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The 28th Legislature
Second Session

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The Honourable Gene Zwozdesky, Speaker

Legislative Assembly of Alberta The 28th Legislature

Second Session

Zwozdesky, Hon. Gene, Edmonton-Mill Creek (PC), Speaker
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Griffiths, Hon. Doug, Battle River-Wainwright (PC)
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Party standings:

Progressive Conservative: 60

Wildrose: 17

Alberta Liberal: 5

New Democrat: 4

Independent: 1

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Calahasen	Young
Casey	

Legislative Assembly of Alberta

7:30 p.m.

Tuesday, March 4, 2014

[The Deputy Speaker in the chair]

The Deputy Speaker: Please be seated.

Consideration of His Honour the Lieutenant Governor's Speech

Ms Kubinec moved, seconded by Mr. McDonald, that an humble address be presented to His Honour the Honourable the Lieutenant Governor as follows.

To His Honour the Honourable Colonel (Retired) Donald S. Ethell, OC, OMM, AOE, MSC, CD, LLD, the Lieutenant Governor of the Province of Alberta:

We, Her Majesty's most dutiful and loyal subjects, the Legislative Assembly, now assembled, beg leave to thank Your Honour for the gracious speech Your Honour has been pleased to address to us at the opening of the present session.

[Debate adjourned March 4]

The Deputy Speaker: Hon. Member for Edmonton-Calder, did you wish to speak?

Mr. Eggen: Yes, I would. Thank you, Mr. Speaker, and I appreciate the opportunity to speak to the throne speech, which I, of course, listened to and read again yesterday. In Edmonton-Calder people are not interested in just words. They're not interested in rhetoric. [interjections]

The Deputy Speaker: Hon. members, Edmonton-Calder has the floor, please. Thank you.

Proceed, member.

Mr. Eggen: People in Calder want action on making life affordable for themselves and for their families. I have a clear and very concise message for this PC government, that is the consensus of the vast majority of people in my constituency in Edmonton and of the rest of this province, too. The message is simple, and it's this. When you keep on breaking promises, people stop believing you. This government promised the moon in order to get elected and proceeded to dismantle each promise after the election. If you keep on breaking promises, Mr. Speaker, people end up stopping believing you.

I found it here again in the throne speech as if somehow an echo or rubbing salts in the same wound that caused so much trouble before. The quote is here, "holding spending below population and inflation growth," from page 10 of the throne speech. This simple directive effectively undermines the budget from last year and, I fear, this coming year as well.

Last year, with similar cuts to spending, broken promises were stacked up like cordwood. The five-year plan to eliminate child poverty has not even been dignified with a mention. Full-day kindergarten has been backtracked considerably, and it is very unclear as to its future. Increasing funding to postsecondary schools: well, we certainly saw a hole blown right through the middle of that one, Mr. Speaker, with significant cuts. I was just speaking at the University of Alberta this evening, and those cuts are real and significant and long-lasting. Delivering a balanced budget by 2013 with no new taxes and no service cuts: this is right from the PC campaign platform. Well, Mr. Speaker, at least I can

give it enough credit to say that if you're going to dish out this kind of thing, you might as well make it a whopper.

Albertans are looking for practical solutions that are actually delivered, that will make life more affordable for themselves and for their families. New Democrats went on an extensive prebudget tour like we do every year to listen to people and carefully document what is being said. The results are strikingly similar almost everywhere, with some local variation, of course. I say let's build a throne speech and a budget that addresses these concrete issues that we heard loud and clear in each corner of this province.

In no particular order, Mr. Speaker, the first one that comes to mind is utility rates. Albertans are paying some of the highest rates for electricity in Canada. As we saw with events in these past few days, there is a lot of confusion and, I would say, trouble associated with the same big five power producers controlling the market like they have done before deregulation. Deregulation has only served to push us into a much narrower channel for how we produce electricity in this province and has made it difficult for us to diversify and to make electricity bills more affordable for Albertans. There's a simple solution. It's a solution that's been used right across North America, and we are the outliers on this one. Simple, basic regulation of our utility rates in this province would make life a whole lot more affordable and a whole lot more conducive to small- and medium-sized business to actually build and prosper and diversify our economy here in the province of Alberta.

I was struck right across this province, from Grande Prairie down to Medicine Hat and Lethbridge, with how fast the rental rates are going up for accommodation in this province. Certainly, we would like to see more production of units for people to live in. We're having the largest immigration of population of anywhere in Canada, and quite frankly at this juncture, with rates going up between 6 and 8 to even 11 per cent in places like Red Deer, we need some rental regulation in place, Mr. Speaker, to ensure that the workers that we need to drive our economy have a place that they can afford to live in. If you're spending more of your money on rent than you can afford, every other aspect of a family's life starts to fall apart. You have less money available for education for the kids, you have less money to buy good quality food, for transportation, and so forth.

I think, again, that with our economy being so hot, with rental rates going up so quickly, the time has come that we put some regulation in place for our rental markets. It doesn't have to be there all the time, but I think that at this moment Albertans would appreciate a break on skyrocketing rents in this province.

Again, the minimum wage issue has come up as we travelled around the province, and there has always been lots of misinformation around this. Yes, many people are not just earning the minimum wage, but with the lowest minimum wage in Canada here in the province of Alberta, this casts a negative shadow on the wages for service industry people that are earning a little tiny bit more here and there right across the province. Certainly, it's an expensive place to live out there. We all know that. The idea of not having a living wage for someone who is working full-time, I think, is not just unconscionable, but it defies logical thinking as well. Businesses are capable of paying higher wages. They need that regulation to ensure that the minimum wage is put up to a living level and everybody must abide by that.

This whole idea that service jobs are just something for pin money or for kids who live at home: well, you know, I don't think so. Lots of people end up having to have two or three jobs at low

wages in order to pay for themselves and for their families to get by here in this province. I don't like it. I don't think it's good business. I don't think it's equitable, nor is it just. That is something that we could do here in the spring session, raise the minimum wage and allow those benefits to pass through wage earners right up to differing scales along the economy.

The whole issue around pensions, again, is a very, very sensitive issue. It's not just a question of people being able to save for their future for when they do retire, but it's a question of the security that goes along with having a pension that you know is going to be somewhat affordable or something that you could live on in the future. The idea of disregarding out of hand participating in a national increase in pension contributions and building and strengthening the Canada pension plan, I think, again, is a mistake that we need to reconsider during the spring session. It's a way by which we can supplement other pension incomes that people might be building towards, and it's a way by which we can provide that security, that people are just not having here now.

We know that the public-sector pension issue has been very hotly contested in these last few weeks and months, and certainly it's something that all Albertans would like to see addressed in an equitable way. When we had more than 2,000 people at Churchill Square in Edmonton on Sunday in minus 35 degrees Celsius, it struck me and I think it should strike everyone in this room that these are not just public-sector workers who are making this plea and protesting the changes to pensions, but it's anyone who knows that we set the precedent for what happens with public-sector pensions, and that can certainly have a direct effect on everyone's pensions and security for the future.

Postsecondary access is something that I'm seeing and hearing from people, and the statistics bear it out as well. We have fewer of our young high school graduates going to postsecondary education, and part of the reason is that it's just not affordable. For many middle-income people in this province with families and all the other pressures of a high cost of living, more people are making that choice to not go to postsecondary school. That's a tragedy that has a slow burn, Mr. Speaker, because it burns right through a person's career and their lifetime, not having adequate postsecondary education and the right sort of postsecondary education. They have to carry that burden of lower wages and poorer jobs around with them until they finally can make it to college or some other form of postsecondary. It's becoming unaffordable. We have the lowest rate of participation, and it's quite shameful. At the very least it's a waste of our most precious resource, which is young people, and certainly on an individual level, on a moral level, and on an economic level it's just a bad choice to make postsecondary so expensive.

7:40

I'm hearing as well very clearly that we would like to see something to be done to create affordable daycare in this province at this time. People are working two jobs. We have lots of families with two people working in the family in order to make ends meet, but it becomes prohibitive when you have to pay very expensive rates for daycare.

In jurisdictions around the world where daycare has been made much more affordable, such as in our own Quebec in Canada, it has allowed the economy to move ahead and for family incomes to increase, and all sorts of other benefits have come from affordable daycare. We need it here in this province now. We need to regulate that. It needs to be decommodified in some fundamental way, and we have the power to do that here in the Legislature.

Then, of course, finally, there is a whole host of health care issues that Albertans would like to see addressed. I think that we

can do that in this budget coming up, and certainly there would be a universal benefit for all Albertans. We know that seniors' care is becoming much more expensive. We've somehow moved it out of the provincial budget, and so many more people are having to pay for care for seniors with assisted living and so forth. That price, that burden, is often more than families can afford.

As we know, we have an increasingly aging demographic that's moving through our society now. It's not something that we should be worried about because these things come and go. We knew that the baby boom would be passing through our demographic for the last 50 years. It's arrived now, and with planning and with care we can build the public seniors' care that we require for these next number of years.

We saw as well the whole issue around not building more capacity. Because of increased population and the growing economy in our province we're seeing that the pressures on acute care are starting to become more and more of a problem in different cities and towns around the province. We need more of those acute-care beds. We certainly can free them up by building seniors' care that can relieve the pressure on acute-care facilities, but ultimately we need those acute-care spaces in order to have the proper ratio between population and the capacity in our hospitals.

By running our hospitals at such a high capacity now, we overstrain so many aspects of those institutions and the workers that are in those institutions. By running large hospitals, such as the Royal Alex here in Edmonton, at more than 90 per cent, you end up burning out your staff. You end up not being able to provide the care that people need because of strain. Ultimately you end up with reduced health outcomes, especially if you somehow have an extra emergency plopped on top of that, with some sort of outbreak or something like that. Then the whole system is just overstretched and overheated.

Thank you very much.

The Deputy Speaker: Standing Order 29(2)(a) is available.

Seeing none, I'll recognize the Member for Calgary-Buffalo, followed by Cypress-Medicine Hat.

Mr. Hehr: Well, thank you very much, Mr. Speaker. As always, it's an honour and a privilege to be able to address this august Assembly and give my comments on the throne speech, which has been the first throne speech we've had in a couple of years, which is the time for the government to lay out its case as to what it's going to do for the Alberta people and how it's going to bring about peace, order, and good government and move the issues of the day forward. In my view, yesterday was not quite a banner day for the government. It didn't seem to me that the throne speech contained its usual zip or pomp and circumstance and the like. It seemed to be almost a recognition that we're halfway done a mandate with no clear sense of where to go or what direction to go in, and it just seems to be in a holding pattern.

Now, maybe that is my reading into it, but it seemed almost more like a speech given at a funeral than it would have actually been a throne speech. I've been to I think four previous throne speeches, maybe five, and there seemed to be a little bit more energy in the room, a little more zip, a little more: "My goodness. We're on top of things. We know the direction forward. We've led the government. We've got a handle on things." I didn't get that sense yesterday in the throne speech. Maybe that was me. Maybe that was just what I felt in this room. I guess here we are. We're essentially two years into the Redford revolution, I think, if that's what it was to be called.

Mr. Denis: Names, names.

Mr. Hehr: The hon. Premier's revolution. My apologies.

It has now been, essentially, two years since an election where we were promised a great deal of change and a great deal of hope. I believe some advertisements were: this is not your daddy's PC Party and the like. I think the Premier even advertised herself as being the second coming of Premier Lougheed. There was lots of hyperbole going around. I think there was a lot of thought amongst many progressives, if I can use that term, that it was the progressive hour of the Progressive Conservatives. But not only them, they were going to become even a bigger tent and become the answer to the middle of what, in my view, good government looks like and what the good government looked like under Peter Lougheed, representing that middle ground.

I think that was the thought of many people who were out there who voted for Ms Redford – oh, I'm out of practice, Mr. Speaker, and I apologize; I will get back in the flow – the hon. Premier, in the last election. In fact, I think many people ran for the hon. Premier because we were getting away from a lot of the stuff that we had done over the course of the past 20 years.

If you look at the election platform, my goodness, that promised a lot of stuff in there that I, frankly, liked. Predictable, sustainable funding. Schools – can you believe that? – in neighbourhoods where children live. My goodness. We hadn't heard of building schools in neighbourhoods where kids lived in 20 years in this province. This is a good thing. There was a commitment to public education that I thought had been absent, a move towards full-day kindergarten, something that other jurisdictions have had for a long time, Mr. Speaker. A real bevy of things that I like and, frankly, the voters would like.

You know, we get two years into a mandate, and many of those promises have just gone up in smoke. It was like: we promised them, but did we really have a commitment to follow through and deliver on those promises? Frankly, I think the government full well could have delivered on those promises, but that would have taken some real heavy lifting and real emphasis on getting out in front of the public and leading, leading Albertans to a better place, a better future, a better direction for us not only now but 50 years from now. Here's where I can try and explain where I think the government of the day made the mistake, and we find ourselves at this junction, which I don't think is really a pleasant place for anyone, much less the government, much less the citizens of this great province, and much less future generations.

7:50

I think that when the platform was put together, it was made with the recognition that our fiscal structure was broken, okay? People have heard me say this before. By fiscal structure I mean our tax code. Our tax code is the lowest, and we're the lowest tax jurisdiction by a country mile.

If we adopted Saskatchewan's tax code, we'd bring in \$11 billion extra, okay? Even if you bring back half of that or even a third of that, you know – let's face it – you can do a lot of stuff. Let's say a third, \$4 billion extra dollars. You, essentially, are able to build schools, roads, and hospitals without going into debt. You'd actually be able to keep kids in school right now or be able to teach kids in a more reasonable state.

I know the Minister of Education is here, and we have 51,000 more kids in classrooms today than we did three years ago with a thousand less teachers. Well, that could have helped. You know, you don't have to go whole hog on this stuff. Progressive income taxes essentially would have covered much, much of that shortfall, okay? Really, for most people it would have actually ended up in a tax cut to your middle class.

There are a whole host of ways of doing this to ensure that the platform could have been delivered if the government of the day chose to get out and lead. You know, I also see that there comes a recognition when government should do what maybe not is in their best interests but what is in the best interests for the province's future. I've heard some people on that side say that we should be statesmen, not politicians. I like that line. I like that sentiment, and there have been governments in this country who have been that, who have put the interests of the people ahead of their own political party.

I note the hon. Minister of Municipal Affairs is here tonight, and largely, I think, he was part of a government who put the interests of the country ahead of their political interests. I'm talking about the Brian Mulroney Conservatives of 1988 to 1992. I thought they did a lot of things that may have not been popular but may have been necessary, okay? I think they got out and led, and I don't actually even think that some of those changes were what lost the election. Other things happened. They got out and led. I think that at the end of the day I didn't like those decisions they made back in 1988, but looking back, 25 years later, I say: "My goodness. There was a government that went out and did big things, fought big issues, brought a sense of government to the people that I think we look back on as being thankful for, and we don't recognize that at the time."

I think that's what bothers me about the government of the day here in Alberta. They did not put the best interests of this province for the long run at the core of their decision-making. It seems to me that they put their political interests to the forefront. The political calculation was: well, if we do any tax reform, whether it be any move of the magnitude that the Brian Mulroney Conservatives did or even lesser moves on the progressive income tax or corporate income tax side, my goodness, the electorate will just not vote us in, and it will be Wildrose government, and it'll be the end of the dynasty.

Well, six of one, half a dozen of another. We're two years in. The decisions they made, anyway, haven't, in my view, corrected the problem that's out there in our society, and I don't necessarily know if the political calculation was right, okay? Sometimes governments have to put themselves in the position of doing what's best for the people. I think that in that respect this government failed miserably.

But with respect to the throne speech, you know, the government also sees a day where possibly two years from now, four years from now, we are back in a position, say, like we were in 2001, with lots of money, okay? I see that day coming. Everyone sees that day coming. Still, if we haven't learned what happened over here in the last 25 years, that we're not building permanent prosperity, that we're tending to run from crisis to crisis to crisis, and that we have spent all the oil and gas wealth over the course of the last 40 years as soon as it's come in, I don't know if we'll ever learn it. To be honest here, guys, four years from now you probably won't hear speeches like this in the Legislature. People will have moved on because governments can only do things at certain times, and this was the time to actually do this, to right Alberta's course for the future.

We'll go back to the period of 2001, where we will all think that we are building that permanent prosperity, where we'll have these endowments and things like this and thinking that Alberta's going to be permanently wealthy forever, but eventually, because of the massive subsidization of the taxpayer, essentially \$11 billion dollars compared to other provinces, we will not be building that permanent wealth. We will simply be on a permanent cycle where eventually we're going to be broke one day again. That, Mr. Speaker, I believe is inevitable, for I cannot sit here and tell you that our oil sands – although I hope they do pump for 300 years. I

really do. I hope we have that type of prosperity, but to be honest, can I see past 50 years with our oil sands? Maybe. Some people can't see past 30 years, okay? That means, to me, that there's some real risk out there that we could have tried to mitigate against at this time, and we're not going to be able to do it six years from now.

Let's talk to the day-to-day stuff, even, that we're missing despite the fact that we live in this place of alleged wealth, with our economy ticking along, personal incomes up, corporate incomes up, housing sales up, everything up except for government revenues. Really, if any other jurisdiction had our type of economy, would there be an issue with building schools in areas where kids live? Let's look at that specific promise of those 50 new schools built in Alberta. In my view, Mr. Speaker, that's not going to happen. We'll be lucky. We've gone two years into a mandate, and we haven't started building these schools. There are no P3 contracts in place. There's no government funding in place. These schools may be built sometime in and around 2018 if we're lucky. Here's the real rub. By the time all of those schools are built in 2018, we will have had more children move into the province of Alberta. That makes the crowding at our schools even more onerous than it is right now. We're seemingly on this perpetual cycle on where we go, and we didn't deal with those problems there.

In any event, that's probably one of the last times – I tend to go on and on about our fiscal structure, that seems to be the decision of the government of the day, to avoid that big issue and, simply, in my view, the excess of spending all the oil wealth in one generation. Given that's what it is, I think they've missed an opportunity to do what was right for this province for the long run.

In any event, you know, always an honour to speak to this.

The Deputy Speaker: Thank you, hon. member.

Standing Order 29(2)(a) is available.

Seeing none, I'll recognize the Member for Cypress-Medicine Hat.

Mr. Barnes: Thank you, Mr. Speaker. Let me start by saying that this was a misdirected, misleading, and underachieving throne speech.

Mr. Denis: Point of order. [interjections]

The Deputy Speaker: Hon. member, please.

Hon. Deputy Government House Leader, you are rising on a point of order?

Point of Order Parliamentary Language

Mr. Denis: Yes. Point of order: 23(h), (i), and (j) as well as *Beauchesne's*. The member has used the word "misleading," which was ruled out by your brother Speaker earlier today to be an improper comment, and I would just ask that he withdraw that particular word.

The Deputy Speaker: Okay. Thank you.

Hon. member, you might like to choose another word to make your point or withdraw that.

Mr. Barnes: Thank you very much. I'm sorry. I will withdraw it.

8:00

The Deputy Speaker: Thank you. Please proceed.

Debate Continued

Mr. Barnes: Starting with the title of the speech itself, Building Alberta Together, the document misfired. It's Albertans who built

Alberta, who build it now, and who will continue to build Alberta in the future. This government needs to simply stay out of the way more to make it happen, and the jargon of the throne speech does nothing for the real progress and the real innovation needed here in Alberta.

It continued to be misdirecting because parts of it were aimed directly at the Wildrose while failing to recognize this current government's continued assault on property rights, individual rights, and front-line workers. It made no mention of the Premier's habit of unfocused globe-trotting and foreign office expense accumulation. It did not focus on the bread-and-butter work here in Alberta.

A continual PC talking point of the Wildrose build-nothing plan was mentioned. Let's get the facts straight. As the Alberta government the Wildrose would actually invest \$48 billion over the next 10 years in health facilities, schools, roads, and other necessary government facilities. Our commitment to a provincial public priority list, more competitive bidding, more design/bid/build contracts would ensure more effective and efficient infrastructure spending for all Albertans, and we would not do it on the backs of future generations.

Oppositely, infrastructure projects like schools that are being announced without plans, budgets, and timelines: it will be impossible to complete them on time and not break another election promise. Worse, though, is that this way of building by political announcement and doing it on the backs of future generations will lead to huge inefficiencies, cost overruns, misallocated assets, and reduced value and services for all of us.

The throne speech makes no mention of the PCs continuing to increase the size and mandate of the provincial government. This increase in bureaucracy has been making many nervous as the South Saskatchewan regional plan chugs along with huge concerns about the economic and lifestyle consequences.

The government fails to take responsibility for a huge bottleneck in Environment and Sustainable Resource Development, that has been incapable of formulating plans and policies and not recognizing the good stewardship of ranch and farming families or the many environmentally sound policies of our oil and gas companies. This is of huge importance now, Mr. Speaker, as the sage grouse protection order is in effect in 42 townships, in Cypress-Medicine Hat, and where this may lead to throughout the rest of our province.

The throne speech ended with a section entitled The Next Phase: Opening New Markets. Amazingly, the PC government has made it their priority to focus unrelentingly on selling Alberta to the world and advocating for a Canada free trade zone.

In the 22 months since the last election we have seen the Premier's Canadian energy strategy achieve not a kilometre of pipeline, not a metre of right-of-way or move a litre of diesel fuel. Instead, what we have seen is a \$1.3 billion potential subsidy to a for-profit industry, countless trade offices admissions, and a bundle of money spent on government jets.

We measure the success of our elected officials in results, and the Premier's luxurious travels to the four corners of the Earth have produced none. Amazingly, we have a Premier not even willing to wait 10 hours to fly home with the Prime Minister of Canada to discuss the very things she claims she wants to accomplish. Perhaps she could've considered that this is the man she has to talk to, to work with in order to actually achieve some of these things – interprovincial pipelines, trade agreements, and the like – to make Alberta a stronger participant in Canada.

A year ago, in an effort to hide a \$17 billion deficit looming two years from then, our Alberta PC government broke our financial situation into three budgets and added billions of dollars in P3

spending that will indebted us and our children for years to come. But this throne speech says that the government will live within its means and balance the budget. That is not a consolidated Ralph Klein style budget that would once again show the reality; this is a province billions in debt and nearly reaching the financial lows that Don Getty caused decades back.

Of course, “transparency” might be the most overused, underutilized word offered by this government. A round-table on the improvement of Alberta’s child intervention system failed to invite many of the necessary stakeholders to truly explore the problems and solutions. I for one had great hopes for this round-table, have great hopes for this type of system in the future, and I do hope the government will strive to improve it.

This government has also talked about meaningful consultations with Albertans, talked about involving the opposition more in a constructive improvement to the legislative process. Tightly managed, orchestrated, low turnout meetings in Cypress-Medicine Hat and around the province and a failure to engage in discussions around numerous opposition amendments to legislation prove that this government has no desire or little ability to be more transparent.

Lastly, I especially believe this throne speech was under-achieving. It failed to take into consideration the real challenges Albertans have. The list is endless. Wait times for elective surgery are measured in years and cancelled appointments. It’s embarrassing in Medicine Hat that our number one radio advertisers are the Great Falls and Kalispell private clinics saying: come down here; pay your money to get your elective surgery.

Municipalities are bogged down in provincial paperwork and uncertain funding levels, our education system is falling behind competitively in a fast-paced and changing world, rural Alberta is faced with economic uncertainties and government service decay, and our transportation and infrastructure spending is enormous with unacceptable results. Utility rates and their ancillary charges are skyrocketing. Everyday Albertans are feeling the hardship of this.

With this in mind, let’s take one last look at the title, Building Alberta Together. If this government truly meant that their plan was to be done together, the speech would have been completely different and the government’s 2014 priorities would have actually reflected the 2014 priorities of Alberta’s public. Instead of things like decentralization, innovative ideas, or intentions of meaningful consultation with Albertans, we heard misdirected and underachieving talking points.

Thank you, Mr. Speaker.

The Deputy Speaker: Standing Order 29(2)(a) is available. The hon. Member for Rimbey-Rocky Mountain House-Sundre.

Mr. Anglin: Thank you, Mr. Speaker. I was wondering if the hon. member would make a comment on the issue of the economic effects of the sage grouse, that he mentioned in his response to the throne speech.

The Deputy Speaker: The hon. Member for Cypress-Medicine Hat.

Mr. Barnes: Thank you very much for the question. It is estimated that the oil and gas industry alone in the area of the southeast corner of the province could be hit as hard as \$200 million, not considering all the spinoff and benefits that would relate to people conducting their everyday Albertan life. Although for the oil and gas industry the impact would be much more severe, quicker, it is estimated that for the ranching industry over a mid-term period of time the impact would also be as high as \$200 million. It was also, I think, put in one of the federal government’s

protection orders that the estimated impact was \$161 million, so another number that’s in the ballpark. Again, compensation doesn’t appear to be mentioned as part of the eligibility with this and is something that I hope can be addressed.

I will add to the hon. member that although, you know, with Bill 36 the regional advisory committee plan had marked 30 to 35 per cent of Cypress county as a potential conservation area, this federal protection order and where it may lead to seems to be falling right into what we all felt were grave concerns about the Alberta Land Stewardship Act right from the beginning, right from the initial stage. I will also add to the hon. member that one of the big fears in the constituency of Cypress-Medicine Hat is where this may lead to for the rest of Alberta.

Thank you.

8:10

The Deputy Speaker: Are there others?

Are there other speakers to the Speech from the Throne?

Seeing none, did someone wish to move to adjourn debate on the Speech from the Throne?

Mr. Barnes: Could I adjourn debate on this, please?

The Deputy Speaker: Thank you.

[Motion to adjourn debate carried]

Government Bills and Orders

Second Reading

Bill 1

Savings Management Act

The Deputy Speaker: The hon. President of Treasury Board and Minister of Finance on behalf of the hon. Premier.

Mr. Horner: Yes. Thank you, Mr. Speaker. I am pleased to rise this evening to move second reading of Bill 1, the Savings Management Act.

Mr. Speaker, Albertans have told us that saving is important, but they also want to know how our savings are supporting the province’s long-term growth and development. They want to know that they have a purpose. That was made very clear to me at budget consultations over the past couple of years and at other public forums like the economic summit the government hosted last fall. Bill 1 strikes a balance between consistently saving for the future and leveraging a portion of our savings now on targeted province-building investments that will benefit Albertans now and for generations to come while still allowing us to continue growing our savings in the heritage fund.

The proposed Savings Management Act will support innovation in the social services and cultural sectors, help address Alberta’s demand for skilled labour, and position Alberta to take advantage of future strategic opportunities. To do this, Bill 1 enhances the Alberta scholarship fund, establishes the social innovation endowment and the agriculture and food innovation endowment, and creates the Alberta future fund. Together these funds and endowments will help secure a brighter future for Alberta, moving us forward as we continue to build Alberta. Spending of disbursements from any of these funds and endowments must be for the purpose stated in the legislation and must be approved by a vote in the Legislature.

Mr. Speaker, it’s no secret there’s a shortage of skilled labour in this province, particularly those workers with a trade. Bill 1 addresses this issue by enhancing the Alberta heritage scholarship fund: \$200 million will be earmarked for trades-based education,

helping apprentices complete their programs, engaging industry, and promoting excellence across the apprentice system. Our aim is simple, to encourage and support people pursuing a career in the skilled trades. The Alberta heritage scholarship fund was originally established by a grant from the heritage fund, and Bill 1 will build on this precedent with a \$200 million transfer from the heritage fund in 2014. Disbursements from the earmarked portion of the scholarship fund will be limited to 4 and a half per cent of the fund's value based on a rolling three-year average of its market value. That works out to \$9 million a year, starting in 2015-16.

Providing scholarships or bursaries to encourage and assist Albertans with a career in the trades is a problem and a solution that we can wrap our minds around pretty easily. But other issues, especially those in the social sphere, are not so simple. Complex issues like poverty and family violence demand we change our thinking, working in ways that may fall outside of traditional government approaches. It's not just shovelling more money into existing approaches but instead working collaboratively with our partners to find a better way of doing things. That's where the social innovation endowment comes in, providing a stable source of funding to create new knowledge and for the development and testing of new approaches to support innovation in the social services and cultural sectors.

The social innovation endowment will be established as an account within the heritage fund and will be allocated \$500 million in 2014 and another \$500 million in 2015. Disbursements from the social innovation endowment will also be limited to 4 and a half per cent per year. That works out to 22 and a half million dollars in 2015-16 and \$45 million in 2016-17.

Mr. Speaker, I'd now like to turn your attention to the other new innovation-focused endowment, the agriculture and food innovation endowment. Agriculture is an important industry in this province, and we want it to continue to flourish, providing diversity to our economy and supporting our rural communities. The agriculture and food innovation endowment will support Alberta's agricultural innovation system, providing enhanced funding for basic and applied ag research and supporting value-added product development in commercialization activities. Like the social innovation endowment, the agriculture and food innovation endowment will be set up as an account within the heritage fund. It will receive a one-time allocation of \$200 million in 2014, which again, based on the 4 and a half percent rule, works out to \$9 million a year, starting in 2014-15.

Mr. Speaker, that's a thumbnail sketch of the three endowments covered by Bill 1. At a very basic level those endowments are about creating and exploiting opportunities to move Alberta forward, which brings me to the Alberta future fund, a different kind of fund that is being set up for a different purpose.

The Alberta future fund will enable government to capitalize on future strategic opportunities as they arise. These are large-scale, province-building opportunities that may require a large, one-time investment by the project. They may or may not be capital projects, and because the government only borrows for capital, government needs some other mechanism for responding to unexpected strategic opportunities when they come up.

These opportunities are not yet known, but the Alberta future fund will ensure we are in a position to respond when the time comes. It, too, will be established as an account within the heritage fund. The future fund will be allocated \$200 million in 2014 and \$200 million for the following nine years, to create a total fund of \$2 billion. The money will stay there and continue to grow until the right opportunity comes along, at which time the government may withdraw, following the passage of a resolution in the

Legislature, any amounts for investments that provide long-term benefits to Albertans and the Alberta economy.

As I mentioned, Mr. Speaker, our savings, which includes the heritage fund, will continue to grow. We put a legislated savings plan in place last year, and we're still sticking to that plan. Apart from the legislatively authorized disbursements from the new account, the net income of the Alberta heritage savings trust fund will remain subject to the provisions of the Fiscal Management Act. The provisions require that by 2017-18 and in all subsequent years 100 per cent of the heritage fund's net income will be retained within the fund. As planned, we will set aside a portion of our nonrenewable resource revenue for savings right off the top every year so that the heritage fund, our savings, will continue to grow.

Mr. Speaker, I fully expect that some in this House will take this bill as some sort of strike against the heritage fund. It's not. In fact, this new vision for our savings in many ways reflects the government's original vision for the heritage fund. When the heritage fund was established in 1976, the fund's stated objectives were to save for the future, to strengthen or diversify the economy, and to improve the quality of life for Albertans.

Mr. Speaker, the hon. Member for Little Bow this afternoon talked about the grain cars that the Alberta heritage savings trust fund bought to help Alberta grain producers move their product to market. They are still on the rail. In fact, I can recall seeing them on sidings in the province just last fall. I saw them at Prince Rupert, parked waiting for vessels to come in. It's still a very honourable thing to see those cars go by on the railway tracks today. That was an investment of the Alberta heritage savings trust fund.

Mr. Speaker, if you go to the Medicine Hat airport, as an example, there is a plaque on the wall that says that the terminal at the Medicine Hat airport was built with Alberta heritage savings trust fund dollars.

Mr. Speaker, Premier Lougheed and his team at the time, of which I'm proud to say that my dad was one, had a vision for where that fund could be used. They had a vision for those three areas that Bill 1 is also emulating. So despite what many have said, the fund was not intended to simply be a vessel for saving money for future generations. It has also benefited past and present generations of Albertans.

Mr. Speaker, I also recognize that the heritage fund has a very special place in the hearts of Albertans. It has a special place in the hearts of every member here. I fully acknowledge that there will always be many opinions about how the fund should be managed. It's my firm and ardent belief that Bill 1 strikes the right balance between saving some of our natural resource revenue while setting out a clear vision for how the fund can be used now, and in very targeted ways, to improve the lives of Albertans now and in the future.

Mr. Speaker, when you think about the Alberta heritage savings trust fund for medical research and the tremendous things that that has spawned based on the same rules of these endowments, when you think about the Alberta ingenuity fund and the tremendous research that that has provided in our province and the commercialization opportunities that are there, when you think about the access to the future fund and the tremendous amount of philanthropy that that has brought into our province, and when you think about the scholarship fund and the thousands of students that have benefited from that endowment from the heritage savings trust fund, our savings should have a purpose, our savings should be used for today's generations and future generations, and they should be leveraged. That's what Albertans told us they wanted to see. That's what Bill 1 attempts to do.

8:20

The Deputy Speaker: Thank you, hon. minister.
I recognize the Member for Airdrie.

Mr. Anderson: Thank you, Mr. Speaker. It's always a pleasure to stand up in this House and respond to the government's proposed legislation. This is a very interesting bill. You know, many of you would be familiar with the term "mission creep," where you start out with a very laudable goal, and then over time, instead of achieving the goal that you've set out to achieve, you get distracted by other things, and pretty soon the original mission that you had undertaken has essentially failed. Nothing could be a clearer example of mission creep and the unfortunate nature of it and the unfortunate consequences that stem from it than how this government has handled the heritage fund.

There was an article in *The Economist* recently. I know that the government is always looking to build the profile of Alberta around the world, so getting an article in *The Economist* is certainly something to aspire to. The only problem with this article was that it used Alberta as the absolute poster child of how not to run, how not to handle a resource-based savings fund. The economists were right. They compared Alberta with many different jurisdictions, resource-rich jurisdictions, and basically were pointing out how poor a job successive governments have done in managing the finances of this province, particularly with regard to the heritage fund, and how so many opportunities have been lost. I'd like to discuss that because Bill 1 is another example of why we have failed as a province so perfectly with regard to how we have saved or failed to save and to fulfill the original mission of Premier Lougheed and the heritage fund.

Now, of course, research and scholarship endowments are good things. We all like research and scholarship endowments. We certainly support, in times where we have a surplus, in times where we're not going into debt, using some of the surplus to establish endowment funds for the purpose of research and innovation and scholarships in particular. We support that. But the caveat there is that it is in times where we have a balanced budget, in times where we are not going into debt. Those are the times to establish endowment funds.

Right now, Mr. Speaker, is not one of those times. We are in deficit despite a record amount of revenue this year, an all-time record for Alberta by about 2 and a half billion dollars, an all-time record for revenue, and we're still in deficit. That's a problem. Until we're out of deficit, the consolidated deficit, and into surplus, then we shouldn't be setting aside savings and doing so with borrowed money, which is essentially what we're doing this year alone, borrowing I believe it's up to \$3.7 billion. That's not what we should be doing.

Also, we need to be careful because, by the vague nature of this bill, some of these endowment funds are so vaguely described that it's very clear the money used for them, the interest generated from those funds and then given out, could easily be funneled to for-profit corporations and other companies that should not receive that type of funding. If we're going to do research into technology and so forth, obviously we could fund some of our postsecondary institutions, whether that be the U of A or Olds College or some postsecondary education institutions like that, but we should not turn this into another way that this PC government can use heritage fund money and interest from the heritage fund to fund for-profit corporations, some of them legitimately applying, some of them getting money because of their connections to the PC Party, depending on the situation.

First things first. We need to balance the budget. We need to quit borrowing. It's funny. When the budget is truly balanced, you will see us quit borrowing. That's the critical piece there. Until we stop borrowing, really, we do not have a balanced budget.

Then we need to leave the interest in the heritage fund alone. If we want to set up separate endowments using surplus money, as I stated, when we're back in a consolidated surplus, then perhaps we can do that, but don't carve out parts of the heritage fund. The heritage fund's purpose is to make sure that over the next – hopefully, we still have enough of a window here – 15 to 20 years we can put enough away and let it compound and grow with interest so that when we get to 2030 or whatever it is and the price of oil is just not high enough to be economical to develop on a mass scale because of alternative technologies and cheaper ways of getting oil out of the ground in the United States and so forth and large reserves there, when that happens, we will have a mountain of investment capital that we can use to replace that oil and gas income, that resource revenue income.

That's what we should be doing with the heritage fund, and we're not even close. We're at \$17 billion, \$18 billion. We need to get that fund up to \$150 billion over the next 20 years if we're going to get to that goal. That means putting in some serious savings. It also means leaving the interest alone. Get your hands off it, and let it grow.

Just think about this. If from 1986 to today we had just left the interest alone, not put another cent of oil and gas royalties towards it, nothing, no oil and gas royalties whatsoever, if you could have put it all towards debt and endowments and anything else you wanted from 1986 on and just left the interest alone, if what was there in 1986 had compounded, today it would have been worth – guess what? – \$150 billion. Think about that lost opportunity, Mr. Speaker. It's tragic.

If you look at a 7 per cent return on investment, the ROI, on that \$150 billion, that's roughly \$9 billion to \$10 billion a year. Guess what? That would replace our reliance and then some on nonrenewable oil and gas revenues today. We would have already achieved that goal, and now we could be using resource revenues to create endowment funds and to build whatever the hell we wanted to build. But, instead, here we are, and we haven't saved jack squat. It's embarrassing.

Here we are talking about a bill whose stated purpose is to essentially carve out pieces of the heritage fund, not the majority of it but a good percentage, \$3 billion, 3 and a half billion dollars over several years, to carve that money out of the heritage fund and use the interest to funnel into various programs and so forth. That's not the direction we should be going in. And this is after last year and the government stating that they committed to leaving all the interest in the heritage fund completely alone on a go-forward basis, starting, I believe, next year. That was the commitment that they made.

Now, we've already seen a deviation from that commitment, and we're not even a year into it, and we're using borrowed money to do it. We're creating a legacy over here of a few billion and borrowing several more billion to create that legacy and putting our kids in debt. That's the legacy we're leaving them with. I don't understand why we continue to go down this road when it's just so clear we have to stop, especially in good times, like we're in now. This is where we should be making hay, not going backwards, and we are going backwards, in my view.

Now, what would the Wildrose do differently? Well, we're really blessed in this province in that we do have a booming resource sector right now, so there is time to get this right. I don't think there's a lot of time. I don't think we're talking about 50 years now. I think the window is shrinking, but I still think there's

a window, and I think that most experts in the investment field would agree with that. Alberta's oil is still going to be worth a lot for at least another 15, 20 years, hopefully – cross our fingers – more.

8:30

So what would we do? Well, the first thing we would do, of course, is balance the consolidated provincial budget. That means all operational and capital spending. In other words, total revenues would have to be larger than total operational expenditures plus capital expenditures, including MSI, roads, bridges, schools, postsecondary, everything, all of it. Once we get back to a consolidated balance without raising taxes and without cutting front-line public services or the salaries of front-line workers, once that's done, we need to pass legislation that makes balanced consolidated budgets mandatory, restores budget transparency by including all operational and capital spending in the calculation of annual deficits or surpluses, prohibits debt financing, and caps year-over-year increases in overall government spending to the rate of inflation plus population growth.

That's important, Mr. Speaker. How we got out of whack is that we started doubling the rate of inflation plus population growth in our spending, and that's what kind of threw us all off over the last 10 years. We can't do that same mistake. That means that we will have some big surpluses moving forward, but that's okay. We can put good chunks of that into the heritage fund. We can provide the cities with a little bit more funding for LRT and other infrastructure with some of those surpluses, and we can even use some of that extra money, when we're not borrowing anymore, to set up endowments like what's being suggested here in some respect, the research endowments, for example, and the scholarship endowments.

So once that's done, once the provincial budget is balanced, we would implement the following budget surplus and savings strategy. We would not transfer any portion whatsoever of the heritage fund, including annual earnings, into general revenues until the total annual earnings from the fund exceed that of the average annual provincial revenues from oil and gas. And, yes, that will take some years to accomplish. There's no doubt about that.

We would invest at least half of all surpluses in the heritage fund until the total annual earnings from the fund exceed that of the average annual provincial revenues from oil and gas. We would direct at least 10 per cent of those surpluses to Alberta's municipalities for the purpose of building additional municipal infrastructure, at least 10 per cent, maybe more. Certainly, with our 10-10 plan, a minimum 10 per cent of surpluses.

We would direct the remaining surpluses to one or more of the following initiatives: paying down or offsetting the debts and liabilities incurred by this Premier and this government; sustainably lower personal or business taxes and fees over time or inflation-proof them, what have you; invest in infrastructure critical to economic growth and development like LRTs, for example; establish endowments and scholarships dedicated to excellence in research and education in Alberta's postsecondary institutions; and rebuild and maintain the sustainability fund for

the purposes of disaster relief and assistance and to protect against significant short-term decreases in provincial oil and gas revenues.

That's our plan, and it is a simple plan. I mean, this clearly is not rocket science, and we're not claiming that it's our idea. These are the ideas of Jim Dinning. These are the ideas of Ralph Klein. These are the ideas of Premier Lougheed. That's what they are. We're just taking them. We're borrowing them and trying to get back to them because they were good ideas and they were worth it. But we didn't stick by the plan, and because of that we have failed our kids to this point. That's not to say that every dollar that's been spent from the interest from the heritage fund hasn't gone to a good cause. It's not to say that. But we have to look at the overall performance of what we've done in this Chamber over the last 20 years, 25 to 30 years. We haven't done the job. We haven't made our fund worth what it should be.

Norway's fund, of course – and people say Alberta is not like Norway, and in some ways we're not. They have a trillion-dollar fund now. It has just gone through the roof because they've used the power of compound interest, partially. They've invested a lot in it, for sure, but it's really been compound interest, the stock market, the way they've invested large amounts. Now they are set, way past oil and gas time. Now, we're not saying that we need to be a trillion dollars up in the heritage fund. Surely, our taxes aren't 10 times lower than Norway's. They always say that the taxes are higher in Norway. They're not 10 times higher. All we're saying is: let's get our heritage fund up to about one-tenth of that amount, \$150 billion. Let's do that over the next 10 to 15 years. Let's be strict with ourselves. Let's be disciplined, and let's make sure that in 20 years we can tell our kids and our grandkids: "Look. This is what we did. We saved enough, and now you have enough to pay for your core services and to have the best institutions and the best infrastructure even though oil and gas isn't worth what it once was."

That's, I believe, the vision that Premier Lougheed had. I believe that's the vision that Premier Klein had, and I hope that one day we will return to that vision under, hopefully, a new Wildrose government.

Thank you, Mr. Speaker.

The Deputy Speaker: Thank you.

I recognize the hon. Minister of Finance and President of Treasury Board.

Mr. Horner: Under 29(2)(a)?

The Deputy Speaker: Not yet. It'll be after the next speaker for 29(2)(a).

Mr. Anderson: I move to adjourn debate.

[Motion to adjourn debate carried]

Mr. Campbell: Well, Mr. Speaker, being that I want to be Government House Leader again tomorrow, we'll call it a night and move to adjourn till 1:30 tomorrow afternoon.

[Motion carried; the Assembly adjourned at 8:37 p.m. to Wednesday at 1:30 p.m.]

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