



Province of Alberta

The 28th Legislature  
Second Session

# Alberta Hansard

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Issue 19

The Honourable Gene Zwozdesky, Speaker

# Legislative Assembly of Alberta The 28th Legislature

Second Session

Zwozdesky, Hon. Gene, Edmonton-Mill Creek (PC), Speaker  
Rogers, George, Leduc-Beaumont (PC), Deputy Speaker and Chair of Committees  
Jablonski, Mary Anne, Red Deer-North (PC), Deputy Chair of Committees

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Amery, Moe, Calgary-East (PC)  
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Barnes, Drew, Cypress-Medicine Hat (W)  
Bhardwaj, Hon. Naresh, Edmonton-Ellerslie (PC)  
Bhullar, Hon. Manmeet Singh, Calgary-Greenway (PC)  
Bikman, Gary, Cardston-Taber-Warner (W)  
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Blakeman, Laurie, Edmonton-Centre (AL),  
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Cusanelli, Christine, Calgary-Currie (PC)  
Dallas, Hon. Cal, Red Deer-South (PC)  
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Fraser, Hon. Rick, Calgary-South East (PC)  
Fritz, Yvonne, Calgary-Cross (PC)  
Goudreau, Hector G., Dunvegan-Central Peace-Notley (PC)  
Griffiths, Hon. Doug, Battle River-Wainwright (PC)  
Hale, Jason W., Strathmore-Brooks (W)  
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Rodney, Hon. Dave, Calgary-Lougheed (PC)  
Rowe, Bruce, Olds-Didsbury-Three Hills (W)  
Sandhu, Peter, Edmonton-Manning (PC)  
Sarich, Janice, Edmonton-Decore (PC)  
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    Leader of the Official Opposition  
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Towle, Kerry, Innisfail-Sylvan Lake (W),  
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    Government Whip  
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Webber, Len, Calgary-Foothills (Ind)  
Wilson, Jeff, Calgary-Shaw (W),  
    Official Opposition Deputy House Leader  
Woo-Paw, Hon. Teresa, Calgary-Northern Hills (PC)  
Xiao, David H., Edmonton-McClung (PC)  
Young, Steve, Edmonton-Riverview (PC)

## Party standings:

Progressive Conservative: 58      Wildrose: 17      Alberta Liberal: 5      New Democrat: 4      Independent: 3

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Naresh Bhardwaj	Associate Minister – Services for Persons with Disabilities
Manmeet Singh Bhullar	Minister of Human Services
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Jonathan Denis	Minister of Justice and Solicitor General
Wayne Drysdale	Minister of Transportation
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Fred Horne	Minister of Health
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Dave Rodney	Associate Minister – Wellness
Donald Scott	Associate Minister – Accountability, Transparency and Transformation
Richard Starke	Minister of Tourism, Parks and Recreation
Greg Weadick	Associate Minister – Recovery and Reconstruction for Southeast Alberta
Teresa Woo-Paw	Associate Minister – International and Intergovernmental Relations

## STANDING AND SPECIAL COMMITTEES OF THE LEGISLATIVE ASSEMBLY OF ALBERTA

### Standing Committee on Alberta's Economic Future

Chair: Mr. Amery

Deputy Chair: Mr. Fox

Dorward	Pastoor
Eggen	Quadri
Hehr	Rogers
Kubinec	Rowe
Lemke	Sarich
Luan	Stier
McDonald	

### Standing Committee on the Alberta Heritage Savings Trust Fund

Chair: Mr. Casey

Deputy Chair: Mrs. Jablonski

Amery	Khan
Barnes	Sandhu
Dorward	Sherman
Eggen	

### Select Special Ethics Commissioner Search Committee

Chair: Mr. Rogers

Deputy Chair: Mr. Quadri

Blakeman	Leskiw
Eggen	McDonald
Goudreau	Saskiw
Lemke	

### Standing Committee on Families and Communities

Chair: Ms Olesen

Deputy Chair: Mrs. Forsyth

Cusanelli	McAllister
DeLong	Notley
Fenske	Pedersen
Fritz	Sandhu
Jablonski	Swann
Jeneroux	VanderBurg
Leskiw	

### Standing Committee on Legislative Offices

Chair: Mr. Jeneroux

Deputy Chair: Mr. McDonald

Bikman	Leskiw
Blakeman	Quadri
Brown	Wilson
DeLong	Young
Eggen	

### Special Standing Committee on Members' Services

Chair: Mr. Zwozdesky

Deputy Chair: Mr. VanderBurg

Casey	Mason
Forsyth	McDonald
Fritz	Sherman
Johnson, L.	Towle
Kubinec	

### Standing Committee on Private Bills

Chair: Mr. Xiao

Deputy Chair: Mrs. Leskiw

Allen	Notley
Brown	Olesen
Cusanelli	Rowe
DeLong	Stier
Fenske	Strankman
Fritz	Swann
Jablonski	

### Standing Committee on Privileges and Elections, Standing Orders and Printing

Chair: Ms Kubinec

Deputy Chair: Mr. Rogers

Calahasen	Pastoor
Casey	Pedersen
Kang	Saskiw
Khan	VanderBurg
Luan	Wilson
Notley	Young
Olesen	

### Standing Committee on Public Accounts

Chair: Mr. Anderson

Deputy Chair: Mr. Dorward

Allen	Khan
Amery	Luan
Barnes	Pastoor
Bilous	Sandhu
Donovan	Sarich
Fenske	Young
Hehr	

### Standing Committee on Resource Stewardship

Chair: Mr. Khan

Deputy Chair: Mr. Anglin

Allen	Goudreau
Bikman	Hale
Bilous	Johnson, L.
Blakeman	Webber
Brown	Xiao
Calahasen	Young
Casey	

## Legislative Assembly of Alberta

1:30 p.m.

Wednesday, April 16, 2014

[The Speaker in the chair]

### Prayers

**The Speaker:** Hon. members, let us pray. Life and health are truly precious. When they are lost, we all grieve. Today let us remember those who are no longer among us. Let our thoughts be positive, and let them be filled with compassion, understanding, and prayer. May all blessings be upon them. Amen.

Please be seated.

### Statement by the Speaker

#### State Funeral for the Hon. Jim Flaherty

**The Speaker:** Hon. members, today the state funeral is being held for the late Hon. Jim Flaherty. Accordingly and in keeping with Alberta provincial protocols, our provincial flags have been lowered to half-mast. On behalf of all Albertans all of us join with all Canadians to mourn the passing of the late Hon. Jim Flaherty. We pay tribute to his dedicated public service, and we express our deepest condolences to his family and friends. The state funeral is now under way, and it takes precedence.

### Introduction of Guests

**The Speaker:** Hon. members, let us begin with school groups, starting with Edmonton-Mill Woods, followed by Edmonton-Riverview.

**Mr. Quadri:** Thank you, Mr. Speaker. I'm pleased to introduce to you and through you to all members of this Assembly the sharpest, the coolest, the most exciting, and the brightest students of Edmonton-Mill Woods's Hillview elementary school along with their teacher, Herman Chang, and two teacher helpers, Mrs. Tracy Ross and Mrs. Janice Davison. I will request that they please rise and receive the warm traditional welcome of this House.

**The Speaker:** The hon. Member for Edmonton-Riverview, followed by Edmonton-Gold Bar.

**Mr. Young:** Thank you, Mr. Speaker. It's my honour to rise and introduce to you and through you two classes, 56 students in total, from Lynnwood school. They are joined by their teachers, Sheldon Durstling and Erin Bayly, and parents Angela Shymko, Stacy van Cingel, Pam Wallace, and Ibeth Pinilla-Canon. They're all seated in the gallery. If they could all stand and receive the traditional warm welcome of the Assembly.

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

**Mr. Dorward:** Thank you, Mr. Speaker. It's my pleasure to rise and introduce to you and through you to all members of this Assembly 23 bright young grade 6 students from a school that used to be in an area that you represented, Mr. Speaker, Rutherford school, but who are here today from the constituency of Edmonton-Gold Bar. The students are accompanied by their teacher, Sandra Colquhoun, and parent volunteer Pam Van Lersberghe. I would now ask that they please rise and receive the traditional warm welcome of this Assembly.

**Mr. Goudreau:** Mr. Speaker, if I may, it's just to acknowledge and recognize a group that will join us in a few minutes. They're a group from Heart Valley Christian school, next to Wanham. They will have travelled just about six hours one way to get here to visit and spend some time in the Legislature, so I just wanted to acknowledge that they will join us a little later.

Thank you.

**The Speaker:** Thank you. Are there others?

If not, let us proceed with other special guests, beginning with Leduc-Beaumont.

**Mr. Rogers:** Thank you, Mr. Speaker. I'm very pleased to welcome to your gallery today 16 individuals who are the 2014 nominees for the Ernest C. Manning innovation awards, Canada's most prestigious innovation awards. The Ernest C. Manning innovation awards have been recognizing Canadian innovators of all ages with the imagination to innovate and the stamina to succeed. Albertans are well represented as recipients of Manning awards since they were established some 33 years ago as a national award program, named after Alberta Premier Ernest C. Manning. This year there are 56 nominees from across Canada, and of these, 18 are Albertans.

Here in Alberta we are indeed fortunate to enjoy a supportive business and research climate which encourages innovators. The impact on the Alberta economy by innovators has been immense. This year's nominees include well-established innovators and start-up entrepreneurs. Some of these innovations are now being exported all over the world, and others are in the early stages of entering markets. They deserve our attention and recognition. They are the individuals who are changing the way Alberta and, indeed, Canada compete, manufacture, communicate, and care for each other.

I would ask the nominees to please rise as I call their names and remain standing until all are introduced. We begin with Adrian Banica from Edmonton, innovator of the realSens system, a helicopter-mounted remote gas-sensing instrument package; Wade Carson of Edmonton, Jim Colvin of Calgary, Andrew Czarnietzki of Edmonton, and Jonathan Klippenstein of Sherwood Park, innovators of the world's first snubbing simulator, a software training program – Jonathan Klippenstein was unable to join us today – Dale Gregg of Edmonton, innovator of the Handle-Tech hose and pipe handle; Kevin Grumetza of Thorhild, innovator of the Easy Sheet curling rink ice liner; Sean Hannigan of Edmonton, innovator of the Swift rig vac; Reza Nasser of Edmonton, innovator of the Landmark precision building system; Dennis Prince of Edmonton, innovator of Airdar, a new technology that measures the locations and sizes of emission sources; John Putters of Edmonton, innovator of WANDA, a washroom management system; Jason Dewling of Olds, innovator of the connect your passion initiative, a mobile learning strategy; Dennis Filips of Edmonton, innovator of the iTClamp, a small, lightweight temporary wound-closure device; Jerry Hanna of Sherwood Park, who invented the accelerated sediment removal technology; and Vern Sparkes of Calgary, innovator of the Ditch Hitch, a safe vehicle recovery device.

Mr. Speaker, there are three more 2014 nominees, who were unable to attend today. Ross Thurston of Calgary, innovator of LWR, a patented manure treatment system – his mother, Norma, attends in his stead – Jan Kowalczewski of Edmonton, innovator of ReJoyce, the rehabilitation joystick for computerized exercise; Dr. Ray Rajotte of Edmonton, innovator of the perfusion device for human islet isolation, a noninvasive transplant procedure freeing severe diabetics from insulin injections.

Mr. Speaker, I now ask all the members to join me in recognizing the 2014 Ernest C. Manning award nominees with the traditional warm welcome of this Assembly.

**The Speaker:** Thank you.

The hon. Associate Minister of Seniors, followed by the Associate Minister of Wellness.

**Mr. Quest:** Thank you, Mr. Speaker. It gives me great pleasure to introduce to you and through you to all members of this Assembly two guests who are constituents of mine, Jerry and Katherine Hanna. Jerry, recognized a brief moment ago, is a made-in-Alberta innovator nominated for the Ernest C. Manning innovation award. His wife, Katherine, is a dynamic business leader in her own right and is on hand today to help celebrate her husband's success. I'd like to acknowledge the combined accomplishments of this couple, who are outstanding entrepreneurs and great supporters of our community in Strathcona county. Their many contributions include volunteering with the Sherwood Park & District Chamber of Commerce and hosting an annual charity fundraiser at their home. I'm especially honoured to count Katherine and Jerry as friends. Jerry is in the Speaker's gallery today, of course, and Katherine is in the members' gallery. I would ask them both to rise and receive the traditional warm welcome of this Assembly.

**The Speaker:** The hon. Associate Minister of Wellness, followed by Edmonton-Centre.

**1:40**

**Mr. Rodney:** Thank you, Mr. Speaker. Today we are very pleased to have the HealthPartners group visiting the Legislature with one of their partner charities, the Kidney Foundation. HealthPartners is a unique collaboration of 16 of Canada's most trusted national health charities, representing 87 per cent of Canadians who are likely to be affected by chronic disease. Now, this crucial organization offers a convenient way for individuals to donate to health charities such as the Kidney Foundation in the workplace. I hope that all hon. members were able to take some time to visit the HealthPartners' kiosk located on the first floor of the Legislature rotunda earlier today to learn about the initiative. HealthPartners is an exemplary charity-based initiative, and I'm very proud to introduce one of its national board members, Leigh Allard. As you might know, Leigh does so many things, including serving as the president and CEO of the Lung Association for Alberta and the Northwest Territories. I would ask that she accept our very, very warm applause and welcome to our fine Assembly.

**The Speaker:** The hon. Member for Edmonton-Centre, followed by Calgary-Fish Creek.

**Ms Blakeman:** Thank you very much, Mr. Speaker. Now, you know how proud I am of all of the different agencies in the fabulous constituency of Edmonton-Centre. Today we have joining us some representatives, some ambassadors of Terra Centre. Terra serves teen parents in Edmonton, and as part of their service for young moms at Braemar school they are running a youth leadership ambassador program to instill confidence and give them opportunities. So here's one of their opportunities. Joining us today in the public gallery with the facilitator, Laura Barry-Johansen, we have – and please stand when I call your name – Reyane McDermott, Kerry-Ann Crossman, Mercedes Larocque, Kaylin Schick, Stephanie Attwell, Teesha Taylor, Michelle Martel,

Chantelle Gibbs. Laura, please rise. Please welcome these wonderful ambassadors to our Assembly.

**The Speaker:** The hon. Member for Calgary-Fish Creek, followed by the Minister of Justice.

**Mrs. Forsyth:** Thank you, Mr. Speaker. It's my honour to rise and introduce to you and through you to all members of this Assembly an incredible advocate and someone I can now call a friend, Andrew McFadyen. Andrew is the founder of the Isaac Foundation, an organization that advocates for families and children affected by a debilitating disease called MPS. You'll recall the efforts last summer to get treatment for Aleena Sadownyk, an adorable four-year-old suffering from MPS. It was through the efforts of Andrew that the battle for the funding was won. Today Andrew has told me of another enzyme replacement therapy, that will be approved by Health Canada in June, which could greatly enrich the lives of six other Alberta children suffering from MPS. I know that the government won't hesitate in funding these children. I ask Andrew to rise and receive the warm welcome of the Assembly.

**The Speaker:** The hon. Minister of Justice and Solicitor General, followed by Edmonton-Calder.

**Mr. Denis:** Thank you very much, Mr. Speaker. It's my privilege today to rise to introduce to you and through you to all members of the Assembly a very distinguished Albertan, Dr. Allen Benson. Dr. Benson is the chief executive officer of Native Counselling Services of Alberta. I was pleased that today we announced a \$200,000 grant to Native Counselling Services to write Gladue reports. Dr. Benson is a graduate of the University of Alberta with an honorary doctor of laws. Along with Dr. Benson is Patti LaBoucane-Benson and Gabriel Benson as well as Dr. Curtis Clarke, my ADM for corrections. I'd ask them to all please rise and receive the traditional warm welcome of this Assembly.

**The Speaker:** The hon. Member for Edmonton-Calder.

**Mr. Eggen:** Well, thank you, Mr. Speaker. Today I'm very pleased to introduce to you and through you to the Assembly a group of support staff from the seniors' Churchill residence run by Revera. Meseret Kifle, Rhonda Wolfe, and Kevin Tirimba are all members of the AUPE. They are among the roughly 70 workers, including LPNs, health care workers, housekeepers, cooks, and services, who are in negotiations with Revera. Sitting with them is the AUPE vice-president, Mike Dempsey. If they could now please rise and receive the warm traditional welcome of the Assembly.

**The Speaker:** Are there others?

If not, allow me to please say congratulations to our Ernest Manning award winners and also to introduce some of the board members and other volunteers who are here: Sol Rolingher – if you would please stand – Jennifer Diakiw, and Bob Bowhay, northern Alberta chapter incoming vice-chair. Thank you, and congratulations to all of you on your hard work.

### Members' Statements

**The Speaker:** Hon. members, as you know, we each have two minutes for these statements. Let's start with the Leader of Her

Majesty's Loyal Opposition, followed by Edmonton-Highlands-Norwood.

### Alberta Health Services Sole-source Contracts

**Ms Smith:** Thank you, Mr. Speaker. Yesterday Wildrose revealed that AHS spent nearly \$1 billion – that's billion with a "b" – on sole-sourced untendered contracts in clear violation of its own contracting policies. This was a week after we revealed that AHS spent \$250 million on outside consultants in just 18 months. That works out to some \$460,000 every single day. Now, sole-source contracts might be great for the bureaucrats in charge because it means less work for them, but they're lousy for taxpayers. If AHS needs to be reminded, they deal in taxpayer dollars. It's their duty to get the best bang for the buck.

Speaking of which, Mr. Speaker, I want to highlight a few specific sole-source contracts that raised our eyebrows. You'll recall that last week we revealed that a former AHS VP was sole sourced a \$252,000 executive coaching contract the day after she left AHS with a million dollar pension. Pam Whitnack left AHS on August 31, 2011. She received the contract the very next day. Also, between August 2011 and January 2012 Spearhead Executive Coaching was handed \$88,000 for things like succession planning, capital management, and, of course, executive coaching. Now, who was an associate with Spearhead Executive Coaching? None other than Pam Whitnack. What a happy coincidence for the former AHS executive.

Mr. Speaker, you can see why we are so concerned with how AHS conducts itself. We have known for quite some time that health care wait times in Alberta lag behind the rest of Canada, and they're only getting worse. Meanwhile AHS is flushing hundreds of millions of dollars away in lucrative handouts for their former executives and outside consultants. The AHS bureaucracy is out of control, and patients are paying the price. What's worse, all we get from this government is spin and excuses.

AHS has failed, Mr. Speaker, and it's time for leadership that will put patients first.

**The Speaker:** Thank you.

The hon. Member for Edmonton-Highlands-Norwood.

### Public Service Pensions

**Mr. Mason:** Thank you very much, Mr. Speaker. Public-sector workers are the backbone of our hospitals, our schools, our communities. They are nurses, school aides, sheriffs, police officers, college teachers, garbage collectors. They are our front line, and we depend upon them.

Now, with no proof of a crisis, this PC government is renegeing on a promise made to generations of public-sector workers. Experts agree that Alberta's public pension plans are among the most stable in Canada. The proactive steps taken by the pension boards years ago will eliminate the unfunded liability within a dozen years. As is par for the course with this government, the minister is now advancing legislation that will allow him to drastically and unilaterally affect the pension benefits of thousands of Albertans.

He's made his plan very clear. He wants to reduce the cost-of-living adjustment so that pension benefits will not keep up with inflation. The retirement factor of age plus service will be raised from 85 to 90, forcing people to work longer. Anyone hoping to retire early will see their benefits severely penalized. Finally, he's aiming at a cap on contributions, which means that in future

economic downturns the plans may not be able to raise the money they need to maintain the benefits. It could result in the end of the defined pension benefit, and pensioners will no longer be able to count on any kind of reliable fixed income.

Take the example of an average worker with 25 years of service planning to retire at age 60 in 2030. He or she makes the average yearly salary of \$55,000. Under the changes that are proposed his monthly benefit would be just over \$1,300, a loss of \$241 a month. Mr. Speaker, living on a fixed income, we know that every single penny counts, and \$1,300 is not good enough.

These proposed changes will condemn people who have worked for the public sector to a retirement at or near the poverty line. The minister is calling it a compromise, but there's been no consultation with workers directly affected, and there's no negotiation, just more dictation.

**The Speaker:** Thank you.

1:50

### Oral Question Period

**The Speaker:** Thank you, hon. members. Three quick reminders: you have 35 seconds for each question, 35 seconds for each answer, and no preambles, please, after the fifth main question.

Also, I was asked to clarify the use of computers, laptops, that type of thing, and electronic devices. A memo is on your chair with respect to the procedural letter I sent to all of you on February 11. It has yellow highlighting. Please pay attention to it.

Let's start the clock, and let's start with Her Majesty's Loyal Opposition leader.

### Alberta Health Services Sole-source Contracts

**Ms Smith:** Mr. Speaker, yesterday we revealed even more waste at AHS. First it was \$250 million in outside consultants and now nearly a billion dollars in untendered contracts. Last week we showed that a former AHS VP, Pam Whitnack, was handed a \$250,000 executive coaching contract the day after she left AHS. This week we found out that another company, Spearhead Executive Coaching, received \$88,000 for the same services. And who is listed as a Spearhead associate? None other than Pam Whitnack. To the Premier: doesn't he see a problem here?

**Mr. Hancock:** Mr. Speaker, the opposition labelling things as waste and tossing it out like that doesn't actually make it so. In fact, the vast majority of the money that went out on sole-source contracts from Alberta Health Services went to suppliers of health services and care centres. The policies are in place. The Auditor General will audit to ensure that actions are carried out in accordance with policy. The vast majority of the resources that are used are used well. Can we do better? Obviously, we can.

**Ms Smith:** Mr. Speaker, Ms Whitnack must be the Vince Lombardi of executive coaches to keep on getting these sweetheart contracts. I'd say that she's more like the John Tortorella of executive coaches, coaching AHS executives out of their jobs all over the place. The bottom line is that there is no possible way to justify the spending of this kind of money when wait times are getting longer and patient outcomes are getting worse. To the Premier: is he is going to go over the head of this incompetent Health minister and get to the bottom of what is happening in AHS?

**Mr. Hancock:** Mr. Speaker, what we see day after day in this House is an opposition leader who does not respect the fact that people make a contribution day after day in this province. One of

the people that she's disrespecting is Pam Whitnack, who was the head of the Chinook health region for a number of years. The Chinook health region, as people may recall, was the health region that had the best example of primary care networks in the province and was renowned for some of the health service deliveries that it had. Now, I am not involved with Alberta Health Services in terms of why they hire people for executive coaching, but it does not become us to besmirch the character of people not in this House.

**Ms Smith:** Mr. Speaker, they gave her \$250,000 the day after they let her go from AHS. It can't be justified.

This Premier has been on the job less than a month, and his head-in-the-sand routine is already getting old. We know he won't be in the job very long, but that doesn't mean he can't make a difference. [interjection] Albertans are looking to him to show leadership and a determination to change his government's dismal performance of the last number of years. To the Premier: what is his legacy going to be, a placeholder and defender of PC failures or a champion of renewal in government?

**Mr. Hancock:** Mr. Speaker, I've never been one to worry about my legacy, but I will say that my record will speak for itself. In case you missed the sotto voce voice of the leader of the ND opposition, he warned the Leader of the Opposition that if she scares too many people off, I might just last longer than she thinks.

**The Speaker:** Second main set of questions.

**Ms Smith:** Oh, Mr. Speaker, we can only hope.

Yesterday the Premier tried to downplay our revelations that AHS had a problem with sole-sourcing contracts by saying that the Auditor General thinks that's all fine. That's not what the Auditor General said. Let me quote from page 128 of his October report, recommendations that are still not dealt with. "We recommend that [AHS] develop and implement a sole-sourcing policy for contracts and ensure that sole sourcing is clearly documented and justified." Will the Premier admit that AHS is a disaster and lead the way in doing something about it?

**Mr. Hancock:** Mr. Speaker, under the leadership of our Minister of Health, who is one of the most competent Health ministers in the country and has a wealth of experience in the area, we are doing exactly that. We are making sure that Alberta Health Services deals with the issues it has. It's a large operation. It has had some difficulties in bringing 11 organizations together to serve Albertans better. It's well on its way to doing that. We can do better, and we will do better. But it won't be as a result of people pulling things out of the corners and waving them in the air. It will be as a result of thoughtful action taken by this minister, this government, and this Alberta health care system.

**Ms Smith:** Mr. Speaker, there is more. The Auditor General did review some AHS transactions, as the Premier said. That was back in 2011. While he noted some progress, he wanted more. He said that without progress on this file "AHS will not have adequate support to justify sole-sourcing contracts." Now, the documents we released are for sole-source contracts in 2012 and 2013. Any reasonable person will look at this and know that there's a problem, or does the Premier think that sole sourcing contracts for fitness instructors, snow removal, and paper shredding is justified?

**Mr. Hancock:** Mr. Speaker, I have no idea how the executives in charge would justify doing those contracts, but I do know this.

There is a process. There is a policy. They are required to adhere to that process and policy, and they're held accountable against that process and policy not only by management, not only by this government, but by the Auditor General. The Auditor General has an ongoing review of sole-source contracts, as the hon. member has acknowledged. That process will continue. Obviously, Alberta Health Services knows that the Auditor General will be reporting on progress on a time-to-time basis, and they would obviously take that into account as they're managing their processes.

**Ms Smith:** Mr. Speaker, the Premier seems offended that we ask questions about government spending and the waste of taxpayer dollars. Now, I will remind him that the Legislature has the power of the purse. Question period is the place where the executive is held to account for their decisions. When the cabinet wastes taxpayer money, we should all be offended. Will the Premier admit that after 43 years his government no longer cares about accountability and they've lost the moral authority to govern? [interjections]

**Mr. Hancock:** There is no one who cares more about fiscal accountability and responsibility than this government. This government puts taxpayer dollars first each and every day. I have never been offended by an appropriate question from the opposition or anyone else about my role and responsibility or about the government's role and responsibility in the process. [interjections] What I am offended by are people who misinterpret the facts, throw things up in the air, combine things that shouldn't be combined in order to create confusion and in order to create an expectation of waste when, in fact, there are appropriate processes in place to deal with accountability in an appropriate and understandable way.

**The Speaker:** Hon. leader, third set of questions.

#### Former Premier's Travel to Jasper

**Ms Smith:** Well, Mr. Speaker, let's just test that premise put on the table by the Premier, shall we? Yesterday we asked for details on one of the Premier's taxpayer-funded trips. We want to know the details about any meetings the former Premier had with government officials in Jasper on the long weekend during last year's flood. Taxpayers paid for the Premier to get to and from Jasper. We paid for her security detail. We paid for her stay and her staff's stay at the luxury Jasper Park Lodge. Taxpayers have a right to know: what government business was conducted in Jasper that weekend?

**Mr. Hancock:** Mr. Speaker, the former Premier herself asked the Auditor General to look into the travel and expense policy, to review it, to see that it's robust enough, and to use the Premier's office as a sample in terms of determining how it's being followed. That process is in place. Any information that the Auditor General needs to do that review will be provided to them. That report presumably will be made available because he is an officer of the Legislature.

Mr. Speaker, we have appropriate processes to look into things. It's not appropriate just to rise and make assumptions and aspersions and then try and believe that they're facts. Our policy is that planes are used for government business. That's our expectation.

**Ms Smith:** Mr. Speaker, I am not asking the Premier to review every single item in the former Premier's calendar, just one weekend. I remember that weekend well. It was the weekend



when Albertans in my town and thousands of government workers, including a few cabinet ministers, were struggling to get the first of the residents of High River back into their homes. The former Premier was in Jasper. The documents say that it was for a meeting with government officials. Who did she meet with?

2:00

**Mr. Hancock:** Mr. Speaker, if we're going to talk about what we remember, I can tell you that I as well remember the weekend well. On the Sunday of the long weekend I was in Calgary with my deputy minister and with a number of colleagues going to the three centres that we had set up in Calgary, with a number of public servants who were also there on their long weekends helping to hand out cards to people who were displaced by the floods. [interjections] A lot of work was being done by a lot of people. Now, some people were actually in other places in the province also doing work on the long weekend. [interjections]

**The Speaker:** Hon. members it's getting difficult to hear the questions and the answers, and I'm going to ask you: please, let's be respectful of the questioner and the person answering.

**Ms Smith:** Mr. Speaker, Albertans have seen the RCMP called in to investigate federal politicians who improperly used taxpayer dollars for personal gain. If the former Premier really had meetings in Jasper, fine, but if there were no meetings, then we have a big problem. It's called breach of trust. Will the Premier clear the air and tell us who the former Premier met with in Jasper that weekend, or is he saying that we should take this to the RCMP for investigation?

**Mr. Hancock:** One of the things I know about our police in this province and this country, Mr. Speaker, is that they investigate criminal conduct that's brought to their attention. They do not just investigate aspersions, and they do not just investigate because somebody says that something might have happened. [interjections] So the appropriate process is for the Auditor General to review as he's been asked to do. He has access to all the information. If they have information otherwise, it's up to them to take it to the police if they believe so, but I can tell them right now that the police will not investigate just on their say-so. They'll have to have some actual evidence.

**The Speaker:** The hon. leader of the Alberta Liberal opposition.

### FOIP Request Process

**Dr. Sherman:** Thank you, Mr. Speaker. Exactly one year ago I made a statement that government sees all FOIP requests. The Health minister denied it, saying that it's an independent process, but Alberta Liberals have a FOIP showing that not only are there weekly FOIP status reports but that Executive Council co-ordinated Service Alberta's response to all our Liberal FOIPs. To the Premier, if FOIP is supposed to be an independent process, free of political interference, why isn't it?

**Mr. Hancock:** Mr. Speaker, I would believe that it is. Just because Executive Council – i.e., the head of the civil service in this province – reviews and creates a process whereby FOIP requests, that are the same FOIP requests that are provided to all departments, are co-ordinated and synchronized and the best use is made of public resources in terms of answering, that does not equate to political interference. Peter Watson is the chief deputy minister of this government, and it's his job to do the most

effective use of resources in responding to FOIP requests, as it is in other areas.

**Dr. Sherman:** Mr. Speaker, this Premier is in charge of Executive Council.

One of the main reasons for the Freedom of Information and Protection of Privacy Act is to make sure that access to government information is free from political interference. This government claims to have the gold standard of transparency. Well, let's find out. This Alberta Liberal FOIP reveals that there are weekly FOIP reports. So I'm curious, Premier, just exactly who sees these reports – you, your ministers, chiefs of staff, executive assistants, political staffers – and what do they do with this information?

**Mr. Hancock:** Once again, Mr. Speaker, the hon. member's assumption is wrong. Just because I am the leader of the party and the Premier of the province does not mean that I interfere with everything that the civil service does. In fact, Peter Watson is the chief deputy minister of Executive Council, and it's his responsibility to make sure that all of government operations work well. [interjections] Now, by that member's suggestion, we could never, ever release a FOIP report because every minister is responsible for their department and the Premier is responsible for the rest of it. So you couldn't do any of that. [interjections] The fact of the matter is that it's set up appropriately, it works appropriately, and I don't see any of the weekly reports.

**The Speaker:** I'm sure the record will show several interjections because we actually have two microphones on the left walls, and two microphones over there. I think that's enough. Okay? Thank you.

**Dr. Sherman:** Shocking. He's the Premier, and he doesn't know what his right-hand deputy is doing.

Mr. Speaker, opposition members and journalists can tell you how common it is to get the runaround, get delayed, or get responses that have large chunks deleted, which is a nice way of saying "censored." It's almost as if this government has its own frequent-flyer program when it comes to responding to the opposition and the media FOIPs. To the Premier: why is this government undermining the integrity and independence of the FOIP process by controlling what, how, and when we receive our responses?

**Mr. Hancock:** Well, the short answer is: it's not. The longer answer is that this hon. member is famous for bringing in his boxes and boxes of paper and no evidence. [interjections] Once again he's casting aspersions on a process and casting aspersions on the people who carry out that process, with no evidence whatsoever that anything wrong is happening. [interjections]

The fact of the matter is that we have a legislated FOIP process. That process is carried out appropriately. It's carried out by civil servants, and appropriate information is made available when that happens.

### Speaker's Ruling Interrupting a Member

**The Speaker:** I do have some of you listed for a question later, and I'd be remiss if I didn't remind you of that because I would hate to see somebody lose their question because you're speaking out of turn now. So be warned as of right now, okay? You know

who you are, and I'm not going to warn you again. All right? Thank you.

Let's go on, please, and be respectful. The leader of the ND opposition.

### Public Service Pensions

**Mr. Mason:** Well, thank you very much, Mr. Speaker. I'm sure the Premier knew he'd be left holding the baby, but he probably didn't think it would be twins.

Pensions are critical to our economy, crucial to keeping seniors healthy and out of poverty, and critical to attracting and retaining the quality staff we need for our public services. To the Premier: will you stop pretending that you are trying to protect the pensions of public employees and stop the unnecessary attack on the pensions, which do so much for our economy, for seniors' health, and for our public services?

**The Speaker:** Thank you.

**Mr. Dallas:** Well, hon. member, I think a review of what the Auditor General has said with respect to this is significant. You know that he conducted a review, that the report was released on February 13. It's clear that there needs to be recognition of some simple facts, the facts around the ratio of those contributing to the plan to those collecting from the plan and the mortality rates that have changed. Of course, there are a number of other factors. Simply, the time is now to address these problems in a very modest and . . .

**The Speaker:** Thank you.

First supplemental.

**Mr. Mason:** Thank you very much, Mr. Speaker. The minister is pretending that the Auditor General has endorsed these changes, and that's just not true. Alberta Health Services used George & Bell, the same actuary that projected that pensions would be fully funded within 10 years, for a report on managing a legacy fund, so they think they're credible. Yet this government isn't listening to those experts. In fact, they won't even negotiate with the hundreds of thousands of their own employees, who stand to lose hundreds of dollars a month from their retirement income. To the Premier: why won't you listen to the responsible experts who say that these plans will be fully funded even if you don't make any changes at all?

**Mr. Dallas:** Mr. Speaker, the hon. member references a study by George & Bell, and the problem with that particular study is the methodology. The forecast projected in the study, the numbers that were likely chosen by the proponent of the study, indicated that the assumption would be that the assets would earn at least 5.75 per cent every year from now until 2023 and that there would be no other unexpected cost pressures. Those numbers simply are not appropriate for a study of this kind.

**The Speaker:** Thank you.

Final supplemental.

**Mr. Mason:** Thanks very much, Mr. Speaker. Well, employees and the unions that represent them, the plan boards themselves are willing to negotiate on changes to the pensions. It's just this government that refuses to negotiate, just like when they tried to freeze the wages of their own employees. Mr. Premier: will you please show good faith with the Albertans that work hard to

provide our public services and go back to the negotiating table and talk to them about these changes? Why don't you negotiate instead of legislating?

2:10

**Mr. Hancock:** Mr. Speaker, the consultation process behind this particular change has been fairly long. It was the middle of 2012 when the Provincial Treasurer went out to talk to the pension boards and others about what was needed to ensure that we had a sustainable pension plan so we could keep our pension promise to public servants. Throughout 2012 and into 2013 that discussion took place. In 2013 the Provincial Treasurer tabled some proposed changes to the pension plan for discussion, and that was open for discussion till December 2013. He then took the feedback that he got from that and built it into the response.

**The Speaker:** Thank you.

### Seniors' Housing for Couples

**Mr. Webber:** Mr. Speaker, many residents in my constituency have parents living in seniors' housing elsewhere in the city and throughout the province. I've heard concerns regarding divorce through separation. My constituents feel that there are parents that are suffering. Albertans that built the province we love must travel long distances to visit their most loved family members. It is important to quality of life to try and keep these couples together. To the Associate Minister of Seniors: as recipients of Alberta seniors' benefits do not qualify for Calgary senior citizens' transit passes or a reduced rate, is there some way that the province can help these individuals?

**The Speaker:** Thank you.

The hon. Associate Minister of Seniors.

**Mr. Quest:** Mr. Speaker, thank you. With respect to couples in seniors' housing our government, of course, has built up to 5,000 accommodation spaces in the last five years. Part of the design of these new buildings is that all of them have couple suites in them. They're around the province, of course. That is the end goal, actually, that instead of these folks having to move around with transit, they would actually be in the same facility. In some cases the different levels of care are drastically different, and it can't always be accommodated.

**Mr. Webber:** Minister, there are many seniors who are separated, and it's a disgrace.

Given that transportation is only part of this issue, what actual steps is the government taking to allow most of our vulnerable citizens the dignity of aging in the communities that they have helped build?

**Mr. Quest:** Well, as I said, Mr. Speaker, very specifically, the bricks-and-mortar part of it is that there are, in fact, new facilities being built all over Alberta that are being funded by the province or in partnership with not-for-profits or faith based. Also, in those facilities there are multiple levels of care. If one spouse requires a very high level of care, perhaps dementia or something of that nature, and the other one requires a lower level of care, they can be accommodated in the same facility. We are working towards that right now.

With respect to the transit question that the hon. member brought up earlier, there is an AHS volunteer services area on their website.

**The Speaker:** Thank you.

**Mr. Webber:** To the same minister: will your ministry change its current mandate and make the reuniting of these couples a priority?

**Mr. Quest:** Mr. Speaker, I don't think there's any mandate to be changed. We have the bricks and mortar and thousands of spaces around the province now, with plans, again, to meet our commitment to build the next 2,000 around the province, and part of that will be an increase in couples' accommodations.

**The Speaker:** The hon. Member for Calgary-Fish Creek, followed by Calgary-Mackay-Nose Hill.

#### Alberta Health Services Sole-source Contracts (continued)

**Mrs. Forsyth:** Yes. Thank you, Mr. Speaker. Yesterday we revealed that in two years AHS sole-sourced \$1 billion in contracts. The Premier said that this was somehow all okay because it might have complied with policy. He missed the point. Gifting a billion dollars in contracts is not in the best interest of taxpayers. If tendering these saved only 1 per cent, that's an extra \$100 million. That would pay for 300 hip surgeries, 300 knee surgeries, and 100 heart surgeries. It's not just about waste; it's about getting dollars to the front line. Why doesn't the government do something about it?

**Mr. Hancock:** Mr. Speaker, there's a very clear policy in place. Alberta Health Services has thresholds for any contracts over \$75,000 for goods and services and any contracts over \$200,000 for construction contracts. Exemptions include: only one supplier can provide the service when no other supplier is qualified or an unforeseen situation of urgency exists; the subject matter, the procurement, is of a confidential and privileged nature; or an RFP or other competitive process has resulted in no proposals or bids.

The point is that they manage these contracts. They're supposed to be managing them in an appropriate way, and the Auditor General will determine whether or not they have . . .

**The Speaker:** Thank you.  
First supplemental.

**Mrs. Forsyth:** Well, thank you, Mr. Speaker. He walked into that one.

Given that cab companies, couriers, and even Coca-Cola were all handed untendered contracts and given that all of these companies clearly have competitors that could have bid against them for deals – I personally like Pepsi – will the Premier admit that a policy that doesn't require an attempt to get the best deal for taxpayers is a policy that clearly needs to be changed?

**Mr. Hancock:** Mr. Speaker, from the questions and answers that have happened in the House over the last few days, a number of things are clear: first of all, that there is a policy in place; secondly, that the Auditor General over the course of a number of reviews has been reviewing that policy and has been providing advice to Alberta Health Services with respect to what they need to do. It's also clear that the Auditor General has sampled contracts from time to time – there's at least one instance that I understand took place – and has indicated that the contracts met the policy at that time. This hon. member could go back and pick something and talk about what brand of pop she likes, but the fact of the matter is . . .

**The Speaker:** Thank you.  
Second and final supplemental.

**Mrs. Forsyth:** Thank you, Mr. Speaker. What's clear, Premier, is that you're not following your own policy.

Given that when we revealed that a former AHS VP was gifted a \$250,000 consulting contract the day after she resigned, the Minister of Health assured the House that he'd inquire with the AHS official administrator about the situation and it's a week later and we haven't heard anything, how can Albertans believe this government has any concern for the consistent abuse of taxpayer dollars?

**Mr. Hancock:** Mr. Speaker, what Albertans can be assured of is that this government clearly has at its forefront the respect for every taxpayer dollar. We operate a budget of approximately \$42 billion on a day-to-day basis. That is important work. That's important work in Health Services; that's important work in the other jurisdictions and other aspects of government. The hon. minister has indicated he will go back and have a look at that particular contract, but that is a contract that has been in place already. We are taking care of the public's dollars on a day-to-day basis. We have processes in place to make sure that there isn't waste, and we constantly strive to improve through our results-based budgeting.

**The Speaker:** Thank you.

#### Marigold Library System Funding

**Dr. Brown:** Mr. Speaker, the Marigold library system provides library services to 41 municipalities and 260,000 residents in south-central Alberta, including the fast-growing communities of Airdrie, Cochrane, High River, Okotoks, and Strathmore. It's currently receiving its per capita funding based on 2010 population numbers. To the Minister of Municipal Affairs: given the rapid population growth in those areas, why are the 2010 figures being used to calculate library grants?

**The Speaker:** The hon. associate minister.

**Mr. Weadick:** Well, thank you, Mr. Speaker. I'm really happy to receive this question. We've been very committed to our libraries. Even though over the last two or three years we've seen some challenges in our budgets, we've committed, we've held the line, and we've kept funding for our libraries at \$26 million for operating. That isn't all we provide to libraries. We provide interlibrary loan services, the provincial library network. We also provide electronic content, resources for the print disabled, and improved high-speed Internet services. We are trying to support our libraries as best we can.

**Dr. Brown:** Looking forward, what does the minister intend to do to ensure that the library grant funding matches the current population growth, which is now depriving that system of about a hundred thousand dollars?

**The Speaker:** The hon. minister responsible.

**Mr. Weadick:** Well, thank you, Mr. Speaker. As I said before, public libraries are incredibly important in our communities, especially in rural Alberta, where in many of our smaller communities it is the centre of the municipality. Right now if we were to try to increase the dollars to match population, it would be a million and a half dollars this year and half a million dollars every year to keep up with that. We'll continue to look at how we can do that. Libraries are funded in a partnership with our municipalities, so we'll continue to work with them to ensure that

library services are available and that libraries continue to be the centre of our communities.

**The Speaker:** Thank you.

I see there is no second supplemental, so let's move on.

### Highway Maintenance Contracts

**Mr. Stier:** Mr. Speaker, after receiving complaints regarding highway maintenance, a FOIP request proved that out of six highway maintenance contractors one, known as Carillion, has been charged with the most penalties, 195 times, in fact, over the 2008 to 2012 period. Despite this terribly poor record, Carillion Canada was given a new 10-year contract by Alberta Transportation in 2012, worth approximately \$450 million. Can the minister responsible for this decision tell the people of Alberta why you rewarded such a poor performer with a 10-year contract?

2:20

**Mr. Campbell:** Well, Mr. Speaker, unfortunately, the minister is not here today, but he has told me that he is reviewing all the contracts. I'll take this under advisement and get an answer to the member.

**The Speaker:** First supplemental.

**Mr. Stier:** Thank you. Considering that four other contractors each had less than 20 fines during the same period that Carillion received 195, will Alberta Transportation continue to consider bids from this company when new highway contracts in other areas of Alberta go to tender this year?

**Mr. Dallas:** Well, Mr. Speaker, I can only assume in the criteria for the letting of these important contracts that the safety aspect of road maintenance for all Albertans is critically important. I'm sure the criteria goes well beyond the exceptions that the member acknowledges. We'll be happy to bring this forward to the minister.

**The Speaker:** Final supplemental.

**Mr. Stier:** Thank you, Mr. Speaker. Well, given that Carillion obviously has been known for continuing to fail to provide acceptable levels of performance in the past, will the minister then please describe what performance measures and steps will be used to ensure this contractor completes future tasks in an appropriate and fully satisfactory manner?

**Mr. Dallas:** Mr. Speaker, I'm sure the minister would be more than happy to discuss with the member the criteria for the letting of these maintenance contracts. There is absolutely a robust series of criteria that is utilized to make these important selections. Safety is the number one priority. Obviously, the importance of our roads for all Albertans for market access goes without saying.

**The Speaker:** Thank you.

Please be reminded not to refer to the absence or presence of members.

Let's go on. Edmonton-Centre, followed by Edmonton-Beverly-Clareview.

### FOIP Request Process

(continued)

**Ms Blakeman:** Thanks very much, Mr. Speaker. It is very difficult and consuming of time and money to pry information out of this government. Now, I've always suspected that requests from

media and opposition were treated differently, and look what we found: government e-mails showing that Liberal FOIPs were intercepted by a deputy minister, then run through a committee for discussion, and then sent to cabinet for consultations. To the Minister of Accountability, Transparency and Transformation: why did Executive Council, the Premier's office and cabinet, bend or break the rules of the FOIP Act?

**Mr. Scott:** Mr. Speaker, what I can say is that this government has an excellent record of responding to FOIP requests. [interjections] In 2010 and 2011 we responded to more than 4,200 FOIP requests; 90 per cent of those requests were responded to within 30 days, and 96 per cent of those requests were responded to within 60 days. We have an excellent record responding to FOIP requests. [interjections]

**Ms Blakeman:** That doesn't mean you didn't interfere.

**The Speaker:** Hon. member, let's have your first supplemental.

Could the rest of us please give her the floor without the yelling and the outbursts that we just heard? Please.

**Ms Blakeman:** Thank you very much. I can feel the attention.

Back to the same minister: given that in the definitions of FOIP a third party is a group other than government, why were we told that another 30 days were needed to consult a third party when it was Executive Council which was being consulted?

**Mr. Hancock:** Mr. Speaker, I want to correct an assumption that was made by this hon. member in her first question, and that is that cabinet sees FOIP requests. I want to assure her that cabinet does not see FOIP requests. FOIP requests are handled under the provisions that are set out in the act and handled appropriately. When it refers to Executive Council, it obviously refers to the chief deputy minister, who co-ordinates the activities of other civil servants in appropriately responding to FOIP requests.

**Ms Blakeman:** Sorry; that's just not what it says.

Back to the Minister of Accountability, Transparency and Transformation: was the permission sought of the commissioner of freedom of information to allow extending time for multiple questions? That one would have been legit. Did you try it?

**Mr. Scott:** Mr. Speaker, I'm not sure what the hon. member is asking for. We do have a good record. There is a procedure in the act that can be followed. Section 65 of the act provides a procedure that any person who makes a request under FOIP can go to the commissioner and follow up, and the commissioner has the power to investigate and take other measures under the act. There is an effective piece of legislation, and there are procedures that can be used under that legislation.

### School Infrastructure Priorities

**Mr. Bilous:** Mr. Speaker, this week some Edmonton parents got the bad news that they have to sacrifice three community schools, shutting the doors forever, just to get one new school from this government. But while children in Edmonton's mature neighbourhoods are losing schools, this government is spending \$7 million expanding Prairie Christian Academy, a school with discriminatory codes of conduct, where enrolment isn't even growing. To the Premier: will you tell Albertans why public schools are being closed while schools like PCA are getting more dollars?

**Mr. Hancock:** Mr. Speaker, in urban centres we have a problem with growth in the suburbs and requiring more schools there, but we have a lot of schools that no longer have the students they need to have a viable educational program. It makes sense to take three old schools out of circulation but to provide one new school with current, viable, and up-to-date equipment and a site for good learning opportunities for those students.

**Mr. Bilous:** Mr. Speaker, given that this PC government is dictating an arbitrary 3 to 1 policy, forcing school boards to close at least three schools to get one new one, ignoring local community needs such as demographics, student needs, and geography and given that, on the other hand, when it comes to ignoring universal human rights, you people can't defer to boards fast enough, to the Premier: why are you being so hypocritical?

**Mr. Hancock:** Mr. Speaker, school boards determine what their priorities are, but we do want to make sure that school boards use resources in appropriate ways. It's very difficult to use educational resources in an appropriate way if you have to heat old buildings that are only half or a quarter or 20 per cent full. When you can't provide proper educational programming in that circumstance, it just makes sense to take old buildings out of circulation. But we do need to, when we do that, provide the proper educational experience and educational site in those areas, and that's precisely what the policy does.

**Mr. Bilous:** You should apply that to old governing parties.

Mr. Speaker, given that it's this PC government that decides how much funding our school boards get and given that it's this PC government that's allowed deferred maintenance in our schools to grow and grow and grow, back to the Premier: will you admit that your PC government's failure is forcing school boards to close mature neighbourhood schools?

**Mr. Hancock:** Mr. Speaker, the experience of school boards that have old buildings is that they cannot keep those buildings open without devoting an awful lot of educational resources to doing so. It makes sense at some point in time, when we don't build a new school on every block today, to go back into those neighbourhoods and say: how can we create the right kind of educational opportunity for those students, take those buildings out of play that are no longer viable or valuable, but make sure that those students have a place to go to school in and near their neighbourhood?

### PDD Supports Intensity Scale

**Mrs. Towle:** According to the 2009 annual report the supports intensity scale, or SIS, is used to determine individual support needs and to develop service plans for individuals in the PDD system. Last year we heard the previous minister of PDD explain how effective and important this tool was. We now have a new minister, who has been travelling the province once again to hear from clients and those impacted by SIS assessments. Can the associate minister for persons with developmental disabilities provide Albertans with his assessment of SIS and its effectiveness in determining need and funding?

**The Speaker:** The hon. associate minister.

**Mr. Bhardwaj:** Thank you very much, Mr. Speaker. SIS is only one of the tools which is used to establish just a baseline of the needs of the individual. There's a philosophical difference between asset based or needs based. We have chosen to take the

needs of the individuals, their goals, and their aspirations and meet those needs. That's what SIS is all about.

**Mrs. Towle:** Given that on April 3 the associate minister addressed the Alberta Disabilities Forum and expressed that he has heard multiple concerns from families and service providers around the flaws of the supports intensity scale, which is exactly what the previous minister heard as well, and given that at that same forum the minister himself agreed that SIS does not work, can the minister tell families and organizations what he is going to do about a program that he himself admits doesn't even work?

2:30

**Mr. Bhardwaj:** Mr. Speaker, SIS is one of the tools. When I travel the province and talk to a number of different families, the impact of the SIS and having challenges with the SIS – we have a focus group who is going to be travelling the province, meeting the individuals and the families who want to be reassessed. We're going to be meeting the needs of those individuals. The forum she's talking about: yes, I did acknowledge that there are people who are asking to be reassessed. We're absolutely going to be meeting the needs of those individuals.

**Mrs. Towle:** Great. So we're going to spend more money on the same focus groups the previous minister already spent money on.

Given that on April 3 this minister said that the supports intensity scale doesn't work and that the previous minister already did his focus groups all last year and heard that SIS does not work and that families and service providers have repeatedly said that SIS doesn't work, how can the minister possibly assure vulnerable Albertans and their families they will receive the support that they require if the very system they're using to assess them doesn't work?

**Mr. Bhardwaj:** Mr. Speaker, I have never said that the system does not work. What I have said is that part of the PDD transformation is about meeting the needs of the individuals: their needs, their goals, their aspirations. SIS is one of the tools which is used right across the province to have a consistent approach to providing services to the most vulnerable.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Member for Calgary-Hawkwood, followed by Highwood.

### Calgary Aging in Place Initiative

**Mr. Luan:** Thank you, Mr. Speaker. Responding to the rising needs of seniors, we in Calgary-Hawkwood have launched the aging in place pilot. This pilot focuses on a continuum of services to keep seniors living in our community. It includes soft services such as snow shovelling, grocery shopping, doctors' appointments, and also infrastructure support such as assisted housing arrangements. The pilot will utilize a community-based model to encourage people to take part in decisions that impact their future. My question is to the hon. Associate Minister of Seniors. Given the competing demands in this area, is there . . .

**The Speaker:** Thank you, hon. member.

The Associate Minister of Seniors.

**Mr. Quest:** Well, thank you, Mr. Speaker. I want to thank the people of the Calgary-Hawkwood constituency and, of course, this hon. member for starting this pilot project, that's dedicated to helping seniors to thrive and stay in their communities. He's

talking about soft services. I know where he's going. The government is committed to providing supports and care options to help seniors age in place. As a matter of fact, we have the strongest seniors' supports in Canada, including the special-needs assistance program and the property tax deferral program, which could perhaps be helpful in this case. It's a pilot project, as the member said, and we look forward to working with those folks and finding out how it's gone.

**The Speaker:** First supplemental, hon. member.

**Mr. Luan:** Thank you. To the same minister: given that a community grassroots program like this one will benefit a great deal from professional facilitation, if no money is clearly identified for such a program, can you offer some support from an HR point of view?

**Mr. Quest:** Well, Mr. Speaker, as I say, it's a pilot program, so this is all open to discussion. Volunteers like the community members in this project have given generously of their time and their talent. We very much appreciate that. Again, we look forward to working with them. Soft services is an area that we need to get some work done in because it is all part of our strategy to help seniors age in place. Having some options for seniors for those services is all part of that.

Thank you, Mr. Speaker.

**Mr. Luan:** Last but not least, if the minister is unable to promise any specific dollars or people, can you at least commit yourself to coming to the aging in place community fair that we will be hosting on Saturday, October 4, 2014, so that you can learn from those fantastic volunteers what they are intending to do and how you can help them?

**Mr. Quest:** Well, I'd like to learn more about what they're doing, Mr. Speaker. That sounds like a good opportunity to do that. Perhaps we can, hopefully, have an opportunity to sit down and chat about how it's going before then. But if there's an event on that day, schedule permitting, I'd love to be there.

**The Speaker:** The hon. Member for Highwood, followed by St. Albert.

#### **Okotoks Health and Wellness Centre Parking**

**Ms Smith:** Thank you, Mr. Speaker. I have a question to ask the Wellness minister on behalf of my constituents. In July 2006 Alberta Health Services was given a report, conducted on their behalf, regarding the use of the Okotoks health and wellness centre. It identified a growing need to increase the number of parking stalls available for both staff and visitors. Although Okotoks has seen remarkable growth since that time, nothing has been done to increase parking at the site. Can the minister tell my constituents what plans are in place to improve access to this important community facility?

**Mr. Rodney:** Well, I would personally like to thank the opposition leader for bringing up wellness. It's, I believe, the first time in two years that we've had a question from the opposition. I just kind of wonder where it's been on their priority list. I would expect that she agrees that we want to do everything that we can to be positive, proactive, preventative in our programs and policies. I'm happy to look into this exact file.

**The Speaker:** First sup.

**Ms Smith:** Thanks, Mr. Speaker. Given that in this same report it was identified that urgent care, located in the Okotoks health and wellness centre, sees over 75 patients a day and given that patients going to the medical laboratory, family resource centre, and other community health and wellness services adds hundreds and hundreds of people a day at the facility and they need parking, can the minister indicate when new parking stalls will be made available at the Okotoks health and wellness centre?

**Mr. Rodney:** Having been to the fine facility on more than one occasion and seeing the great work that the great people do there, I am very happy to do what I can to see that they have what they need. I'm happy to discuss this, as mentioned, with the Health minister, and we will get back to you.

**The Speaker:** Final supplemental.

**Ms Smith:** Thanks, Mr. Speaker. They did have another suggestion. The Healthy Okotoks Coalition has written a number of letters to both the Health minister and AHS executives, unfortunately to no avail, but they have prepared a proposal that would have qualified volunteers remove sod and make a gravel parking lot at the Okotoks health and wellness centre. Will the minister commit to immediately addressing the parking needs at this facility, or will he give these volunteers permission to do the work themselves?

**Mr. Rodney:** Well, as mentioned in my previous answer, I'm very happy to talk to the Health minister. I kind of wish that I had seen a copy of that. But let's face it: my bailiwick is to do with programs and policies that are really about keeping people happy, healthy, and out of the hospital as much as possible, to increase the quality of life for Albertans while decreasing health care taxes and costs, and I know that we would agree on that. As mentioned, I am happy to bring this up with the Health minister in the next week.

**The Speaker:** Thank you.

The hon. Member for St. Albert, followed by Strathmore-Brooks.

#### **Chronic Fatigue Syndrome**

**Mr. Khan:** Thank you, Mr. Speaker. Dr. Shawna Rodnunsky is a constituent of mine in St. Albert. Dr. Rodnunsky has visited my office a number of times to raise awareness and voice her concerns to me regarding supports for patients with chronic fatigue syndrome. CFS is a physical illness that makes those who suffer from this condition debilitated and unable to do all normal daily activities. To the Associate Minister of Wellness: what services, treatments, or supports are available in Alberta to help those diagnosed with CFS?

**The Speaker:** The hon. associate minister.

**Mr. Rodney:** Thank you very much, Mr. Speaker, and thank you to the hon. member for his advocacy on this very personal and, obviously, very important issue not just for the person in question but for others across Alberta. I believe that he knows that our government recognizes that chronic fatigue syndrome is a complex health issue and that it has debilitating effects on those who suffer from it. As with most chronic illnesses we truly appreciate that our primary health care providers, our family physicians and our practitioners, are those in the best position to provide care for Albertans across the province.

**The Speaker:** First supplemental.

**Mr. Khan:** Thank you, Mr. Speaker. To the same minister: given that the current understanding of chronic fatigue syndrome is, as the minister points out, still very limited, will your ministry work with health care professionals to expand the awareness, diagnosis, and treatment of chronic fatigue syndrome and related conditions?

**Mr. Rodney:** Mr. Speaker, I am very pleased to share with the hon. member that our government is currently working closely with Alberta Health Services to improve chronic health disease management and to improve province-wide best practices in this area. Along with the Health ministry and AHS we'll continue to look to new research not just across the country but around the world. It's a similar approach that's led to success in many other areas. As we continue to learn more about CFS, we'll continue to work with our partners to not only raise awareness based on best information available but to apply it as well.

**Mr. Khan:** Well, thank you for that, Mr. Minister. To the same minister again: given that chronic fatigue syndrome is, as he points out, a complicated disorder and many patients are desperately in need of care, will your ministry allocate more resources to help those diagnosed with CFS?

2:40

**Mr. Rodney:** Another great question. I can tell the member and the people of the province that our government is very strongly focused on improving access to primary health care services for Albertans and helping more people to manage chronic diseases and illnesses within their communities. That's why I really want to take the opportunity to thank those that are on the front line. They're really in the best position and are the main publicly funded supports available to assist all those who are coping with CFS and other chronic diseases across Alberta. Mr. Speaker, I want to assure the member that I will take his questions and suggestions forward to the Minister of Health.

Thank you.

**The Speaker:** Thank you.

Hon. members, in 30 seconds from now we will continue with private members' statements.

## Members' Statements

*(continued)*

### Armenian Genocide

**Mrs. Jablonski:** Mr. Speaker, she was only three years old. She was just a toddler. That was how old my Armenian grandmother was when she was taken from her mother's arms. It was her good neighbours, her Turkish neighbours, who offered to say that she was their daughter and to care for her as their own. They said that she was too little to keep quiet when her family had to hide, and they would keep her safe until her family returned.

The 99th commemoration of the Armenian genocide will take place on Thursday, April 24 around the world. You probably won't read about it in the newspapers, yet what was done to Armenians at the hands of the Ottoman Empire in 1915 marked the first genocide of the 20th century. A genocide denied is a genocide repeated, and, oh, how we have repeated the horror of this statement. The international community failed to hold the perpetrators of the Armenian genocide accountable for their crimes, and this has encouraged crimes against humanity,

including the Jewish holocaust, the Ukrainian Holodomor, Cambodia, Rwanda, Darfur, and now Syria.

Mr. Speaker, denial prevents healing. I quote from the dissertation by Ashley Kalagian Blunt that I will table today.

The global recognition and remembrance of the Armenian genocide is an issue that has personal significance for Armenians as well as political significance for the world community... In light of this, it seems imperative for Armenians to continue to advocate for genocide recognition and Turkish admittance of responsibility.

On April 21, 2004, our Canadian government officially recognized the Armenian genocide. This is a monumental step towards eliminating future genocides, but it is not enough. As long as nations in the world continue to deny genocides and accept alterations to the facts of history, we will continue to face systematic annihilations of entire cultures.

Hope does survive, Mr. Speaker, because of loving and kind people like the Turkish family that saved my grandmother, Mariam Kalagian, and taught her that love is better than hate.

I call upon the Turkish government to recognize the Armenian genocide and to stop trying to alter the historical...

**The Speaker:** Thank you, hon. member.

The hon. Member for Grande Prairie-Smoky, followed by Calgary-Varsity.

### Peace Wapiti School Division

**Mr. McDonald:** Thank you, Mr. Speaker. It's a pleasure today to talk about a school in one of my communities called Teepee Creek and talk about their school board a little bit, the Peace Wapiti school division. Teepee Creek is a small farming community approximately 50 kilometres from Grande Prairie to the northwest. This small rural school hosts approximately 80 students ranging from kindergarten all the way through to grade 8, with five classrooms, a gymnasium, a computer room, and a library.

This is the oldest school in the Peace Wapiti school board, and it was built in 1955. This school is one of the 70 schools recently approved for modernization, which has already begun. This school also offers specialty programs, including counselling, early literacy, intervention, speech pathology services, an individual classroom project program, as well as swimming programs.

The Peace Wapiti school division consists of more than 5,600 students in 32 schools. Peace Wapiti school board's mandate states that it is "responsible for the provision and maintenance of an educational environment that enables all students to achieve their potential to become productive members of a changing society."

Both the Teepee Creek school and the Peace Wapiti public school board have huge impacts on the residents in these communities and the surrounding area. These organizations enrich individuals and allow them to fulfill themselves. My constituents are blessed to host these organizations, and I wish them the best in the future.

Thank you, Mr. Speaker.

**The Speaker:** The hon. Member for Calgary-Varsity, followed by Livingstone-Macleod.

### Deaths of Calgary Students

**Ms Kennedy-Glans:** Thank you, Mr. Speaker. In the past I've always been pleased to rise and report on what is happening in my constituency of Calgary-Varsity. I never dreamed that I would ever have to rise and speak on such a senseless tragedy as we have

endured this week. Yesterday residents of Brentwood awoke to a nightmare. Five young people had been murdered while celebrating the end of their semester at the University of Calgary. Lawrence Hong, Josh Hunter, Kaitlin Perras, Zackariah Rathwell, and Jordan Segura all had their dreams, futures, and lives brutally torn away by a horrific act of violence. As a mother with a son currently attending university, I can only imagine the heartbreak their parents are feeling.

I know that all members in this House join in offering our condolences and deepest sorrows to their families and to their loved ones. Ever since Calgary-Varsity was formed in 1993, students and seniors have lived side by side, one generation supporting the other. Students and seniors are the heart and soul of our constituency. Students are our future. They embody our dreams for a better Alberta. Five sets of dreams have been forever silenced this week, and the sadness of this act will weigh on our hearts for a very long time. It has diminished our community and our city.

It's natural to ask how someone could lash out in such anger and also how we can keep ourselves and our communities safe from such hatred. Such answers to these questions will come as the investigation proceeds, and others will need much more reflection.

What we can do right now is to be proud of the University of Calgary's compassionate response. We can be grateful for the effective and determined response of the Calgary Police Service in swiftly apprehending the suspect. Lastly, we can be confident in the ability of our city and community to come together and . . .

**The Speaker:** Thank you, hon. member.

#### Highway Construction and Maintenance

**Mr. Stier:** Mr. Speaker, through the process of discussing the budget for the Ministry of Transportation, the overriding resulting impression was that this so vital a department to our province is sadly far behind in terms of existing infrastructure, maintenance, and expansion plus that the department severely lacks the ability to address the immense long-term deficit in highway construction projects that need to be completed. From the north end of Alberta, where our heavy industries need better access routes and infrastructure to deliver their components for the construction of their facilities, to the southern region, where the main routes out of the province are so severely constricted that their size and conditions limit our abilities to easily ship our products, the main transportation corridors need enhancements immediately to prevent the further decline of our ability to properly and safely participate in world trade.

In terms of maintenance, according to the Transportation business plan of '14-17, the physical condition of provincial highway services is far below reasonable expectations, where fewer than 59 per cent are in good condition, fewer than 27 per cent are in fair condition, and over 15 per cent are in poor condition.

Regarding key postponed construction projects, the twinning of highway 3, for example, which is the southern major transportation corridor to the border and to the shipping terminals at the coast in B.C., that was confirmed to be a bottleneck type of problem, that was confirmed to be constructed by the Premier of this province in 2007, has been studied, designed, yet it has been ignored.

Mr. Speaker, considering all of the above, it is hard to understand how a province with the highest revenue in Canada cannot adequately fulfill their obligations to maintain our highway and road network and address this enormous infrastructure deficit. Yet this same ministry claims that it provides a world-class transportation system that supports Alberta's economy and quality of life. Really?

Not according to the facts as we in the public see it.

Thank you.

2:50

#### Presenting Petitions

**The Speaker:** The hon. Member for Edmonton-McClung.

**Mr. Xiao:** Thank you, Mr. Speaker. As the chair of the Standing Committee on Private Bills I beg leave to present the following petitions that have been received for private bills under Standing Order 98(2).

- (1) the petition of Dr. Lyle Oberg and Dr. Terrence H. White, directors of the Rosebud School of the Arts, for the Rosebud School of the Arts Amendment Act, 2014.
- (2) the petition of Patricia Goodwill-Littlechild, executive director of Maskwachees Cultural College, and Dennis Callihoo, legal counsel for Maskwachees Cultural College, for the Maskwachees Cultural College Amendment Act, 2014.

Thank you.

**The Speaker:** Thank you.

#### Introduction of Bills

**The Speaker:** The hon. Minister and International and Intergovernmental Relations.

#### Bill 9

##### Public Sector Pension Plans Amendment Act, 2014

**Mr. Dallas:** Thank you, Mr. Speaker. On behalf of the hon. President of Treasury Board and Minister of Finance I'm pleased to rise today and introduce Bill 9, the Public Sector Pension Plans Amendment Act, 2014.

Mr. Speaker, public-sector pension plans, like many across North America, face serious challenges. People are collecting pensions for longer while the number of retirees is rising, causing a bigger cost burden to fall on active plan members. The situation is further compounded by continuing low interest rates expected to trend in future years. The President of Treasury Board and Minister of Finance as the trustee of these plans has a fiduciary duty to plan members and to taxpayers. The proposed changes in the bill strike the right balance between all stakeholders. By acting now with some modest course corrections, we avoid leaving future generations of plan members and taxpayers with significant problems to deal with later.

**The Speaker:** Did I hear you move first reading?

**Mr. Dallas:** Yes.

**The Speaker:** I think I did.

Thank you.

[Motion carried; Bill 9 read a first time]

**The Speaker:** The hon. Minister of International and Intergovernmental Relations.

#### Bill 10

##### Employment Pension (Private Sector) Plans Amendment Act, 2014

**Mr. Dallas:** Thank you, Mr. Speaker. On behalf of the hon. President of Treasury Board and Minister of Finance I'm pleased



to rise today and introduce Bill 10, the Employment Pension (Private Sector) Plans Amendment Act, 2014.

Mr. Speaker, this bill will affect pension plans offered in the private sector and should not be confused with the work we are doing on public-sector sustainability in Bill 9. What the employment pension plans amendment act will do is permit defined benefit pension plans in the private sector to convert previously accrued defined benefits into target benefits as well as also address some required housekeeping changes. By allowing these proposed changes, we will be helping private employers address some of the challenges they are facing, including pension plans that are too costly to maintain. In an era when pension plan coverage is very low, legislation should be aimed at encouraging those who have pension plans to continue to do so. This amendment will contribute to that goal.

Thank you.

[Motion carried; Bill 10 read a first time]

### Tabling Returns and Reports

**The Speaker:** The hon. Member for Edmonton-Highlands-Norwood. Your first of two.

**Mr. Mason:** Thank you very much, Mr. Speaker. I have two tablings today. The first is copies of a petition with approximately 2,000 signatures from the Alberta Federation of Labour. The petition is gaining hundreds of signatures every day and is calling on the government to pass legislation that will ensure that any changes to the LAPP or the PSPP are the result of direct negotiations between the government and the affected employees.

My second tabling, Mr. Speaker, is 50 of over 4,000 postcards that our office has received asking the PC government to restore consistent and reliable funding to postsecondary education in Alberta. The postcards, collected by the Non-Academic Staff Association at the University of Alberta, are clear evidence that the government needs to listen to the demands of Albertans for a well-funded postsecondary system which is accessible and affordable for all.

Thank you, Mr. Speaker.

**The Speaker:** Thank you.

The hon. Member for Red Deer-North, followed by Edmonton-Meadowlark.

**Mrs. Jablonski:** Thank you, Mr. Speaker. I would like to table five copies of a dissertation written by my niece Ashley Kalagian Blunt as part of her master's degree in cultural studies at the University of Sydney. The dissertation states that

nearly one hundred years have passed since the Armenian genocide, which prefaced and in some ways encouraged the Holocaust – yet the Turkish government continues to deny the genocide and uses political manipulation to prevent its recognition by other nations.

**The Speaker:** The hon. leader of the Liberal opposition or someone on behalf of.

**Ms Blakeman:** Thank you very much, Mr. Speaker. On behalf of the leader of the Liberal opposition I table copies of *Hansard* from April 16, 2013, which he referenced during his questions this afternoon.

May I continue with my own tablings? Thank you very much, Mr. Speaker.

I also have the appropriate number of copies of a selection, I believe, of documents that we received from a FOIP, including

ones that talk about: “Executive Council (EC) did request the ARTS Lists are to be sent over after your consultation with Legal Counsel.” There are a number of other references where they talk about deputy ministers being involved or getting the approval of cabinet or getting the consultation of Executive Council.

Thank you very much.

**Dr. Swann:** I have the appropriate number of copies of a tabling from the Ministry of Energy in Ontario called Creating Cleaner Air in Ontario. Ontario is now the first jurisdiction in North America to fully eliminate coal as a source of electricity generation. The minister had this to say.

Getting off coal is the single largest climate change initiative undertaken in North America and is equivalent to taking up to seven million cars off the road. Today we celebrate a cleaner future for our children and grandchildren while embracing the environmental benefits that our cleaner energy sources will bring.

Signed by Bob Chiarelli, Minister of Energy.

Thanks, Mr. Speaker.

### Tablings to the Clerk

**The Clerk:** I wish to advise the House that the following document was deposited with the office of the Clerk: on behalf of Dr. Sherman, hon. Member for Edmonton-Meadowlark, a letter dated April 7, 2014, from Dr. Sherman, leader of the Liberal opposition, to Merwan Saher, Auditor General, requesting an investigation regarding the circumstances surrounding all contracts awarded by the government of Alberta to Navigator Ltd. since 2008.

### Statement by the Speaker

#### Mr. Speaker's MLA for a Day Program

**The Speaker:** Thank you, hon. members. We have no points of order today, but I'd like to draw to your attention the MLA for a Day program. I've received notes from some of you yesterday and today. As you know, the cut-off was Monday, but there were some hiccups with some of the machines, so I've spoken with the Sergeant-at-Arms and visitor services, and the deadline has been extended only to the end of today. We have just over 70 representatives. It takes a lot to co-ordinate this, so please if you have anyone interested, let me or the Sergeant-at-Arms know before the end of day today. Thank you very much for your support.

3:00

### Orders of the Day

#### Committee of Supply

[Mrs. Jablonski in the chair]

**The Deputy Chair:** Hon. members, I would now like to call the committee to order.

Prior to beginning, the chair will outline the process for this afternoon. The Committee of Supply will first call on the chairs of the legislative policy committees to report on their meetings with the various ministries under their mandate. No vote is required when these reports are presented according to Standing Order 59.01(10).

Members are reminded that there were amendments introduced during the legislative policy committee meetings, so the committee will vote on all proposed amendments.

The committee will then proceed to the vote on the estimates of the Legislative Assembly as approved by the Special Standing Committee on Members' Services. The vote on the main estimates will then take place.

The estimates of two ministries will then be voted on separately pursuant to Standing Order 59.03(1)(b) in accordance with notice provided by the Liberal opposition House leader to the Clerk on April 15, 2014. The final vote on the main estimates will consist of any ministries not yet voted upon.

Finally, the chair would like to remind all hon. members of Standing Order 32(3.1), which provides that after the first division is called in Committee of Supply during the vote on the main estimates, the interval between division bells shall be reduced to one minute for any subsequent division.

### Committee Reports

**The Deputy Chair:** I would now like to invite the chair of the Standing Committee on Alberta's Economic Future to present the committee's report.

**Mr. Amery:** Well, thank you, Madam Chair. As chair of the Standing Committee on Alberta's Economic Future pursuant to Standing Order 59.01(10) I am pleased to report that the committee has reviewed the 2014-15 proposed estimates and business plans for the following ministries: Executive Council, two hours; the Ministry of Agriculture and Rural Development; the Ministry of Infrastructure; the Ministry of Innovation and Advanced Education; the Ministry of International and Intergovernmental Relations; the Ministry of Jobs, Skills, Training and Labour; the Ministry of Tourism, Parks and Recreation.

Madam Chair, I would like to table amendments to the following ministries that were introduced during the meetings for the Committee of Supply's consideration: Executive Council, one amendment; the Ministry of International and Intergovernmental Relations, one amendment.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you.

I would now like to call on the chair of the Standing Committee on Families and Communities to present the committee's report.

**Ms Olesen:** Thank you, Madam Chair. As chair of the Standing Committee on Families and Communities and pursuant to Standing Order 59.01(10) I am pleased to report that the committee has reviewed the 2014-15 proposed estimates and business plans for the following ministries: the Ministry of Culture, the Ministry of Education, the Ministry of Health, the Ministry of Human Services, the Ministry of Justice and Solicitor General, the Ministry of Service Alberta.

I'd also like to table amendments to the following ministries that were introduced during our meetings for the Committee of Supply's consideration: the Ministry of Service Alberta, one amendment; the Ministry of Human Services, one amendment; and the Ministry of Health, one amendment.

Thank you.

**The Deputy Chair:** Thank you.

Now the chair of the Standing Committee on Resource Stewardship.

**Mr. Khan:** Thank you, Madam Chair. As chair of the Standing Committee on Resource Stewardship and pursuant to Standing Order 59.01(10) I'm pleased to report that the committee has reviewed the 2014-15 proposed estimates and business plans for

the following ministries: the Ministry of Aboriginal Relations, the Ministry of Energy, the Ministry of Environment and Sustainable Resource Development, the Ministry of Municipal Affairs, the Ministry of Transportation, the Ministry of Treasury Board and Finance.

I'd also like to table amendments to the following ministries that were introduced during our meetings for the Committee of Supply's consideration: the Ministry of Energy, one amendment; the Ministry of Municipal Affairs, one amendment.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you.

### Vote on Main Estimates 2014-15

**The Deputy Chair:** The next item of business is the vote on the amendments introduced during the legislative policy committee meetings. There are a total of seven amendments, and they will be identified as amendments A1 to A7. Members have received copies of all the amendments on their desks. We will begin with A1 and carry on in sequence.

A1. Mr. Mason moved that the estimates for the associate minister's office under reference 1.2 at page 66 of the 2014-15 main estimates of the Ministry of Energy be reduced by \$250,000 so that the amount to be voted at page 65 for operational is \$427,147,000.

[Motion on amendment A1 lost]

A2. Mr. Mason moved that the estimates for the office of the Premier/Executive Council under reference 1.1 at page 94 of the 2014-15 main estimates of the Executive Council be reduced by \$911,000 so that the amount to be voted at page 93 for operational is \$47,486,000.

[Motion on amendment A2 lost]

**Mr. Mason:** Madam Chair, are we allowed to speak to these amendments?

**The Deputy Chair:** There is no debate on these amendments. Thank you.

A3. Mr. Eggen moved that the estimates for the associate minister's office under reference 1.2 at page 100 of the 2014-15 main estimates of the Ministry of Health be reduced by \$561,000 so that the amount to be voted at page 99 for operational is \$18,246,948,000.

[Motion on amendment A3 lost]

A4. Ms Notley moved that the estimates for the associate minister's office under reference 1.2 at page 112 of the 2014-15 main estimates of the Ministry of Human Services be reduced by \$673,000 so that the amount to be voted at page 111 for operational is \$4,088,295,000.

[Motion on amendment A4 lost]

A5. Mr. Mason moved that the estimates for the associate minister's office under reference 1.2 at page 144 of the 2014-15 main estimates of the Ministry of International and Intergovernmental Relations be reduced by \$250,000 so that the amount to be voted at page 143 for operational is \$39,160,000.

[Motion on amendment A5 lost]

A6. Mr. Bilous moved that the estimates for the associate minister's office under reference 1.2 at page 172 of the

2014-15 main estimates of the Ministry of Municipal Affairs be reduced by \$286,000 so that the amount to be voted at page 171 for operational is \$422,949,000.

[Motion on amendment A6 lost]

A7. Mr. Eggen moved that the estimates for the associate minister's office under reference 1.2 at page 190 of the 2014-15 main estimates of the Ministry of Service Alberta be reduced by \$260,000 so that the amount to be voted at page 189 for operational is \$295,223,000.

[Motion on amendment A7 lost]

**The Deputy Chair:** We shall now proceed to the vote on the estimates of the Legislative Assembly as approved by the Special Standing Committee on Members' Services. Hon. members, pursuant to Standing Order 59.03(5), which requires that the estimates of the offices of the Legislative Assembly be decided without debate or amendment prior to the vote on the main estimates, I must now put the following question on all matters relating to the 2014-15 offices of the Legislative Assembly estimates for the fiscal year ending March 31, 2015.

Agreed to:  
Offices of the Legislative Assembly \$128,313,000

**The Deputy Chair:** Shall the vote be reported?

**Hon. Members:** Agreed.

**The Deputy Chair:** Opposed? That's carried.

We shall now proceed to the vote on the estimates of the two ministries which will be voted on separately pursuant to Standing Order 59.03(1)(b) and in accordance with notice provided by the Liberal opposition House leader to the Clerk on April 15, 2014.

Agreed to:  
Aboriginal Relations  
Operational \$205,861,000  
Capital \$25,000  
Financial Transactions \$96,161,000

**The Deputy Chair:** Shall the vote be reported?

**Hon. Members:** Agreed.

**The Deputy Chair:** Opposed? That is carried.

Agreed to:  
Agriculture and Rural Development  
Operational \$632,769,000  
Capital \$28,196,000

**The Deputy Chair:** Shall the vote be reported?

**Hon. Members:** Agreed.

**The Deputy Chair:** Opposed? Carried.

We shall now proceed to the final vote on the main estimates. Those members in favour of the remaining resolutions for the 2014-15 government estimates for the general revenue fund and lottery fund for the fiscal year ending March 31, 2015, please say aye.

**Hon. Members:** Aye.

**The Deputy Chair:** Opposed? That is carried.  
Shall the vote be reported?

**Hon. Members:** Agreed.

**The Deputy Chair:** Opposed? Carried.

I would now invite the hon. Government House Leader to move that the committee rise and report the 2014-15 offices of the Legislative Assembly estimates and the 2014-15 government estimates for the general revenue fund and lottery fund.

3:10

**Mr. Campbell:** Thank you, Madam Chair. I move that the committee rise and report the 2014-2015 offices of the Legislative Assembly estimates and the 2014-15 government estimates for the general revenue fund and the lottery fund.

[Motion carried]

[Mrs. Jablonski in the chair]

**Dr. Brown:** Madam Speaker, the Committee of Supply has had under consideration certain resolutions relating to the 2014-2015 offices of the Legislative Assembly estimates and the 2014-2015 government estimates for the general revenue fund and lottery fund, reports as follows, and requests leave to sit again.

The following resolutions for the fiscal year ending March 31, 2015, have been approved.

Offices of the Legislative Assembly.  
Support to the Legislative Assembly, \$69,415,000; office of the Auditor General, \$27,300,000; office of the Ombudsman, \$3,349,000; office of the Chief Electoral Officer, \$6,517,000; office of the Ethics Commissioner, \$973,000; office of the Information and Privacy Commissioner, \$6,983,000; office of the Child and Youth Advocate, \$12,502,000; office of the Public Interest Commissioner, \$1,274,000.

The government main estimates.  
Aboriginal Relations: operational, \$205,861,000; capital, \$25,000; financial transactions, \$96,161,000.

Agriculture and Rural Development: operational, \$632,769,000; capital, \$28,196,000.

Culture: operational, \$157,473,000; capital, \$48,800,000; financial transactions, \$2,370,000.

Education: operational, \$4,238,760,000; capital, \$666,862,000; financial transactions, \$11,924,000.

Energy: operational, \$427,397,000; capital, \$6,315,000.

Environment and Sustainable Resource Development: operational, \$493,777,000; capital, \$60,082,000; financial transactions, \$1,410,000.

Executive Council: operational, \$48,397,000.

Health: operational, \$18,247,509,000; capital, \$111,294,000; financial transactions, \$72,500,000.

Human Services: operational, \$4,088,968,000; capital, \$6,038,000; financial transactions, \$680,000.

Infrastructure: operational, \$551,042,000; capital, \$1,143,854,000; financial transactions, \$73,150,000.

Innovation and Advanced Education: operational, \$2,705,983,000; capital, \$235,572,000; financial transactions, \$408,000,000.

International and Intergovernmental Relations: operational, \$39,410,000; capital, \$25,000.

Jobs, Skills, Training and Labour: operational, \$166,797,000; capital, \$660,000.

Justice and Solicitor General: operational, \$1,246,014,000; capital, \$134,993,000.

Municipal Affairs: operational, \$423,235,000; capital, \$1,455,444,000; financial transactions, \$808,443,000.

Service Alberta: operational, \$295,483,000; capital, \$49,416,000; financial transactions, \$6,400,000.

Tourism, Parks and Recreation: operational, \$170,471,000; capital, \$29,215,000.

Transportation: operational, \$512,720,000; capital, \$1,844,728,000; financial transactions, \$76,944,000.

Treasury Board and Finance: operational, \$131,369,000; capital, \$2,853,000; financial transactions, \$15,248,000; lottery fund transfer, \$1,485,550,000.

Madam Speaker, that concludes my report.

**The Acting Speaker:** Thank you.

Does the Assembly concur in the report?

**Hon. Members:** Concur.

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

### Introduction of Bills (reversion)

**The Acting Speaker:** The hon. Minister of International and Intergovernmental Relations on behalf of the hon. President of Treasury Board and Minister of Finance.

### Bill 8 Appropriation Act, 2014

**Mr. Dallas:** Thank you very much, Madam Speaker. On behalf of the hon. President of Treasury Board and Finance minister I request leave to introduce Bill 8, the Appropriation Act, 2014. This being a money bill, His Honour the Honourable the Lieutenant Governor, having been informed of the contents of this bill, recommends the same to the Assembly.

[Motion carried; Bill 8 read a first time]

### Government Bills and Orders Second Reading

#### Bill 7 Tax Statutes Amendment Act, 2014

**The Acting Speaker:** The hon. Minister of International and Intergovernmental Relations on behalf of the hon. President of Treasury Board and Minister of Finance.

**Mr. Dallas:** Thank you, Madam Speaker. On behalf of the hon. President of Treasury Board and Minister of Finance I'm pleased to rise today to move second reading of Bill 7, the Tax Statutes Amendment Act, 2014.

This proposed legislation will amend our personal and corporate income tax acts. These are mostly technical and administrative amendments. They parallel federal tax changes and will maintain consistency between federal and Alberta legislation.

The amendments will also implement policy approved by this government in November 2013 to introduce a tax regime for qualifying environmental trusts, or QETs, in Alberta. Madam Speaker, QETs are a means to facilitate the accumulation of funds for future site reclamation. For example, QETs will help ensure that adequate funds are set aside to restore the environment after oil sands extraction. This new tax regime for QETs essentially shifts the tax burden on QET earnings from corporations to the QETs themselves. It is also important to note that the QET regime is revenue neutral.

3:20

Madam Speaker, this government has consulted with the energy industry, and they are supportive of this regime. Saskatchewan, British Columbia, and Ontario have already adopted this special tax regime. As many of the pipeline and oil sands development corporations have their head offices here, Alberta is the logical place in which to locate these trusts. If these revenue-neutral tax changes are not made, it is likely that these trusts will be located in British Columbia or Saskatchewan even though it would make the most business sense for them to be located in Alberta.

I would also like to tell you about the proposed changes to the Alberta Personal Income Tax Act which also form part of this legislation. Measures introduced by the federal government will increase the tax on dividends paid out of small-business income unless Alberta adjusts the dividend tax credit rate. The proposed changes to the Alberta Personal Income Tax Act will prevent this unintended tax increase.

Other amendments are for housekeeping purposes or to make sure Alberta's legislation properly references applicable sections of the federal Income Tax Act.

In summary, the Tax Statutes Amendment Act, 2014, will implement the technical and administrative changes necessary to maintain the integrity of our tax system and consistency between the federal and Alberta tax regimes, encourage companies to establish their QETs in Alberta by making our tax regime more competitive with respect to these trusts, and ensure that Alberta's tax legislation is aligned with federal tax legislation.

Thank you.

**The Acting Speaker:** Thank you, hon. minister.

The hon. Member for Airdrie.

**Mr. Anderson:** Thank you, Madam Speaker. I'll give a few brief points on Bill 7, the Tax Statutes Amendment Act, 2014, which involves, of course, qualifying environmental trusts, or QETs. These are, of course, trust funds established by resource developers for the sole purpose of reclamation.

The current tax regime in Alberta places corporations in a tax disadvantaged position by not allowing income generated in the trust to pay for corporate income tax. Resource developers must therefore pay income tax on the returns from the QETs with funds from their active businesses. Bill 7 creates a revenue-neutral tax regime that corrects this tax disadvantage and also, of course, includes several minor housekeeping amendments to accommodate technical and administrative changes that parallel the federal government changes in this area.

It is the Wildrose position that the change in Bill 7 for the QETs as well as the technical and administrative changes to income taxes bring us in line with the federal government tax regime, and that is a good thing. We also believe that it creates a revenue-neutral regime for the purpose of another tool used to ensure that there are proper financial resources available for resource development reclamation, which, of course, is a large part of responsible environmental stewardship. It places the financial cost of reclamation upon the project owner and operator versus government and taxpayers.

We do support this bill and look forward to its quick passage. Thank you, Madam Speaker.

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

**Ms Blakeman:** Thanks very much, Madam Speaker. I always find these bills really interesting. You know, I'm certainly supportive

of socking money away to help pay for reclamation of pipeline and oil sands sites because, goodness knows, the system we're using right now doesn't work very well. Companies go bankrupt and disappear, and the site they had: nobody's looking after it. They're gone. They then become orphaned sites. Okay. Well, then we had an orphaned well fund. That doesn't seem to be covering the costs of it either.

You know, my constituents and a number of other people in the province say: "How come the polluter doesn't pay? How come in Alberta the polluter doesn't pay? Why don't they have to pay to clean up these reclamation sites?" And the government says: "Yeah, yeah. Well, they kinda do, sort of, mostly, sometimes." Well, maybe not. It's just not the deal we all signed up for. You know, just imagine going back to your mother or your grandmother and saying: yeah, well, I think I'm going to make a mess, but I don't think I'm going to be responsible for cleaning it up. The reaction of my mother or my grandmothers – yikes. I would have been brought into line very quickly on that one, and I think most people here would have. Not so much in the province of Alberta.

Even the brownfield sites that exist in the urban centres, which are the ones that I have to deal with: years and years and years, decades to deal with those abandoned sites or sites that had gas stations on them. A blight on the whole block. It's just a big, sucking, inactive hole. Sorry; it can't be inactive and sucking at the same time, but you get my point. It's a problem for us, and I think the lack of vigour of the government in pursuing a polluter-pays strategy with pipelines, abandoned wells, well sites, gas well sites is a broken deal, as far as I'm concerned, and it's very frustrating.

Again, I had two budget debates yesterday, so I haven't quite had time to read my way through this whole bill here, but I've started marking it up as you all expect from me. Well, revenue neutral is what the government says, but as best as I can tell, this is a way for them to be putting some money away and not paying so much income tax now so that they can clean up any sites that they need to clean up later. Okay. But from where I'm reading this, doesn't that still mean that they're getting a break on the taxes that they're paying now because they're going to end up paying a lesser rate? You know, somebody's going to explain that to me, so I'm looking forward to the explanation because, frankly, I just haven't had time to read the bill yet.

Is that the deal, that they're going to get a special rate? You know, when an individual puts money into, say, an RRSP, well, you don't pay interest or you pay a much lower interest rate on that money that you can prove you put into a set-aside fund. Or the tax savings fund – no, that's not quite the right name.

**Mr. Mason:** Tax-free savings account.

**Ms Blakeman:** Tax-free savings account. Thank you very much.

With that one, again, you're supposed to be paying a lower rate when you take it out, I think. The fact that you saved money – so you're not paying it out of your paycheque when you put it in there; when you take it out, you pay a lower rate. So it's a deal, right? It's an incentive. It's an encouragement.

Bottom line, Madam Speaker, incentives and disincentives are the only tool the government really has to try and change behaviour. So what I'm seeing here is government trying another way of changing the behaviour of companies developing the oil sands and conventional oil and gas sites to put more money away. They've chosen to do it in this way, with an environmental trust. Trusts always come with kind of special deals attached to them.

Am I opposed to the idea of setting money aside for this? No, I'm not. Obviously, I'm not. I want them to do that. If there's a special deal that goes along with the tax rate, I'm not so keen on it, to be perfectly honest. I mean, honestly, I just have not seen many oil and gas companies clutching their tattered rags about them, shivering on the corner. I really haven't. Now, some of them are smaller companies and even family companies, and they're not making the kinds of profits that others are. I understand that. But I have not seen anyone having to sell their silk tie for food. So they're not that badly off. If this is the only way we're going to get it, then, yes, okay, I'll support that, but I feel like I'm being backed into this one.

3:30

The other part of this, the technical changes. Maybe this is part of it this year, but we used to have this race to the bottom that a previous, previous, previous Treasurer by the name of Stockwell Day – he wanted to always be able to claim that we had the lowest tax regime, and every time the feds changed their percentage, it had an effect on ours and we were no longer at rock bottom, so we would rush out a bill in which he could stand up and say: this is going to bring us to the bottom again.

Decades later, from him doing that, I look around and say: really, was that such a great idea? You know, he's the guy that brought us the flat tax, and I can say now – and I can certainly say it on behalf of my constituents – that it was not a good idea. I don't think the flat tax has benefited middle-income earners at all. I think it has imperilled them. It has certainly made them work harder for the same or a lesser amount of money. They are the first generation that is not doing better than their parents, and you've got to look around and say: "Well, what? Are they lazier?" No, I don't think so. "Are they getting paid less?" Well, that's an interesting point and a bit of a tangent, Madam Speaker, so I'll try and save that for the end. [interjection] Yeah, that particular tangent.

What we have in Alberta is this flat tax. Everybody pays the same. Yes. Except that it has a markedly different effect to pay a flat tax of 10 per cent on a salary of \$40,000 or \$50,000 than to pay a flat tax of 10 per cent – maybe it's 11 or 12 now; I don't know – when you have \$500,000 or \$600,000 worth of income every year. Not many people get that kind of money, but there are certainly some senior officials in Alberta that do get that kind of money. You know, we've heard about it. Certainly, in the private sector lots of people make that kind of money, so 10 per cent for them is pocket fluff. Pocket fluff. It does not have nearly the same effect on their standard of living. It has no effect on their standard of living or their pension plan or anything else, but it has a huge effect on someone that's making \$40,000.

The flat tax was a really bad idea, it continues to be a really bad idea, and I would very much like to see the end of it. If this act is doing anything to sort of prop it up or make it look good or make it look good in comparison to anybody else, then I'm not in favour of it.

The other thing to keep in mind with the personal income tax structure that we have here is the fact that we're spending all of our nonrenewable resource revenue. When I explain this to people, I say, you know: every day the money that the government spends to provide programs and services is only being collected through taxes and fees and other ways they have of making money, 70 cents of every dollar that they're spending. "What? How can that be?" Well, that's because they charge a really low income tax, so they're only collecting 70 per cent. Well, where is the other 30 per cent coming from? That would be coming from

the nonrenewable resource revenues, specifically conventional oil and gas and, increasingly, from the oil sands sector.

So we're subsidizing our everyday – today's, tomorrow's, yesterday's – provincial programs and services from that nonrenewable resource wealth. Also, if the price of a barrel of oil in the States or wherever changes, that's the money that really gets affected. What happens to the government? Well, they're already trying to spend as little as they possibly can on the number of programs because ideologically they're conservatives. They want a smaller government. They want to spend less money. Nobody should be surprised about this. This is what they stand for. So they want to spend the least amount of money possible on all of these programs.

Now, they're in real trouble if the 30 per cent that they're subsidizing themselves with or subsidizing the budget with is worth less, and that's what happens sometimes. Is this the answer to our problems? No. I don't think that's working out so well for Albertans, and I see that every day. I see the wage gap widening between the very, very wealthy and the working middle-income and low-income people in this province. How can that be? How can rich people be getting even richer, more and more and more money, while for people that are working every day to provide programs and services – teachers and nurses and plumbers and all kinds of small-business people and middle-sized business people – their money is worth less. It's buying them less stuff today than it bought them 10 years ago.

There's that issue of what tax rate we're actually charging, and there's the issue of subsidizing ourselves by our nonrenewable resource revenue because once we've used it once, it's gone. I think what we should be doing is taking that nonrenewable resource revenue and putting it into endowment funds – if you want to call it something else, fine; call it something else – and letting it build up interest, which we can then spend because that is renewable. That kind of money making money is renewable. But nonrenewable resource revenue: once you've sold that barrel of oil once, it's gone, and you can't get it out of the ground again. You got it out once; it's gone. And I think it's causing real problems for us.

In a lot of ways we're not as creative as we could be and the government is not as creative as it could be because we have too much money. I mean, really, if the government gets into trouble: dig a bit more out and chuck it at the problem. They don't really have to come up with something new and innovative. In the 17 years I've been in here, I haven't seen anything that is new and innovative. I see a lot of retreads and slight adjustments and tinkering but very, very little that is genuinely innovative and taking the lead on new things because we don't have to. We're not desperate. We can always subsidize it with money from those resources.

I think there are two things that need to be addressed. One is to take that nonrenewable resource revenue out of the budget lines and put it aside so that that amount of money builds up for us but also those that come after us.

The other part of that is that the oil is not going to last forever. There are pretty good reserves in there. I'm not arguing that. But, you know, they are finite. What's much more likely is that people will stop buying our coal and gas and liquid natural gas and bitumen. That's much more likely just given the way the world is moving, especially when this government is so obstinate on not getting out from under the black eye it's given itself and getting out there and really doing some brilliant, innovative, new techniques and supporting some of the wonderful research that is going on in this province to make the oil sands and conventional

oil and gas less consuming of water, getting rid of the tailings ponds, all those things that we know we're supposed to be doing.

That's the reason why I think that money needs to be set aside and that I think we need to increase the income tax. People go: "Oh, my God. You can't be increasing the income tax. Tax-and-spend Liberals." Well, actually, when I go out and talk to people and say: "What do you want? Do you want to pay the same as . . ." [A timer sounded] Oh, you see, Madam Speaker, that's why I need batteries.

**The Acting Speaker:** Thank you, hon. member.

The Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** On 29(2)(a)?

**The Acting Speaker:** Yes, the standing order.

**Mr. Mason:** Well, I just wanted to know if the hon. Member for Edmonton-Centre wished to continue her point that she was just making about tax-and-spend Liberals.

**The Acting Speaker:** Hon. member, Standing Order 29(2)(a) requires a question and answer, so a question?

**Mr. Mason:** Would she like to do that?

**Ms Blakeman:** Actually, Madam, it does allow for statements. It does say that in there.

I never understood that because in my life the debts have not been incurred by Liberal governments; they've been incurred by Conservative governments. Despite the fact that Conservatives are the ones that go around saying, "Aren't we wonderful money managers," our debts federally and provincially have been exclusively by Conservative governments. So don't talk to me about tax-and-spend Liberals.

**Mr. Mason:** Well, you brought it up.

3:40

**Ms Blakeman:** Yeah, I know, but it's the Conservatives that really cause those debts.

I ask people: do you want the services, or do you want to pay the lowest taxes in Canada? And they ultimately say: "Yeah, we want the services, but we want good services. We don't want people to be giving us, you know, something cheap and selling it as something better. We, honest to God, want those streets plowed. We don't want them bladed or whatever the difference is there." They want quality stuff. They're willing to pay the taxes, but they want quality services for it. To which I say: "Great. It's a deal." That's the way I think it should be, and that's what I would like to see.

Do I approve in principle of Bill 7? I don't know, one, because I haven't been able to read the whole thing, and two, because if it is repeating a number of the things that I've just gone through, then, no, I don't support it. I think we have to be very careful about this. You know, people say: oh, don't change the tax rules so that it's a disincentive for me to make more money. I've never seen that stop them from making money. I've never seen anyone that actually said that to me, that shut their business down to go and sit in the corner and fold their arms and go: "That's it. I'm not working anymore because you're going to tax me more. The more I make, the more I'm taxed." Well, I've never seen them do that. They seem to keep working. They seem to be keeping making money. So what's the problem?

I think we've been hoodwinked from a very, very long procession of conservative ideology on what government is supposed to

provide and what kind of tax is needed to provide programs and services. [interjections] I'm sure they're just on their way out. There we go. We've been hoodwinked, and I don't think we should . . .

**The Acting Speaker:** Hon. member, just so you know, we do have one more question that needs to be asked.

**Ms Blakeman:** Sure.

**The Acting Speaker:** The hon. Minister of Aboriginal Relations.

**Mr. Oberle:** Thank you, Madam Speaker. I just wanted to ask about: the hon. member started her speech with a complaint about the fact that we don't have a polluter-pay system. I wonder if she's aware that the bill that we're discussing does not establish a tax regime to encourage people to set up these trusts. We already have to set up these trusts. It's a mandatory thing to set up these trusts because we do have a polluter-pay system.

The bill that we're talking about provides a competitive tax regime to encourage companies to locate those trusts in Alberta, which we think makes sense, first of all, because that's where their head offices are. Second of all, that money can be invested in accordance with trust legislation in Alberta, and we think that's a good thing. The corporations are already required to set up those trusts because we do have a polluter-pay system in this province.

**Ms Blakeman:** Thanks for that. Well, I think you and I are going to have to agree to disagree on that definition of polluter-pay. You believe that your system is working, and I don't believe your system is working. But I appreciate the background on the fact that this is not to set up the trust; this is to entice the businesses to set up the trusts here in Alberta. I'll give you that. I'd rather have it here than somewhere else as long as Albertans and our lands are going to be the beneficiaries of this. If it's a trust that just gives them a better tax break and we come out of this with less, well, then, it's not so good. But if this is an enticement of an additional percentage point so they'll be here rather than in B.C., then I'm willing to go for it. I appreciate the briefer because I only got to page – it doesn't look like very far.

Thanks very much.

**The Acting Speaker:** Hon. members, we have 20 seconds on 29(2)(a).

Seeing none, on second reading, the hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thanks very much, Madam Speaker. I'm pleased to stand and give a few comments with respect to Bill 7, the Tax Statutes Amendment Act, 2014. Now, I'm quoting the minister on this, the Government House Leader, and it's consistent with what we just heard.

The proposed legislation also implements a tax regime for qualifying environmental trusts to help facilitate the accumulation of [these] funds for future reclamation of pipeline and oil sands sites.

I note that the minister also indicated:

These are revenue-neutral changes [intended to] encourage the creation of trusts here in Alberta, where the majority of pipeline and oil sands activities occur.

[These] changes to the Alberta Personal Income Tax Act will prevent unintended tax increases resulting from federal changes to the dividend tax credit system.

Others are just housekeeping items.

Now, the biggest change in this is the implementation of a tax regime for environmental trusts that is supposed to encourage companies to set up trusts in Alberta that will help them facilitate

the payment of future reclamation efforts once their projects are complete. A qualifying environmental trust is a special kind of trust under the Income Tax Act of Canada that is maintained solely for the purpose of accumulating funds to finance the future reclamation of a qualifying site such as an oil sands mine or a pipeline. A QET is the only vehicle that enables a corporation to claim a tax deduction in the year for the amount set aside for future reclamation.

Specifically, a QET refers to a trust resident in a province maintained at that time for the sole purpose of funding the reclamation of a site in the province that had been used primarily for or for any combination of the operation of a mine or the deposit of waste where the maintenance of the trust is or may become required under terms of a contract entered into with Canada or the province. It does not include a trust that relates to the reclamation of a well.

Madam Speaker, it's clear that Alberta's new tax regime for QETs parallels and reflects the federal tax regime and is similar to regimes already in place in both Saskatchewan and Manitoba.

We have some questions, I think. First of all – and I hope that these questions can be addressed when the minister responds or when we're in committee, anyway – how many of the firms currently operating in Alberta will meet the definition of a small single project? We'd like to know how the large companies, massive companies with multiple projects will use these trusts or do use these trusts, or would they only use them at the end of the project's life, still relying on lines of credit for the majority of the projects? We want to make sure – and this is the concern – that we are not making it easier to get off the hook when it comes to leaks or other damage. We hope that this will not just be another tax giveaway.

Now, most of the changes in the bill, Madam Speaker, appear to be bookkeeping based around maintaining consistency with the federal personal and corporate income tax changes aside from the implementation of these QETs. So we will be prepared at this stage, depending on what we hear in answers, to give a tentative and cautious approval. We are generally in support of qualifying environmental trusts because they ensure that the money for environmental remediation relating to mines and tailings ponds is clearly put aside up front rather than relying on credit to finance remediation in the future. QETs to this point in time have been largely ignored in favour of letters of credit. If these changes are indeed truly revenue neutral and actually encourage greater uptake of the QET model, then we are prepared to be supportive.

We are interested in knowing how many QETs are currently in place in the province, whether any more are being considered or anticipated, and whether or not the minister thinks these changes will be significant enough to increase the number. That, of course, is one of the stated objectives of the bill. In addition, we're hoping that the minister can fill us in on whether or not – well, I guess I've answered that question.

It has been noted in some studies that B.C. and the Northwest Territories have been the most active in demanding fully funded environmental trusts prior to mining. Hence, that's where most of the QETs to date have been established. So it's not just a matter of adjusting the tax relationship to match other jurisdictions; it's also a question of insisting that these trusts be established and fully fund any future environmental liability.

**3:50**

Some general support for QETs aside, Madam Speaker, we do have some concerns regarding the potential for tax avoidance

through the timing of establishing and withdrawing from a QET. Because contributions to a QET are deductible and the funds are contributed to income on the way out, there is a concern that improperly timed QETs might be able to reduce the overall tax and royalty contribution. We'd like to know what safeguards have been put in place to make sure that this doesn't happen.

Madam Speaker, there are a number of other points not covered in the bill, some of which were touched on by the hon. Member for Edmonton-Centre, that I would like to highlight. The question of corporate taxation rates in this province is an issue that we continue to be very concerned about. There are potentially billions of dollars of additional revenue that could be collected in corporate taxes based on the profits of the corporations, and Alberta could yet remain the most competitive tax jurisdiction in Canada. That's an objective that we have in the NDP, to not only increase the revenue side to fund the programs that Albertans want and ensure that taxation regimes are fair so that the people who benefit the most from our province and our society contribute the most, something that doesn't exist now, but also that we remain competitive in terms of our tax regime relative to other jurisdictions in the province. It's amazing how much flexibility the government could have, if it chose to, in adjusting tax rates, keeping our taxes competitive in all categories and still making sure that we are increasing the revenues, which we badly need to do in this province.

I'd also like to just mention Premier Lougheed's resource royalty targets. We need to ensure that we get full value for the resources, which we all own together. All Albertans own these resources. I think that his target of 30 per cent of the value of the oil and gas in the ground coming to the owners is still a very valid target. We have slipped in Alberta since those days and collect about 9 per cent of the value of the oil and gas in the ground for the owners. The rest goes to the companies that are extracting these resources. That's actually a lower rate than was collected by the previous Social Credit government in this province. I think it's a crime that the government is letting the oil companies take us to the cleaners, literally. In fact, I won't blame the oil companies. I'll blame the government because they're the ones that set the royalty framework. That's something that I think we want to talk about, also the flat tax, which I've talked about in this House as well. Many of the same points apply to that.

I just wanted to indicate that the people that we've talked to or heard from with respect to this are generally supportive. I'll just quote one, and that is Andrew Leach, who is a noted energy economist at the University of Alberta. He says, and I quote: putting my NDP hat on, it's hard to find a reason to object to QETs; they should be close to revenue neutral, potentially cheaper as debt-carrying costs are left out, and put the costs of reclamation front and centre.

On that basis and pending some response to some of the questions that I've raised, Madam Speaker, I want to indicate the cautious and tentative support of the New Democratic Party caucus with respect to this bill.

Thank you very much.

**The Acting Speaker:** Hon. Member for Calgary-Mountain View, did you wish to speak under 29(2)(a) or on the bill in second reading?

**Dr. Swann:** On the bill. Thank you very much.

**The Acting Speaker:** Anybody under 29(2)(a)?  
Please proceed, hon. member.

**Dr. Swann:** Well, thank you, Madam Speaker. A pleasure to stand and speak to Bill 7, the Tax Statutes Amendment Act, 2014. It proposes amendments to the Alberta Corporate Tax Act and the Alberta Personal Income Tax Act to accommodate technical and administrative changes that parallel federal government changes and implements a tax regime for qualifying environmental trusts, QETs, to help facilitate the accumulation of funds for future reclamation of pipeline and oil sands sites. I presume, then, that it does not apply to other industrial operations like mining operations. I'm thinking of coal. If it does, that isn't clear to me.

Obviously, we've had very little time to review this, but I have a number of questions before I can give it even a qualifying support. Who gets to qualify these environmental trusts? By what criteria do we assess certain activities as being in and others as being out? Whose interests are being served by including some and not others? What do we do with those corporations that are multinational and have the ability to move money between this country and other countries? What is the nature, what is the size of the qualifying amount that will ultimately result in tax deductions for that corporation? Is it verified, or are companies just able to put in whatever they choose to put in there in order to gain short-term tax advantage?

I'm reminded – I suppose it would be about five years ago – of when former environment minister Guy Boutilier was challenged on the need for a downstream environmental cleanup fund for oil and gas and other industries and said that he would very strongly support that. The next day the oil industry visited him, and he publicly stated that he was no longer interested in downstream reclamation funds, orphan-type funds, for the downstream oil and gas industry. We still don't have any interest in a fund that would ensure that the downstream oil and gas sector is paying its full share and putting aside funds when they have to abandon some of the refinery sites, some of the various pits, those environmental scars on the environment that constitute the downstream oil and gas activity.

I still have a lot of skepticism about this government's commitment to the environment and its willingness to take the costs now and not put them forward onto future generations when some of these corporations go out of business. Obviously, this bill promotes itself as a vehicle for cleaning up some of these sites, but again it's qualifying environmental trusts, and it's not clear to me how they qualify. Again, it's a serious question about how much companies are putting aside and what their benefits are by inflating that cost and if, in fact, those costs will be even close to the cleanup costs.

I wonder if, for example, the multibillion dollars in cleanup costs associated with the oil sands are going to be in any way reflected in some of these trusts when we've already seen that this government only requires a fraction of 1 per cent as a down payment on some of those cleanup costs in the oil sands on an annual basis from some of these large corporations, which means, ultimately, that if these assets get stranded, we are not going to be seeing anything from these corporations, who have put down pennies on the dollar in relation to the cleanup costs. It's going to fall to the public purse and to our children's children perhaps or to our children to make sure that these cleanup costs are adequately addressed.

I have a lot of questions about the whole financing around risk and environmental cleanup and the long-term commitment that we have not made to some of the, well, multibillion dollars of liabilities that we are passing on to future generations in this province, not the least of which I'm increasingly aware of in relation to fracking and groundwater issues, which still haven't been properly investigated. Still no reports on the website in



relation to how many groundwater sources have been contaminated by fracking. Even though we have the technology for isotope testing and examining individual water wells that have gas in water, we still have no completion of a 2006 study for a baseline groundwater assessment, 12,000-odd groundwater tests carefully taken at \$2,000 to \$3,000 per test, all at some level tested and no analysis of this roughly \$30 million – Madam Speaker, I’m having trouble speaking over the noise.

4:00

**The Acting Speaker:** Hon. members, we’re all having trouble hearing. Can you keep the noise down, please? Thank you.

**Dr. Swann:** More than 12,000 groundwater tests taken at a cost of \$2,000 to \$3,000 each and still no analysis of whether any single groundwater sample was contaminated by industry. It’s a scandal, Madam Speaker. I have great difficulty in believing that anything this government puts forward in relation to environmental costs and environmental reclamation is going to actually serve the public interest as opposed to the corporate interest.

In respect to my earlier comments about the lack of bonding or deposits or savings these trusts appear to be, at least on the surface of it, an attempt to put aside funds, but I think we deserve a lot more information from this minister about exactly how these criteria are established and when we’re going to see the level of investment put aside for cleanup costs that is merited.

Those are my preliminary questions and comments, Madam Speaker. I look forward to hearing some answers. It’s very clear to me that this government has made no serious attempt at long-term security for the higher environmental risks and negligence that’s gone on in this province for 20 to 30 years, so I’m not optimistic that this is going to be a substantive benefit to Alberta and to the long-term interests of our children.

Thank you.

**The Acting Speaker:** Thank you, hon. member.

Standing Order 29(2)(a). Are there any questions or comments for the hon. member?

Seeing none, I would ask: are there any other members who want to speak to Bill 7 in second reading?

Are you ready to close, Minister?

**Mr. Dallas:** I can make some comments, Madam Speaker, yeah.

**The Acting Speaker:** Are you making comments under 29(2)(a) or closing comments?

**Mr. Dallas:** Well, I’ll make them closing comments.

**The Acting Speaker:** Go ahead, Minister.

**Mr. Dallas:** Thank you very much, Madam Speaker. I just want to thank the hon. members for the debate at second reading of Bill 7. There were a number of good questions that were posed there, some a little bit technical in nature, examples being: how many firms will meet the definition of a small single project, and how many existing QETs are in place today? I think we need to do a little bit of research, so I ask for some latitude from the hon. members. We’ll quickly try and find those numbers, and we’ll present those, hopefully, at Committee of the Whole. If that’s not possible, I’ll make the commitment that we’ll have those numbers certainly before third reading.

There were a number of questions that were posed around the tax neutrality, that I could address right now, but I think I would ask for a little bit of latitude from the Assembly. I’ll come back

and make one presentation that seems to sum up all of the questions that were asked.

I also want to respectfully submit that perhaps as much as 75 per cent of the debate was on policies that were inside the scope and realm of Environment and Sustainable Resource Development and the like. I won’t be addressing those, nor the corporate and personal income tax rate schedules. We’ll keep the debate from the government side specific to the matters which are proposed in Bill 7.

With that, Madam Speaker, I would move that we close debate on Bill 7 at second reading and call the question.

[Motion carried; Bill 7 read a second time]

## Government Bills and Orders Committee of the Whole

[Mrs. Jablonski in the chair]

**The Deputy Chair:** Hon. members, I’d like to call the Committee of the Whole to order.

### Bill 6

#### New Home Buyer Protection Amendment Act, 2014

**The Deputy Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Minister of Municipal Affairs.

**Mr. Weadick:** Thank you, Madam Chair. It’s a pleasure to rise today and present to Committee of the Whole Bill 6, the proposed New Home Buyer Protection Amendment Act, 2014. I’d like to thank all the members who participated in second reading debate for their supportive comments.

Bill 6 contains minor modifications to the existing act. It provides clarification and technical changes in the way some provisions are implemented. Section 2 contains changes to the definitions in the act. The term “common facilities” is defined to cover parts of the condominium buildings that are not common property as the term is conventionally defined under section 1 of the Condominium Property Act.

Common property has two definitions in the act. One is under section 1, and a different definition is under section 14.

Section 2 contains the renaming of the term “purchase period” to “protection period” in section 1(1)(y) of the act.

Section 3 introduces section 1.1 to the act, which sets out how the protection period is calculated for new homes. This section was introduced for drafting reasons as section 1(1)(y) would have been too long with all of these subsections. The provisions in new subsections 1.1(3), 1.1(4), and 1.1(5) clarify how the protection period is calculated for condominium conversions.

Sections 4 and 6 are both amendments consequential to the drafting of the protection period. Both provisions now refer to the protection period instead of separately setting up an identical 10-year term for each section. Sections 4 and 5 also contain provisions originally in the regulations.

Section 5 introduces the rental use designation into section 3(1) of the act. Builders and owners of multiple family dwelling buildings will be required to register caveats in respect of rental use designations on a building’s land title to get an exemption from home warranty insurance requirements. This exemption comes from the regulations but now requires a land titles registration.

New subsections 3.1(5), 3.1(6), 3.1(7), 3.1(8), and 3.1(9) in the act address how these caveats are registered on land titles,

maintained on land titles, and discharged on land titles. The rental use designation must stay on the land title for 10 years. During the protection period for the uninsured multiple family dwelling building all discharges of rental-use-designation caveats require an application to the registrar under the New Home Buyer Protection Act, who will discharge the caveat from the land title at the end of an uninsured building's purchase period.

Sections 7 and 8 come from the regulations and contain the New Home Buyer Protection Act registrar's powers to clarify which buildings qualify as a new home and delegate responsibilities to staff.

#### 4:10

Section 9 clarifies that administrative penalties may apply on a per-unit basis. It also requires that administrative penalties are paid or posted by an irrevocable letter of credit prior to filing an appeal. Irrevocable letters of credit are issued by banks, and they are similar to cheques that cannot be cancelled. The process is similar to security for costs in a court action. If an appeal is successful, the letter is returned. If the appeal is not successful, the letter is cashed. Consequential amendments in other sections confirm that the requirement to pay or post an administrative penalty cannot be stayed by the board on appeal.

Sections 10 to 15 are board related. These changes to the appeal process are intended to increase efficiencies. Some of these provisions are adopted from the regulations. Appeals are to be filed directly with the board. The chair of the board may delegate powers subject to regulations. The board may make rules of procedure subject to regulations, and the board has the ability to order costs and determine the sufficiency, validity, and timeliness of document service. These provisions originate in the regulations. All appeals are due within 30 days instead of one month.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you, hon. minister.

The hon. Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Thank you, Madam Chair. I have an amendment I'd like to submit to the chair.

**The Deputy Chair:** We will take a minute as we pass the amendment around. This will be known as amendment A1.

Hon. member, I think that you can proceed now if you'd like to.

**Mr. Anglin:** Okay. Thank you, Madam Chair. I move that Bill 6, the New Home Buyer Protection Amendment Act, 2014, be amended in section 8 by adding the following after the proposed section 8.1:

#### Limitation on Fees

8.2 Notwithstanding any other section in this Act, the Registrar shall not impose a fee for the registration of a new home built by an individual for personal use.

Madam Chair, this was discussed in second reading. There is discrimination in the form of how the fees are charged as a result of the regulations. What this amendment proposes to do is to correct that.

I want to explain. Under this New Home Buyer Protection Act and under the amendment act itself the new homes carry – and I'm just going to paraphrase here – a 10-year protection period. Anyone can get technical. There's a two-year for different portions, but it's a 10-year protection period. Anything beyond 10 years is moot. So whether a person is exempt or nonexempt, beyond 10 years means nothing.

A nonexempt person, a residential builder, when they want to register to this new IT system that has been created, calls in to the

Minister of Municipal Affairs, and they get a user name and a password. With this user name and password they go onto a website. They enter the password. The next column is a drop-down box of the warranty companies. They check the warranty company. They enter their project number, which is the next line down. The application date is automatic. That's when they log in to the system. Then there's a drop-down box on what type of property there is, and the builder then checks off the type of property. The builder then goes down to the next level, enters in the address, and if there's a unit number, they put in the address and unit number. Then they pay a fee of \$95, and that's just to enter the data. They go out, and they buy the warranty. It's their business how much they pay for the warranty.

The individual who's applying for exempt status does pretty much the exact same thing. They call the Ministry of Municipal Affairs. They get their user name and password. They go onto a little bit of a different portal, a little bit different website, and they enter in all the data. Then they have to pay \$750 because they're applying for an exemption.

Now, what we did to investigate this is that we had two individuals, one from Edmonton and one from Red Deer, propose to go in and get an exemption, and each one talked to the ministry that was involved, which is the Ministry of Municipal Affairs. There is no extra work to put this in the system. As a matter of fact, when a residential homeowner is applying for an exemption, all they do is fill out the proper data, and if they qualify for an exemption, they receive their exemption. It's no different than if the residential builder, who's not exempt, fills out their entry. So why does one get charged \$750 and another get charged only \$95? That is fundamentally wrong. That is biased, and that is discriminatory. Realistically, it's nothing but a tax grab.

Now, nothing changes for the homeowner. If you're a homeowner-builder and you get a mortgage, you're going to need mortgage insurance as the bank dictates. If you build your house in Edmonton or Calgary or in Rimbey, you still have to have the building inspectors come out for your foundation, for your framing, for your electrical, for your plumbing. That's four inspections minimum, and in some cases there's a full-envelope inspection, depending on the jurisdiction you're in. So it doesn't change the inspection or the fees that you pay a local municipality. Nothing changes. Why should somebody be forced to buy a home warranty? If they're planning on living in their house and are building their own house, they are the person responsible, and they plan on living in it forever or at least 50 years or more. That is why they get the exemption. After 10 years, again, remember, everything is moot.

What we're looking for here with this motion is just to be fair. The individual homeowner-builder is applying for an exemption so they don't have to have home warranty. Why should they have to pay a fee? That just doesn't make sense. All they're doing is paying for – what? Seven hundred and eighty dollars gets them what? That hasn't been answered.

I had these people ask specifically at the Ministry of Municipal Affairs' offices: does somebody come out to inspect? One of the government workers said: "What would they inspect? You're only filling out a form on the Internet." They're not out there to inspect the building. That's up to the building inspectors. That's an entirely different jurisdiction.

I want to make sure that we understand what's happening here. There is no extra work involved. Either they fill out the correct data that qualifies for an exemption or they do not, and if they don't get the exemption, then they still have to go get the warranty insurance, and that's only good for 10 years. Clearly, those people who do qualify for an exemption are those acreage builders that

are building on their homesteads, willing to continue to farm where they were born and raised, where probably their parents and grandparents homesteaded. That's all they're looking to do. They're not looking to enter the housing market, to build a house to sell a house. That's not their goal.

So the law itself is fundamentally good in that sense. It allows them an exemption. What is prejudicial is the fee that is being imposed upon them. That's wrong. All they're doing is entering the data on a website, and it's one page of data.

Now, there could be somebody coming out, as one of the bureaucrats stated, if you commit fraud. Well, that's a totally different ball of wax altogether. That's got nothing to do with the system. If somebody commits fraud, that could even be criminal. That's taken under the Criminal Code. That's a whole different ball game. If somebody does not fall into compliance and somehow violates the rules that are governing this, they are subject to fines. That, again, is a whole different ball of wax, and that's equal to both sides. Whether it's a contractor that's exempt or one that's not exempt, they still would fall under the same thing.

It isn't like there's any more work for either one. What this is is a brand new bureaucratic registration system. It's an online system. But if you're applying for exempt status, you get charged \$750. It gets you nothing more than the other one.

Clearly, we have a real problem here. I'm hoping the minister will keep an open mind and look at this. An exempt status under this motion would make that exemption complete: they're exempt from the fee.

4:20

Here's why they should be exempt from the fee. If they're planning on owning that home for more than 10 years, now it's all moot. If they own the home for more than 10 years, what was once on the registration system means nothing now anyway. So why should they pay to get on the registration system?

Again, it is something that we want to correct. There are a lot of homeowners out there that are going to be owner-builders that qualify for the exemption that plan on living in their new home forever or for however long. There is a risk for them, but that's the risk that they accept. If they try to sell the house prior to 10 years, then they've got to go get the warranty. That's a risk that they take. What the site probably should do to help homeowner-builders is make sure that they have the information to know that. It's not that clear. It's clear in the law, but you have to read the legislation. It's absolutely clear that if you're exempt and you try to sell that house before the 10-year period is over, you cannot sell that house until you go get the liability insurance. That's already covered.

Again, as we walk through the system both with the nonexempt and the with exempt, there is no extra work. All it is is an individual getting a password. All it is is an individual filling out the forms on the Internet, and either they qualify or they don't qualify. It's not a big deal. Why the difference in the fees? Why the fee in the first place if you're exempt? That doesn't make sense.

So I would like to hear from the minister and see what he has to say about this. I know that when I asked you in a note, you sent a note back to me. It was stated in the estimates by the deputy minister that there would be a site visit. That's not logical. It makes no sense. Why would you do a site visit to see what somebody entered on the computer given the fact that there's no building on the site to begin with? You apply for this before you buy your first stick of lumber. Don't tell me that there's a site visit. When you call Municipal Affairs and ask them, they tell you

bluntly that there's no site visit. Clearly, somebody's got it wrong. There needs to be some answers here to clear this up.

I can tell you this. There are a number of rural home builders that are going to be owner-builders that are exempt, and I can't imagine that you would go out to every one for a site visit. That doesn't make sense. What are you visiting the site for? Building inspectors will go out to the site, but those are municipalities. You're going out to the site to see if somebody entered the form correctly? That doesn't make sense to me.

Clearly, the information being passed by the government workers when you call in, what they're telling people – and we got that information – is that there is no site visit. If the minister is going to stand behind the site visit, what does the site visit do? We need to understand that. That \$750 fee doesn't make sense. It doesn't make sense that we would have a site visit. All the parameters for building inspections, for licensing, for getting your zoning, for getting your occupancy permit: that's all taken care of by another jurisdiction. It has nothing to do with this registration system. So I'm not sure why we would have a site visit.

I see the minister shaking his head that there's a site visit for data entry, so I've got to hear and, hopefully, get an answer as to why we're having a site visit. How many employees are we hiring to go out? I can tell you that in my constituency alone almost every farmer who's cutting off 20 acres for a son or a daughter to take over the farm is going to be an owner-builder that will be exempt. They will build their own homes, and they will live on the homestead with the intention of always farming there for their careers, for their lives. They definitely qualify for the exempt status. What are they getting? What's the value of the visit? It doesn't make sense to me.

Minister, I hope you take this into consideration and you can provide me with some answers on why they should pay \$750 for an exempt status.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other speakers to amendment A1? Hon. Member for Calgary-Mountain View, are you speaking to the amendment?

**Dr. Swann:** No. I'm speaking to the bill.

**The Deputy Chair:** We're on the amendment. Thank you.

To the amendment, the hon. Member for Lacombe-Ponoka.

**Mr. Fox:** Thank you, Madam Chair. It's wonderful to stand today in support of my colleague from Rimbey-Rocky Mountain House-Sundre on this amendment. I was hoping that we would actually see the associate minister stand up and answer some of the questions that the Member for Rimbey-Rocky Mountain House-Sundre had on this particular amendment and on the legislation and on the current . . . [interjection] Oh, he's now the minister? Sorry. The hon. acting minister. I had to get the right terminology there.

Anyway, I was hoping that he would stand up and answer some of these questions because the Member for Rimbey-Rocky Mountain House-Sundre did make some valid arguments and some valid points on what's going on with this particular registration process.

I find it kind of interesting that if a builder was to go through this process to purchase the warranty, the registration is \$95. The cost to the builder is \$95. But if you're applying to be exempt from it, the cost is now – how much? – \$750. That's quite a difference. And you're not getting anything more. You're just filling out paperwork. It doesn't make any sense to me that the

response back would be that there would have to be a site inspection.

I can tell you that I come from the insurance industry. I didn't inspect something until there was something there to inspect. Why would I go out and inspect a hog barn if there wasn't a hog barn on that piece of property? Or if I was going to inspect a wood stove in a home to make sure the clearances were correct, you know, the wood stove actually had to be in the home for me to pull the measurement tape out and measure the different clearances to make sure that it conformed to the CSA stamp on the back of the wood stove.

I kind of find it interesting that there is this extra fee or this large fee that is different from what somebody applying to be registered with the warranty would be charged. It really doesn't make sense. It sounds like and it seems like we're just nickelling and diming Albertans. We're billing Albertans. Well, I guess that's something that is somewhat familiar to this government: billing Albertans. They continually bill Albertans for the mistakes that they're making.

It's kind of interesting that it's not even two years since this piece of legislation was passed and we're amending it already. Now, I do understand that legislation does require amendment from time to time to bring it up to date with what's going on in society, but we just passed this two years ago. I remember when we passed this. We did bring up some ideas and some issues that we saw with the legislation back then. Unfortunately, none of those issues were acted upon, so here we are, back two years later.

We saw this with the whistle-blower act as well when we're talking about legislation that we're coming back to already. Unfortunately, with the whistle-blower legislation we haven't seen the Associate Minister of Accountability, Transparency and Transformation table an amendment to it, but we did clearly hear from Justice Vertes in his report that that piece of legislation did not cover all health workers and that we did need to revisit that brand new piece of legislation. Two years old. In fact, it was Bill 4 in that 2012 sitting, and this one was Bill 5.

It's just something that I've noticed since I've been in the Legislature here, that the legislation coming through sometimes isn't thought out as well as it should have been, and there isn't enough time spent on it. You know, we spend too much time going late into the evening and ramming legislation through that the government wants rammed through. It's unfortunate that we don't talk it out and meet with stakeholders and use our legislative committees in the way that you would think this Chamber would.

Again, we have an issue here with this particular amendment. We can fix it really easily. We could stop nickelling and diming Albertans.

But I digress. I will leave that to the minister. I would hope that he'd stand up and respond to the comments that were made by my colleague from Rimbey-Rocky Mountain House-Sundre and talk about why there is this extra fee, the \$750 fee to fill out some paperwork, just documentation. Again I would ask that the acting minister please stand and respond to that.

Thank you very much for your time, Chair. I look forward to his comments.

4:30

**The Deputy Chair:** The hon. Member for Livingstone-Macleod on amendment A1.

**Mr. Strankman:** Actually, Madam Chair, it's Drumheller-Stettler. You had it half right at the outset.

**The Deputy Chair:** Oh, sorry. This is on amendment A1?

**Mr. Strankman:** To the amendment, yes, ma'am.

**The Deputy Chair:** Drumheller-Stettler, please.

**Mr. Strankman:** Thank you for that. I, too, would like to stand in support of this amendment because I feel it negatively affects and detracts from the Albertan initiative of self-starting. I see the member opposite from Calgary-Mackay-Nose Hill, who knows well the riding that I'm from, that it includes the special areas, and I've sent a note to the Acting Minister of Municipal Affairs regarding the special areas. Out there we tend to start on our own. We don't have a lot of multiple-home builders. We sometimes in some cases build them with a single initiative.

It is with explanation from the Member for Rimbey-Rocky Mountain House-Sundre – he explains to me, and I understand it, that this \$750 charge is discriminatory for those people who have self-initiative. I would implore the minister to look at our amendment here with great sincerity and possibly consider action regarding an amendment to the legislation. It's not necessarily a large amount of money, but it holds to the principle that I believe that this province embodies. Those of us in rural ridings take great umbrage to discrimination, financial discrimination particularly, of a bureaucrat in a far-off location only available by phone to require additional fees.

With that, Madam Chair, I'll relinquish my position and implore that the minister review our amendment with all sincerity. Thank you.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members? The hon. Acting Minister of Municipal Affairs.

**Mr. Weadick:** Thank you, Madam Chair. I think that if you look in Bill 6, you won't see any reference to any number of dollars for any of the charges or fees or anything that is being done. Bill 6 is amending the original bill to change and clarify some of the things that we did find in discussions with the home builders, with the insurance world. Bill 6 is an amending bill.

But I will speak to this because this is actually an attempt to amend the original legislation, that we passed last year. Those figures are held in regulation, Madam Chair, and they are fair, or at least we assume going forward that they're fair. We've set these fees up in discussions with the home builders. We've set them up in discussions with others in the business. It's easy to say that somebody is going to build it and stay forever, but we know there is no guarantee of forever. We know that when someone builds a home, whether it's in town or on a farm or anywhere else, things can change and happen in people's lives that allow that home to have to be sold. Saying "I intend" or "I plan" is really good, but this is about buyer protection. This is about ensuring that every person that makes the largest investment in their life has some ability to be protected, that that home is built to a certain standard, and that it can meet that challenge.

Madam Chair, if we're dealing with a builder, a builder that's registered and registered through the home builders and comes to us and registers, we know who we're dealing with. We know what they're doing. They simply fill out a piece of paperwork, and they can move forward. This amendment actually states that they "shall not impose a fee for the registration of a new home built by an individual for personal use." So every person in the province would not have to pay a fee for a home built for personal use. We've seen it in other jurisdictions, where when something like this is put in, every home built becomes a home built for personal

use. Builders build it for them, but it's registered for personal use, and you end up with no protection for anyone.

Madam Chair, we want fair fees. Want to ensure that we can deliver the services we have to. We are planning to include a site visit. When people register and pay the \$750, what this does do is give them that future flexibility to be able to get insurance on that home so that if they do have to sell it and they find themselves in difficult circumstances, they will be registered in the system, and the insurance company will know that a site visit has been done to ensure that a property has been built there, that the home that exists on that property has been registered. Then anyone coming forward to purchase it or before the seller has to sell it or chooses to, they can go forward, work with the insurance companies, and try to get that insurance so that people can buy it.

Madam Chair, I spend a lot of time talking to insurance companies. They do not like to insure a home five years after it was built when they didn't get to inspect it or see it built or have anything done, so it will make it very difficult for people after the fact to get it. This process is meant to help streamline that process, help to ensure that those folks can get insurance down the road because it's been a registered home, a registered build in the system.

Madam Chair, I would totally not support this. I think that for any home that is for personal use, not having a fee imposed would mean that every other home has to pick up that cost for that one. We are talking about an inspection being likely for all of these properties once they're built to ensure that they're there and that they meet the requirements of the act.

Madam Chair, I would ask my colleagues in the House to not support this amendment. We will go forward, but we'll continue to look at those fees. I know the issue around homes on farms has been brought up. We have looked at it. We'll continue to try to work with all parties to create a fair system, but at this time this is an inappropriate use, and I would ask that everyone vote against it.

Thank you.

**The Deputy Chair:** Thank you.

**Mr. Anglin:** An exempt home is not about buyer protection. That's what's gone wrong here. If you're exempt, you're going to go beyond the 10-year period. Everything is moot to begin with. Everything is equal. There is no warranty insurance. To go out there doesn't make sense to me, and it doesn't make sense that you would inspect something today and think an insurance company is going to use that inspection, a private company of one of the bureaucrats going out there and giving some sort of validity to what they did inspect. That doesn't make sense.

Without even talking about the bureaucrat that you're saying that we're paying for to go out there, you get a warranty inspection if you buy the warranty. That's from the insurance company. You get a foundation inspection. All the municipalities do that today. They come out and they inspect the foundation, and they check that off. They come out, they check the plumbing, and they check that off. They come out and they check the electricity, and that is inspected. Most jurisdictions – and I believe most cities do this – do a full envelope inspection before you close a house in. You have all those inspections that take place other than just some bureaucrat coming out. So what does the bureaucrat do? I can understand wanting a record of the inspection. Force the homeowner to submit their inspection records: that makes sense. Why are you sending a bureaucrat out, and how are they trained to inspect a house?

**An Hon. Member:** You train them.

**Mr. Anglin:** Are you hiring a number of home inspectors? You're going to need hundreds. That doesn't make sense.

**An Hon. Member:** Just one.

**Mr. Anglin:** Member, I'm going to love to debate you. Don't worry. Come on down to my area.

But I will tell you this: \$750 doesn't get you anything compared to the \$95. It's not about the buyer protection for warranty. That's the difference. This is about somebody who's not intending to sell their house. They have a right. It's a risk. If they decide to sell it within five years, lo and behold, if you try to get warranty insurance, you're going to pay through the nose. Everyone knows that. But people who don't want to do that are the builder because they're the person that's warranting it, and they are planning on living in it for more than 10 years. That's the risk they take if they apply for exempt status. If for some reason they have to sell the house, the minister has an exemption appeal board that they can go to, but the fact is that you want to make sure this is done right.

**4:40**

I still can't see where you're telling me that someone is going to go out and visit. When we called in Edmonton and Red Deer – and we did this yesterday – when we inquired to see the purpose of the fee, what we were told by one of the people that was handling the phone calls for the ministry, the agent on the helpline, is that she didn't know the exact reason for the fee besides that it was administrative. Then up here in Edmonton what they said was that there wouldn't be a site inspection associated with the fee although there could be an inspection if you break the law or if you commit fraud, but that's a whole different ball game. A builder that sells houses could commit fraud. I would suggest to you that they probably commit more infractions than the homeowner that qualifies for an exemption, the homeowner who wants to live in this. What we are looking for is a fair way of dealing with exemptions.

To say that a bureaucrat is going to go out there: I didn't see that in the budget. Where are they going to get all the bureaucrats from? It's not in your budget. How many do you plan on hiring? It's just not there. So I don't understand when you're saying that the registration system is going to send somebody out to inspect, to double-check the building inspectors, the minimum four, if not five, that are going to go out to the house anyway and sign off on it. All you need to do on the administrative level for anyone who is exempt is to say: before we give you the exemption status, submit to us all the forms from the various inspectors that came out so we have them as part of the record. But for \$750 that doesn't make sense.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak to amendment A1?

Seeing none, I'll call the vote.

[Motion on amendment A1 lost]

**The Deputy Chair:** We're back to the bill. Speaking on Bill 6, the hon. Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Madam Chair, I have another amendment to submit to you.

**The Deputy Chair:** Okay. I'll take one moment here to have the amendments passed out. Hon. members, this amendment will be known as amendment A2.

Hon. member, would you like to proceed?

**Mr. Anglin:** Thank you, Madam Chair. I move that Bill 6, the New Home Buyer Protection Amendment Act, 2014, be amended in section 8 by adding the following after the proposed section 8.1:

Limitation on Fees

8.2 The Registrar shall not impose a fee for the registration of a new home built by an individual for personal use that is greater than the fee imposed for the registration of a new home built by a residential builder.

Now, the hon. minister said earlier that he wanted something fair and equitable. That's what this is going to impose in legislation, something fair and equitable. In other words, the fees will be equal. All we're doing here, Minister, is entering data on a data system. I understand you say that there are going to be inspections, but as I just read to you, the people that we're talking to from the ministry say that there's not going to be an inspection. Clearly, somebody has got some misinformation here.

I will tell you something else. I don't understand how you're going to get that number of inspectors out there if you don't have it in your budget. It's not there. What type of inspectors are you planning on hiring? These homes, all of them, whether they're exempt or nonexempt, are going to have a foundation inspection and paperwork to support it. Each one will have a plumbing and electrical inspection and the paperwork to support it, and each one will probably have a full envelope, with some jurisdictions that don't do a full envelope inspection. So that's four inspections right there. For those that are nonexempt, they will have the warranty inspection, but that is only good for 10 years. Again, after 10 years it's all moot. So we're dealing with the individual homeowners who qualify, not the ones who are looking to sell their homes.

In my area mostly they're farmers looking to build another house on the family farm that they plan on taking over. They have no intention of selling it, and they have no intention of moving. Many of them do qualify for an exemption. They're quite talented; they build their own homes. They are their own general contractor. They build it not to cut corners but just the opposite. I will say this. Statistically – and you should know this – we don't have problems with single-family homes as compared to things like condominiums and those types of builders. That's what your law takes care of quite well. It covers that with that 10-year warranty. But this is about the exemption and treating them fairly, and that's all we're asking. If you tell me that it costs us more to deal with the exemption, I just don't see it. If you tell me that we have to send an inspector out there, it doesn't make sense. You'd make better use of your time if you just made a requirement that all the inspections that did take place got submitted with the paperwork to qualify for the exemption. It could save a lot of money, and you don't need to send somebody out there.

It's really curious that you would send somebody to inspect but that nobody knows what they're going to inspect. Are they foundation inspectors? What type of building inspectors are they that the government is going to hire? Are they for electricity? Are they for plumbing? If they don't get out there while the home is under construction, they can't do the inspection.

Now, again, we all know that there is a risk to the person that qualifies for an exemption should they try to sell their house, but the law is quite specific. There's no risk to the buyer. They can't sell that house within 10 years unless they get a warranty. That's

absolutely clear in the original act. So there's no threat to the buyer, and the fee doesn't add anything. The law covers that.

What we're asking, Minister, is exactly what you just said. You want something that's fair. This is fair, that everyone pays the same fee to enter the data. What you do with the data is your business. The law is clear on how you deal with privacy and everything else. This is only about the application to either get exempt status or not. I'd like to hear what the minister has to say about treating everyone equally and not being prejudicial to those that qualify for the exemption. Remember that once they try to sell that house, they're no longer exempt. They have to get the home warranty insurance.

To give an example of fair, if somebody buys a home or builds a home, they qualify for an exemption. Now they want to give up their exemption and get a warranty, and they pay for that. They had paid \$750 to register initially for the exemption, and now they have a homeowner warranty compared to the one who paid \$95 and has a homeowner warranty. That's not fair. I think we can do something and be universal with this and have a fair fee that is not outrageous in the form of \$750.

With that, Madam Chair, I'd like to hear what the minister has to say to that.

**The Deputy Chair:** Thank you, hon. member.

**Mr. Weadick:** Well, Madam Chair, I find this a really unusual debate. I find it unusual that the member stood and so passionately tried to sell the last amendment to me and now stands up and tells me that it wasn't fair and that this one is because it changes those fees. I'm not here to try and negotiate back and forth on what fee we're going to charge to whom. This isn't a negotiation. We're not going to raise it \$10 or \$15 a time on each amendment until we find something that works. We're going to put a program in place that works. The best thing is: "Have everybody buy the insurance. Then it's done. Then if they have to sell that home, it's finished. Let them get the insurance they need."

But you know what? We decided we weren't going to go that way. We're going to try to create a little bit of room. Most of these exempt homes don't exist in your municipality, and they don't exist in rural Alberta. They exist in Calgary and Edmonton and Lethbridge and Red Deer. Yes, there are a few in rural Alberta, but they exist in all of our communities. We want to make sure that the buyers that walk in to purchase those homes are protected, and we don't want people assuming that in a year from now – they built it; now they want to sell it, anyway – when they decide to, they'll be able to just go and get the insurance.

What we're trying to do is get people to buy the insurance when they're building it. If they have a very legitimate reason to ask for an exemption, they can do that. There is a fee for that to help manage that exemption through the process. We don't even yet know how much work that exemption is going to cost, especially if some of these people start coming back to us down the road and people start coming in and saying: "Is this house exempt? Can we get insurance on it?" This is a brand new system. We're working our way through it.

What we've done is worked very closely with the home builders and other agencies to say: "What do you think? You've been building houses here for years. You've been insuring houses here for many years, 30, 40 years. People have been able to buy these protections. What do you think would be a reasonable fee? What's it going to take to get us there?" We believe we've gotten close. If we see down the road that there are places where we can do this better, we're going to look at that, and we're going to try to do it. We want to be fair to all Albertans. I don't believe this is fair. I

believe we have a system that will be fair. I believe it will treat everyone not equally but equitably. At the end of the day, what we want is for buyers to be protected when they make that big investment.

4:50

Let me tell you that you can do a lot of inspections on things, but you will not always get a proper inspection on structural. You will not always get a proper inspection because sometimes it's impossible. You don't always know what the soil conditions are. To say that there are none of these things happening on individual homes, I can tell you that I had people in my office in the last week that are challenged with a huge amount of money that they're looking at because of some structural issues that happened because of soil conditions that the inspector couldn't have seen. But now it's there. We're dealing with it. It's a significant issue. This is a young couple with three kids that have invested everything they've got to try to have a family home. They need a family home. They need the protection. And now we're in a position where you're saying: let's try to figure something else out. I'm saying: work with us. We're going to make this thing work. We've been at it since February.

The one thing that I do appreciate is your mentioning that some of the folks that are on the phones and the front line may not have all of the information. We're training them. I will make sure, when I go back, that folks have the best information so that we can get it to everyone that phones in. I want people to be educated. What I would love to see is that every person that builds a home in the province of Alberta puts insurance on it for the fee that it costs. Then no matter who buys it or if they have to sell it, whether it's a death or a divorce in the family or just financial issues, if that house has to come up for sale – when that young family with three kids walks through the door, they know they can count on the insurance to help them be safe, to have that biggest investment of their life protected. I am going to stand by that.

Thank you, Madam Chair.

**The Deputy Chair:** Thank you.

**Mr. Anglin:** I think we have a misunderstanding on your law. In the example you gave, that individual that came to your office is already protected under this law. They weren't protected before February 1. They are protected now. You did a good job with the original law in that sense. That's not what we're debating here.

By the way, I do have nothing but individual home builds. I have very few home developments. I'm sorry. Sundre has got one that was built 10 or 12 years ago. The last time Rimbey had a home development build was probably five years ago. You compare that to Edmonton or Calgary; they're popping up all over the place. Those are residential builders. We're not even talking about them.

What we are talking about are the ones that qualify for the exemption, and you're charging them as if they're going to sell their home. They're not. They qualify for the exemption. That's the whole purpose of it. You're asking them to insure their home, and you said that you want everyone to insure their home. Why didn't you just put it into law in the first place? You didn't. You created an exemption, that I think is correct. We do have owner-builders who want to build their own home. They're the ones that are responsible. There's no other builder involved. They're the owner-builder. They're going to live in the home, and their intention is to live there forever.

I have a lot of them. That's why this has come up through my riding. Most of my rural farmers are giving that 20-acre, that 30-

acre cut-off to a son or a daughter to build a house to take over the farm. They're the ones that qualify for the exemption.

The other thing is your example of missing an inspection. What makes you think some government inspector is going to catch it? He's not. If the inspector misses it, the inspector misses it. The fact is that for an owner-builder who's not selling their home, that is their responsibility. By the way, defects show up later, down the road. If that defect shows up beyond 10 years, it doesn't matter whether they're exempt or not. That warranty insurance is gone. It's gone. We know that.

If your intent was that all homes carry this insurance, you didn't put that in legislation, and I think justly so. There are reasons for an exemption. The fact is that what you're trying to do and what it appears that this registration is trying to do is say: "If you don't buy the warranty, you've got to pay an exorbitant fee. You might as well just buy the warranty." Well, actually, that's what we were told. You can shake your head, but I tell you that when you look at the figures, they're not too far apart, so there's a little justification in that.

Now, I will tell you this. I would advise anyone to put the warranty on it because you don't know what's going to happen between now and 10 years. That's what I would advise, but people have a right to make their own choice. The thing is that they are exempt.

What we're asking for is that we can look at this. That fee is nothing but a data entry fee. If you're telling me that you're sending bureaucrats out there to inspect, I don't know what they're going to find if the house is complete. I don't know what they're going to find if the walls are already up and everything is enclosed. They can't look at the plumbing or the electrical. They can't check the framing if the foundation is in and the house is on it.

If you're going to have building inspectors, the way our current system is set up is correct. You pour the foundation, and you don't do anything till the foundation inspector comes out. You frame the building, and before you move on, you get the framing inspector out. You put in your electrical, and then the electrical inspector comes out before you close it all in. That's the process every community uses today. Nothing changes.

What this fee is for is the administrative fee to enter data on a computer. That's all it is. There is a tremendous disparity between the exempt and the nonexempt, and it's wrong. Those people whom you determine – and I'm not telling you who to determine or not. That's your decision; that's the ministry's decision. But when they're exempt, they should be exempt, and I'm asking for a fair fee.

Now, you say that we're not in negotiation. Well, actually, I think we are negotiating. I would rather have no fee whatsoever because they're exempt. They're going to live in there beyond 10 years. It's all moot. But the fact is that you said that you wanted equal. You said that in your debate. So now I've presented you a motion that would treat everybody fairly, and it doesn't set an amount. You still can set your amount in regulation to whatever you decide, but it's universal, and it's fair. That's what this amendment does. We're not haggling over what the amount is; that's for your department to decide. What we're talking about is having it fair universally. That's what we're saying.

All you've created is a bureaucratic system, an IT database, and that's what you have. You're not doing building inspections in any way, shape, or form to issue a permit for occupancy or a permit for approval. You're not doing building inspections for the insurance company; they do their own. Clearly, what we have here, Mr. Minister, is a chance to be equitable, as you said. It

doesn't say equal; it doesn't say equitable. It says: just and fair, that the fee posed certainly won't discriminate. That's what we want. That's what we're asking for. We're asking for some type of equitable, and there's nothing wrong with that because an exempt person and a person that's nonexempt do the exact same thing. They enter it in on a computer, and that's all they do.

If you're telling me that you're sending inspectors out there, you're department doesn't have it right. I will tell you this. It doesn't threaten anyone buying a house. If people try to sell this property before the 10 years, they've got to get the insurance, the way the law is set up – no ifs, ands, or buts about it – or they can't sell the house. So you have that base covered.

Your example that you brought up earlier does not apply to this amendment. Those people are covered as of February 1. That's why the law was brought forward. All this is trying to do is create some sort of equitable fee that everyone pays to register their property, whether they're exempt or nonexempt. It doesn't set the amount; you get to set the amount.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Edmonton-Centre.

**Ms Blakeman:** Thanks very much. Well, this is kind of proving the point about why you should read the legislation and not just the press release. I went and looked at the original legislation, and in fact it does exempt the owner-builder. It gives the definition of an owner-builder as “an individual who builds or intends to build a new home for personal use with a valid authorization issued by the Registrar and includes any builder prescribed as an owner-builder to which this Act applies.”

Then it starts out:

A person other than an owner-builder shall not build a new home unless the new home

- (a) is covered by a home warranty insurance contract that complies with [the subsections] and
- (b) is registered with the Registrar.

And then it goes on. You can't sell it unless you've got the home warranty on it or you've got a disclosure notice that's satisfactory to the registrar. So my memory of what this was about is actually not being held up by what's actually here.

5:00

I'll tell you, Mr. Minister, that what surprised me was when I heard the amounts. I think the first time I heard it, it was \$75. But okay; I'll take it now that it's \$95 for a developer, if I can call them that, who's building a number of homes and then selling them to the first person to officially own the home. But I understood from the first time around that the owner-builder would also be required to have the insurance. They would be required to build it. But as I look through this now – and I'll admit that I'm only eight pages in; I might have missed the section – it looks like an exemption was given to the owner-builder. Not a great idea.

Where I'll disagree with my hon. colleague: I think the home warranty is not necessarily about the first person that owns it. It's not necessarily about the owner-builder, the family with three kids that the minister was referring to. In the case of the owner-builder I think the protection is for the next people that buy it. And if nobody buys it, fine. Fine. If the first people to build it live in it for 45 years, fine, but they need to have the insurance for the next people that buy it.

**Mr. Anglin:** Ten years.

**Ms Blakeman:** It's only good for 10 years. I know that. But I'll tell you that with the number of houses that turn over in my constituency, it'll get used.

Let me just go to the crux of what my concern is here. I was really surprised to hear the amount that the government was now considering charging to the owner-builder versus the amount that was being charged to the developer. I remember at the time going: whoa. It's, like, 600 and something dollars.

**An Hon. Member:** Seven hundred and fifty dollars.

**Ms Blakeman:** Seven hundred and fifty dollars. Okay.

So it's \$95 for a developer, and they're building a development with 10 places in it, so 950 bucks. For a single person who's, you know, probably trying to do things carefully if they're building their own home – you know, granted, some people, my neighbour, in fact, who owns a development company and is now building his own home: he could probably afford that amount of money. But I find that a lot of people that build their own home are being very careful with their money, and all of a sudden they're paying – okay. Who's done the old math? How many times more is that, those of you that memorized your multiplication tables?

**An Hon. Member:** What are the two numbers?

**Ms Blakeman:** Ninety-five and 750.

**Mr. Wilson:** Eight.

**Ms Blakeman:** Eight times more, according to the old math.

That's a lot more for an individual, and that's where I'm struggling with this. One, I thought that the owner-builder would be included in the legislation and would have to get something, not be exempt. It sounds like they're automatically exempt rather than automatically included. Two, the difference in the amount that is being charged to the individuals is a jaw-dropper.

Now, I think that at one point somebody over there – how's that for specificity? – said that this had to do with actuarial tables and that the likelihood is that the owner-builder stuff is just going to cost more because it's one building as compared to what a developer is doing with many buildings. I'm really struggling to accept that it's eight times more for an individual builder. I'll tell you that it sounds like too much, even just to my ear. If you haven't already decided on that, please re-examine it. I think you've created a barrier there that you don't need to have. If you have already decided, well, you know, there are amending acts, and we could certainly be doing something with that.

Two things that I was looking for were that the owner-builder would also be required to have the insurance and – I'm probably speaking against your amendment, aren't I?

**Mr. Anglin:** Doesn't matter. They're going to vote against it.

**Ms Blakeman:** It doesn't matter. Okay.

So everybody would have the insurance. That was the point. To me, it's not necessarily the first owner; it's the other people that are in six, eight years later.

Secondly, that amount that you have for the owner-builder I think is too high. It's like a mental block. You know, you charge \$9.99 for something, and people are okay with it. You charge 10 bucks, and: “No. That's too expensive.” It's the way people react to that amount of money. My experience has been that people that are owner-builders are watching their pennies, and all of a sudden they're going to get dinged for \$750. That's a lot of money, you know, when you're an owner-builder. Yes? Yes.



**Mr. Campbell:** Not in Alberta. That's for \$400,000 or \$500,000 houses.

**Ms Blakeman:** Well, I don't know what the average of homes across Alberta is. It's actually more than that in Edmonton-Centre. You'd be hard pressed to find a decent condo for that.

But it's that extra stuff that just nickels you to death, and it makes people crazy. What I don't want to see is people trying to get around it or, you know, defaulting or not paying or whatever the heck. I want this program to work. I want it to be easy to get at. I want people to sign up for it. I think there's a barrier that's been created here.

If I may just also comment on why you end up with cascading amendments. Since you have not had the delight of being on this side of the House, just let me explain it to you briefly. We try hard to get what we want, and we have to work with Parliamentary Counsel, who tells us: you know, you can ask for this, and if you don't get it, then you can step it down and ask for that. So, clearly, if you want something really badly, that's what you're going to do, which is why on bills that are really important to members of the opposition you're going to get cascading amendments. We're trying to get something out of it. We're trying to save it.

Sometimes I walk up the hill to do great things, and sometimes I walk up the hill to stop the government from doing quite so much bad. When you're dealing with a bill that you think is pretty bad and you're trying to make it less bad because you guys are going to implement it, how do I work with you to make it less bad? You're going to get cascading amendments from me because I'm going to keep trying to get that change in place. Of course, I'm having to deal down every time I do it. I wanted nothing. Then I'm going: "Well, okay. This amount. Well, okay. A little bit higher." That's why you get it, and it's not a bad thing. To defend my colleague, I know you're irritated by it. You clearly were, but that's why we do things over here, because you're kind of a stubborn wall to deal with, so I'm going to come at you more than once.

Thanks very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** We're still on that amendment, are we?

**Ms Blakeman:** The second amendment.

**Mr. Mason:** The second amendment. Okay.

**The Deputy Chair:** The hon. Member for Rimbey-Rocky Mountain House-Sundre.

**Mr. Anglin:** Thank you, Madam Chair. Now, to answer the hon. member's question, everyone so far in this debate has brought up the subject of protecting the buyer. I understand that. What you're missing is that – and the hon. member from the fantastic constituency of Edmonton-Centre . . .

**Mr. Wilson:** Fabulous.

**Mr. Anglin:** Fabulous.

Again, if you read the bill, the original act, what it says is that "subject to subsection (5), a person shall not sell or offer to sell a new home while" it's either "being constructed or during the purchase period." If you look at the amendment that we're bringing, we're changing "purchase period" to "the duration" and I think "protection period." So the protection period is the 10-year envelope.

Nobody can sell a home within that 10 years that doesn't have the liability. That is in law now. So when you say that you're protecting the buyer, the buyer is protected, even if the person building the home is exempt. They cannot sell that home within 10 years without a liability. It is the law, so you're covered. What we're looking for is some sort of equitable fee here. I know they get it, but I've got to make a big statement from my constituents. I'm getting a lot of phone calls on this. That's what it is. [interjection] I know, but they love me for it.

**5:10**

The point is that if you're concerned about the buyer, the law is quite specific. The buyer is protected. Actually, if there are any holes in this law – we haven't covered those holes – they have to do with apartment buildings. Those are still complex in many ways, and that's where things can get dicey. But on the single-family home where people are exempt, you cannot sell that house. It's against the law to sell that house if it's not covered by a warranty insurance. The only one that gets the exemption is the homeowner-builder, who's going to live in it. If they try to sell it, they've got to have the warranty insurance. It's the law. So the buyers are protected.

What's unfair is that the homeowner-builder that qualifies for the exemption is being unfairly taxed, and they're getting no value for that extra fee. It's not there. All the inspections are done by other jurisdictions, and those are valid inspections. I have no idea what a government bureaucrat will see or do if they come out after the whole place is complete, particularly if it's two years down the road and there's absolutely no indication and there's no requirement for anyone to come out. It's not in legislation. So, clearly, we have some correcting to do, but the first step in correcting is making sure we have equitable fees.

Thank you very much, Madam Chair.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members that wish to speak on amendment A2?

Seeing none, we'll call the question.

[Motion on amendment A2 lost]

**The Deputy Chair:** We're back to the bill, Bill 6.

The hon. Member for Edmonton-Highlands-Norwood on Bill 6.

**Mr. Mason:** Thank you very much, Madam Chair. I'm going to just make a few comments, and then I have an amendment as well. I just wanted to make a comment about the necessity for this particular bill. The New Home Buyer Protection Act was passed in the previous session and officially went into effect on February 1, 2014. That is this year. It's a brand new piece of legislation, and we're already back trying to fix what was wrong with it.

Now, Madam Chair, during that debate the New Democrat opposition and, I believe, other opposition parties as well introduced a number of amendments to that bill to try and correct the obvious deficiencies that it had. These amendments were rejected by the government, and as a result they passed a bill that was woefully inadequate.

So now we are back again with this bill, the New Home Buyer Protection Amendment Act, 2014. The ink on the original bill is not even dry yet, and the government is already back to the drawing board because they didn't do the job right the first time. If they'd actually work in a little bit more co-operative relationship with opposition parties when it comes to these kinds of pieces of legislation, I think we would be farther ahead, and I think the

place we're in would be more productive. I think people would be better served.

We also have ideas, and we also listen to our constituents and try to relay their views in these debates. When the government routinely ignores the opposition and its amendments only to reintroduce similar amendments later on after bills are already put into force, I think it really undermines the government's claim to actually be listening. If they're not listening here, they're probably not listening out there either, Madam Chair.

I have an amendment here, which I will convey to you, and then I will await your instruction on when to introduce it.

**The Deputy Chair:** We'll pause for a moment while we hand the amendment out to all the members. This amendment will be known as amendment A3.

Hon member, would you like to proceed on amendment A3, please?

**Mr. Mason:** I would like to do so, Madam Chair. Thank you very much. I am moving on behalf of my colleague the hon. Member for Edmonton-Beverly-Clareview that Bill 6, the New Home Buyer Protection Amendment Act, 2014, be amended as follows. In part A section 4 is amended by adding the following after clause (b):

- (b.1) in subsection (6) as follows:
  - (i) in clause (a) by striking out "one year" and substituting "2 years";
  - (ii) in clause (c) by striking out "5" and substituting "10".

In part B section 6 is amended in the proposed section 4(2) as follows:

- (a) in clause (a) by striking out "one year" and substituting "2 years";
- (b) in clause (c) by striking out "5" and substituting "10".

Now, I'll just take a few moments to address this. These are similar amendments to the ones that we proposed when the legislation was originally introduced. They increase the amount of required coverage on materials and labour as well as defects in the building envelope. They amend amounts both in the original bill, by inserting a paragraph, and the amendment bill. We also mentioned our concerns to ministerial staff during the briefing on this bill.

In consultation with experts and in looking at some of the examples of building failures both here and in other jurisdictions, especially B.C. with the leaky condo crisis they've experienced, we see a serious need for longer coverage periods.

There are two aspects of the coverage periods we're addressing here. The first is materials and labour. The rationale is that in new buildings the coverage period, which is short right now at only one year, may start long before an owner actually moves in, and that means that the actual period the owner has for discovering the issues in the new build can actually be very short. By extending that period to two years, we give more of a cushion for that move-in period of time to elapse and a new homeowner to still have time to find issues and seek a solution.

The second aspect, Madam Chair, is extending the building envelope. We think this is really a critical issue, and five years seems far too short for coverage. Failure in a building envelope means that the building winds up rotting. The whole side needs to be ripped apart, windows are covered up with shrink wrap, and the total cost for repairs winds up being in the tens if not hundreds of thousands of dollars.

Our concern originally was brought to the issue by Professor Tang Lee, an architecture professor focused on building envelopes

at the University of Calgary for over 35 years. He has consulted on leaky condos and acted as an expert witness in a number of cases. The concern he had is that the building envelope issues often don't turn up until the siding has been breached. Then mould or rot sets in, a process that can take time and years, often much longer than the five years that the act currently covers. We've seen time and again the time it takes to come up here and in B.C.

In British Columbia the leaky condo crisis has cost billions of dollars in repairs, more than 20 years since the first issue came up and standards were improved. Condos built prior to the improved standards were still showing up with new problems. It might take even longer for problems with the envelope to surface here, because we have lower levels of rainfall and humidity, but we have seen it come up here past that five-year mark. At the Palisades condo owners were hit with a \$6 million repair bill for a leaky envelope in a seven-year-old building. At Glenora Gates an eight-year-old building needed \$5 million in repairs for leaks. Really, again, we're just trying to make sure here that Albertans get the protection that they need when they buy a home. With envelope issues, especially, that means we need to see longer coverage periods mandated, not just optional, where consumers may not be aware of the full extent of the risk they take.

Madam Chair, those are my arguments in favour of this legislation. It simply extends the coverage period to find defects. Particularly, with respect to the building envelope, the evidence is clear that five years is not enough and that many problems emerge after the five-year period is up. They are massively expensive repair jobs when you're talking about repairs to the long-term damage to the envelope that may have continued undetected for a number of years. I think that if the government is truly interested in protecting homebuyers with respect to the construction of condos and homes and so on, they would gladly support this amendment. I consider it to be something that would actually enhance the bill considerably and, I think, protect buyers, which is the avowed intention of the bill.

Thank you, Madam Chair.

5:20

**The Deputy Chair:** You're welcome, hon. member. Thank you.

Are there any other members who wish to speak to amendment A3? The hon. Acting Minister of Municipal Affairs.

**Mr. Weadick:** Well, thank you. I'll just make a real quick mention. As you know, this is increasing the minimum. This bill sets the minimum standards for protection, Madam Chair. We work very closely with the insurance industry. As you increase the minimums, you start to increase the cost of every home, and in low-cost housing and others, it could create a very untenable situation.

All of these coverages are available by paying the extra. Someone can go in and ask to have the higher coverage, and they can purchase them. But to force everyone to pay that much more to have much higher coverage when we're not even sure of the value that they would be, Madam Chair, I believe would be wrong. We're trying to keep it both affordable and protective of the citizens that are buying these homes.

So Madam Chair, I will be voting against this, and I would ask all my colleagues to do so as well.

**The Deputy Chair:** Thank you, hon. member.

The hon. Member for Edmonton-Highlands-Norwood.

**Mr. Mason:** Thank you very much, Madam Chair. Well, I mean, if I hadn't been here so long, I wouldn't have believed what I just heard. In actual fact, what is more expensive is having to make major repairs to a condo or a home because the protection isn't

there? The minister poses as if he's defending lower housing costs, but in actual fact it's clear that he's merely defending builders from taking legitimate responsibility to guarantee that their product is sound. I don't think anybody who heard that speech would really believe that rejecting this amendment is about saving money for homebuyers.

**The Deputy Chair:** Thank you, hon. member.

Are there any other members who wish to speak to amendment A3?

Seeing none, I'll call the question.

[Motion on amendment A3 lost]

**The Deputy Chair:** We are back on Bill 6, New Home Buyer Protection Amendment Act, 2014. Are there any other members who wish to speak?

Seeing none, I shall call the question.

[The remaining clauses of Bill 6 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.

Hon. members, we're moving on. The hon. Government House Leader.

**Mr. Campbell:** Yes, Madam Chair. I'd ask the House for unanimous consent to move on to Committee of the Whole for Bill 7, the Tax Statutes Amendment Act, 2014.

**The Deputy Chair:** Thank you.

The Government House Leader has requested that we move to . . . [An electronic device sounded] We just had a phone call. We're moving normally to that anyway, so we didn't need to ask for consent.

## Bill 7

### Tax Statutes Amendment Act, 2014

**The Deputy Chair:** Are there any comments, questions, or amendments to be offered with respect to this bill? The hon. Minister of International and Intergovernmental Relations.

**Mr. Dallas:** Well, thank you, Madam Chair. I'm pleased to rise, having made a commitment at second reading that I would try to address some of the questions that were raised by members. I think I'm prepared to do that now. Maybe it will facilitate the balance of the debate at Committee of the Whole if I proceed with that.

A couple of things, not necessarily in sequential order. The Member for Edmonton-Centre wanted to know about the tax rates on the QETs. The tax rate is the same as the Alberta corporate tax rate, which is 10 per cent.

Now, the second part of that question was – and I think there were several members that asked this – are companies going to be getting a tax break now on QETs that they used then to save for reclamation costs? Actually, what happens here is that the regime simply shifts that tax burden from the corporation to the QET. What happens is that both entities pay the tax, and then there's a tax credit that's issued to the corporation, so that eliminates the double tax that would otherwise occur as both the corporation and the QET are required to pay tax on the same QET income.

Corporations are currently allowed to deduct their QET contributions in computing that income, and these amendments don't change any of that.

There were also some questions that were raised, again, I believe, by the Member for Edmonton-Centre, around: who pays in a bankruptcy situation? Will the QETs protect against oil companies that go bankrupt? In essence, if the company goes bankrupt, the money that's been accumulated in the QET is protected. Money can only be pulled out of the QETs for site reclamation purposes, so no other uses under the act that establishes the QETs.

The Member for Edmonton-Centre also indicated that she was uncertain about the mechanics of the tax regime, asking the question: was it just more tax breaks for corporations? In fact, the net tax impact, as I think I alluded to earlier, of the QET regime is actually absolutely neutral. I went through that, I think, in the context of how that works.

The Member for Calgary-Mountain View wondered what the legislation did to provide assurance that the reclamation costs are covered off and do not fall into the public purse. That's actually not applicable to the conversation here, nor were questions around whether or not the trusts covered downstream oil and gas cleanup costs and that type of thing. That, obviously, as I alluded to in my closing comments in second reading, would fall under the regulatory oversight of Environment and Sustainable Resource Development.

The same member wanted to know how trusts qualify. The eligibility rules for those QETs are actually set out in the Income Tax Act of Canada, so it's not Alberta-based legislation that establishes the rules, so to speak, in terms of qualifying as a trust. That's the CRA, and those criteria are clearly defined there.

Then the same member spoke about the cleanup costs with respect to the oil sands being reflected here. The QET regulatory regime, which covers off which costs must be covered, would again fall under the Ministry of Environment and Sustainable Resource Development.

The Member for Edmonton-Highlands-Norwood asked questions around: how many firms are in operation in Alberta that would meet the definition of a small single project? I don't have an answer for you relative to that. In fact, the next question was: how many of these qualifying environmental trusts are currently in place in Alberta, how many more are anticipated as a result of the implementation of this legislation, and what impact would that have on increasing the number? The answer is that this is, in fact, a new regime. We're currently not aware of any qualifying environmental trust having been established in the province of Alberta at this time, but we are expecting that there will be a handful of pipeline-related qualifying environmental trusts that would be established in the very near term in Alberta now that pipeline corporations are required to use these QETs. So none today, as far as we know; some in the near future, probably specifically in that area of pipeline corporations establishing them.

5:30

We also would anticipate and should note that oil sands corporations will likely also use this QET mechanism given that they are supportive in the discussions and, obviously, would likely benefit from the opportunity to establish those in Alberta. Given that it's just being introduced, we're really not sure how many of these QETs would be expected in the long term, but I think that with just those two general ideas, one can establish somewhat of an idea of what the uptake on that will likely be.

The same member asked questions around safeguards that would be in place to ensure that tax avoidance by corporations

wouldn't happen by them using a QET to avoid tax. In fact, the federal government, obviously, would enforce the QET eligibility requirements, and to qualify for a QET for Alberta-specific purposes, first a trust would have to meet those federal requirements. I think that to the degree that you would accept that as assurance, that is the safeguard.

The same member, the Member for Edmonton-Highlands-Norwood, also asked about the safeguards to make sure that money isn't removed from the trust and taken out and then perhaps used for purposes other than reclamation. Again, the Income Tax Act of Canada prescribes that money can only be removed from the QET to pay for reclamation as prescribed, and I think that inside that act there are a series of criteria around how those funds would have to be used specifically for reclamation.

Then there were questions regarding whether it would be large corporations that would use QETs or who specifically as an entity might use those. In fact, all corporations of any size are eligible to establish QETs provided that they can meet the eligibility criteria.

Then the same member was observing around what the appropriate corporate tax rate was. Of course, that's not the basis of the discussion that we're having here, but I appreciate you raising that. I think I've heard that somewhere previously. I'm not sure where I might have picked up something like that.

To the members: I hope that that addresses the questions that were raised in second reading. You know, if there's more requirement for information during Committee of the Whole, I'll do my best to see if we can get that on a timely basis.

Thank you very much.

**The Deputy Chair:** Thank you, hon. minister.

Are there any other members who wish to speak in Committee of the Whole on Bill 7, Tax Statutes Amendment Act, 2014?

Seeing none, I'll call the question.

[The clauses of Bill 7 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.

Now we will rise and report.

[Mrs. Jablonski in the chair]

**Mr. Jeneroux:** Madam Speaker, the Committee of the Whole has had under consideration certain bills. The committee reports the following bills: Bill 6 and Bill 7. 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 in the report?

**Hon. Members:** Concur.

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

The hon. Government House Leader.

**Mr. Campbell:** Thanks, Madam Speaker. Let's call it 6 o'clock, and we'll adjourn until 1:30 tomorrow afternoon.

[Motion carried; the Assembly adjourned at 5:36 p.m. to Thursday at 1:30 p.m.]





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