policy. Electricity deregulation: do you think it's working? Most of the people, all parties, know that it's totally a failure. Why is it a failure? Some people say that it's ideologically based and that it was not thoroughly discussed or whatever. I know that if we come back to a regulated system, it will cost a huge amount of money. There are so many factors involved. We should seriously consider this because people are still complaining about their utility bills, and every time somebody asks me, I don't have the answer. I am here to tell each and every member here to think about it, at least for the people who elected you. They put trust in you, and they are paying more money because of the wrong policies of the present government.

The next one I want to discuss is diversification. If you have any policy on that, I would love to read that. Lots of people are asking. This oil or gas or all the resources will finish some say in 20 years, some 25 years. At least we should stand on our, you know, feet. I mean, we are answerable to the people. We should have a proper policy on this particular issue as well.

I already mentioned the resource policy. Environmentalists are not happy. Every day during question period questions are asked, and the answers, everybody knows, are not the answers stakeholders want to listen to. It's not appropriate what they want. As members of the opposition we can just ask the question. Seriously, if we don't have a proper environmental policy at least for 20 years, 25 years, then I think it's not good for all of us, good for our coming generations.

The government has banned deficit budgets. Why don't they ban nonemergency budget spending? I mean, if they can ban a deficit budget, why can't they ban their budget spending? Every time there are estimates or budget debates, the government keeps on spending, overbudgeting, and there's no stopping. Sometimes even 25 per cent overbudgeting. Twenty-five per cent overbudgeting. If I have a certain amount of money, I certainly will look into the matter. If I have a certain amount of income, I will spend accordingly. The hon. Finance minister is here, so I request that of her too whenever we have a budget. I know that there could be some problems, but in future we shouldn't overspend. It should be like we have a law. We ban the deficit budget. Why can't we do something to stop this nonemergency budget spending? That's what I want to see instead of overspending budget after budget.

This is my second year here, but the members who have been here for the last 10, 15 years are talking about this budget thing. This government keeps on repeating. They are not listening. If we really listen to the people who elected us—it's about time. Listen to them, and don't overspend our budget. This government is always proclaiming accountability, and they always proclaim that they are fiscally responsible. I don't see anything. If the government is fiscally responsible, if the government is accountable to the people, then we have to have long-term sustainable policies. I don't see any.

The government uses taxpayer money as a political football. We have had a huge surplus in the last few years. That doesn't mean that we just keep on spending like crazy, especially when election times come and they just throw the money. This is not democratically right. It's about time to think, but for the last many, many years just to win the election, throw some money, sometimes in the name of rebates, sometimes in the name of resource cheques or whatever. I don't mind. Lots of people are asking me about the

\$400 cheque. They say, “Why don’t you guys like us to get the cheque?” I said: “I’m not against giving you the money. I want the government to give you more money than this, but they should have a policy like Alaska. They are giving the dividend, but they are not giving money from the principal.”

10:20

What I want to see is a plan where they have a proper savings fund. Out of that savings fund, whatever the interest – let’s talk about the total royalty. In approximately 12 years time if we have a royalty of about \$130 billion, it’s a huge, huge amount of money. If we had had a plan 12 years back, \$130 billion in the bank, that dividend, I mean, Albertans could have, maybe, \$1,000 a year. Now, the government is using that taxpayers’ money as a political football. They are playing games with Albertans’ money. It’s not our money; it belongs to Albertans. They sacrificed a lot, and they deserve to see a policy on the resources. They deserve to see a policy on savings plans and a diversification strategy.

Another thing. People are talking about the shortages of labour. We have a question period. The critic for human resources is asking questions; some other people are. I’ve received numerous calls from my constituents. Some people like the foreign workers; some people don’t like the foreign workers. But if we sit down, maybe all party members sit on an all-party members’ committee, and discuss the shortages of labour and make a proper policy, that would really, really help Albertans who put their trust in us. But this fiscal responsibility is not that. We are only leaning towards one class.

Thank you.

The Acting Chair: The hon. Member for Edmonton-Gold Bar.

Mr. MacDonald: Thank you very much, Mr. Chairman. It’s with interest that I rise to participate in the debate this evening in committee on Bill 24, which is going to increase the amount of nonrenewable resource revenue that can be used for budget purposes from \$4.75 billion to \$5.3 billion. Certainly there have been questions from previous speakers in regard to the spending habits of this provincial government. There are many, many people from different walks of life and different organizations who have concerns about the spending by this government. In 10 years spending has essentially doubled. We still have the same problems with our public health care, certainly with public education, our roads, our bridges. We seem to be spending more and more. I don’t know whether it’s the infrastructure deficit that we can’t eliminate because of the past, when we avoided even the debate on if there was an infrastructure deficit and how large it was.

Now, certainly the Minister of Finance – and this is the first opportunity I’ve had to publicly state that I appreciate her measure in the budget to remove some of the long-term debt that the Alberta Social Housing Corporation held with the heritage savings trust fund. We discussed this last summer, I believe, at a heritage savings trust fund meeting, and the minister went away, I think did the right thing, and got rid of that debt.

[Mr. Marz in the chair]

That was a good thing to do. I was hoping also that the savings for the Alberta Social Housing Corporation would be used to provide much-needed additional housing or housing units. Maybe I will be pleasantly surprised in the next fiscal year, and that will be done. I would like to express my gratitude to the hon. minister for taking the initiative to do that because in this day and age, with our fiscal

surplus, that deal just didn’t make any sense. I appreciate the hon. minister’s efforts, again, to help that situation.

Now, with this budget, as I said earlier, everyone has some concerns. When we go through this in the limited amount of time that we spend, Mr. Chairman, in discussing each department, it doesn’t look like we could cut much. Every dollar is being prudently allocated or spent. But when you look in the blue books, the public account documents, at what actually was spent by this government, I’m not so sure that we are spending our money prudently. In fact, I’m convinced we’re not. Yes, I’m convinced we’re not spending our money wisely.

Now, you see the global amounts in each department. I’m just going to pick Health and Wellness, and we could start at the minister’s office, and we could go through the next element: physicians’ compensation, on-call programs, primary care. We can go through to the regional health authorities, we could go into the Justice department, and we see these line items, these elements with X amount of dollars. But when you see the spending come out the other side in the blue books and you see the amount that, for instance, IBM gets for supplies and services, you see the amounts that we spend even in office furniture – RGO comes to mind. I don’t know whether these contracts to this RGO outfit are bid or tendered or whether they’re just on some sort of system that doesn’t agree with the free-enterprise system, where they’re sole service contracts or whatever they are. Now, you see, we’re spending millions of dollars. Even in my own office, Mr. Chairman, I’ve been offered new furniture, and I’m quite happy with the old stuff. There doesn’t seem to be any end to the spending. I can understand where people are trying to look after me and give a person good working conditions, but I’m quite satisfied with that old green leather furniture that the Social Crediters bought. It’s still functional, and it’s still comfortable. So, you know, a tiny measure like that. The Minister of Municipal Affairs is shaking his head, but tiny measures like that, if you save small amounts here and there, add up. They certainly add up.

10:30

The hon. Member for Edmonton-Whitemud was anxious to participate in the debate. It’s not long ago since that hon. member was quoted on the budget process in this province, the hon. member being one of the leadership contenders and the former Minister of Advanced Education. He indicated in the *Edmonton Journal* last month that he’s not too keen on the idea of more cheques. These are the legacy payments. We’re talking about another legacy payment. We had a legacy payment of \$1.4 billion here, the Premier’s legacy payment. I’m concerned that Bill 24, the Fiscal Responsibility Amendment Act, is just softening up the Provincial Treasurer’s purse for another legacy payment, and I don’t think that that is in the best interests of the province at this time. The former Advanced Education minister, as I said, was not keen on the idea of more cheques.

Mr. Chairman, a former member of this Assembly, a former Minister of Economic Development, no less, Mark Norris, also a candidate for the Premier’s office, in the same article – pardon me; this is from the *Calgary Herald*, on March 22 of this year – indicated that he had concerns as well. He speaks out against this idea of another legacy payment or rebate. He goes on to say here that repeated rebates will become “habit.” He doesn’t say it’s a bad habit. He doesn’t say that it’s a good habit. He says that it’s a habit. He also states that they could also lead to demands for an annual resource dividend similar to the one found in Alaska. He concludes by stating . . .

The Chair: Hon. members, there's a lot of noise being generated from this area over here. I know that they're probably important conversations, but they could take place out the back. If you would allow the hon. Member for Edmonton-Gold Bar to continue.

Mr. MacDonald: Thank you, Mr. Chairman. We have to take Mr. Norris's words in this House seriously. This gentleman is one of the contenders for the Progressive Conservative leadership. He states: "I would hate for people to say 'Welcome to Alberta. Here's your cheque'."

Mr. Norris also adds in this article that the massive budget surpluses experienced by the government in recent years – and there's a \$7.4 billion surplus forecast for this year – are partly due to "bad budgeting and overtaxation." Yes, hon. minister. Bad budgeting and overtaxation. This is from the *Calgary Herald*. This is from Mr. Mark Norris. If a former minister of this House, the former Minister of Economic Development, is stating that there has been bad budgeting and overtaxation, we should take a look at what that former hon. member had to say, and we should consider that when we're discussing Bill 24 here. What exactly does the former member, Mr. Norris, mean by bad budgeting? Does he agree with this side of the House? Does he agree with the Member for Edmonton-Ellerslie that spending is out of control on that side of the House and what the hon. member stated about the lead-up to the next election? If you think spending is out of control now . . . [interjections]

The Chair: Hon. members, the hon. Member for Edmonton-Gold Bar has the floor.

Mr. MacDonald: Yes, Mr. Chairman. This hon. member nor no one on this side of the Assembly thought we should expand the size of cabinet and then have this Department of RAGE. Goodness, we would like to see a smaller size government spending less money.

The Chair: Hon. member, I believe the Speaker has cautioned us in the House before about using proper names for departments instead of acronyms.

Mr. MacDonald: Yes. I apologize to the hon. minister. The Restructuring and Government Efficiency department.

Now, Mr. Norris had concerns about bad budgeting and overtaxation. We talked a little bit about the bad budgeting practices. Many members have expressed some concerns. But overtaxation brings me to the next point, our gasoline tax. Hopefully, the hon. minister is studying this just like the hon. minister studied the idea of reducing the payments for the Alberta Social Housing Corporation that were in the Alberta heritage savings trust fund. Some day I'm going to open the paper and I'm going to be surprised because the hon. minister is going to agree that maybe while these crude oil prices are as high as they are at the wellhead, we could reduce our take at the pump on our provincial tax on gasoline from 9 cents down to 5 cents and give everyone a little bit of a break. Now, I don't know. The next time I see Mr. Norris I'm going to ask him if he considers that to be one of his issues of overtaxation.

I wonder about the future. Hon. members were talking earlier, Mr. Chairman, about future revenues to this province and who will be paying the tax bill in 15, 20 years. Will a large percentage of that come from personal income tax? Will it come from corporate tax? Will it come from resource royalties for this provincial government? Who will pay that? Hopefully, Mr. Norris is going to discuss this whole issue of overtaxation at length during the upcoming campaign. That's certainly going to be an interesting campaign.

Those are some of the ideas from some of the individuals who want to lead this party. They're not very far off the mark when they express concerns about how we're budgeting.

Certainly, when you look at the budget again, there is room for improvement. You look at some of the things that this side of the House has suggested. Before I conclude, I really have to remind all hon. members of the hon. Member for Edmonton-Riverview's idea of having money set aside. We need to set aside a lot of money – we really do – for the hon. minister's grandchildren. I believe it was last year during the Queen's visit that the hon. minister's granddaughter was in this Assembly. We look at that, and we think that perhaps she will follow in her grandmother's shoes. In 40 years, 45 years, maybe she'll be the Minister of Finance. She'll be wondering: "Did they save the money they should have saved in the heritage savings trust fund? One year they made an announcement that if they had inflation-proofed it, it would really be valued at \$19 billion, not \$13 billion. If they even had inflation-proofed it, it would have this value. Maybe they should have been more anxious to save money than just spend it in frivolous ways."

10:40

I consider that legacy payment to be frivolous. When I go through the *Alberta Gazette*, Mr. Chairman, and I see the amounts that we're spending on road construction and the increases in those contracts, I have to question how this whole thing is being administered. We can't blame this on the high cost of steel, or we can't blame it on a shortage of cement, or we can't blame it on machines or the fuel to power them. We have to look at how we're administering these contracts. Contractor after contractor seems to be going back to Treasury Board for contract increases that go from 15 to 20 per cent, in some cases to 96 per cent. The question is: are we managing these resources wisely?

Again I would urge caution in support of this bill, and I would like the government to consider the Alberta Liberal plan. The Alberta Liberal plan would be to take our dollars, save about a third of it, spend about a third of it on infrastructure, and then take the rest and invest it in our future by making postsecondary education accessible and affordable to as many Albertans who would like to improve the likelihood that they will improve their compensation packages at their jobs by getting more and better education. The hon. Minister of Infrastructure and Transportation has grave reservations about those ideas, but the voters in the last election certainly did not. They liked the idea.

Mr. Lund: Why didn't you get more seats then?

Mr. MacDonald: We got a lot more votes, and we got a lot more seats. A lot more. We will work hard, and we will see what happens in the next election.

An Hon. Member: I can hardly wait.

Mr. MacDonald: Neither can I. I'm looking forward to it actually. I might even get down to Rocky Mountain House and campaign. If I have time, I will.

Certainly, one of the things that this government has done is put us in this surplus position, where we do have a fiscal surplus. After the silly deals that were made, sometimes land transactions for a dollar, sometimes in the amounts of blocks, 90 acres, 100 acres, the relevance with this bill, Mr. Chairman, is that we are now looking at what to do with the surplus. We had a deficit from the same government. We have to make sure that we don't repeat the same mistakes they made and increase the deficit. Some of these deals that they made: bad deals, really bad deals.

This idea of spending money on special warrants. I was just looking at some papers before I had an opportunity to speak on that. We can't go back there.

Thank you.

The Chair: The hon. Member for Cardston-Taber-Warner.

Mr. Hinman: Thank you, Mr. Chairman. I had a 10:30 appointment, so I'm going to be brief. You've got other people that want to speak on it. I really appreciate the hon. Member for Edmonton-Calder for allowing me to jump the queue here and speak to it. I have to stand and say that I'm against this bill. I would have liked to have seen an amendment that maybe would have made it appropriate, the fiscal irresponsibility bill, and then could possibly look at voting on being irresponsible. We're in a unique situation here in the province of Alberta, Mr. Chairman, in that we've hit the lottery. We have money coming in. But too often we see those people that have done so well for years run into big winnings, and in less than a year they've destroyed themselves. Money is something that is very difficult to handle.

I was at an investment seminar years ago, and the person was presenting and talking about living within your budget and the importance of always being fiscally responsible and saving, or paying yourself, 10 per cent minimum and putting it away. He talked about Ivana Trump and the fact that she spent \$5,000 a week in maintaining her house with flowers, and he went through all the things. She couldn't change her lifestyle when she got divorced, and the courts awarded her that same amount because that was the lifestyle she was living. We are definitely getting that way, Mr. Chairman.

The Chair: Hon. members from Lac La Biche-St. Paul and Edmonton-Calder, there's a lot of noise being generated from your area. The hon. Member for Cardston-Taber-Warner has the floor. If you need to carry on your conversation, please do so outside.

Please carry on.

Mr. Hinman: Thank you, Mr. Chairman. We have a real problem here. Even in the Aon report that we spent \$1.3 million dollars for, they projected that in short order our revenue from oil and gas is going to drop from \$13 billion down to \$6 billion. Even Aon has projected, using government figures, that we're going to be in a position here in short order, not accounting for the increase in health care costs, where we're not going to be able to have a sustainable budget. We've continued to bloat the size of government, bloat the budget to an unprecedented level, and it's just, as I said before, irresponsible to go on this spending spree and say that we're doing it for Albertans. We may be, but we're certainly not doing it for the next generation of Albertans.

There is not the money going into infrastructure and long-term facilities that are going to benefit us in the long run. We've gone through one cycle where we've had to blow up hospitals, shut down hospitals and recreation facilities that organizations can't afford to keep up. The last time government went on one of these spending sprees – and I just am amazed that they need to increase this amendment from \$4.75 billion up to \$5.3 billion. It just isn't necessary.

I strongly object to this bill, and I think that Albertans feel the same way, that we don't need to amend this. If anything, we should step back and follow Norway at this time. We should be shooting for the goal of putting all of our oil and gas revenue into the heritage trust fund for another day and start living off the interest rather than living off the principal and eroding it away. In 20 years it hasn't grown, and it's a major concern.

I appreciate the time to speak on this and hope that we have a standing vote on this so that people can be held accountable for voting for this increase in the budget.

The Chair: Before I recognize the next speaker, I'd like to apologize to the Member for Edmonton-Calder. I meant to say the hon. Member for Edmonton-Castle Downs. I would ask that this area please respect the members that are recognized to have the floor.

The hon. Member for Edmonton-Calder.

10:50

Mr. Eggen: Thanks, Mr. Chairman. I rise with some interest in speaking to Bill 24, Fiscal Responsibility Amendment Act, 2006. I haven't had an opportunity to speak on this yet, and I confess that I have a number of serious concerns that this bill brings to mind. I certainly would like to be on the record as opposing the essence and substance of this bill.

I would like to ask, first of all: what exactly was the point of passing the Fiscal Responsibility Act if it has to be amended every year to allow this government to continue its misspending of oil revenues? The stated purpose of the Fiscal Responsibility Act, Mr. Chairman, when it was first introduced was to allow for sustained program funding when prices fall in the energy market. So no matter how unlikely such a fall might seem, this government cannot continue to ask for a bigger slice of the pie no matter how worthy the projects might be, because the pie, in fact, is getting smaller each year. It's being eaten up much quicker. Since these are all nonrenewable resources, we might find ourselves without any pies at all in the future.

This government is consistently stepping away from sustainable resource development. The entire revenue system is built around oil and gas: not taxes, not other industries but nonrenewable, hydrocarbon-based energy. When the oil and the gas dries up or we have finally exhausted these resources to any real degree and perhaps compromised the environment to be able to produce much of anything else, then on what will this government depend for revenues for programs it has made dependent on such resources? I myself fully intend to stay in this fine province, and I would like my family to do so as well. I refuse to leave, Mr. Chairman, a legacy that is not sustainable for those future generations. I believe it's incumbent upon all of us here to think of those people as well.

When we're done exporting our oil and have neither saved a portion of the proceeds for future generations nor a portion of the oil itself for domestic use, what will our program spending rest on? The government is chronically spending surplus money and, after we finish with our budget, unbudgeted surplus money and is chronically spending far over and above the tax base that we've set out for ourselves, all the while in fact reducing that very tax base and increasing our dependence on nonstable sources of income. This is a recipe, Mr. Chairman, I would suggest, for disaster in the future. Frankly, we as the New Democrat opposition caucus are surprised, to say the least, that the government is in fact asking for this increase yet again.

Last year while debating Bill 37, both the Official Opposition and the NDP opposition expressed very serious concerns relating to unplanned, off-budget spending of the underestimated resource revenue. Given that we keep raising this issue, on a perennial basis it seems, that we keep trying to get this government to establish long-term spending and savings plans of some sort for both resource revenue and surplus monies, how can we be asked yet again, then, to sign off on an increase that will, sure, go to good and necessary programs but whose funding should be guaranteed and stable rather than dependent on the peaks and valleys of the energy market? It's

as though the hundreds of thousands of Albertans who voted for members of the opposition parties don't seem to count for anything in the overall decisions that are made here in this Chamber.

How can this government give corporate tax breaks as well to the tune of \$265 million and, at the same time, in the same breath in fact, ask to access an additional \$550 million in oil revenues? Might we not simply go without those corporate tax breaks this year and cut the additional \$68 million, say, on the horse-racing subsidies and finally close that money-losing business in Swan Hills? These are a few things that we could easily swing together to raise that \$550 million. The government could as well access \$214 million from what it's squirreling away in the capital and sustainability funds. Instead of spending the additional \$550 million, this could go into the heritage fund and perhaps begin a trend of saving oil revenues, Mr. Chairman, instead of spending them. We have a problem with sustainability, and in the long term it will only come back to haunt us.

One of the biggest issues, I guess, that I can see with this budget is that \$265 million in corporate tax breaks into an already overheated economy, Mr. Chairman, just speaks not only of lack of planning, but it's almost like it's a deliberate overheating of the already very hot economy. We can't just look at booms as a monolithically positive event. There are many problems that are associated with them, and booms will increase the possibility of bust, quite frankly, in terms of economics. So spending and throwing extra spending pressures into an economy that's already overheated is, in fact, very dangerous and has consequences not only for this province but for the entire Canadian economy.

Why has this government been so resistant to dedicating 30 per cent of its oil revenues to savings as was done by previous Conservative governments? Clearly, we can afford it now, and with dwindling resource revenue looming on the not-so-distant horizon, it is becoming increasingly necessary to face the fact that our resource-based economy, our fossil fuel-based economy can't continue to go on as it has for so long.

So, Mr. Chairman, I do speak out quite strenuously against this particular bill, and I hope that we can find some other way by which we can in fact pay for programs, save for the future, and also run a responsible and balanced economy here in the province.

Thank you.

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

Mr. Elsalhy: Thank you, Mr. Chairman, for this opportunity to participate at this stage of debate on Bill 24, the Fiscal Responsibility Amendment Act, 2006. The name itself, actually, is interesting. It's almost like an oxymoron to some extent because this is a piece of legislation that we amend, as was mentioned, yearly. Every year it comes back to the Legislature, and there is a request for more money and more reliance on nonrenewable resource revenue.

It is introduced in such a way that one would think it's really no big deal or it's business as usual, but in fact I, too, find it questionable and objectionable. It was mentioned time and time again – some of the hon. members across are commenting: not again; we've heard that argument before – but it seems to be falling on deaf ears, so maybe we need to repeat it. Maybe somebody would listen or a light bulb would go on. The government is heavily addicted to oil. They're increasing their reliance on nonrenewable energy resources, which is something that is not sustainable and something that is unpredictable. Savings are not following at a comparable rate. So you take it with the one hand, and you're not saving any of it.

It was also mentioned in this House numerous times how we compare against jurisdictions like Alaska and Norway, and I'm not

going to repeat that argument, but I think that my overarching statement would be that a plan and a vision are urgently needed. In my opinion, ad hoc, one-off decisions that are sort of unplanned and unjustified are not the right way to go. I'm not alone, and members of the opposition are not alone. Members of the public and, indeed, researchers and scientists in the community have indicated that the trend is alarming, to say the least. Take, for example, the Canadian Taxpayers Federation. They have issues with this fiscal irresponsibility.

11:00

I will definitely mention a few others in due time, but first let me go over why I find this approach offensive, or why I don't agree with it. As I mentioned, there is a lack of plan. There is no solid plan that a person can refer to from year to year. It seems to be: money is coming in; let's spend it.

My second point would be that, as I mentioned, it is not sustainable. People like the Official Opposition, former Premier Lougheed, different economists in the community, people like the Canada West Foundation and the Fraser Institute, for example, which are most of the time thought of as reputable and trustworthy think tanks, have also sounded the alarm that this cannot continue the way it is. They have actually even raised questions as to: where is that fiscal discipline, that fiscal conservatism that this government prided itself on furthering? Where is it now? That's the question.

Third, the government is also failing to adequately save resource revenue for current and future Albertans. We've mentioned how the heritage savings trust fund has only finally received \$1 billion this year after many years of neglect. So, again, I find this alarming.

In the week of April 17, Mr. Chairman, as an individual I went online, and I surveyed interest rates that are readily available online at the various major banks in Canada, trust and insurance companies, and, you know, anybody who would have a program that offers guaranteed investment certificates. You know, on the one hand you have \$1.4 billion that was actually done in resource cheques, and there are musings now that there might be another round of rebate cheques. Again, an ad hoc decision that was not planned and wasn't well thought out. Why don't we look at what the hon. Member for Edmonton-Ellerslie suggested? Invest into a dividend fund and then give out the dividends without shrinking or jeopardizing the principal.

So I went online, and I checked all those interest rates. For a simple GIC the range was between 2.3 per cent to about 4.4 per cent. The highest place, I think, during that week was PC Financial, President's Choice.

Anyway, this is an individual talking to a bank. How about a government talking to a bank? How much of a better deal would they have actually achieved talking to a bank? They don't have to go with a GIC. They can go with another instrument, something that gives them a better return. Or as a government they can go to a bank and say: "We will give you \$1.4 billion. What is the percentage rate you can give us?" The bank would probably say: "Oh, I can give you 8 per cent. I can give you 9 per cent."

Mrs. McClellan: We're getting 11. Why would we go to the bank for 8?

Mr. Elsalhy: Okay. The hon. Minister of Finance says that they can get 11 per cent if they save that money.

Based on my calculation, Mr. Chairman, with this 4.4 per cent, which is the best deal I can get as an individual, it would translate into about \$78 per year per family in Alberta forever, and that's based on an estimate of 3.35 million people living. So \$78 per year

per family forever, and that is not counting that the principal might also grow depending on what financial instrument you use.

Now, you don't have to give a dividend. If it's \$78 and you might think that it's not enough, you can invest it into reducing personal income tax, for example. This year the government reduced personal income tax by only a meagre amount of \$35. It was also noted that \$35 doesn't buy you much, and that it was really ridiculous. Business received a slightly better reduction, from 11.5 per cent to 10 per cent, but some of the businesses surveyed said that they didn't need it, and it wasn't really warranted, especially when the economy is so hot. So we don't know the rationale there. But \$78 is more than \$35, so here's an example, and the principal is still safe.

You could have actually eliminated health care premiums. You could have invested into a pharmacare program, especially with the argument that drug costs are rising beyond control and the government is forecasting that it's not sustainable and all that big argument. Many different ways to invest wisely, and unfortunately they're not being investigated adequately.

Back to health care very briefly. I know it was mentioned before. Actually, I myself talked in budget estimates with Innovation and Science about that Aon report that came out this afternoon. That report, which was commissioned by the government, forecasts that energy revenues will decline between 2005 and 2025 by about 50 per cent. Now, again, I don't fully trust that estimation. But, anyway, that's what the government's own report is forecasting. It goes down from about \$13 billion to \$6.6 billion, which is almost half. So why are we relying on a resource that by the government's own measures is dwindling or going away or disappearing?

My fourth point, Mr. Chairman, on why I don't like this piece of legislation goes back to that fiscal discipline component. We are entrusted with all this money – and, you know, some would argue that it's really no thanks to the financial wizardry of this government; it just happens to come. What are we doing to justify to our grandchildren, as mentioned before? No. Sorry. We spent it all.

The many people that commented on this include the Canada West Foundation, as I mentioned. In one of their reports prior to the 2005 third quarter budget estimate update, they said that of the \$122.9 billion in natural resource revenue collected in this province since 1977, 91.4 per cent – the bulk of it, 91.4 per cent – went into a combination of current consumption and debt repayment, while only 8.6 per cent was saved in the heritage savings trust fund.

Another page from that report, if you will, says that since the creation of the respective funds – Alberta has the heritage fund and the permanent fund and the petroleum fund as in Alaska and Norway – Alaska has allocated 16.2 per cent to their fund, and Norway allocated 61.8. Alberta has allocated only 8.6 per cent. The Fraser Institute also commented, and I mentioned this before in this House, that Alberta has deteriorated in its standing compared to most of the other governments in Canada on something called the government spending subindex, dropping six places, or six spots, from second position to eighth in 2005. So in 2004 it was the second-best place, and in 2005 it was the eighth. Spending increases, according to the Fraser Institute, are a cause for concern and could potentially jeopardize the fiscal advantage that this province exhibits or displays now.

So every year we ask for more reliance on something that is nonrenewable when, in fact, everybody who understands finances advises us to use more reliable, more steady sources of income, things other than the nonrenewable energy sector, like taxation, for example, premiums that are collected on various services, income from other sources like agriculture and forestry and all that stuff, and so on.

Mr. Chairman, I don't think it will come as a surprise to you that I'm going to vote against this particular bill tonight. I'm also going to vote against it every time it's re-presented into this House because it really, simply doesn't make sense. If it defies common sense, if the average person on the street says, you know, "I don't like this," if this is something people don't practise in their households, then why are we practising it in this House? I don't spend more than I make, and I usually budget based on steady sources of income. I don't rely on potential lottery wins to budget for my household.

Thank you, Mr. Chairman.

11:10

[The clauses of Bill 24 agreed to]

[Title and preamble agreed to]

[The voice vote indicated that the request to report Bill 24 carried]

[Several members rose calling for a division. The division bell was rung at 11:12 p.m.]

[Ten minutes having elapsed, the committee divided]

[Mr. Marz in the chair]

For:

Abbott	Fritz	McClellan
Ady	Goudreau	Melchin
Amery	Griffiths	Mitzel
Brown	Hancock	Ouellette
Calahasen	Jablonski	Prins
Cao	Johnston	Renner
Cenaiko	Knight	Rodney
Danyluk	Lukaszuk	Rogers
Doerksen	Lund	Webber
Ducharme		

Against:

Agnihotri	Elsalhy	Pastoor
Eggen	MacDonald	

Totals:	For – 28	Against – 5
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[Request to report Bill 24 carried]

Bill 30

Persons with Developmental Disabilities Community Governance Amendment Act, 2006

The Chair: Are there any comments, questions, or amendments?
The hon. Member for Lethbridge-East.

Ms Pastoor: Some of the remarks that I was going to make were basically made in second reading, but I'd just like to recap some of my feelings on this bill. I'm pleased with the way that it's been restructured because I think that it helps clarify the reporting. I think that I have this right – and if I'm wrong, I would ask the minister to correct me on this – that the regional board chairs would then report to the assistant deputy minister. That direct link into the minister's office would extend the power of the board because the people would complain to the board. Then the board would directly go to the ministry. I just feel that there were too many – what's the word? – gatekeepers before the information actually got to the minister.

The other thing that I had spoken about was the provincial

standards and, in particular, how people are assessed so that they can access PDD. I'm aware that there is a document out there that makes it a little bit more difficult to be able to actually get into PDD. In fact, it's changed it to something called emergent only. This would apply to people who actually would be PDD recipients, but they are not 18 yet. When they turn 18, they can be reassessed and not make it into the system. I think that has to be looked at.

For instance, one of the concerns that I had cross my desk and, actually, is still sitting on it was from a woman who had a child who was autistic. Now, I know that this falls under Children's Services, but the principle is the same. The child is autistic and had all of the services that he required, but when he went to school, that help was taken back, and the help was only available for so many hours. The woman's question to me, which rightly was asked, was: how can my child be cured at 3 o'clock in the afternoon and then be autistic again at 9 o'clock the next morning? It's a good question, and the same principle can apply at the PDD level to 18-year-olds or when they turn 18.

The regional boards. I would like to know, too, how many paid staff they would have. Could they not maybe pick up some of the staff that is being released from the provincial board, which I believe numbers 35 with \$11 million attached to it? That seems like an awful lot of money, and I'd like to see that bureaucratic section of it maybe cut down and that money put right into the front lines.

I guess what I would like to see in terms of the layout of how this works is: here's the client, and then there's the worker, that is the actual service deliverer. That truly, in my mind, is the most important person. That's the one that really makes the difference in that client's life. Then the next worker would be the assessment and case manager. The case manager would then report to the CEO, the CEO would report to the board, and the board to the assistant deputy minister, which seems like a lot of people because the only one that's really doing the work with the client is the one single worker. We now have seven people involved in delivering perhaps just three hours of care to one client a day. I think that that can be streamlined. Yeah, it can definitely be streamlined.

Also, the fact that regions differ in their needs. They also differ in the numbers. For instance, I know that Fort McMurray has a large number of brain-injured clients that need that extra-special care, that perhaps isn't a factor in, say, Lethbridge. The regions have to be able to have a way of getting their specific needs through to the minister's office.

The other thing that I would like to see – and of course this is, I guess, a kind of dream sequence – is that the community boards at the regional levels would actually be elected from within their community, that the CEOs would be hired by the regional boards, and that the ministry and the board together would come up with the contractual obligations that that particular CEO would have to meet.

11:30

I'd also like to see on the boards, however the numbered boards would be, some persons at large, ones that aren't even connected with the system, someone that would just come in and be able to oversee it and bring a fresh perspective, who doesn't have either a monetary interest or, in fact, an emotional interest because they have somebody in the system.

Also, I would like to know how this appeal panel would work. The reason that I would ask that is that I'd like to know what it would look like. I did serve on the Canadian pension board tribunal, and there were only three of us. We had two months of training, and it was a three-year appointment. There was a small per diem and expenses if it was out of town. But that worked very, very well in terms of an appeal panel. If it is the same people hearing, they get

very, very good at looking at it in a fair fashion. So I'd like to know what that appeal panel is going to look like.

Just to wrap it up, I guess what I'm really saying is that I feel that the bottom line would create a leaner ministry and a leaner board structure so that, in fact, complaints can come quicker, and it allows the ministry to be more responsive to problems, that just cannot fester for months and months. People are suffering in the meantime. This will be legislation. This is a legislated bill. But I would like to see other parts of the ministry legislated. The reason I'm saying that – I don't even have to think about this present minister; this present minister gets it. I am worried about future ministers, and I want to make sure that if this goes forward in the manner that I think it's going to go forward, the good work that is being done now will be continued, and we won't have to rely on making sure that we have as good a minister as we have now. If someone comes along later that isn't as good, that good legislation is there, and they'll be able to work within it.

Other than those few questions, I would recommend support for this bill to go forward out of Committee of the Whole.

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

Mr. Agnihotri: Thank you, Mr. Chairman. I'm pleased to rise and speak to Bill 30, Persons with Developmental Disabilities Community Governance Amendment Act. The main objective of this bill is to eliminate the Persons with Developmental Disabilities Provincial Board that oversees the six regional community boards, transfer responsibilities of the provincial board to the ministry, and enhance the role of the six regional community boards. The regional community boards will report directly to the minister and will be responsible for the local governance program delivery and co-ordinating other supports. According to a government of Alberta news release from April 11, 2006, the goal of this reform is to "enhance the role of the community boards that administer services . . . while improving the province's ability to better co-ordinate all the programs that provide support to Albertans with disabilities.

Changes to the system are absolutely necessary, and we recently requested that the minister conduct a comprehensive review of the governance structure. However, we do not know how the minister arrived at the decision to eliminate the provincial board in order to improve efficiency and how the changes will impact the community boards. The community boards we contacted were unable to comment on how the elimination of the provincial board would impact their operation. The minister claims that the goal of the reform is to improve accountability and transparency, yet the community boards have been directed to not comment. Hardly an improvement.

I have a few questions, Mr. Chairman. Building Better Bridges is a report on programs and services in support of persons with developmental disabilities, PDD, released in March 2000. It contains 10 recommendations directed towards improving the governance and service delivery of the PDD programs as well as addressing the needs of other persons with disabilities who do not fit under the current mandate. This review did not recommend eliminating the provincial board. How was the decision made, and what review or reports were completed? Which groups were consulted?

Lorne Taylor recently, in the fall of 2005, prepared a report on PDD governance. When will this be made public, and when will Albertans be able to see the recommendations made by Lorne Taylor about the PDD governance structure? Did the report recommend the elimination of the provincial boards? Why were the community

boards given the direction to forward all questions to the departments? How are we supposed to understand and evaluate the impact of this change to community boards when they have been directed to not answer questions? How much money will be saved and where? How will that money be allocated? What arrangements have been made to prepare the department to take on these additional responsibilities?

Given that 35 provincial board staff are being transferred to the ministry, what specific changes will be made to ensure that programs are being delivered in a more co-ordinated, effective, and efficient way? This minister claims that this reform will improve accountability, administrative efficiency, transparency, and create more equitable delivery of programs. How? What steps will the department take to ensure that services are delivered in a fair and effective way? What steps will the minister take to improve transparency?

Section 24 of the current PDD governance act includes a section requiring the minister to conduct a comprehensive review of this act.

The Minister must begin a comprehensive review of this Act within 3 years after June 18, 1997 and must submit to the Legislative Assembly, within one year after beginning the review, a report that includes any amendments recommended by the Minister.

How will this section be updated?

Last year the Auditor General made recommendations for the ministry regarding PDD. The provincial board has drafted new contracting policies. The new policies detail the requirements to be met in preparing business cases and also include guidance on contractor selection, which is on page 294. Will the ministry maintain these contracting policies? How will contracting work?

11:40

At page 295 it states that "management of the Provincial Board indicated that the problems identified as a result of the OCIA reviews will be addressed as part of the project to update their contracts, policies, and manuals." What will happen with the projects like updating contracts, policies, and manuals that were the responsibility of the provincial board?

I'm still not sure whether I should support this bill. I still have questions. Maybe I will listen to the other speaker, and then I will decide. Thank you.

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

Mr. Eggen: Thank you, Mr. Chairman. I rise with interest in speaking for my first time on Bill 30, Persons with Developmental Disabilities Community Governance Amendment Act. You know, I have quite a number of concerns in regard to this act. We have as well in fact as a caucus been doing some outreach on specific elements of this bill and have come across some concerns from the PDD community. So I just wanted to articulate those to the minister specific to certain sections and pages of this bill, and perhaps she can provide me with some illumination on these bits.

First of all, just a general concern that I have is: what exactly did prompt the retooling of this act in the first place? According to the PDD groups that I've been speaking to, the functioning of the provincial board, in fact, was economical and efficient. So why are the roles and the responsibilities of the provincial board being transferred over to this ministry? What is the expected efficiency or benefit that can be derived from this?

While it seems to make sense that the ministry that is in charge of the PDD program should have a direct line of communication with these programs that support people with disabilities, the proposed amendments themselves seem to indicate that the transfer of responsibility would result in some duplication of services rather than creating any efficiencies. For example, section 9 of the proposed amendment states that the minister may, if she finds that

it in the public interest, offer programs or services in regions even if the same services are now being offered by a community board. I find that somewhat questionable.

In section 10 of the proposed amendments the text states: the minister may give community boards written directions on how to avoid duplication of effort and expense in the provision of services. So if the ministry proposes to offer services already offered and in the same breath says it will give advice on how to avoid such duplication, I just have to wonder at the overall effectiveness of these amendments. If the purpose of these amendments is to make things go more smoothly in conjunction with the transferring of responsibility to the minister for the purpose of increasing accountability, will there be an increase in funding to ensure that we at least keep these services intact even if they're not being increased?

The Alberta Association for Community Living had their rally here to protest these funding cuts. The minister has stated that there is, in fact, more money flowing to these PDD programs and services. If this is so, I'm wondering why the Edmonton community board for persons with developmental disabilities is sending out letters requiring the service providers to cut 3.4 per cent from their budgets. Perhaps our math is off, but I don't think so. I think that there is a real discrepancy here. If the minister, as she mentioned, could find efficiencies in administration, then that's great. If we can realize money to the front lines where there is a need, then that's great too. But I beg to differ that, in fact, there has been anything misleading in the line of questioning that we've been taking this week. It's clear that the people who actually are receiving these services have a serious concern, and their concerns deserve to be met. To suggest that there is no essential cutback in the actual provision of monies to specific services, I just beg to differ on that.

The Winspear fund, a private initiative, is having to catch people as they fall through the cracks that this government has not only ignored but created through a lack of commitment towards the most vulnerable people in our society. Last year the monies from the Winspear fund paid out just over \$65,000 helping individuals in dire need. So how does the minister respond to the evidence that obviously there are these anomalies in our system? We're looking to help people in the best possible way, and this is the place by which we can do so.

Specific to key sections of this bill that I have concerns with, the first one is on page 2, section 4. It says that this amendment does away with provincial boards. Their function is filled by the minister and community boards. There are some consequential amendments that do away with references to these entities throughout the proposed amendments. As I have said previously, the PDD community has pronounced that they are opposed to this change. The provincial boards were not inefficient, nor were they inexpensive to run.

If I can just turn attention, then, to page 5, section 9. This section is changing to state that the role of the minister is to work with other ministers and governments and public and private bodies to "co-ordinate the provision of services to adults with developmental disabilities." So I'd like to ask: what does the inclusion of "private bodies" reflect in terms of care trends throughout the province? What is the proportion of services and programs offered through these private bodies, and what's the difference in rates and quality of care between private and public bodies?

Over on page 5, section 9, this section seems to be amended to state:

Notwithstanding the regulations, if the Minister considers that it is in the public interest to do so, the Minister may provide or arrange for the provision of services in any region, whether or not those services are also being provided in that region by a Community Board.

Of course, this begs the question as to whether this, in fact, facilitates a duplication of services. If the services offered by a community board are insufficient, can the minister not just simply order the increase in such services that are needed? If they're not found to be inadequate or inappropriate, then are there not licensing or quality control issues, then, to be addressed? That's a problem.

Over on pages 5 and 6, section 10, the amendment reads, "The Minister may give Community Boards written directions . . . on how to avoid duplication of effort and expense in the provision of services." Then I say: what about section 9(2), regarding the minister providing duplicated services? This seems to be at cross-purposes at best, Mr. Chairman.

Over on page 8 section 15 states that "the Minister may, in accordance with the regulations, establish one or more appeal panels to hear appeals under this Act." In the previous legislation you had the right to appeal directly to the provincial board, but now there is an intermediary with no appeals process spelled out as it was in the previous legislation. Nor is the form of the appeal in fact stipulated in this new amendment contentwise and formwise as it was in the previous legislation. So I'm asking: is this to make the appeals process more flexible? How will the appeals process in fact change in reality? I think that many people would like to know.

Over on pages 10 and 11 section 21 amends the old section 23. "The Lieutenant Governor in Council may make regulations . . . respecting appeal panels, appeals and the decisions of a Community Board that are exempt from appeal." My question is: what decisions might be in fact exempt from appeal? Was there in the past any history that we can make reference to that would suggest this to be necessary? Was the whole process in general ever challenged? What is the rationale of having decisions that are above appeal? That seems to be again contrary to best practices.

So I do have a number of I think quite significant specific concerns. If the minister would be so kind as to address those and others, then perhaps we could seek clarification that would allow our caucus to consider support.

Thank you.

11:50

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

Mr. Elsalhy: Thank you, Mr. Chairman, and I promise to be brief. Most of my concerns were addressed in this stage of debate and earlier ones.

As I read this proposed Bill 30, the Persons with Developmental Disabilities Community Governance Amendment Act, 2006, I must start by saying that under the guidance of my hon. colleague from Lethbridge-East we don't seem to find it too contentious, and we are leaning definitely towards supporting it.

Some of my comments, Mr. Chairman. For removing the provincial board or absorbing the membership of the provincial board under the wing or the control of the hon. Minister of Seniors and Community Supports, the rationale used by the hon. sponsor of the bill was to basically improve efficiencies. I need to seek some clarification on this. You know, we're basically just moving those 15 members between different areas, from one designation to another. The budget for that board was \$11 million, and there seems to be some belief that we're going to save some of that money by moving them within the ministry or under the minister directly. However, it was mentioned at one point that members of the Alberta Association for Community Living say that those board members are mostly volunteers, so these are people who are not paid a salary or a wage. They're basically paid in honorariums and per diems. So some clarification would be greatly appreciated as to how much of that \$11 million we're hoping to save and which areas we would be realizing those savings in. That's the first comment.

My second one. You know, we definitely agree that changes are needed and that reform or fine-tuning or streamlining is warranted, especially when dealing with front-line services and especially for people that really need those services. PDD clients are definitely in need of protection and support, and anything we can do to reform or streamline the services that they receive is advised. However, we don't know how the hon. minister arrived at the conclusion that the way to do it or the way to improve efficiency was basically to eliminate or disband the provincial board. So again some clarification would be great.

Now, it was mentioned in this House, especially this week, about the rally in front of the steps of the Legislature. The two arguments in this House, Mr. Chairman: did they receive an adequate raise in their funding or didn't they? The hon. minister actually has gone to great lengths in explaining that they did in fact receive a 3 per cent increase in this year's budget over last year's. Yes, that's great, and we're not arguing with that or quarreling against it, but is 3 per cent enough to cover things like inflation, rising costs that actually do go up from year to year, and also for the new clients that are coming into the program? This is where the miscommunication exists. Basically we're saying that it's not enough, and the minister says: well, it's more than last year.

This year's budget is done. It's finished. You know, it's voted on. But maybe for next year's budget this might be a consideration for the hon. minister to look into, and I would definitely urge her to commit to evaluating the adequacy of funding for PDD support programs on an annual basis. Every year there has to be an evaluation or an assessment of the impact that the funding, whatever the level, has on services, staff, and all those things. So do it yearly and also commit to consulting with the PDD families and front-line care providers. People make submissions to the standing policy committees and so on, and that's how the budget is arrived at, through that process. Why not involve the people who are really affected by those decisions from the beginning? In so doing, we can always reach sort of a consensus or a compromise, and it would definitely alleviate some of that potential for them to be unhappy or to be not satisfied and having to resort to other means like, you know, picketing or demonstrating in front of the Legislature. So involve them at the beginning, and treat them as partners.

Moving on, the minister has also stated in the House and in news conferences that a review of PDD has started some time ago, and she promised to make those results available as quickly as possible. So I'm urging her to honour that promise and to share the results with the House as soon as she gets them. But if the House is not sitting, Mr. Chairman, I would urge her to consider sending those results to each of us MLAs in our constituency offices because this is an ongoing concern, and if we have the chance to report on something positive to our constituents, it would be tremendously appreciated to share that positive outlook to the future and to tell them that this is the information that the minister is sharing with us, that these are the findings of that review and here are the changes that are going to be implemented starting next year.

I had questions with regard to the line-by-line and provision-by-provision analysis since we're in committee. One of those was pertaining to section 9, talking about the minister's role. Now that the minister is, as I mentioned, absorbing the provincial board under her, it now proposes to expand the role of the minister by transferring those responsibilities directly to her. You know, this might not necessarily be a bad thing, but it always raises flags as to how much power the minister has. Are we advocating sort of a direct intervention model compared to an organization that is at arm's length? Again, it might be fine in this particular situation, and, yes, there might be some efficiency to be realized, but I need an assurance from the minister that it just doesn't simply mean concentration of

more power into her hands as seems to be the case with the other ministries in this cabinet.

Moving on to section 19, which basically amends section 21 of the existing act, and that talks about personal information. As you know, Mr. Chairman, I happen to be the Official Opposition critic in charge of privacy and freedom of information and all that stuff. This section also proposes or adds the mechanism for the minister to use and deal with personal information on clients and on and from community boards and the appeals panel. What are we doing to ensure that there are privacy guarantees in place to guard against loss or theft of information on those PDD clients and to make sure that it is used for the purposes that are stated and that there is no potential for any misuse? So, you know, people are becoming increasingly aware of privacy concerns. We keep telling them to guard their information. Now that the hon. minister is taking on more responsibility as a trustee, if you will, a custodian of that information, what is she going to do to assure us in this House and to assure those 9,300 PDD clients that their information is not going to be misused or misplaced and that it's only used for the purposes that are stated?

I can go on, Mr. Chairman, but in light of the hour – it's a new day today – I think I will reclaim my chair, and I thank you for this opportunity.

12:00

The Chair: Are you ready for the question on Bill 30, Persons with Developmental Disabilities Community Governance Amendment Act, 2006?

Hon. Members: Agreed.

[The clauses of Bill 30 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Chair: Opposed? Carried.

Bill 20
Freedom of Information and
Protection of Privacy Amendment Act, 2006

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

Mr. Elsalhy: Thank you, Mr. Chairman. It is indeed my pleasure to rise and participate in debate on Bill 20, the Freedom of Information and Protection of Privacy Amendment Act, 2006. I would start off by reiterating some of my previous comments that I made during second reading, that this bill is actually half good, half bad. We have great achievements and great progress in terms of the protection of privacy of Albertans and their information, but then we also have sections in this proposed bill that are definitely questionable and offensive not only to the opposition but to members of the public at large.

I note, Mr. Chairman, that there was some media interest in this bill. The media seem to think that the 50 per cent that is positive should definitely go forward – and that's our position – but that the 50 per cent that is questionable, that is adding layers of secrecy to this government should be rejected or thrown out. As such, it is my honour and pleasure to introduce an amendment to Bill 20. I would definitely share it with the House if you'll permit me.

Rev. Abbott: Question.

Mr. Elsalhy: Nice try.

The Chair: We will refer to this amendment as amendment A1. Now, does everyone have a copy?

Hon. Members: Yes.

The Chair: Does the hon. Member for Edmonton-McClung wish to speak to the amendment?

Mr. Elsalhy: Yes, sir. Thank you, Mr. Chairman. On this amendment A1 what we're proposing here is to definitely remove section 5 of the proposed amendment. Now, section 5 is amending section 24 of the original legislation by adding section 2.1, talking about the chief internal auditor and, basically, making the findings or investigations or any information that is given to or collected by the chief internal auditor of this province hidden or covered for about 15 years since the audit to which the record or information relates was completed. So any information that is given to or collected by the chief internal auditor will be sealed from public scrutiny for 15 years. It definitely raises a lot of concern in my mind and in the minds of many Albertans why such a move is necessary.

Now, the chief internal auditor operates in co-operation with the Auditor General. Some of the arguments from the government side seem to indicate that his role is advisory in nature. I find this a hard pill to swallow, Mr. Chairman, because the chief internal auditor is there to provide evaluations and assessments of government expenses and programs. Yes, part of his work might be advisory. But that is not an excuse to hide it from public scrutiny, especially in this day and age when the talk and the flavour of the month is transparency, accountability, and being open. There's a saying that if you have nothing to hide, you hide nothing.

Mr. Chairman, I can go on and on talking about why this is not acceptable and why this amendment is hoping to remedy that deficiency in this bill. In essence, what I'm offering is for the government side to co-operate with us by allowing our amendments to move forward. We would find it extremely easy to support the remainder of the bill, which I mentioned was positive and timely. We don't need more layers of secrecy. If we're trying to fix the image of the government and displaying, you know, open, transparent, and accountable behaviour, then we would definitely support this amendment moving forward to remove and strike out the offending section 5.

I invite further comment from my hon. colleagues on both sides of the House. Thank you, Mr. Chair.

The Chair: The hon. Member for Red Deer-North.

Mrs. Jablonski: Thank you, Mr. Chairman. In speaking to the amendment that has just been proposed for Bill 20, I would like to say that it is open and transparent. The reason I would say that is because all records from the internal auditor are available to the Auditor General at any time. The Auditor General represents the interests of the public. Therefore, I believe that it is open and transparent because he has the ability to call those records up. So I don't believe that this is a good amendment, and I would not support this amendment.

At this time I would call to adjourn the debate.

[Motion to adjourn debate carried]

The Chair: The hon. Deputy Government House Leader.

Mr. Renner: Thank you, Mr. Chairman. I move that the committee rise and report Bill 24, Bill 30, and progress on Bill 20.

[Motion carried]

[The Deputy Speaker in the chair]

12:10

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

Rev. Abbott: Well, thank you, Mr. Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports the following bills: Bill 24, Bill 30. The committee reports progress on the following bill: Bill 20. I wish to table copies of all amendments considered by the Committee of the Whole on this date for the official records of the Assembly.

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

Hon. Members: Concur.

The Deputy Speaker: Opposed? So ordered.

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

Bill 35
Fuel Tax Act

The Deputy Speaker: The hon. Minister of Finance.

Mrs. McClellan: Thank you, Mr. Speaker. I'm pleased to move second reading of Bill 35, the Fuel Tax Act.

Mr. Speaker, just a few comments on this act. In fact, there are no

policy changes in this act. It is a rewrite of the act to bring it up to the present day. There is some clarification in this act as to how the fuel tax is collected, which really speaks to the size of this act. We've gone through the act very carefully and made sure that the definitions are clearer and more timely to today's language in dealing with these various fuels, making sure that the clarity is there for the persons who are impacted by this act, clarification as to who pays the tax, how they pay the tax. Also, a section of it deals with areas where there are issues around the collection of tax and how you deal with that.

We thought it was important that this act be reviewed, that we ensure that there was clarity around the act to ensure that people impacted by or using this act understand clearly that there should be no hindrance or interference with carrying out this act and that, indeed, if there are infractions under this act, that there are penalties that would speak to the seriousness of that.

So, Mr. Speaker, I look forward to comments on how members in this Assembly might feel that we could further clarify sections or, indeed, to hear their comments as to whether we have clarified this act in an appropriate way. I know that most members of the Legislature will have had some contact with constituents with this act because, of course, it has been in place for some time.

Mr. Speaker, with those opening comments and that explanation I look forward to hearing from members on this particular act when we have an opportunity to debate it in this House and would adjourn debate on this act at this time.

[Motion to adjourn debate carried]

Mr. Renner: Well, Mr. Speaker, given the hour and the progress made this evening, I would like to move that the House now adjourn until 1:30 this afternoon.

[Motion carried; at 12:16 a.m. on Thursday the Assembly adjourned to 1:30 p.m.]