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The Honourable Kenneth R. Kowalski, Speaker

Legislative Assembly of Alberta

The 27th Legislature

Second Session

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Legislative Assembly of Alberta

7:30 p.m.

Tuesday, May 12, 2009

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated, hon. members.

Government Bills and Orders Second Reading

Bill 25

Teachers' Pension Plans Amendment Act, 2009

[Adjourned debate May 5: Mr. Renner]

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

Ms Blakeman: Thank you very much, Mr. Speaker. I'm pleased to rise in second reading on Bill 25, the Teachers' Pension Plans Amendment Act, 2009. I just wanted to make a couple of comments on this bill. I do have a number of younger teachers that live in my fabulous constituency of Edmonton-Centre because I tend to have a number of young professionals who are living in all of the many wonderful apartments and condominiums in my constituency, and they're actually really good about keeping in touch with me.

This question of the unfunded liability has been around for a long time. Actually, Mr. Speaker, because I am the daughter of two teachers, I've been listening to the discussion of this unfunded liability for most of my life. My parents, my father in particular, were very concerned about the fact that it was unfunded from way back when. Now, both of my parents are long retired. Actually, they retired prior to 1992, so they're really not captured in this.

What the younger teachers in my constituency have approached me to say is: "How is this fair? I could go to B.C. or Saskatchewan or Manitoba, and I would be paying a considerably smaller percentage of my salary towards a secure pension for when I retire as a teacher." But here in Alberta, as young teachers, they feel that they are having to pay for the sins of their fathers, if I may be allowed to paraphrase a little bit. They were pretty unhappy about that, but they're still going to do it because they need and want that pension. I think they work hard for it. It was certainly an issue that needed to be addressed.

I don't want to say that it was considered okay at the time because I think certain financial people and economists and people like my father would have argued even, you know, back in the '50s, '60s, '70s, '80s that having an unfunded liability was a bad idea, but it was certainly allowed, and lots of pension plans were unfunded. As people retired, the money would get shifted over to the account to pay their pension. But as we grow into maturity as a province, we have a larger workforce, and we have to compete nationally and internationally for good teachers. One of the things that we have the ability and the opportunity to achieve here is an excellent education system. It's important that we have excellent teachers to help us and support us in that. That competition factor started to come into play plus the economic issue of having an unfunded liability.

This has come about through a series of smart moves and stumbles and bumbles, but we got here, which is good. We did arrive at an agreement. Essentially, what the government got was an assurance of labour stability from the teachers for a period of five years. The teachers got both the government paying in for their unfunded liability portion and the government picking up the teachers' pre-1992 unfunded portion. Both sides were at fault here, Mr. Speaker, and I should point this out although I think it's argued that the

government was at fault for longer, so their unfunded liability went on for longer than the teachers' did.

We clearly have had a downturn in our economy, and I'm wondering if I can get someone on the government side to talk now or maybe at the beginning of Committee of the Whole about how this additional funding commitment is going to be managed given the pressures on the budget during these times. We have less revenue coming in. In most cases our costs, our expenses continue. They haven't necessarily increased unless we're talking about infrastructure costs. How long is this repayment expected to take, and what will be the total cost to the taxpayers in the end run of funding this?

Attached to that – and I'm not doing a sectional analysis here, of course, Mr. Speaker; that would be left for Committee of the Whole – as I peruse the bill, I notice that there are sections that are talking about taking money from the general revenue fund and advancing it to enable the school boards to make the payments on these pre '92 benefits. I'd like it clarified what the schedule is for those transfers, for that advance of money, and how much money is going to be advanced to allow those payments to be made.

Just a couple of fairly small questions about this. There's a long timeline of how we got to be here. Well, I don't need to go into all the unhappiness that happened around this. I think all sides seem fairly happy with the arrangements now. I don't think I would have made the same deal because I'm a little worried about that, about what the government will do in four and a half years' time or four years' time that could make the teachers pretty unhappy, and they'll just have to suck it up because they agreed to a five-year period of stability in those labour negotiations. So just a couple of questions about the payments and the payment schedule and what the total amounts would be.

Overall, this seems to have made my teachers happier, and it makes me happier as a legislator and as an Albertan. I think that more than any other resource that we have, education is going to keep us prosperous and healthy long into the future, long past any oil reserves, long past any gas reserves, long past coal or any of the renewable resources. That knowledge-based economy is us, and as long as we keep our people healthy and we have an excellent education system that people have access to, we should excel and be able to compete across the world. That's what this bill should allow us to do. It's going to allow us to compete for teachers. It should keep the teachers that we have here happier. We are looking at a period of labour peace, so this should be a happy, good-news bill. I hope it is, and I just look forward to answers to my questions.

Thank you very much, Mr. Speaker.

Mr. Snelgrove: Mr. Speaker, the hon. member is exactly right on. I don't think anybody can guarantee her right now how long it will take to actually contribute to the pension fund so that it becomes self-sustaining. Till then, we will take money out of general revenue to meet the commitments of the pension fund.

It really does depend on how quickly our economy turns around. I know she knows that a lot of pension funds are scrambling right now to try and get themselves back into a funded position. I think that nearly everyone in North America will probably find themselves in some kind of position. For this particular bill, though – as she said, you know, the devil is in the details – it just simply acknowledges that we will be responsible as a government for that portion, and we will contribute to the ongoing costs on a yearly basis until we're able to fund the pension and kind of let it go.

So the hon. member is right in her concerns. They are the concerns we share. I don't know how quickly we'll be able to accommodate it. I don't know how soon we'll have the money to

contribute or what form it could take to fund the pension. I know she's saying: now, what does he mean? I'll talk to her about it because there are some ideas that I think the teachers and Albertans would really support, but that's not really in this bill. It's just simply acknowledging our commitment to that debt.

The Deputy Speaker: Any other hon. member wish to speak on the bill?

Seeing none, the chair shall now call the question.

[Motion carried; Bill 25 read a second time]

7:40

Bill 37

Alberta Corporate Tax Amendment Act, 2009

[Adjourned debate April 28: Mr. Johnson]

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

Mr. Taylor: Thank you, Mr. Speaker. I rise to join second reading debate on Bill 37, the Alberta Corporate Tax Amendment Act, 2009. This is an act that normally gets amended pretty much every year, a little tweak here, a little minor adjustment there. I think that's pretty much what we're looking at there, so I'm not going to dwell on this for any time at all.

I must admit that I raised a bit of an eyebrow on one particular change in here, that having to do with the Alberta royalty tax credit program, in that we're amending that section in the act to legitimize a bunch of claims that have been made in the oil and gas industry based on a wrong approach or a wrong interpretation by the industry as to what the laws were so that we had all kinds of oil and gas companies inadvertently breaking our own tax laws. We've said: well, rather than go after them to get the tax credit money back, even though the royalty tax credit doesn't exist anymore, we're going to make this amendment to absolve everybody of those past sins. It's a little bit like, you know, two wrongs making a right or that two wrongs don't make a right but three lefts do. I don't know. In any event, I raised an eyebrow, but it's not a deal breaker.

Other than that, we are basically looking at just some housekeeping changes that parallel changes in federal law and a couple of amendments made in Quebec. Some Alberta scientific research and experimental development tax credit issues that were introduced in Budget 2008 are to be resolved in this bill. That may bear a little more discussion in committee. I don't know. We'll see when we get to committee.

Certainly, in principle I don't think we have any problem whatsoever with Bill 37. I don't know if others want to get in on the debate or not, but I'm pretty sure that in pretty short order, Mr. Speaker, we can call the question on this one.

The Deputy Speaker: Hon. member, you wish to speak on the bill? The hon. Member for Calgary-McCall.

Mr. Kang: Thank you, Mr. Speaker. I've just got a couple of comments. I think this bill is very timely the way things are going. Just a quick comment. Is there any money owing by the corporations? Do we need to make this amendment now to seize the bank accounts of the corporations? That's the only comment that I want to make.

Thank you, Mr. Speaker.

The Deputy Speaker: Anyone else wish to speak on the bill?

Seeing none, the chair shall now call the question.

[Motion carried; Bill 37 read a second time]

Bill 38

Tourism Levy Amendment Act, 2009

[Adjourned debate April 28: Mr. VanderBurg]

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

Mr. Taylor: Thank you again, Mr. Speaker. I rise to join second reading debate on Bill 38, the Tourism Levy Amendment Act, 2009. This really seeks to do two things: figure out when we do and when we don't get our share of the 4 per cent tourism levy in hotels where reward points are involved. The other issue is: do we get our 4 per cent when a reservation has been made, a deposit put down, and then the reservation is cancelled?

I think what this does is attempt to standardize everything across the industry so that if rewards points are deemed to have a certain dollar value, in fact, if money changes hands so that the rewards points company actually pays the hotel operator a portion of the room rate in that case, then the tourism levy applies. If it's comped, complimentary, then there is no tourism levy. The same thing goes on the deposits and the cancellations. If the reservation fee is refunded, we don't get anything; if there's a cancellation fee, we do. It's just, basically, that the province getting its 4 per cent of whatever money changes hands. Seems pretty straightforward.

On that basis, Mr. Speaker, again, I have nothing at second reading stage to complain about. We may get into a little more examination of some of the specific details in committee, but again maybe not. We'll have to see. Certainly, at this point I'm pleased to let this bill proceed.

Thank you.

The Deputy Speaker: The hon. Member for Edmonton-Strathcona, on the bill.

Ms. Notley: I also rise in order to join the debate on Bill 38, the Tourism Levy Amendment Act. As has already been pointed out by the Member for Calgary-Currie, this appears to be a primarily administrative piece of legislation that would focus on clarifying the circumstances under which the 4 per cent levy is paid, where accommodation, as mentioned, is paid for using reward points. Of course, this clarification appears to be a valuable one and one that would be to everyone's benefit.

As well, it does appear also to make changes that are not dissimilar from those which have been made in other acts with respect to the ability to collect against an account which is jointly held. Again, this appears to be a case where in the past these types of accounts couldn't be accessed where they were jointly held. This is not a matter that we would have significant difficulty with.

With that in mind, at this point, anyway, we have tentative support of the bill, and we'll look into additional implications in third reading to determine whether there are any concerns that arise upon that level of scrutiny.

Thank you.

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

Mr. VanderBurg: Thank you, Mr. Speaker. I do appreciate the understanding and the co-operation given by the members opposite. I just wanted to stand and give my appreciation to both of them.

Thank you.

[Motion carried; Bill 38 read a second time]

Bill 39
Tobacco Tax Amendment Act, 2009

[Adjourned debate April 28: Mr. Weadick]

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

Mr. Taylor: Again, Mr. Speaker, thank you. Bill 39, the Tobacco Tax Amendment Act, 2009, is, I guess, a little more involved than the previous two bills we've just dealt with in second reading. It's a little more than administrative. I mean, we do have a problem here, or so the government contends, with the issue of tobacco smuggling and the illicit sale of tobacco and illicit importation of tobacco becoming a growing problem in the province of Alberta. In part the Tobacco Tax Amendment Act seeks to deal with that.

Of course, it enables the higher tax on smokes announced in the budget. It also brings in some amendments that should more effectively prohibit unwanted activity by strengthening prohibitions and clarifying their application. Again, it brings in the ability to seize joint bank accounts where that applies, which pretty much just makes this uniform with other taxation acts on our books in Alberta. It broadens some seizure powers, and it doubles fines and triples civil penalties for unlawful possession for sale of tax-free tobacco or tobacco on which tax has not been paid.

There are a couple of other things as well. A late filing penalty will be imposed, and it enhances requirements for tax collectors to make their reporting obligations more transparent. It will provide greater access to books and records. I was going to say a better and easier paper trail although, actually, it does that by encouraging the migration over to electronic record keeping and making sure that once somebody has made the move to electronic record keeping, they can't go back to the old paper voucher system, which I think is a good idea as well.

7:50

I don't think that second reading is necessarily the appropriate place to ask this, but I do think that when we get to committee study on this bill, I would like to hear some detailed description from the minister of finance or the sponsor of the bill as to the extent and nature of the problem of tobacco smuggling and the illicit sale and importation and possession of tobacco in the province of Alberta. We have long been, of course, under the impression that cross-border tobacco smuggling and various other illegal activities having to do with cigarettes and other tobacco products were a huge problem back east where the borders of Quebec and Ontario and New York state all converge.

Maybe I just haven't been paying attention, being a reformed smoker of many, many years now who has gotten to the point where I don't even get cravings anymore. I really don't pay too much attention to what's going on in the world of big tobacco or the world of tobacco generally, but I must say it caught me a bit by surprise when during briefing, we were told that there is a significantly, from the impression that I was left with, increased amount of law-breaking going on around tobacco.

There is, of course, a lot of money to be made off tobacco, and the province, of course, wants to make as much money off tobacco as it can while tobacco is a legal product. I note that an additional \$70 million in revenue should be collected each year now that we've bumped up the tax on smokes. Unless all smokers actually make a New Year's resolution to quit and stick to it next year, you can't help but say that that's a fairly stable and predictable source of revenue. In these economic times you have to concede that that's not necessarily a negative as far as the provincial treasury is concerned. Increased taxes on tobacco are also an effective deterrent

on smoking but may possibly be contributing to the increase in illegal activities around tobacco as well.

I'm looking forward to a discussion about that at committee stage. For now, in principal, no problem with this bill. I'll take my seat, Mr. Speaker, and allow others to join the debate if they wish.

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

Ms Blakeman: Thanks very much, Mr. Speaker, for allowing me to join in the second reading debate of Bill 39, the Tobacco Tax Amendment Act, 2009. I'll start out by saying that I am so glad I'm not a smoker anymore. Holy mackerel, it's expensive to be a smoker now. There's that sin tax that should, I hope, be working as a deterrent, as a disincentive to people.

Mr. Taylor: What did they cost when you quit?

Ms Blakeman: I think it was, like, \$40 a carton or maybe \$44 a carton, which makes that seem like a very long time ago, Mr. Speaker.

We are now generating almost a billion dollars – \$915 million is the projected revenue from tobacco tax in this budget year of '09-10, 6.2 per cent of total government revenue. So this is not an insignificant amount of money that it's raising. I mean, I know that our gambling revenues are sort of \$1.3 billion or \$1.5 billion, and that, I think, is a significant amount of money. So this is a fair chunk of change we're getting from this. One can only hope that eventually the amount of tax that we make off of this goes down because there are fewer people smoking. I will admit that it hasn't been long enough for me. I slow down as I leave buildings, walk very slowly, inhale deeply as I move through the crowds, but that's about the extent of my participation in smoking these days.

I'm a little curious about the decision to put right into this act the ability to seize property. Now, clearly, homes, domiciles are exempted from this because the language that's being used is "other than a dwelling house," which is very odd language, but I'm assuming that that's meaning a personal residence. It is allowing it if officers believe that there's a contravention or that the vehicle or the premises have been used for activities that contravene this act. They can enter and search, people have to help them with information, and an officer who believes there has been a contravention can seize that thing, which would be a vehicle or premises, I'm assuming. They have to immediately take it to a provincial court judge with an affidavit, and if they don't, they have to return that thing to the person. I'm thinking: wow.

Is this legislation in line with similar legislation across the country? That's the first question. The second question is: how many times has that sort of seizure power been used in other provinces? If I could get some idea on a per capita basis, you know, because Ontario is significantly larger than we are, so if they've seized somebody's car 10 times, then I would expect a rate for us would be significantly less than that.

I guess where I'm a bit curious here is that my first memory of legislation that started to talk about seizure around something that wasn't sort of big-time Criminal Code activity was around seizing johns' cars. That, to my eye at the time, was a unique solution by a community trying to deal with an invasion of their neighbourhood and them trying to get a handle on that activity that was really disrupting their community. The seizure of the cars and also the john school was a way of those communities actually dealing with something.

Since then it just strikes me that almost every time I turn around, there is a seizure power that is being considered in an act, and here I see it again. I'm curious as to whether this is now another made-

in-Alberta solution or whether this is following a trend that we see across North America. If it is, how common is that trend? How many times a year do we see a successful seizure of a vehicle or premises in connection with a contravention of a provincial tobacco tax law?

My colleagues are clearly supportive of this bill, and there don't seem to be a lot of people who want to get up and speak about it, but it is starting to strike me as strange that we so often default to the idea of property seizure now. I don't think it really serves much as a disincentive, but my colleagues opposite are welcome to get up and argue that with me. It seems to be sort of a back door or quick route to police being able to get their hands on evidence that they wouldn't be able to get if they had to go sort of a longer route. So I'm just interested in how common this is becoming and what kind of comparisons the government can supply to me about this kind of activity.

Thank you very much, Mr. Speaker.

The Deputy Speaker: The hon. Member for Calgary-McCall on the bill.

8:00

Mr. Kang: Thank you, Mr. Speaker. It's my pleasure to rise and speak on Bill 39. I think I agree with everything in the bill here, but I don't see any money being spent on smokers who kick the habit. I don't see it in here. So I'm just looking for the answer for that only, if there is any money put aside for the smokers who kick the habit, through Alberta health or whatever department.

Thank you, Mr. Speaker.

The Deputy Speaker: Any other hon. member wish to speak on the bill? Seeing none, the chair shall now call the question.

Oh, the hon. Member for Edmonton-Strathcona. Please stand up.

Ms Notley: I am truly having one of those days where apparently no one in the Speaker's chair can see this far down the Assembly. [interjections] Maybe that's it. I need higher heels, right?

Anyway, it's a pleasure to be able to rise to join in the debate on this bill. My remarks are not entirely dissimilar from those that have already been put forward. Generally speaking, those parts of the bill that talk about taxation and increasing taxes on cigarettes and cigars are something that our caucus supports completely. Frankly, separate and apart from the degree to which this is a revenue generator for government, we know that increasing the cost of smoking does, in fact, bring down the number of people that smoke, that there is no question that you can see a direct linkage between taxes going up and the number of people smoking dropping a little bit or the amount that they smoke dropping a little bit. That's important because there is no question that this is probably one of the most problematic public health issues that we have in our province and in our country, and anything we can do to reduce the frequency of people smoking is a good thing.

Like other speakers I have to say that I, too, was once a smoker, and I have to say that it was the combination of cost and the increasing inconvenience of smoking that ultimately drove me to making everybody around me miserable for several months while I got to the point of being able to go without smoking. So that's all good.

I do, however, have a couple of concerns that I will be seeking to hear more information from the government on as it relates to points that have already been identified with respect to, again, the authority of the police around people that they suspect may have breached the act. Again, there does seem to be a theme of where we are really moving pretty fast and furious on every element of being able to

push to the maximum and perhaps beyond the maximum the degree to which we are violating fundamental rights and freedoms in the country.

I'm a little concerned about that portion of the act that removes or changes the standard under which the officer can engage in search and seizure without a warrant. Previously it used to be reasonable and probable grounds; now it appears to be just reasonable grounds. I'm not sure if that is a change that arises from legal developments such that the "and probable" is no longer given meaning anyway or whether we are in fact lowering the standard of knowledge that the officer needs to have prior to searching and seizing without a warrant, a warrant, of course, being one of those things that typically has been seen as a safeguard against extensive abuse of state authority. So that's the first thing.

Of course, the other thing, again, talks about where there is a warrant, the whole ability to seize property, you know, regardless of where the ultimate adjudication is with respect to guilt or innocence of a party. Again, this is part of a growing trend that we see. So I basically want to hear more information about these issues, the degree to which they're replicated in other jurisdictions, what types of enforcement changes they would bring about, and what promises they're trying to remedy. Those are sort of the three key things I would want to hear more about in terms of why it is that we need to embark upon what is otherwise a steady walk towards diluting some fundamental rights. Those are my concerns on that.

Certainly, with respect to the issue of the taxes I just have to say that that is not really something that we can object to because to the extent that we can reduce or discourage people from purchasing cigarettes, you know, more power to you.

So that's our preliminary view of this piece of legislation in second reading, and I look forward to the opportunity to engage in a more detailed discussion as the bill makes its way through the Assembly. Thank you.

[Motion carried; Bill 39 read a second time]

Bill 40

Alberta Personal Income Tax Amendment Act, 2009

[Adjourned debate April 28: Dr. Brown]

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

Mr. Taylor: Thank you, Mr. Speaker. Well, I'm weighing in on this one largely because as the finance critic I'm supposed to, but I think the hon. Member for Calgary-Nose Hill pretty much summed up what this bill will do when he moved second reading of it. It will align the eligibility for the Alberta tuition credit with the eligibility for the federal tuition credit. That is necessary.

It also does some fancy math that the Member for Calgary-Nose Hill claimed the other day, when he was moving second reading, that he understood. I'm going to need to go and have a coffee with him afterwards because I don't. But, then, math was never my strong suit. It makes some minor calculation changes to the dividend tax credit to ensure that Alberta's dividend tax credit rate for dividends taxed at the general corporate rate remains at 10 per cent in 2010 and beyond regardless of whether the federal percentage changes a little bit or not. So in principle, yeah, I support that.

Frankly, I've got nothing to complain about. I want the President of the Treasury Board to note that, that the Member for Calgary-Currie right now, at this very moment has nothing to complain about. But in a few minutes I will. I'll take my seat.

Thank you, Mr. Speaker.

[Motion carried; Bill 40 read a second time]

**8:10 Government Bills and Orders
Committee of the Whole**

[Mr. Cao in the chair]

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

**Bill 33
Fiscal Responsibility Act**

The Chair: We have amendment A1, which was moved on May 6. Does any hon. member have questions or comments on amendment A1? The hon. Member for Calgary-Currie.

Mr. Taylor: Thank you very much, Mr. Chair. We're speaking to amendment A1, which was moved by my colleague from Calgary-Varsity, that Bill 33, the Fiscal Responsibility Act, be amended in section 3 by adding the following after subsection (6):

- (7) Subject to section 2, if the net assets of the Alberta Sustainability Fund exceed \$2 500 000 000, the excess or any portion of it may be allocated by the Treasury Board from the Alberta Sustainability Fund.

Mr. Chair, this is, I think, a fairly straightforward amendment to put back into the sustainability fund a requirement that it had before this particular bill came along seeking to change it, and that's the requirement to hold back in the fund an amount of money, a minimum balance that is there for emergencies, for natural disasters, you know, for unforeseen circumstances of that nature.

The old section required that a minimum balance of \$2.5 billion be retained in the fund before any allocations from it could be made for balance sheet improvements. I know that the Member for Calgary-Varsity felt that that was a very good idea. I concur. It is an absolutely essential idea, in my opinion, that we require that the sustainability fund have that minimum balance in there at all times. We've been fortunate so far this year. No, we've been damn lucky so far this year.

Much of the province has been absolutely dry as a bone, yet we haven't had a major fire, not taking away from the impact that the fires in Sturgeon county and that area had on the people living in the immediate vicinity. But we have not had a fire go wildly out of control on us yet and burn over great swaths of territory, nor have we had any significant flooding that left damage totals in the hundreds of millions or billions of dollars, nor have we been in a position – and I'm keeping my fingers crossed that we're not going to get into this position – where the H1N1 flu went fully pandemic on us. It's been a heck of a blow to the pork-producing industry – there's no question about that – and that could get worse. I hope it doesn't, but it could. It has not had nearly as significant an impact on human health as we have all feared the next pandemic might. We've been very fortunate there as well.

With what has happened in terms of the H1N1 virus's impact on our pork producers, on the basis of what H1N1 did to wake up the world or reacquaint the world with the possibility of a very serious flu pandemic, with the fires that we had northeast of Edmonton last week, those examples specifically, I think we've dodged some bullets. They should be timely reminders to all of us in here that we do have a responsibility to be able to step up to the plate when a state of emergency occurs, when there is a disaster or a catastrophe that we didn't foresee, that we didn't see coming.

That's why the \$2.5 billion was held in there as a minimum holdback in the sustainability fund, that through this bill, Bill 33, we are about to change. You never know. You never know when something bad is going to strike, when the lightning bolt is going to come down from on high and leave behind enough damage that you

need ready access to a big pot of money to help out a lot of people who have been left in very dire straits.

Now, I would expect that the counterargument on the other side is going to be: "But, Mr. Chair, when we get through with Bill 33, when we get through with the new Fiscal Responsibility Act, we will have taken the existing sustainability fund and rolled the capital account into it and rolled the money set aside for Green TRIP and the money set aside for carbon capture and storage into that as well. You put it all together, and you come up with \$17 billion. We know we're only going to run, at least we hope we're only going to run, a deficit of \$4.7 billion this year. We're projecting deficits next year and the year after, and we're not so sure about the year after that, but we really don't think, or we really hope and pray, that we're not going to take this big, new, improved sustainability fund down to zero. So the Member for Calgary-Currie is, if not exactly fearmongering at this point, overstating the case, exaggerating the threat." Yada yada yada. Well, maybe I am and maybe I'm not.

The point to setting aside \$2.5 billion that cannot be touched, that cannot be spent, that cannot be moved by the President of the Treasury Board or by Treasury Board out of the sustainability fund into general revenues or anywhere else, for that matter, is to make sure that if and when the unforeseen happens, we're reasonably, prudently ready for it. I mean, nobody can say whether the state of emergency is going to cost us \$2.5 million or \$2.5 billion or \$25 billion. You can use the laws of probability and suggest that the odds that it will cost us much more than \$2.5 billion in any given fiscal year are pretty slim. So it's a good, prudent figure, I think, to start with and to set aside.

We could be caught, quite figuratively, quite metaphorically, with our collective pants down on this one if we don't amend Bill 33 to set aside the first \$2.5 billion as an emergency fund, if you will. That's why I would urge that this House pass amendment A1. I think that it's key to our being able as a province to handle the unforeseen and unplanned-for disasters and emergencies that do from time to time befall any jurisdiction.

Thank you, Mr. Chairman.

The Chair: Any other hon. member with to speak on amendment A1? The hon. President of the Treasury Board on A1.

Mr. Snelgrove: If we were to accept this, Mr. Chairman, it would virtually sterilize 2 and a half billion dollars. If you're going to maintain a minimum amount in a fund, then you might as well take that fund and invest it in a bank. So it's redundant.

The Chair: The hon. Member for Edmonton-Centre on amendment A1.

8:20

Ms Blakeman: Well, I always appreciate the President of the Treasury Board because he just cuts right to the chase. I appreciate that. I appreciate the fact that he cuts right to the chase. I'll try to do the same thing although I'm not as good at it as the President of the Treasury Board.

I think our issue with this is that the money that has now been deemed to be the stability fund does not consider those expenses that we see come up every single year and then actually are accounted for in this government's budgeting process through supplementary supply, and that is those expenses that tend to come up as so-called public emergencies. It tends to be stuff like fighting forest fires, for which there's a small amount put into the budget. Then there's always an understanding – and I'll place quotation marks around that – that the final amount, the total bill, would be organized through supplementary supply and monies put into that account or into that

vote line to cover the final amount. We just think that that money should not be reliant on a supplementary supply process, that you should be able to pull from the sustainability fund.

Second to that, we are getting close enough now – happily, it doesn't seem like it's going to overwhelm us – with the H1N1 flu that our brains are starting to comprehend that we could have a day come in Alberta where we're facing a genuine public emergency for which we would need to have funds available. I think that's another reason for earmarking these funds.

Finally, of course, we have ongoing First Nations negotiations and also legal suits that eventually do get settled, and money would have to be available there. So we're anticipating a couple of things.

The President of the Treasury Board says: well, this money is sterilized. Well, yeah, it is because it would have to be held there in anticipation of need according to some of the scenarios I've outlined. But, frankly, if you don't set that money aside, then you are in big trouble when you actually need it because – guess what? – it's not sterilized. It's not there. It took me a bit longer to get around to that point, but I hope I made it.

Thank you very much, Mr. Speaker. I urge my colleagues to support this amendment.

The Chair: Any other hon. members wish to speak on the amendment?

Seeing none, the chair shall now call the question on the amendment.

[Motion on amendment A1 lost]

The Chair: We shall go back to the bill. The hon. Member for Calgary-Currie.

Mr. Taylor: Thank you. Mr. Chairman, my hon. colleague from Edmonton-Centre would like to speak to the bill. Can I take my seat and allow her to go ahead of me? I am about to propose another amendment.

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

Ms Blakeman: Thank you very much, Mr. Speaker. I did not get an opportunity to speak to Bill 33 in second, and I would like to put some comments on the record at this point. I think that next to the Municipal Government Act this piece of legislation is the most amended piece of legislation that I have seen in my years in this Assembly. At the time that the version I was familiar with was introduced, it didn't pass a credibility test with me. Then, sure enough, almost every single year it has come back and been amended in some way, shape, or form, so it lost all credibility with me. When you stand up and say, "We're going to pass a piece of legislation that says that we can't run a deficit," it was great showboating. It was great branding. That's what it was, a branding exercise for the government to prove that they're government.

Some of the people that were in cabinet at the time they did this had been in cabinet at the time they racked up enormous deficits and finally a huge debt. Well, they were going to get on top of this. They were going to prove to the world – what was the phrase they used all the time? – that that was then and this is now, that they were a totally different group of people. No, they weren't, but it was a way of rebranding themselves and saying: "Okay. We're in charge. We're on top of this."

Boy, it's interesting looking back on this now. They were essentially saying: "We're on top of this. We're going to pass a law that we cannot run a deficit." Oh, yeah, great. Well, that sure lasted.

Every time they gave themselves an amount of money that could be set aside in whatever kind of a fund, the next year they just brought in an amending piece of legislation and changed the amount. So where's the restraint in that? Where was the holdback in that? Where was the amazing fiscal responsibility in that? You just had a majority. The next year you brought in another amending act, changed the numbers, and away you went. It didn't have meaning, and it didn't have credibility.

I actually had the library pull some of the information for me on all the different sorts of variations on this. In fact, in the beginning we had the Deficit Elimination Act. That was May of 1993. It repealed the Spending Control Act. In 1993 the government repealed the Spending Control Act, brought in the Deficit Elimination Act. They amended that a series of times. In '99 they repealed the Balanced Budget and Debt Retirement Act and the Deficit Elimination Act so that they could have the Fiscal Responsibility Act, which was brought in in March of 1999, which is the one that I'm clearly remembering.

Then there have been a series of amendments and changes of total amounts in this act, and here we are again looking at it. If you go to the back page, oh, look at that: the Fiscal Responsibility Act of 2000 is repealed in its entirety, and you're just going to call it Bill 33, the Fiscal Responsibility Act. That's an even more interesting sleight of hand because you no longer even admit that it's replacing a previous act. You just repeal the previous act by the same name and bring in a new act by the same name, and everybody thinks you're brilliant except me because I have a long memory about these things, which must just be a real curse to you guys. I can remember sitting in here watching the then Treasurer of the day waxing eloquent about how this showed what amazing fiscal managers the government was. I thought: "Well, what a bunch of hooley. There's nothing in here that actually makes the government restrain itself." And, in fact, it didn't.

When I started in '97, the budget that came in that very first year I was elected was \$17 billion, and there were 18 or 19 ministries. Then it was just more money, more money, bigger ministries. Nobody ever got thrown out of cabinet. They just created more cabinet positions and more ministries until at the height of it there were, I think, 27 ministries, and I think there might have also been a minister without portfolio at that time. It got as high as – what was it? – \$38 billion, and that's before we ended up with supplementary supply budgets added onto that.

So fiscal responsibility is just not happening here. There's a lot of talk about it, there's a lot of branding about it, and I've got to admit that you guys are really good at the PR. You are really good. I mean, \$25 million in rebranding yourself. You've spent that many, many, many times over in the years I've been here. I think it's been one of your most successful ones ever in that people actually believe that you are fiscally responsible, and you're not. You just keep changing the numbers in the acts. That's one of my observations on this bill.

I'm sorry. Just let me give credit where credit is due here on the whole sustainability act. I sat here in 2002 when the previous Member for Lethbridge-East introduced a private member's bill. This gentleman is an economist. He knew his stuff. He introduced the Fiscal Stability Fund Calculation Act – my goodness, what a cumbersome name – but we always called it the stability fund. The government pooh-poohed this, oh, hooted with derision absolutely, what a stupid idea, and turned around very quickly and brought in their own version of the sustainability act.

8:30

You know, being a Liberal in Alberta, I'm pretty used to the government hooting with derision at our ideas and six months later bringing it forward as a government bill. Fair enough. But I think

it's important to give credit where credit is due to Mr. Nicol, who was then the Member for Lethbridge-East. He really was the first person, at least that I'm aware of, that talked about a fiscal stability fund that would set money aside to act as a cushion for when there was a downturn in the economy.

It wasn't the heritage fund. It wasn't to be confused with that, but it was to stabilize a pitch and heave in our economy. It was set up with some pretty specific criteria around how it would work. It was meant to ensure that we still had funding available for health care and children's services and education. Actually, it was intended at that time that it had nothing to do with oil and gas reserves. I think it really was an innovative act for its time, and it still is.

In 2003 we had the government introducing their version of it, which was the Financial Statutes Amendment Act, and that did create the sustainability fund that we know now and that capital account. Here it is: cap of \$3.5 billion. Then in 2004 they amended it to increase the cap to \$4 billion. In 2005 they amended it again to increase the cap to \$4.75 billion. In 2006 – you start to get a feel for why I'm a little cynical here, Mr. Chairman? Anyway, in 2006 amended it again to increase it to \$5.3 billion. So, I mean, there was no fiscal discipline here. They just changed the numbers every single year: 2003, '04, '05, and '06. Then in 2008 it was amended again to allow borrowing for P3 schools – what an insult – postsecondary institutions, and health facilities.

I just really have a hard time taking any of this seriously. You know, as legislators we have to take the finances of the province seriously, but this was a joke. It's just not any kind of fiscal responsibility at all. We continue to take a nonrenewable resource revenue right out of the ground and use it immediately for operational expenses. We are spending what should be our future savings but certainly future revenue, and we're spending it right now. It's not even going into a bank. It's getting spent instantly in the same year. So I think that there really are some fiscal restraint problems that this province has. We're into our first year now where the government is actually pulling down and using that sustainability fund. We'll see what happens and how much fiscal restraint we can get if this recession continues and we end up having to develop a second restraint budget in the '10-11 year.

What's the last piece I wanted to mention? Oh yeah. You know, what I've seen since I've been actively involved in Alberta politics – and I'll say that's from 1993 although I was working for the advisory council prior to that – was that the government cut stupid in the mid-90s, then they spent stupid, now I think we're going into another period where we're going to cut stupid, and maybe we already have cut stupid. I find it really frustrating when there's lots of evidence, you know, that prevention measures and allocation and prioritization of expenditures save us money in the short and the long term. I admit to getting very frustrated with, literally, the pitch and heave of this government's finances. I can't support this. I have real trouble even taking it seriously.

Thanks very much, Mr. Chairman.

Ms Notley: It's a pleasure to be able to rise and join in debate on Bill 33, the Fiscal Responsibility Act, or the so-called Fiscal Responsibility Act. This is an interesting piece of legislation because, of course, it's one that really is part of sort of a long history of political posturing and positioning vis-à-vis the critical campaign components that this government has run on in the past, not so much anymore but in the past. It really is one of those political tools and communication tools, the whole notion of fiscal responsibility. The fact that, you know, we have an act that claims we run our finances in a certain way but then, as needed, we go back to the act and we change the act really puts the question mark, shall I say, to the seriousness with which the act is meant to be taken in the first place.

Now, it would probably come as no surprise that I've never actually been a big fan of legislated bans on deficits come hell or high water because I think, frankly, that that's reflective often of thoughtless governance. It is sometimes the case that deficits are required. It really becomes a question of intelligently weighing your longer term obligations and your longer term priorities and your longer term revenue streams and your shorter term priorities and your shorter term revenue streams. It's a complicated assessment, and the act itself was one of those politically cheap sort of right-wing things that happened in the '90s that, you know, were very popular in the day. This is sort of a continuation of that, when, of course, the need to come in today and change it and probably next year change it again, the year after change it again, just starts to show how much of a political tool and communications piece it really is as opposed to being any sort of serious guide for financial management.

Having said that, there are certain circumstances within which, certainly, our caucus would actually support and perhaps even advocate a deficit, although those are rare. I will go so far as to say that I think the fact that we're at the position now that we have to change this act has, really, quite a lot to do with how this government has managed our finances over the last few years in particular.

I speak in particular to the fact that we are not and have not in the past adequately promoted or enhanced the government's revenue stream. We have collected and continue to collect a pittance in royalties. There has been study after study after study showing that we could have collected anywhere from 60 per cent more than what we collected over the last few years to 10 times more, depending on how you structured it. In any event, there's no question that the history of this province with respect to the very irresponsible way we've approached the collection of royalties on what is, ultimately, a public resource is an unfortunate one, and it is one that's indicative of thoughtless governance. Unfortunately, it leaves us in the position where we are now, not having enough revenue in order to avoid going into deficit. Frankly, I also think that there have in the past been lost opportunities because of our flat income tax structure. Again, there are ways in which revenue can be addressed which are fair and would keep Alberta very competitive. These kinds of things have not been considered by this government in the past, so now we're at the point where we're looking at an operating deficit.

8:40

I think it's important to understand that if you go back to the '90s, when the government played its very political card and ran on their deficit elimination platform, it was at that time more than just a communications strategy and a political ploy because, of course, at that time Albertans paid. They paid with their jobs. They paid with their homes. They paid with their families. They paid with their services. They paid with the infrastructure debt that we now have. They paid in order to eliminate the deficit. Now here we are casually playing around with this legislation without, I think, real regard to the kind of impact that this government's mismanagement had in the past.

One of our concerns about where the government is going with respect to the budget and the need to go into the sustainability fund and where they're going in the future and the fact that they're currently planning to ultimately try to find about \$1.3 billion in savings is that we are still in some ways playing the same kind of game. We are imposing a very artificially low level on the borrowing limits for infrastructure in order to use annual revenue to build capital infrastructure. Most people will argue and accept that borrowing for infrastructure and spreading the cost of that over many years is a very economically sound and reasonable approach to managing your finances. Of course, the benefit of that capital infrastructure is provided to Albertans over the years that you are

paying for it, yet what we have right now is a budget that is premised on the idea of paying for an unnecessarily high level of infrastructure out of this year's revenue. From that, we're then going to be told that we need to find potentially up to \$1.3 billion in cuts.

Again, the government is playing some games here in terms of whether or not they really are trying to create jobs, whether or not they really are trying to stay the course. You know, we talked, certainly, a couple of days ago about the significant cuts, for instance, to the Environment ministry and key parts of that. Once again, that is dealing with, to use business terms, an asset which has long-term consequences and implications to Albertans. So we're making cuts on one hand. We're getting rid of the prohibition on deficit funding theoretically because we want to build a jobs budget, but in fact we're insisting on paying for capital infrastructure out of this year's annual revenue when we don't need to, which, of course, means that we're not really going for a jobs budget because we could do a lot better in that regard.

It really seems to me like there are a lot of mixed messages in all of this. It really doesn't reflect either sound financial management, a focus on planning for the future, nor a focus on job creation. That's our overall concern. This bill, of course, plays a role in those many misplaced priorities and, again, as we say, continues to be a little bit almost of an irrelevance because the government is clearly prepared, you know, to pass this bill, say it has a rule, rely on this rule when people suggest that they could be doing different things, and then change the rule when they need to change the rule. It's really just a tool in the communications tool box. I would suggest that in the long run it's not anywhere nearly as relevant as they will undoubtedly try to tell us it is in the future or have in the past.

With those few comments, I will look forward to further debate on any further amendments as they come forward. Thank you.

The Chair: The hon. Member for Calgary-Currie on Bill 33.

Mr. Taylor: Thank you, Mr. Chairman. Actually, I would like to propose another amendment to Bill 33. I will pass the motion to the page and give the pages a couple of minutes to circulate the amendment.

The Chair: This amendment shall be known as amendment A2. The hon. Member for Calgary-Currie moved on behalf of the hon. Member for Calgary-Varsity. Is that correct?

Mr. Taylor: Yes. I will move this on his behalf, Mr. Chairman. Are you ready for me to . . .

The Chair: Yes. Please continue.

Mr. Taylor: We have time?

The Chair: Yes.

Mr. Taylor: We're ready to go? Okay. On behalf of the Member for Calgary-Varsity I move that Bill 33, the Fiscal Responsibility Act, be amended as follows: A. Section 1 is amended by adding the following after clause (g):

- (g.1) "non-renewable resource revenue for fiscal policy purposes" in respect of a fiscal year means the lesser of
- (i) \$3 000 000 000, and
 - (ii) the average of the following:
 - (A) the forecast non-renewable resource revenue for the previous fiscal year, and
 - (B) the actual non-renewable resource revenue for each of the 2 fiscal years preceding the fiscal year referred to in paragraph (A).

B. Section 3(3) is amended by striking out "and" at the end of clause (a) and adding the following after clause (a):

- (a.1) if for a fiscal year actual non-renewable resource revenue exceeds non-renewable resource revenue for fiscal policy purposes, the difference must be allocated to the Alberta Sustainability Fund, and.

At that point, Mr. Chairman, we return to the wording of the bill as we have it in front of us in Bill 33, the Fiscal Responsibility Act.

Now, the reasoning for this is perhaps more straightforward than the legalistic language appears as I read it into the record. It is simply this: Bill 33 puts only one meaningful restriction on the government's ability to spend the entire sustainability fund, and that is that the balance of the sustainability fund can't be less than zero. Wow. That's discipline. You can't actually take your rainy day fund and put it into the red while you're using it to pay off the government deficit because the government is already in the red.

Look. It's not the deficit per se that gets my knickers in a twist, Mr. Chairman. I understand. The economy went into the rhubarb with very little warning whatsoever. It happened to us. It happened to every other province in the nation. It happened to the nation. It happened to our big number one trading partner to the south of us. In fact, it happened so hard there, although not all that fast; I mean, we saw it coming down there. A lot of us up here in Canada thought it wasn't going to affect us until suddenly we woke up one day, and it did. It hit the Americans so hard that it took everybody in the world if not down, then at least back several steps with it.

8:50

This is a global recession. This has been a global economic crisis. The level to which it's been a crisis does vary from country to country, from jurisdiction to jurisdiction, from province to province. We're lucky we are where we are, but that's hardly the point. Government fiscal policy should be driven by more than luck. That's part of the argument that we're making here, that without these amendments, really, this new Fiscal Responsibility Act, Bill 33, doesn't seek to drive fiscal policy by much more than luck.

The deficit per se for fiscal '09-'10, I've got to tell you, doesn't bother me any more than it would bother me, as long as I was going about it prudently, to have to dip into the Taylor family line of credit to borrow some money for whatever legitimate purpose. Certainly, you know, there is a legitimacy over the short term to having to dip into something to cover your shortfall. We have something to dip into to cover our shortfall called the sustainability fund. In that sense, as they say in *Romeo and Juliet*, "There art thou happy." But the key here is prudence and sustainability and planning and that sort of thing.

While I have no problem with our going into deficit for fiscal '09-'10, I start to get a little bit twitchy when we start planning to continue to be in deficit in '10-'11, '11-'12, maybe '12-'13, maybe not. We kind of hope everything will have turned around by '12-'13. That again is fiscal policy based on luck, fiscal planning based on luck.

I get a little twitchy when we want to set up this big, new, improved megasustainability fund, all \$17 billion worth. Look, it doesn't make any difference to me, really, whether we roll in the capital account and the money is set aside for Green TRIP and carbon capture and storage and, oh, whatever else we're putting in there. We're putting a couple of other little things in there as well. Whether we roll it all into one big megasustainability fund or whether we've got the sustainability fund and the other thing is still hived off doing other things doesn't really matter. What matters is not whether we have \$17 billion worth of cushion. What matters is: what are we doing to try and make sure that we don't have to spend it all? Okay? What are we doing to make sure that we're spending

as little of the sustainability fund as we possibly can so there's money in the rainy-day fund for the next rainy day because, sure as shootin', there will be another rainy day once this one is over and done with.

What this amendment does, Mr. Chairman, is that it seeks to impose some discipline on the government – it's guaranteed that they'll vote against it, but one can try; one can hope – by saying: "You know what? You can't spend every 48 cents that you get on every barrel of oil sands bitumen." We talked about that earlier in question period today, a royalty of less than 50 cents a barrel. Now, there are other situations where the royalties are higher, I'm sure. But the point here is that we want to impose some discipline and say to the government: "You cannot spend everything you've got. You cannot spend all of our nonrenewable resource revenue. You have to save some of it. You have to get into the savings habit."

Earlier this afternoon the Treasury Board president went on about, you know – and I hear this frequently from that side of the House – this notion that if you're going to save any money, then you can't spend any money. That's essentially what he said. You can either save it or you can spend it; you can't do both. That is just wrong, Mr. Chairman. That is just patently wrong. Individuals, families, corporations, other governments in other jurisdictions, anybody who has to run a budget for a calendar year or a fiscal year is regularly faced with the need to do both those things at the same time: spend and save.

In a tight time like this nobody is expecting you to save as much as we were expecting you to save when you had more money coming in than you knew what to do with. Still you managed to bleep it all away or bleep a lot of it away. But a savings strategy, getting into the savings habit, says that even when times are tight, you have to develop the self-discipline to set aside a little bit of it. Every pay, put that away. Don't touch that. Don't spend that. Find a way to live within your means. That comes back to what we were talking about earlier this afternoon when we were debating Bill 47, the estimates bill. What's the term I'm looking for?

Ms Blakeman: Appropriation.

Mr. Taylor: The Appropriation Act. Thank you.

If you've got to live within your means, and you've got to set some aside for savings, some modest amount that you're contributing on a regular basis so that you're in the habit for when times get better and you can save more, then in that part that talks about living within your means, you have to make some choices. You have to set some priorities, and then you have to reallocate the money that you do have to spend. Mr. Chairman, this government still has a lot of money to spend. That includes money it can access in the sustainability fund. Within that envelope, within that context you've got to reallocate to the things that you determined were your priorities.

Back to the amendment. The amendment basically says that you have to set aside some money, any nonrenewable resource revenue collected over the amount defined as nonrenewable resource revenue for fiscal policy purposes. Okay? So the nonrenewable resource revenue for fiscal policy purposes is the stuff you can spend however you want, for whatever purpose you want. You can draw down against that to cover off your deficit. You can blow it on something fun. I don't know what governments do that is fun, but they do manage to blow it anyway. You can do whatever you want with that. Okay?

Any nonrenewable resource revenue collected over that amount – and remember, you can only collect that nonrenewable resource revenue once. That barrel of oil only comes your way once. You

only get the royalty on that barrel of oil one time, and then you have to wait for the next barrel of oil to get your next piece of royalty, and so on and so forth. Once that barrel of oil has left your hands, left your jurisdiction, been turned into however many litres of gasoline you can get out of a barrel of oil and pumped into the tank of a cabinet minister's sport utility vehicle, you can't make any more money off that. You get your one shot at it, and you had better be somewhat responsible and somewhat fiscally prudent about that.

Any amount collected over the amount defined as a nonrenewable resource revenue for fiscal policy purposes is to be transferred into the sustainability fund. My hon. colleague from the fabulous constituency of Edmonton-Centre's skepticism about the Fiscal Responsibility Act down through the history of its life and its various incarnations notwithstanding, right from the get-go, at least in theory this government has recognized that you need to have a cap on how much nonrenewable resource revenue you can spend before having to transfer the rest of it into the sustainability fund. That cap started out at 3 and a half billion dollars way back in 2003. It inched up to \$4 billion the next year, \$4.75 billion the year after that, \$5.3 billion in 2006.

Now, Mr. Chairman, I'm saying that we need to roll it back to \$3 billion. That's the cap. That's the lesser of \$3 billion and the average of the following as it's spelled out in the Fiscal Responsibility Act. That says that any amount of nonrenewable resource revenue collected over that amount has to go into the sustainability fund.

9:00

The government has said that once it's done drawing down the money it needs from the sustainability fund to cover off successive years of deficits, then it's going to start putting money back into the fund, and it will put money back into the fund until it's got it back up to \$10 billion, which as a grand statement of principle is pretty good. But, of course, what's utterly missing from that is any kind of detailed plan or strategy or timetable to get to that target of \$10 billion. It's kind of like, well, you know, we think, God willing and the creek don't rise, that we'll be back in the black in 2012-13.

[Mr. Mitzel in the chair]

At that point we'll start looking at the possibility of maybe, you know, if we've got a little bit of extra money and we can't think what else to do with it, we'll put it into the sustainability fund. Then – I don't know – five, six years later we'll put another quarter billion dollars in there and so on and so forth. So I might still be alive by the time they get it up to \$10 billion, but I wouldn't count on it – I wouldn't count on it – not with their lack of commitment to a timeline for that target, not with their history of fiscal irresponsibility, not when past behaviour is the best predictor of future performance.

That's why I moved this on behalf of my colleague from Calgary-Varsity. That is why I have moved this amendment A2. I think that otherwise it is fairly self-explanatory.

I'll take my seat now and let others have a crack at debate on amendment A2.

Mr. Snelgrove: I would just suggest, Mr. Chairman, that the length of an argument doesn't contribute anything to the strength of an argument. I read through the amendment many times, and I was very puzzled because the hon. member that spoke is normally very clear and to the point. Then I got down to the original sponsor of the amendment, and it made a little more sense to me why it was written in kind of a mumbo-jumbo, let's get there somehow. It doesn't

rhyme, and they haven't used Biblical characters in it; however, it's a long list.

Mr. Chairman, I don't think for a minute that the hon. member and most people aren't on the same page when it says that we need to be responsible for the finances of this province of Alberta. When we have the opportunity to make wise investments, be they cash in savings or things like the heritage fund or, I believe, even into investments that can contribute to our positive building of our province, we will. Rewriting, whatever they're trying to do here, isn't the way to do it. It's about a willpower that says: we'll get there. We were getting there. We were doing quite well.

This amendment is really not a positive step to the future for clear and transparent finances for the province of Alberta, so I would encourage our hon. members to give a pass on this also.

The Deputy Chair: Are you ready for the question?

Hon. Members: Question.

[Motion on amendment A2 lost]

The Deputy Chair: Back to Bill 33. The hon. Member for Calgary-McCall.

Mr. Kang: Mr. Chairman, thanks for giving me the opportunity to speak on Bill 33. Under the original Fiscal Responsibility Act deficits were not permitted, and the main goal behind the changes to the Fiscal Responsibility Act is to allow the government to run a deficit for capital spending. This change is required because there's a drop in oil and gas prices and the recession has greatly impacted Alberta's revenue stream and its ability to maintain its \$23 billion three-year capital spending projects.

The new FRA maintains the requirement that the debt retirement account has to be equal to or greater than any accumulated debt as defined. This in combination with the requirement that deficits are only permitted if they can be funded from the sustainability fund means that the government is not permitted to borrow for operating purposes. The government can only borrow now for capital investment in government-owned assets; to support capital projects that are owned by the school boards, postsecondary institutions, and health authorities; as required by self-supporting corporations such as Agriculture Financial Services, Alberta Treasury Branches, and Alberta Capital Finance Authority; to pay back the funds owed by the pre-1992 teachers' pension plan to the post-1992 teachers' pension plan. That deficit, that liability for the teachers' pension fund, has even increased by \$2 billion, from \$6.6 billion to \$8.6 billion.

The sustainability fund is being expanded to include assets of the former capital account and the amounts set aside from year-end 2008-09 results for carbon capture and storage and Green TRIP. The limitation on the amount of nonrenewable resource revenue that can be directed for budget purposes is eliminated. The 2 and a half billion dollars that was required to remain in the sustainability fund as a contingency for natural disasters has been eliminated. So the limit on nonrenewable resource revenue that can be spent is gone. There's no legislation on annual spending increases and no commitment to savings other than vague statements to top up the sustainability fund to \$10 billion if surplus dollars become available. This bill just lets the government spend every penny they have, and this move makes them less fiscally responsible than they were before.

This government had been talking about fiscal responsibility all along. I think we are just going in circles. We were fiscally

responsible for a few years. Then all of a sudden things go the other way, and then, you know, we spend the little bit of money we've saved. Then we go for cutbacks. Then we pay the deficit again, pay the debt, and that cycle never seems to end.

The only limit now on deficits and drawing from the sustainability fund is that the fund can't be drawn below what's in the account, meaning that government can spend every penny in the sustainability fund and can spend every penny of nonrenewable resource revenue without any of it having to be put into the sustainability fund. While the Treasury Board had the authority to transfer funds out of the sustainability fund, there was at least in principle a limitation on how much that could be done.

The justification used for this is to improve flexibility as the previous legislation was too complex. The Fiscal Responsibility Act is actually quite short and specific, so calling it complex seems like a bit of a reach. This Fiscal Responsibility Act has been changed almost every year – every year – and in 2006 the government amended the Fiscal Responsibility Act to increase the cap on spending nonrenewable resource revenues to \$5.3 billion. Then they amended it to allow P3 borrowing for schools and postsecondary institutions and health care facilities. Now, I think, that cap is gone, so there are big concerns.

9:10

There was also a clause that stated that 2 and a half billion dollars had to remain in the sustainability fund as a contingency fund for natural disasters, and I think we are facing a few of them. Luckily, I hope, we won't get to that point, but what are we to do if this swine flu virus catches on and our pork industry is devastated by this? What if we have floods? What if we have fires? What if we have other natural disasters? What are we to do if we go and spend all the money we have in the sustainability fund and there's nothing put aside for a rainy day?

For those reasons, Mr. Chairman, I cannot support Bill 33, the Fiscal Responsibility Act. Thank you, Mr. Chair.

The Deputy Chair: Any other members wish to speak?

Are you ready for the question on Bill 33, the Fiscal Responsibility Act?

Hon. Members: Question.

[The clauses of Bill 33 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? That's carried.

Bill 14

Carbon Capture and Storage Funding Act

The Deputy Chair: Are there any comments or questions or amendments to be offered with respect to this bill? The hon. Member for Lethbridge-East.

Ms Pastoor: Yes. Thank you, Mr. Chair. I spoke to this bill fairly extensively in second reading, and the concept and the intent of this bill is really one of necessity. It's one of the ways that we can be responsible for our share of the greenhouse gases, particularly the energy that is generated by our coal industry. It's a concept

responsible to the rest of the province, but still the first responsibility is to the citizens of this province, because they own the resources, on whose behalf these greenhouse gases are produced.

I believe the amendment, that I am going to ask the pages to pass out at this time, will actually help address that problem in terms of the responsibility that I think is owed to the citizens of this province.

The Deputy Chair: We'll pause for a moment until the amendment has been distributed. Hon. members, this is amendment A1, that the hon. Member for Lethbridge-East is moving on behalf of the hon. Member for Edmonton-Riverview.

Ms Pastoor: Yes. Thank you. I am presenting this on behalf of my colleague from Edmonton-Riverview. I would move on his behalf that Bill 14, the Carbon Capture and Storage Funding Act, be amended by renumbering section 4 as section 4(1) and adding the following after subsection (1):

- (2) In addition to the report required under subsection (1), the Minister of Energy shall, within 15 months of the date this Act comes into force and annually after that, prepare a report that evaluates the carbon capture storage projects funded under this Act in comparison to other carbon reduction strategies to determine the economic and environmental viability of the projects undertaken.
- (3) When complete, the report prepared by the Minister of Energy under subsection (2) shall be presented in the Legislative Assembly if it is then sitting or if it is not sitting within 15 days of the next sitting of the Assembly.
- (4) Within 15 days of the report being presented in the Assembly pursuant to subsection (3), a member of the Executive Council must introduce a motion in the Assembly to refer the report to a committee of the Assembly for review and recommendations.

I think that if my hon. colleagues have read this, it is very clear what the object of these amendments is. Really, as I've said, the bill itself is good and necessary; however, I do miss the part where, in fact, it's responsible to the people of this province. We have to be accountable. I think they have the right to know, when we're spending money on any kind of a project, if it is worthwhile. The only way you know that is if going in, when you create the project, you create the time frame for the evaluation and then have a report, and of course that report has to be public.

I think that these amendments would meet that obligation, and I believe that the citizens of this province would be appreciative of it. Although there are many words, it really isn't asking for that much. All we're asking for is that a report is evaluated, there's a time frame put on it, and then when that report comes back, it goes to a committee that could review it and perhaps come up with recommendations based on the evaluation that comes forward out of that report.

With that, Mr. Chair, I will take my seat and look forward to any other comments that may be made on these amendments.

Mr. Snelgrove: Mr. Chairman, if this were five or six years from now and the projects that were applying for this money were running, the hon. member would know that a lot of the money that was set aside was to monitor and to work in a very scientific way so that we do know the opportunities there are for carbon capture and storage. Within 15 months from now any kind of a reporting structure will have nothing to report. These facilities aren't going to be built.

Down the road we're not going to keep what is produced from this carbon capture work a secret. We actually believe that we may be able to sell this technology from it all over the world, so keeping it a secret will be the last thing we want to do.

It is not just about carbon capture and storage. It's also about enhanced oil recovery. Once again, Mr. Chairman, we will be more than happy to be able to come back and report to Albertans and the world how we're able to enhance or increase our oil reserves possibly by as much as half a billion barrels of conventional oil. There's no intention here to keep the results of this secret.

Given the timelines of this amendment it really is five or six years or possibly more premature. I would hope that hon. members would all agree to that.

Ms Blakeman: Well, Mr. Chairman, surprisingly, shockingly, I don't agree with the President of the Treasury Board. I know. I can tell that I've ruined his evening. [interjection] Yeah. Are any of our physician MLAs on duty here? I think I've caused some sort of tachycardia.

9:20

Really, what we've got with this amendment is a requirement for a report evaluating where we have got to with the various projects. That report would come to the Legislative Assembly and would then be referred to a committee of the Assembly for review and recommendations. I disagree with the president. There's no expectation here that it's reporting on any kind of final project. It's saying: where are we 15 months from now?

Frankly, where we were 15 months ago on carbon capture and storage was a very different place than where we are today. For example, there was a lot of talk from the government about how this was really going to make a big difference for greenhouse gas emissions in the oil sands. Well, now we know that not one of the oil sands players is even going to submit a proposal. They've had media conferences. They've announced that they're not even going to submit a proposal to be considered for carbon capture and storage projects. Well, that's a big difference from where we were 15 months ago.

The fact is that carbon capture and storage is really targeted and is expected to be most effective around coal-generated stations for electricity. But 15 months down the road that information could be quite different. What we're dealing with 15 months from now could be quite different from where we are today. I think we can see that these timelines do become important.

The second issue I have is that I understand that the government says: "You know, we're not going to hide this. If we have a success with carbon capture and storage, we want the world to know, so it won't be a problem requiring us to report." But you know what, Mr. Chairman? There is a difference about requiring this government to report and when the government decides to say something on its own or to spend \$25 million on a branding campaign or to release some other glossy brochure. There's a difference between a legislative requirement that a report is tabled in this Assembly and the government deciding when it wants to talk about something on its own, with or without \$25 million and a campaign slogan that no one can remember that goes along with it and pictures of children running around on a beach in England. You know, there is a big difference in those things.

Mr. Anderson: Freedom to Create, Spirit to Achieve.

Ms Blakeman: Mr. Chairman, there is someone in this Assembly that can remember it, so this is a golden moment. Someone in this Assembly can remember the \$25 million slogan, and, fingers on your buzzers, the prize is going to go to the Member for Airdrie-Chestermere. There we go. It's a wonderful moment. Now I'm going to go back to talking about the amendment. Thank you for

that nice little break, Airdrie-Chestermere. Good for you for remembering that slogan, the only person in the House that could.

I think this is reasonable, and I think it's important that we do require that there actually is a legislative timeline for when a report comes before this Assembly because God bless this government, but they don't always follow through on things that they say. I know that there are lots of reasons as to why they don't follow through on things they've said they're going to do: times change, you know, things work or they don't work. But running on a legislative requirement and running on the government's own timeline are two different things.

While I appreciate that the President of the Treasury Board said that if they had something to talk about, they'd be delighted to talk about it, I would still like to see the report in front of the House. Frankly, if it's bad news, they're not going to talk about it, and we do need to know in this House.

The first report is required 15 months from now. That's not to say that there aren't subsequent reports, perhaps on an annual, biannual basis, that there is an expectation of a report between the House. Although with the first report we are not likely to have anything out of the ground – well, that's not fair. There could be, but it's not likely we're going to have, you know, bricks and mortar that we could be talking about for these projects. But for the next round of reporting, yes, I think there would be an expectation that there's something out of the ground that we could be talking about.

Star Trek is in all the news. What is the *Star Trek* saying about new frontiers?

Mr. Taylor: To boldly go where no one has gone before.

Ms Blakeman: To boldly go where no one has gone before. There you go. Thank you. Oh, we're very good with the quotes today.

Mr. Taylor: You're sitting next to a nerd.

Ms Blakeman: Okay. Ten points to the Member for Calgary-Currie on that one.

Truly, we are moving into the unknown, and I have some caution around the government putting all their eggs in the one basket because I just keep getting a vision of a great big huge ostrich egg in a basket, and if it cracks or breaks, we're in big trouble here, or one tool in a tool box, you know, because if you open that tool box and there's one tool in the bottom, and if it's not working, you're hooped. You need more than one tool in that tool box. You need more than one egg and even one kind of egg in your egg basket. So I think we need to keep tabs on this. We need to check on it on a regular basis, and we need to revise our plans if it's not working. We've already had changes, at least according to what the government press releases were saying, that we didn't anticipate like the complete withdrawal of the oil sands companies from participating in any of these projects. Who could have foreseen that 15 months ago?

Once again, I know it's heartbreaking, and I'm so sorry to disappoint the President of the Treasury Board again this evening, but I disagree with him on this amendment. I think it is worthy of support, and I would urge everyone in the Assembly to do that.

Thank you.

The Deputy Chair: The hon. Member for Lethbridge-East.

Ms Pastoor: Yes. Thank you. I'd just like to make a couple more comments, Mr. Chair. I don't think that this is nearly as complicated as the President of the Treasury would make out. I'll try to break it

down to a very simple kind of analogy. Every year at income tax time I'm sure we all sit down and re-evaluate: where was I, and where am I now? That doesn't mean that I'm lost somewhere. It means that I'm looking at what my goal was a year ago. Am I actually progressing, or do I have to re-evaluate and perhaps make adjustments to it? All it is is a quick picture of what's happening. I don't think that that is a very onerous task or a very onerous thing to ask of the government for almost any project but especially this one that we're talking about right now. Really, until things get going, but right from the very get-go, all it is is a picture of whether progress is being made and if it's going in the right direction and doesn't need an adjustment. Quite simple.

The Deputy Chair: The hon. Member for Calgary-McCall.

Mr. Kang: Thank you, Mr. Chair. It's my pleasure to speak in favour of the amendment. Two billion dollars is a lot of money, and this amendment is merely asking for a progress report on the CCS. This is just to evaluate, you know, where we are 15 months from when the act comes into force, and then 15 months thereafter. Do we have to make any changes to what we are doing? Are we achieving the desired result we need from the CCS? This is just merely a progress report on the carbon capture and storage program.

This will make everything more transparent and more accountable, so I think all the members should support this amendment. It's merely asking for a progress report. Thank you, Mr. Chair.

The Deputy Chair: Are you ready for the question? The hon. Member for Calgary-Foothills.

Mr. Webber: Thank you, Mr. Chair. Surprisingly and shockingly, I do not agree with the amendments to this bill. I'm looking at the bill here right now, and I look at the reporting, and I see that, you know, "The Minister of Energy shall report in the Ministry's annual report on the progress of carbon capture and storage projects funded under this Act." Now, the hon. Member for Lethbridge-East wants to amend this by, you know, having a report done and having another committee put in place for review and recommendations. I'm sick and tired, Mr. Chair, of all the studying and all the committees we have to put together in order to pursue this project.

9:30

The Carbon Capture and Storage Development Council was put in place, Mr. Chair, back on April 24 of 2008, and I was a proud member of this council, working along with a number of industry experts, amazing individuals. We had people such as our chair, Mr. Jim Carter, who is a former president of Syncrude Canada, a very respected man in the industry. We had Don Lowry from EPCOR. We had representatives from Nexen and Suncor; Bill Andrew from Penn West, a hell of a nice guy and also a heck of a nice guy – I apologize, Mr. Chair – and also very knowledgeable about the industry; Dave Collyer with Shell Canada, now with CAPP, a very impressive individual. [interjections] Excuse me, hon. member. Mr. Chair, I'm trying to speak here. You're a little bit distracting. Thank you.

I guess my point is, Mr. Chair, that this development council put together a plan, a plan for Alberta to move ahead with this carbon capture and storage, and they did a wonderful job. We have an excellent plan. We've got \$2 billion now committed to carbon capture and storage, so let's just get on with it.

I'm tired of these amendments to these bills. We've got a perfectly good bill here with the reporting, which to me is sufficient. We shall report annually on the progress of these projects. I can't

imagine seeing any sequestration in that time period, 15 months from now. It's going to take time to build these projects. Our goal is to sequester five megatonnes of CO₂ per year in the ground by 2015. Fifteen months from now we're still going to be in the construction phase, in my opinion.

So let's just get on with this. We've dragged this on too long. Let's end the games here with these amendments. Let's pass this bill. I don't support the amendment, and I ask my colleagues to just vote against this amendment.

Thank you.

The Deputy Chair: Are you ready for the question?

Hon. Members: Question.

[Motion on amendment A1 lost]

The Deputy Chair: On the bill, the hon. Member for Edmonton-Strathcona.

Ms Notley: Thank you. It's a pleasure to be able to rise and speak to this bill in Committee of the Whole. Well, I have to say that one element of this bill that was identified by the previous amendment certainly is its brevity and the complete lack of direction in the bill, the complete lack of criteria, the complete lack of oversight. This bill basically says that the Minister of Energy may spend \$2 billion as he may or may not see fit to possibly achieve something that may or may not ultimately work out for us. I mean, if you had to sort of summarize this bill, that's how you'd summarize it. To the extent that the member was trying to add a little bit of clarity and a little bit more direction to the bill, I applaud her. Unfortunately, in my view, there is just so much more that is wrong with this bill that, frankly, cannot be corrected by an additional report.

Where to start? Carbon capture and storage is one possible tool in the tool box that we all need to embrace in order to address the very, very significant environmental risks that face Albertans and Canadians and, frankly, the world. But it is simply one tool in the tool box. The question of whether or not you open the tool box and you spend \$2 billion on that particular tool is one that is a little bit more complicated to answer than simply saying: hey, this could work; let's try it. That, I would suggest, is an incredibly irresponsible way to embark upon a process of spending \$2 billion.

Even people who agree that carbon capture and storage might be a tool also agree that it is a tool that must be polluter paid, or there must be a certain amount of commitment on the part of industry to at least cofund these initiatives. We have in Bill 14 the authority about to be given to the Minister of Energy to spend however much money he may choose on whichever recipient he may choose, who may or may not match one dollar of taxpayer funds, to initiate some carbon capture and storage research, investigation, implementation, whichever it may be. That's the first point.

We know that across the world there have been a number of different projects initiated with respect to carbon capture and storage. Quite frankly, the majority of them have either been greatly delayed or abandoned because of the incredible cost to the public and the unwillingness of industry to step up and pay their portion. We know that that is the experience in Europe, in the States, across the world. We know that there's a tremendous uncertainty with respect to this and that there is a tremendous cost, yet this government, that claims to be great financial managers, is putting no protection in this bill for Alberta taxpayers on how much it is that industry needs to commit in order to become eligible for funding through this mechanism. None. So that's one thing that we have some very serious concerns about.

Another concern is the criteria under which this money will be shovelled off the back of a truck – I mean, given to various and sundry industries. Again, the government itself has talked about criteria that they would develop and that they would try to adhere to. At one point, I remember, in some release somewhere there was talk about: oh, well, you know, we're going to try and identify the industrial player whose adoption of this strategy would bring about the biggest impact, the biggest reduction in greenhouse gas emissions, and of course we want to prioritize those who will be able to have it up and running by 2015. By 2015? Are you serious? I mean, every expert on carbon capture and storage will tell you that the earliest that you're going to see this have any sort of serious impact is 2030. So the government's own documents are premised on a wing and a prayer.

You know, again, \$2 billion: let's close our eyes, cross our fingers, just throw it up in the air, and see where the wind blows it.

Mr. Snelgrove: Now, I'd vote for that.

Ms Notley: Well, indeed, I believe that's kind of how you functioned up to this point, so more of the same.

I would suggest that this very, very slim two-page bill, if we were really serious about making this work and if we were really serious about owing anything to taxpayers in terms of financial responsibility, ought to set out in the act the criteria under which we would give this money to industry. Again, two pages: the Minister of Energy will as he sees fit give money to whoever might possibly ask for it. So that's another concern we have.

9:40

A third concern we have is that, you know, the crossing of the fingers and the closing of the eyes and the humming when anyone hears anything that might suggest that this won't work: should those strategies work and we do ultimately find some success in this, this, to me, should be an investment on behalf of Alberta taxpayers, not a subsidization by Alberta taxpayers of industry. Once again, this bill should be talking about ensuring that for that money handed out, there should be some investment interest that taxpayers receive back for that. But the bill is completely oblivious to that issue, no plans to ensure any sort of investment or ownership or equity interest in any positive outcome that might possibly come from the strategy. Again, big if, very big if, major wing and a prayer here, but should something come from this strategy, we will get no ownership interests in it. We'll just pay for it and then give it away. So that's another concern.

Yet another concern about this, of course, that should be considered which is not, which was actually touched on by the Member for Lethbridge-East's amendment, is this idea of relative efficacy, relative value of the strategies that are being employed to address the environmental challenges that we face. That's where this whole idea of assessing how the outcomes to date of the carbon capture and storage investment would be measured against the other strategies that might be available. I mentioned this briefly here. I touched on this briefly in second reading.

The fact of the matter is that we don't have to choose to focus our hopes on the results of 1 out of 19 studies to suggest that this could work with respect to many other strategies geared towards reducing greenhouse gas emissions. Quite the opposite. I could find you 150 peer-reviewed studies that will tell you that the quickest way to reduce greenhouse gas emissions is to spend \$2 billion on retrofitting. You'll create jobs, and you will reduce our greenhouse gas emissions significantly, far more than this could ever hope to. But are we talking about spending the money on that? No.

The Minister of Environment recently announced a very small retrofitting plan. I can't remember exactly what it was. Perhaps he could tell me. It may have been in the \$10 million, \$50 million, \$100 million range. I can't remember which it was. But the point is that it is a small, small portion of what we really need to be investing if we're really serious about using retrofitting as a mechanism to reduce our greenhouse gas emissions. We should be serious about this because that is one of the areas where we know – the research shows – it works. But we're not doing that. We're not creating jobs. We're not doing that. We're shovelling money off the back of a truck to give to whoever manages to put together a good proposal.

The problem is that, clearly, because we're not putting a billion dollars into green retrofitting, this bill represents lost opportunity. It's not just: "Oh, what the heck. We've got all the money in the world. Let's throw \$2 billion at carbon capture and storage. If it works, it works; if it doesn't, it doesn't." No, no, no. For every dollar that we put in this, we're clearly not putting it into much more effective strategies. Again, this represents tremendous lost opportunity both in terms of reducing our greenhouse gas emissions and creating jobs.

Another reason why this is a concern is because there's nothing in this talking about criteria that would relate to the obligation to ensure that any initiatives with respect to carbon capture and storage must ensure that we have an answer for safe disposal of the carbon which is theoretically captured and stored. The key is that we cannot just store it. We have to dispose of it, and we have to find a way to dispose of it that is sustainable and secure for the future.

The problem with this, even the name of the bill, carbon capture and storage, is that this is all premised on the notion of just creating a great big storehouse of CO₂, and we actually don't have complete research yet on what the implications of that are to our environment. It's not black and white. It's not there yet. It's yet one of a number of question marks that remain with this strategy.

Another thing with respect to this, of course, is that as this rolls out, if it rolls out in any kind of remotely effective way, which is, again, a big question mark, it has to be accompanied by substantive, very clear monitoring obligations. Once again, the bill is completely devoid of any discussion about monitoring. What we do know is that while we talk about creating a \$2 billion fund to put forward carbon capture and storage, we are at the same time cutting monitoring in the Ministry of Environment in other areas. I would think that if you're talking about putting this kind of taxpayer investment in here, we should be stipulating within the bill the kind of monitoring that would be associated with the receipt of that kind of taxpayers' dollars, but again silence, complete silence on this issue within this bill.

Another thing, again, is a problem with, frankly, this whole strategy. The members opposite go on at much length about the many possibilities that exist through enhanced oil recovery. Again a question mark. It is possibly an effective strategy. We don't know for sure. What we do know is that in order to use enhanced oil recovery, we ultimately use more energy, so we are actually embarking on a process that is going to increase our energy use by 30 per cent. Enhanced oil recovery as a mechanism of disposing of carbon will actually increase quite dramatically our energy use. Is this a wise way to move towards reducing our greenhouse gas emissions and, ultimately, reducing our energy use when we know that reduction is the absolute most effective way to deal with these environmental concerns? No. We're going in exactly the wrong direction.

Ultimately, this is what we're talking about doing, and there are, you know, just a whole bunch of reasons why this is a poorly

constructed bill. The idea in principle has some merit, but this bill is a permission to government to roll the dice with a huge amount of taxpayer dollars on a strategy which we know is not by any means the best way to address the problem. It is irresponsible from a financial point of view, it is irresponsible from an environmental protection point of view, it is irresponsible from a job creation point of view, it is irresponsible from a governance point of view because there are simply no rules in this bill.

Frankly, there is no amendment to this bill because it would have to be rewritten from scratch, and it would have to be substantially reconsidered. As it exists now, frankly, it is a very, very expensive PR stunt that government doesn't know will work or not work, and certainly taxpayers have no way of knowing if it will work or not work. It is a very unfortunate and unwise initiative on the part of this government. There is simply no way to save it. We cannot support this bill.

Thank you.

[The clauses of Bill 14 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? It's carried.

9:50

Bill 10

Supportive Living Accommodation Licensing Act

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

Ms Pastoor: Thank you, Mr. Chair. I'm delighted to stand up and support this bill. I also commend the Minister of Seniors and Community Supports. I've had the opportunity to work fairly closely with her on this. I also believe that this bill is a result of some of the work that was done on the MLA task force about four years ago. I had what I called an adjunct report to go with that because I didn't feel that it was a minority report. All I wanted was timelines and to augment and help the report from the MLA task force move quicker.

It is a good bill. Many of the things that we found on that task force, many of the things that we brought forward are in this bill: the provincial standards that we wanted and had been asking for for so long so that they were the same across the province. Also, it didn't matter who was delivering the service; the standards had to be the same.

There will be a very strong monitoring program put in place with this. It will be on an annual basis, and the facilities will know that this review is coming up. Although I personally don't think that's probably the best way to do it, there is the ability to do random checks if there are complaints, so that's a very positive thing. Having been in the industry, I know that sometimes, also for inspections of schools, if you're ready, everything is up and shiny perfect, so it doesn't always give the true picture.

One of the things I sort of had a problem with was the fact that they used the words "peace officer" and not "police officer." I really believe that if something is suspected to be a criminal offence, it must go to the police and not to the peace officers.

Generally, this is a good document. The standards are in place, there's a way to monitor those standards, and there's also a way to

be able to respond to complaints, and I think that that will go a long way to helping people when they have complaints. At least they feel that now there is an avenue for them to be listened to. Sometimes it's just complaints about the food, which is probably 90 per cent, I think, of the complaints on the housing side of it, but food is probably one of the most important things in these homes where people live. We have any number of diabetics, and certainly those numbers are improving, and they do require a special diet. We also have many, many, many seniors who do not have good oral health. In fact, many don't have teeth or teeth that fit, and it's too late to go back and try and perhaps do implants or things that would help seniors be able to eat properly.

All in all, Mr. Chair, I am pleased to support this bill.

The Deputy Chair: Any other members wish to speak? The hon. Member for Edmonton-Centre.

Ms Blakeman: Thank you very much, Mr. Chairman, for the opportunity to speak in Committee of the Whole to Bill 10, the Supportive Living Accommodation Licensing Act. I'm going to support this because this is something that the Liberal opposition has raised and asked for a lot in the past. The previous version of the act didn't include seniors' lodges and some other kinds of seniors' housing under the monitoring and licensing sections. This does recognize different kinds of housing, brings more of it under an act which can be monitored and licensed. This bill really deals more with sort of the environmental aspects of supportive living licensing and has less to do with the actual accommodations and sort of direct assistance to individuals, which, I think, is where I've been concentrating my efforts.

You know, it's an interesting time because I think some of the government's innovations around this are right. We should be offering more choice. We should be offering different levels of support to people according to what they need. I think what really frightens people – it certainly frightened me – was what seems to be a fairly rigid approach that the government is taking to reclassify seniors who are currently in care and from the outside appears to be classifying them to a less care-driven form of accommodation. Somebody that's been in long-term care is redesignated to be into a designated assisted living complex.

While there are people that are very happy in that and should be in that level of care, I think it really frightens people who have relatives or who may be themselves in long-term care that they'd somehow sort of get punted out of that and that there would be an expectation that there's an increased level of family support for that. Oh, I did talk about this before because the same phrase came to mind: it scares the bejesus out of me. I don't know how I would find more time in my week to give more direct care to the relatives that I have that are in long-term care. If they weren't getting the level and intensity of support they were getting and I was somehow expected to pick up the loose ends on this because they've been reclassified to a different kind of living, I would be really personally very stressed by that, both in time but also in financial resources because I'd have to end up paying somebody to offer this additional assistance. I mean, my God, it's 10 o'clock, and I'm standing in the Assembly. I just wouldn't have the personal resources to put that additional time into caring for my relative.

The graduated level of care that the government is anticipating here probably is appropriate as we look at an aging population. But the government is pretty single-minded – perhaps I could even say bloody-minded – in moving people and redesignating or reclassifying or recoding. I can't remember the exact language the government uses. I know that in southern Alberta in some cases they've

had entire facilities that have been reclassified. I find it a little hard to believe that every single person in a long-term care facility was, presto chango, reclassified into someone capable of doing all right in a designated assisted living facility. I really find that very hard to believe.

I've strayed a little bit, Mr. Chairman, and I apologize for that. This bill is really dealing with the bricks-and-mortar side of those facilities and allowing better monitoring and enforcement, which, you know, I've been very keen on. I'm on the record a lot saying that, one, you've got to have the standards, two, you've got to have the monitoring to make sure that those standards are being met, and three, you've got to have the enforcement so that if they're not being met, the boom comes down and there are consequences for that. Particularly, owners and operators of facilities need to understand the consequences because these are frail people that in many cases do not have the wherewithal to demand support for themselves or adequate care for themselves. They really can be quite dependent on others.

Given that we are getting increased levels of monitoring and licensing under this, I am happy to support this bill in Committee of the Whole. Thank you.

10:00

The Deputy Chair: Any other members wish to speak? The hon. Member for Edmonton-Strathcona.

Ms Notley: Thank you. This bill, as I think I said before, is one of those bills that, you know, is sort of dressed up like a good-news thing, but because it is being used as a vehicle for a different objective, it actually is more problematic than one might first see on the surface. It does expand the application of regulations to certain types of facilities and in that respect is good. It ultimately takes matters that were previously regulations and puts them into legislation, and that is good.

There are certain specific elements of it that are a little concerning. For instance, right now licences for supportive living accommodations are only issued for one year, and this bill would actually allow that term to be extended to up to three years. The ministry says that they plan to have a policy where you're only eligible for a licence with a three-year term if you've already shown two years of compliant behaviour. Then they said that periodic spot checks would still be done throughout the three-year term. My concern about that, though, is that, frankly, I'm not convinced that the spot checks or the monitoring is as comprehensive as it should be, so I have some concerns about that.

In fact, in the House today but also in estimates debate with the minister for seniors we had some discussion around how short-staffing concerns had been addressed by the ministry. Those short-staffing concerns had impacts for both the health care side of the job being done – in this case it was long-term care – and the accommodation side of, in this case, long-term care. Notwithstanding that 300 reports of significant compromises in care, which might actually overflow in some cases to accommodation, had been made – and they had certainly been made to the minister of health, not to the minister of seniors. In fact, the minister herself indicated that that ministry worked quite closely with the ministry of health in terms of these kinds of issues because often there was an overlap in terms of the kind of complaints that they received. Yet seven months after these 300 complaints were provided to the ministry of health, there had been no follow-up inspections as a result of those 300 complaints. That indicates to me that there are some shortcomings in inspections and the frequency of inspections. For that reason, I would have some concern about moving licensing from one year to

three years. It seems to me that there are greater opportunities for places to fall through the cracks and for people to go a longer period of time without seniors having the basic standards met that should be.

I'm also concerned about the notion of inspectors not being able to do spot checks without first being announced because, of course, anyone in the industry will let you know that when that happens, many issues are often addressed between the time that notice is given and the inspection is completed. Again, this raises some concerns about the effectiveness of our inspection process. Those are a part of the concern.

There is also a concern just in terms of specifics. In the new bill the director may cancel a licence if the operator is breaking a specific rule in some way. In the old act there was also a greater discretion, where a director could suspend or cancel a licence where a licence holder was "not providing proper care to a person accommodated or cared for in the licence holder's social care facility." Another way they could do it would be if "the premises described in the licence have become unfit or unsuitable for the purpose authorized by the licence." So a much broader range under which a licence might be suspended than currently exists in this bill. That is another concern that we have.

Ultimately, though – and this has been touched on already – the real sort of dark side of this bill, if you will, is that it will be used as a mechanism for suggesting the government's plan to replace long-term care beds with beds in other, less comprehensive settings. This bill will facilitate that and facilitate their ability to say that that's a reasonable approach. There's no question that there are definitely cases where seniors would rather not be in a long-term care facility, nor should they be. Where the problem arises is where we know that we have at least 1,500 seniors in the province of Alberta who have been assessed as needing long-term care under the Nursing Homes Act, not some other version of supportive living with less support, yet we have the government making the decision to not build any more long-term care beds to address those needs. So we have a deficit, and we have the government instead making the decision that somehow that assistance and support to seniors can be provided in assisted living or designated assisted living or some lower care facility.

The fact of the matter is that for some of those people that's simply not true. That population is going to grow. The number of seniors needing some other supportive living will also grow. Absolutely. So, by all means, you know, expand supportive living. But to expand it at the expense of expanding long-term care is just such poor planning. It's going to have very clear and direct implications for our health care system, and it's going to hurt seniors.

On October 22 of last year the minister claimed in the House that the extended care, long-term care facility in Lethbridge that was going to be closed was being, quote, replaced by a designated assisted living centre. That's not replacement; that's a downgrade in quality.

On October 30, 2008, the patients in an auxiliary hospital in Jasper, including some who were palliative, had their care changed to a designated assisted living situation. This means that they're only having their housing provided when what they really need is much more comprehensive, ongoing health care. Likewise, citizens in Hinton are still fighting to reverse a February 2005 conversion of their long-term care facility into assisted living.

Assisted living simply is not appropriate for people who no longer have the cognitive ability to negotiate their own care needs or for those that are palliative, yet that appears to be what the plan is for

many of these people under the government's continuing care strategy.

Under the Nursing Homes Act the minister of health, in theory, should he use it, has the authority to make regulations stipulating staffing ratios. Now, frankly, that hasn't happened in any kind of effective way, but the authority is there. The same authority is not provided under this piece of legislation, and there's no other place where it might be provided because the health care side is under nursing homes, and these aren't nursing homes. Again, less government oversight, more opportunity for money to be taken from seniors and, ultimately, greater compromises in health care of both seniors as well as all Albertans.

I think that the other concerns that we have about this bill were already raised in second reading. It just needs to be clearly outlined that this strategy is one that is doomed to failure, and there will be a number of unfortunate situations that arise before the government is compelled to admit that this is a failing strategy that is letting down Alberta's seniors. Ultimately, it will be. While in theory this bill upgrades a few things, really, it doesn't do anywhere near what it should do for the type of people that this government intends to have use these facilities. That is why we have some very serious concerns about this bill and the direction that it facilitates.

Thank you.

10:10

The Deputy Chair: Any other members wish to speak?

Hon. Members: Question.

[The clauses of Bill 10 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? It's carried.

Bill 12

Surface Rights Amendment Act, 2009

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

Mr. Kang: Thank you, Mr. Chairman. It's a great pleasure to speak on Bill 12, brought by the Member for Livingstone-Macleod. The intent of the bill is to simplify the process the board uses to resolve disputes and to implement more informal, flexible forms of dispute resolution mechanisms. Amendments are included to allow the board more efficient processes to manage its workload, but there are no amendments to deal with the actual competency of the decisions made. It's just procedural in nature.

The design of the bill is intended to deal with administrative procedures, in effect to streamline them in order to more expeditiously resolve surface rights disputes. The amendments to the act are on the procedure side and are aimed at making the process aspects of the Surface Rights Board more efficient. The previous Surface Rights Act contained many procedural, prescriptive inclusions that made the process of dispute resolution onerous and led to delays in compensation judgments. The new amendments will allow more flexibility for the board to expedite the proceedings.

This is in the best interests of landowners as long as the amendments are fair. It is not in their interests to be involved in these disputes for an extended period of time because it costs them lots of money and lots of anxiety and the procedure takes a lot longer. As the statistics over the past few years have shown, the SRB is hearing more and more cases. This makes it a necessity to find a process to deal with more hearings and resolve them fairly for landowners and resource companies.

I raised some concerns last time I spoke on the bill. As long as those concerns are addressed, I think we can support this bill. This is a very important bill as it relates to the compensation for landowners who have resource activity on their land, and any changes to it must be carefully considered. Like I said, I had concerns that I raised before, like giving too much power to just one board member and the appeal process and those kinds of issues. Any changes must be carefully considered and must achieve an optimal balance between the rights of owners and the rights of the operators.

With that, I think I'll conclude. Those concerns should be addressed. I think that's about it for me, Mr. Chairman. As long as the bill is balanced, I think we have no problems supporting it.

Thank you.

Ms Notley: I'll be brief. Probably to nobody's great surprise, we do actually have some concerns with this bill. I did review them in second reading, but the bottom line is this: in the most general of ways this bill is going to dilute the administrative processes, the rules around an administrative tribunal. That never is a good thing. There are already opportunities for negotiation, and what this does is allow for a tremendous amount of discretion on the part of the tribunal to move parties into negotiating processes, often when the parties are greatly imbalanced in terms of their power. While negotiation can be an excellent mechanism and a tremendously positive strategy for resolving issues, there must always be a way to come out of it if it's not working.

If you look at other administrative tribunals – and I'll take, for example, the Labour Relations Board – there are a number of different avenues through which parties can mediate settlements of issues, and that's totally reasonable. That's totally reasonable. But you can't set something up where, in fact, you are removing from someone the right to have an in-person hearing. That's essentially what this legislation does. It is removing from the parties the right to have in-person hearings. It is a significant dilution of their natural justice rights, and it is an informalization of an administrative tribunal, which, some might argue, has already struggled to fairly balance the needs between two parties who have very, very different levels of power when they come to the table.

For that reason, the stated objective of finding a way to deal with the backlog and coming up with better ways to negotiate: that's all fine, but you cannot do that by removing people's rights to a fair, open, in-person hearing, and that's what this bill is doing. So we can't support it for that reason.

The Deputy Chair: The hon. Member for Calgary-Nose Hill.

Dr. Brown: Thank you, Mr. Chairman. I would like to briefly address this amendment. The bill as proposed will enhance the Surface Rights Board's service delivery and streamline the processes for users and give better and more timely service. It removes a number of statute-imposed procedural impediments and implements procedural changes only. It does not in any way affect either the compensation payable to the landowner or occupant for surface entry or any other substantive right of the parties. By providing for

flexible procedures, the board can better and more easily respond to the needs of the parties appearing before it, and this will enhance service delivery to those who require the services of the Surface Rights Board. For example, the existing provisions requiring a certain number of board members to perform certain tasks will be eliminated, and provisions mandating certain processes such as hearings or inquiries will be repealed to enable and encourage dispute resolution conferences and permit those processes to occur quickly.

The amendment also repeals provisions that are not necessary either because they are implicitly within the board's jurisdiction – for example, setting staff duties – or more reasonably would fit within the rules of practice. So this will again streamline the board's processes.

10:20

I would like to specifically address the provisions of section 12 of the bill, which amends section 28 of the existing act. Section 12 would improve the way the board functions by obviating the necessity of holding what would be unnecessary inquiries or hearings. The landowner would still have a right to seek a termination order under section 28(1) of the Surface Rights Act. We are not denying this right of landowners to terminate access for unused portions of the right of entry orders. All that is being sought here is to streamline the process and to provide a speedier service by getting rid of the legislative requirement for an inquiry. Termination orders are used when operators have ceased using the right of entry or part of it or where an operator has failed to avail themselves of a right to enter within a period of two months. This is really an administrative function, and that should not require a hearing to proceed. This is one of the outdated provisions of the Surface Rights Act that prevents the board from operating as responsively as it could.

In 2008 the Surface Rights Board issued 40 full termination orders and decisions and 16 partial terminations. One could only imagine the time and expense and the inconvenience of having all of those go to a hearing when all that is being asked is a right of entry termination by the landowner himself. Getting rid of these unnecessary inquiries through the amended section is a way to promote efficiency. It's a way to cut red tape and to simplify the procedures and cut costs.

I would urge all hon. members to support the bill in its present form. Thank you, Mr. Chairman.

The Deputy Chair: Are you ready for the question on Bill 12, the Surface Rights Amendment Act, 2009?

Hon. Members: Question.

[The clauses of Bill 12 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? Carried.

Bill 13

Justice of the Peace Amendment Act, 2009

The Deputy Chair: Are there any comments, questions, or amendments to be offered with respect to this bill?

Hon. Members: Question.

[The clauses of Bill 13 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

Bill 16
Peace Officer Amendment Act, 2009

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

Ms Notley: Yeah. I mean, I don't what we'd do if we weren't here to drag this out. We do have a concern about Bill 16. The amendment that was initially brought in was designed to ensure that peace officers were not in a position where they would be using the term "constable" or "special constable." Now, you know, we've heard just very recently about some unfortunate but still highly public and very problematic uses of force by the police. Whether they are or are not justified, the fact of the matter is that there is an agreement on the part of citizens that they will allow themselves to be policed by people who have met the requirements and conditions to be a police officer. Sometimes that means that those people actually give up certain rights that they wouldn't allow just an average person on the street to take from them. But that's sort of the consensus. That's the deal that we make when we, you know, agree to be policed.

There is a reason why police don't just sort of walk in off the street and become police officers the next day. There are criteria that they have to meet. There are standards of behaviour that they have to meet. So our concern is that although this appears to be a very, you know, administrative little thing – oh, people are having to spend a little bit too much money on uniforms – the concern is that in the long term you'll have peace officers who are appearing to be constables, and that is something that ought not to be happening. That's the concern that we have about this.

The fact of the matter is that when the bill first came in, I believe there was a three-year grace period between when the legislation was passed and when these parts of the act are proclaimed. I just don't know how hard it is to take a little label off a uniform. It seems to me to be a bit much that we're coming back to the Legislature to say that it's okay for peace officers to be called constables because we can't change the uniforms in three years.

I am concerned about this, so just because that's what we do, we'll probably not be supporting this bill. Thank you.

The Deputy Chair: Any other members wish to speak?

Hon. Members: Question.

[The clauses of Bill 16 agreed to]

[Title and preamble agreed to]

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

Hon. Members: Agreed.

The Deputy Chair: Opposed? That is carried.

The hon. Deputy Government House Leader.

Mr. Renner: Thank you, Mr. Chairman. I move that the committee now rise and report bills 33, 14, 10, 12, 13, and 16.

[Motion carried]

[Mr. Mitzel in the chair]

The Acting Speaker: The hon. Member for Lethbridge-West.

Mr. Weadick: Thank you, Mr. Speaker. The Committee of the Whole has had under consideration certain bills. The committee reports the following bills: Bill 33, Bill 14, Bill 10, Bill 12, Bill 13, and Bill 16. 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 Acting Speaker: Does the Assembly concur with the report?

Hon. Members: Concur.

The Acting Speaker: Opposed? So ordered.

The hon. Deputy Government House Leader.

Mr. Renner: Thank you, Mr. Speaker. I move that the Assembly now do stand adjourned until 1:30 p.m. tomorrow.

[Motion carried; the Assembly adjourned at 10:28 p.m. to Wednesday at 1:30 p.m.]

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